

July 24, 2020

YES Asset Management (India) Limited: Rating reaffirmed

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
YES Overnight Fund	-	-	[ICRA]A1+mfs; reaffirmed
YES Liquid Fund	-	-	[ICRA]A1+mfs; reaffirmed
YES Ultra Short Term Fund	-	-	[ICRA]A1+mfs; reaffirmed
Total	-	-	

*Instrument details are provided in Annexure-1

Rationale and Key Rating Drivers

The ratings have been reaffirmed following ICRA's monitoring of the credit risk profile of the month-end portfolio position of these schemes. The credit risk scores for these schemes were comfortably within the benchmark limits for their current rating levels.

Mutual fund ratings incorporate ICRA's assessment of the creditworthiness of a debt mutual fund 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 that have been made by the mutual fund schemes. The ratings do not indicate the asset management company's (AMC) and/or any of its scheme's willingness and/or ability to make timely redemptions to its investors. The ratings do not address the market risks and hence should not be construed as an indication of the expected returns, the prospective performance of the mutual fund scheme, and the ability to redeem the investments at the reported net asset value (NAV) or the volatility in its past returns as all these are influenced by market risks.

ICRA's assessment of debt mutual fund schemes is guided by the credit ratings of the individual investments, the relative share of the investments in the overall assets under management (AUM) of the scheme and the maturity schedule of such investments. The credit matrix is a tool used by ICRA for analysing the investment portfolio of the debt mutual fund 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 then measured against the appropriate benchmark credit score in the credit matrix.

Once a mutual fund scheme is rated and the rating is accepted, ICRA reviews the underlying investment portfolios for the credit scores on an ongoing basis. If the portfolio credit score meets the benchmark of the existing rating, the rating is retained. If the portfolio credit score breaches the benchmark credit matrix score for the current 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 the current 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.

Liquidity position – Not applicable

Rating Sensitivities

Positive triggers - Not applicable

Negative triggers - ICRA could downgrade the rating of the schemes if the credit quality of the underlying investment deteriorates or the size of the assets under management (AUM) declines, which may result in an increase in the share of lower rated investments and lead to a breach in the threshold for the rating level.

Analytical approach:

Analytical Approach	Comments
Applicable Rating Methodologies	ICRA- Mutual Fund Credit Risk Rating Methodology
Parent/Group Support	Not applicable
Consolidation / Standalone	Not applicable

About the company:

YES Asset Management (India) Limited was incorporated in 2017 post SEBI's in-principle approval to YES Bank (rated [ICRA]BB(hyb)&¹) to sponsor a mutual fund. The AMC received the final nod from SEBI in July 2018 to commence its mutual fund operations. YES Asset Management (India) Limited is a wholly-owned subsidiary of YES Bank and acts as the investment manager to YES Mutual Fund.

YES Mutual Fund had average assets under management (AUM) of Rs. 56.98 crore² for the quarter ended on June 30, 2020.

YES Overnight Fund

Launched in August 2019, YES Overnight Fund is an open-ended debt scheme investing in overnight securities. The stated objective of the scheme is to generate returns commensurate with low risk and provide high level of liquidity through investments made primarily in overnight securities. The scheme invests in debt and money market instruments with maturity of one business day. The fund's asset under management stood at ~Rs. 2 crore as on June 30, 2020.

YES Liquid Fund

Launched in January 2019, YES Liquid Fund is an open-ended liquid scheme investing in money market and debt instruments. The objective of the scheme is to generate optimal returns consistent with moderate levels of risk and high liquidity by investing in high quality debt and money market instruments. The scheme's investment will be in instruments having maturity or residual maturity of up to 91 days. The fund's asset under management stood at ~Rs. 45 crore as on June 30, 2020.

YES Ultra Short-term Fund

¹ Yes Bank's Basel III Compliant Tier II Bond rated [ICRA]BB(hyb)&

² Source: <https://www.amfiindia.com>
www.icra.in

Launched in June 2019, YES Ultra Short-term Fund is an open-ended debt scheme investing in debt and money market instruments. The investment objective of the scheme is to generate reasonable income with low volatility through investment in a portfolio comprising of debt & money market instruments. The scheme's investment will be in instruments with maturity or residual maturity such that the Macaulay duration of the portfolio is between 3-6 months. The fund's assets under management stood at ~Rs. 3 crore as on June 30, 2020.

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			Chronology of Rating History for the Past 3 Years				
			Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	FY2021	FY2020		FY2019	FY2018	
					24-Jul-20	19-Dec-19	08-Aug-19	04-Feb-19	-	
1	YES Overnight Fund	Mutual Fund - ST	-	-	[ICRA]A1+ mfs	[ICRA]A1+ mfs	-	-	-	
2	YES Ultra Short Term Fund	Mutual Fund - ST	-	-	[ICRA]A1+ mfs	[ICRA]A1+ mfs	[ICRA]A1+m fs	-	-	
3	YES Liquid Fund	Mutual Fund - ST	-	-	[ICRA]A1+ mfs	[ICRA]A1+ mfs	[ICRA]A1+m fs	[ICRA]A1+ mfs	-	

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

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

Annexure-2: 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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