

## LIC Mutual Fund Asset Management

April 16, 2018

### Summary of rated instruments

Instrument*	Current Rated Amount (Rs. crore)	Rating Action
LIC MF Capital Protection Oriented Fund – Series 2 - *Instrument details as provided in Annexure-1		[ICRA]AAAmfs(SO); withdrawn

### Rating action

ICRA has withdrawn the rating of [ICRA]AAAmfs (SO) (pronounced ICRA triple A m f s Structured Obligation) assigned to LIC MF Capital Protection Oriented Fund - Series 2<sup>1</sup> as the scheme has matured and the units have been redeemed. The withdrawal of rating is at the request of the fund house.

ICRA has a rating of [ICRA]AAAmfs (pronounced ICRA triple A m f s) outstanding on LIC MF Bond Fund and a rating of [ICRA]A1+mfs (pronounced ICRA A one plus m f s) outstanding on LIC MF Liquid Fund.

### Rationale and Key Rating Drivers

The rating assigned to LIC MF Capital Protection Oriented Fund - Series 2 has been withdrawn as the scheme has matured and the units have been redeemed. The withdrawal is in accordance with ICRA's policy on withdrawal and suspension, and is done on the basis of withdrawal request received from the company.

### Outlook: Not Applicable

**Analytical approach:** For arriving at the ratings, ICRA has applied its rating methodologies as indicated below.

#### Links to applicable criteria:

[ICRA Policy on Withdrawal and Suspension of Credit Rating](#)

[ICRA- Mutual Fund Credit Risk Rating Methodology](#)

### About the company:

#### LIC Mutual Fund Asset Management Limited

LIC Mutual Fund Asset Management Limited (LIC MF AMC) is the asset management company for LIC Mutual Fund (LIC MF). LIC MF was established in April 1989 by the Life Insurance Corporation of India. On March 31, 2011, LIC Mutual Fund Trustee Company Private Limited (the Trustee Company) and LIC MF AMC entered into a joint venture with Nomura Asset Management Company Ltd (Nomura) after the latter acquired 35% of the fully paid-up equity share capital of both LIC MF AMC and the Trustee Company. The Trustee Company was renamed as LIC Nomura Mutual Fund Trustee Company Pvt. Ltd., and LIC MF AMC was renamed as LIC Nomura Mutual Fund Asset Management Company Ltd. In May 2016, the company was again renamed as LIC Mutual Fund Asset Management Limited, following Nomura's exit. The average assets under management by LIC MF during Q4FY2018 stood at Rs. 20,118 crore.

<sup>1</sup> For complete rating scale and definitions, please refer to ICRA's website ([www.icra.in](http://www.icra.in)) or other ICRA rating publications

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## **LIC MF Capital Protection Oriented Fund – Series 2**

LIC MF Capital Protection Oriented Fund – Series 2 was launched in January 2014. The portfolio structure for the scheme was designed to protect unit holders' capital at maturity, by investing a majority of the corpus in debt securities maturing on or before the maturity of the scheme. The scheme invested in debt securities only with a rating of [ICRA]AAA or equivalent, mitigating any concerns on credit risk. The proportion of debt securities was calculated such that the redemption value of debt less AMC expenses was equal to or greater than the initial unit holder capital, offering the highest degree of protection to the capital at maturity. ICRA factored in the credit risk of debt investments, reinvestment risk of interim receipts, precondition of marginal tenure mismatches and obligor concentrations. The debt portion was passively managed. The balance portion was invested in equity and/or equity-linked instruments to provide any upside potential to the unit holders. At the same time, given the proportion of high credit quality debt investments and the portfolio structure, the downside was protected and the investor did not suffer a loss of initial investment at the time of maturity.

**Key financial indicators: Not applicable**

**Status of non-cooperation with previous CRA: Not applicable**

**Any other information: None**

### Rating history for last three years:

Instrument	Type	Current Rating (FY2019)		Chronology of Rating History for the past 3 years							
		Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Apr 2018	FY2018				FY2017		FY2016
					Mar 2018	Dec 2017	Sep 2017	Jun 2017	Mar 2017	Dec 2016	Mar 2016
1 LIC MF Bond Fund	Long Term	-	-	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs
2 LIC MF Liquid Fund	Short Term	-	-	[ICRA] A1+mf s	[ICRA] A1+mf s	[ICRA] A1+mf s	[ICRA] A1+mf s	[ICRA] A1+mf s	[ICRA] A1+mf s	[ICRA] A1+mf s	[ICRA] A1+mf s
3 LIC MF Capital Protection Oriented Fund – Series 2	Long Term	-	-	Withdr awn	[ICRA] AAAmfs (SO)	[ICRA] AAAmfs (SO)	[ICRA] AAAmfs (SO)	[ICRA] AAAmfs (SO)	[ICRA] AAAmfs (SO)	[ICRA] AAAmfs (SO)	[ICRA] AAAmfs (SO)
4 LIC MF Capital Protection Oriented Fund – Series 5	Long Term	-	-	-	-	Withdr awn	[ICRA] AAAmfs (SO)	[ICRA] AAAmfs (SO)	[ICRA] AAAmfs (SO)	[ICRA] AAAmfs (SO)	[ICRA] AAAmfs (SO)
5 LIC MF Capital Protection Oriented Fund – Series 4	Long Term	-	-	-	-	-	Withdr awn	[ICRA] AAAmfs (SO)	[ICRA] AAAmfs (SO)	[ICRA] AAAmfs (SO)	[ICRA] AAAmfs (SO)
6 LIC MF Capital Protection Oriented Fund – Series 3	Long Term	-	-	-	-	-	-	Withdr awn	[ICRA] AAAmfs (SO)	[ICRA] AAAmfs (SO)	[ICRA] AAAmfs (SO)
7 LIC MF Capital Protection Oriented Fund – Series 1	Long Term	-	-	-	-	-	-	-	-	Withdr awn	[ICRA] AAAmfs (SO)

### Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website [www.icra.in](http://www.icra.in)

### Annexure-1: Instrument Details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	NA	NA	NA	NA	NA	NA

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## About ICRA Limited:

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For more information, visit [www.icra.in](http://www.icra.in)

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