

## BOI AXA Investment Managers Private Limited

Scheme	Rating Action (June 2016)
BOI AXA Liquid Fund	[ICRA]AAAmfs Reaffirmed

The rating for BOI AXA Liquid Fund has been reaffirmed at [ICRA]AAAmfs (pronounced triple A m f s). Schemes with these ratings are considered to have the highest degree of safety regarding timely receipt of payments from the investments that have been made. The ratings should, however, not be construed as an indication of expected returns, prospective performance of the Mutual Fund scheme, NAV or of volatility in its returns.

### Asset Management Company and Fund Details

BOI AXA Investment Managers Private Limited (formerly Bharti AXA Investment Managers Private Limited) (the AMC) is a joint venture between Bank of India (BOI) and AXA Investment Managers Asia Holdings Private Limited (AXA). On May 7, 2012, BOI acquired 51% stake in the AMC and became a joint venture partner with AXA. Consequently, Bharti Ventures Limited exited from the venture. AXA holds remaining 49% stake in the AMC. Consequent to the change in the shareholding of the AMC, the name of the AMC was changed from Bharti AXA Investment Managers Private Limited to BOI AXA Investment Managers Private Limited. The AMC had average assets under management of around Rs. 2,385 Crores<sup>1</sup> during Q4FY2016.

Launched in July, 2008, BOI AXA Liquid Fund is an open-ended liquid scheme with an objective to deliver reasonable market related returns with lower risk and higher liquidity through portfolio of debt and money market instruments. The scheme's assets under management stood at Rs. 1,222 Crores as on April 30, 2016 and had an average residual maturity of ~1 month as on that date. The scheme primarily invests in money market instruments of highest credit quality.

### 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.

**June 2016**

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<sup>1</sup> 100 lakh = 1 crore = 10 million



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