

August 02, 2024

Aditya Birla Sun Life AMC Limited: [ICRA]AAAmfs assigned to Aditya Birla Sun Life Crisil Broad Based Gilt ETF

Summary of rating action

Instrument*	Current Rated Amount (Rs. crore)	Rating Action
Aditya Birla Sun Life Crisil Broad Based Gilt ETF	-	[ICRA]AAAmfs; assigned
Total	-	

*Instrument details are provided in Annexure I

Rationale and key rating drivers

ICRA has assigned a rating of [ICRA]AAAmfs to Aditya Birla Sun Life Crisil Broad Based Gilt ETF of Aditya Birla Sun Life AMC Limited (the asset management company; the AMC). It is an open-ended debt exchange traded fund (ETF) tracking the Crisil Broad Based Gilt Index (underlying index). The investment objective is to generate returns corresponding to the total returns of the securities as represented by the underlying index, which includes all Government securities (G-Secs) of the previous month with amount outstanding of more than or equal to Rs. 3,000 crore. This is as stated in the Scheme Information Document (SID) filed with the Securities and Exchange Board of India (SEBI). The credit risk score for the schemes based on the indicative/allocated portfolio was comfortably within the benchmark limit for the assigned rating level.

Mutual fund (MF) ratings incorporate ICRA's assessment of the creditworthiness of a debt MF scheme's investment portfolio. These ratings are a symbolic representation of the credit risk in the underlying investments or the degree of safety regarding the timely receipt of payments from the investments made by the MF schemes. The ratings do not indicate the AMC's and/or any of its scheme's willingness and/or ability to make timely redemptions to its investors. The ratings do not address market risks and hence should not be construed as an indication of the expected returns, prospective performance of the MF scheme, and the ability to redeem investments at the reported net asset value (NAV) or volatility in its past returns, as all these are influenced by market risks.

ICRA's assessment of debt MF schemes is guided by the credit ratings of the individual investments and the relative share of the schemes' allocation towards the investments, besides the maturity schedule of such investments. ICRA's MF ratings are not a reflection of the quality of the management of the AMC or its financial performance, reputation and other business practices including investment strategies, pricing, marketing and distribution activities. Furthermore, the ratings are not a reflection of whether the AMC or the fund is compliant with the applicable regulatory requirements.

The credit matrix is a tool used by ICRA for analysing the investment portfolio of the debt MF schemes by assessing the portfolio's aggregate credit quality while reviewing the credit quality of each underlying debt security. The portfolio's weighted average credit quality is compared with a benchmark credit score corresponding to the higher of the weighted average maturity of the scheme's portfolio or the maturity predefined by ICRA for the scheme category. The rating outcome corresponds to the rating level for which the portfolio's weighted average credit score is less than the benchmark credit score associated with the rating level. Further, the lowest rating of the investments of the scheme acts as the floor for its rating.

Once a MF scheme is rated and the rating is accepted, ICRA reviews the underlying investment portfolios for the credit scores on an ongoing basis. To this end, ICRA relies on the information provided by the AMC and/or publicly available sources. ICRA reviews the MF ratings on a monthly basis or earlier, if required, which involves an evaluation of the rating corresponding to the portfolio credit score in relation to the existing rating outstanding. If the portfolio credit score meets the benchmark score for the existing rating, the rating is retained. If the portfolio credit score has a negative breach from the benchmark credit

score for the existing rating, ICRA communicates the same to the fund manager/product manager or other officials of the concerned AMC and may provide a month's time to bring the portfolio credit score within the benchmark credit score for maintaining the existing rating level. If the investment composition of the fund is realigned to bring the portfolio credit score within the benchmark credit score, the rating is retained. However, if the portfolio continues to breach the benchmark credit score for the existing rating level, the rating is revised to reflect the change in the portfolio's credit quality.

In case of sharp breaches of the benchmark credit score (for instance due to a multi-notch downgrade in the underlying investment) and/or if ICRA believes that the breach may not get rectified within a month of the ongoing review, the rating is generally corrected immediately without giving a month's time for rebalancing the portfolio. If the AMC corrects its portfolio, post the rating downgrade of the scheme, or the credit score improves in any manner subsequent to the downgrade, making the scheme eligible for an upgrade, ICRA may consider a rating upgrade only if the credit score is maintained consistently for a period of at least three months.

Liquidity position: Not applicable

Rating sensitivities

Positive factors – Not applicable

Negative factors – Not applicable as the schemes invest only in G-Secs as mentioned in the SID.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Mutual Funds
Parent/Group support	Not Applicable
Consolidation/Standalone	Not Applicable

About the company

Aditya Birla Sun Life AMC Limited is the AMC for the mutual fund schemes of Aditya Birla Sun Life Mutual Fund (ABSL MF). The quarterly average AUM of the schemes during the quarter ended June 30, 2024 (excluding Fund of Fund schemes) was Rs. 3,52,542 crore.

Aditya Birla Sun Life Crisil Broad Based Gilt ETF

Launched in July 2024, Aditya Birla Sun Life Crisil Broad Based Gilt ETF is an open-ended debt ETF tracking the Crisil Broad Based Gilt Index (underlying index) with the investment objective of generating returns corresponding to the total returns of the securities as represented by the underlying index, which includes all G-Secs of the previous month with amount outstanding of more than or equal to Rs. 3,000 crore.

Key financial indicators: Not applicable

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current Rating (FY2025)			Chronology of Rating History for the Past 3 Years		
	Type	Amount Rated (Rs. crore)	Date & Rating in FY2025	Date & Rating in FY2024	Date & Rating in FY2023	Date & Rating in FY2022
			Aug 02, 2024			
Aditya Birla Sun Life Crisil Broad Based Gilt ETF	LT	-	[ICRA]AAAmfs	-	-	-

LT – Long term

Complexity level of the rated instruments: Not applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details: Not applicable

Annexure II: List of entities considered for consolidated analysis: Not applicable

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About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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Branches



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