UTI Asset Management Company Limited

Instrument	Rating Action – July 2015
UTI Liquid Fund – Cash Plan	[ICRA]A1+mfs reaffirmed
UTI Floating Rate Fund – Short-term Plan	[ICRA]AAAmfs; placed on Notice for Withdrawal
UTI Treasury Advantage Fund	[ICRA]AAAmfs reaffirmed
UTI Bond Fund	[ICRA]AAAmfs reaffirmed
UTI Dynamic Bond Fund	[ICRA]AAAmfs reaffirmed

ICRA has reaffirmed the credit risk rating of [ICRA]A1+mfs (pronounced ICRA A One plus m f s) to UTI Liquid Fund – Cash Plan[†]. ICRA has also reaffirmed the credit risk rating of [ICRA]AAAmfs(pronounced ICRA triple A m f s) to UTI Treasury Advantage Fund, UTI Floating Rate Fund – Short-term Plan, UTI Bond Fund and UTI Dynamic Bond Fund.

ICRA has placed on notice for withdrawal the [ICRA]AAAmfs rating outstanding on UTI Floating Rate Fund – Short-term Plan for a period of two months. This placement is at the request of the fund house. The withdrawal of the rating will be effective from September 22, 2015. The rating indicates ICRA's opinion on the credit quality of the portfolio that the fund holds; the rating does not indicate the AMC's willingness, or ability, to make timely payments to the fund's investors. The rating also should not be construed as an indication of the performance of the Mutual Fund scheme or of volatility in its returns.

Asset Management Company and Fund Details:
The above funds are mutual fund schemes of UTI Mutual Fund which was has been established as a Trust under the Indian Trusts Act, 1882 with State Bank of India, Punjab National Bank, Bank of Baroda and Life Insurance Corporation of India as the sponsors. UTI Asset Management Company Limited, incorporated under the Act, 1956 is the AMC to the fund. The quarterly average total asset managed by UTI Asset Management Company Limited in April-June 2015 was Rs 92,730 crore.

Launched in June 2003, UTI Liquid Fund – Cash Plan is an open ended liquid scheme with a stated objective to generate steady and reasonable income, with low risk and high level of liquidity, from a portfolio of money market securities and high quality debt. The fund's average assets under management stood at Rs. 13,121 crore for the quarter April-June, 2015 and an average residual maturity of around 1 month.

Launched in August 2003, UTI Floating Rate Fund – Short-Term Plan is an open-end income with a stated objective to generate regular income through investment in a portfolio comprising substantially of floating rate debt / money market instruments, fixed rate debt / money market instruments swapped for floating rate returns and fixed rate debt securities and money market instruments. The fund's average asset under management stood at Rs. 4,360 crore for the quarter April-June, 2015 and an average residual maturity of around 1-2 years during the period.

Launched in July 1999 as UTI Bond Advantage Fund and later christened to UTI Treasury Advantage Fund, the key objective of this open ended debt scheme is to generate income through investments in quality oriented debt and Money Market Instruments. The fund's average assets under management stood at Rs. 8,659 crore for the quarter April- June, 2015 and an average residual maturity of around 10 months for the same period.

Launched in May 1998, UTI Bond Fund is an open ended debt scheme with a stated objective to invest in the entire range of debt and money market instruments. The scheme's average assets under management stood at Rs. 3,171 crore for the quarter April- June, 2015 and an average residual maturity of around 11 years for the same period.

Launched in June 2010, UTI Dynamic Bond Fund is an open ended income scheme with a stated objective to generate optimal returns with adequate liquidity through active management of the portfolio, by investing in debt and money market instruments. The scheme's average assets under management stood at Rs. 683 crore for the quarter April- June, 2015 and an average residual maturity of around 9 years for the same period.

ICRA Credit Quality Rating Methodology for debt mutual fund schemes
ICRA's mutual fund rating methodology is based on evaluating the inherent credit quality of the fund's portfolio. As a measure of the credit quality of a debt fund's assets, ICRA uses the concept of "credit scores". These scores are based on ICRA's estimates of credit risk associated with each exposure of the portfolio taking into account its maturity. To quantify the credit risk scores, ICRA uses its database of historical default rates for various rating categories for various maturity buckets. The credit risk ratings incorporate ICRA's assessment of a debt fund's published investment objectives and policies, its management characteristics, and the creditworthiness of its investment portfolio. ICRA reviews relevant fund information on an ongoing basis to support its published rating opinions. If the portfolio credit score meets the benchmark of the assigned rating during the review, the rating is retained. In an event that the benchmark credit score is breached, ICRA gives a month's time to the debt fund manager to bring the portfolio credit score within the benchmark credit score. If the debt fund manager is able to reduce the portfolio credit score within the benchmark credit score, the rating is retained. If the portfolio still continues to breach the benchmark credit score, the rating is revised to reflect the change in credit quality.

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