

## ICICI Prudential Asset Management Company Limited

Instrument	Rating Action (June 2016)
ICICI Prudential Blended Plan B	[ICRA]AAAmfs reaffirmed
ICICI Prudential Short Term Plan	[ICRA]AAAmfs reaffirmed
ICICI Prudential Dynamic Bond Fund	[ICRA]AAAmfs reaffirmed
ICICI Prudential Corporate Bond Fund	[ICRA]AAmfs reaffirmed

ICRA has reaffirmed the credit risk rating of [ICRA]AAAmfs (pronounced ICRA triple A m f s) to ICICI Prudential Blended Plan B, ICICI Prudential Short Term Plan and ICICI Prudential Dynamic Bond Fund. The schemes with [ICRA]AAAmfs rating are considered to have the highest degree of safety regarding timely receipt of payments from the investments that they have made. ICRA has also reaffirmed the credit risk rating of [ICRA]AAmfs (pronounced ICRA double A m f s) to ICICI Prudential Corporate Bond Fund. The schemes with [ICRA]AAmfs rating are considered to have high degree of safety regarding timely receipt of payments from the investments that they have made.

### Asset Management Company and Fund Details

ICICI Prudential Asset Management Company Limited (ICICI Pru AMC) is the asset management company for the ICICI Prudential Mutual Fund (ICICI Pru MF). It is a Joint Venture between ICICI Bank and Prudential Plc, UK. ICICI Pru MF had average assets under management of Rs. 175,964 crore during the quarter ended March 31<sup>st</sup>, 2016.

Launched in May 2005, ICICI Prudential Blended Plan B is an open ended income fund which aims to generate regular and stable income for the unit holders of the Scheme. The scheme invests predominantly in top rated debt securities and government debt which carry only sovereign risk. The fund's corpus stood at Rs.1,049 crore as on May 31<sup>st</sup>, 2016 and had an average residual maturity of about 3 years as on that date. The fund continues to maintain a high proportion of its investments rated at high credit quality.

Launched in October 2001, ICICI Prudential Short Term Plan is an open ended income fund. The portfolio predominantly comprises of debt instruments issued by the corporate and financial services sector and government securities. The fund's corpus stood at Rs. 6,173 crore as on May 31<sup>st</sup>, 2016 and had an average residual maturity of about 4 years as on that date. The fund continues to maintain a high proportion of its investments rated at highest credit quality.

Launched in June 2009, ICICI Prudential Dynamic Bond Fund is an open ended income fund which aims to generate regular and stable income for the unit holders of the Scheme. The scheme invests predominantly in top rated debt securities and government debt which carry only sovereign risk. The fund's corpus stood at Rs.945 crore as on May 31<sup>st</sup>, 2016 and had an average residual maturity of about 7.8 years as on that date. The fund house manages the portfolios such that it meets the criteria to qualify for the [ICRA]AAAmfs rating.

Launched in September 2004, ICICI Prudential Corporate Bond Fund is an open ended income fund which primarily invests in corporate bonds. The scheme focuses on accrual income by investing into medium to long term corporate papers available at a spread over market yields. The fund invests in debt securities issued by corporates including PSUs, Financial Institutions and NBFCs. The fund's corpus stood at Rs. 3,860 crore as on May 31<sup>st</sup>, 2016 with an average residual maturity of about 3.7 years as on that date.

### 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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