

July 23, 2021

Axis Asset Management Company Limited: Provisional [ICRA]AAAmfs rating assigned to Axis Floater Fund

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Axis Floater Fund	-	-	Provisional [ICRA]AAAmfs; Assigned
Axis Corporate Debt Fund	-	-	[ICRA]AAAmfs; Outstanding
Axis Short Term Fund	-	-	[ICRA]AAAmfs; Outstanding
Axis Banking & PSU Debt Fund	-	-	[ICRA]AAAmfs; Outstanding
Axis Overnight Fund	-	-	[ICRA]A1+mfs; Outstanding
Axis Money Market Fund	-	-	[ICRA]A1+mfs; Outstanding
Axis Ultra Short Term Fund	-	-	[ICRA]A1+mfs; Outstanding
Axis Liquid Fund	-	-	[ICRA]A1+mfs; Outstanding
Axis Treasury Advantage Fund	-	-	[ICRA]A1+mfs; Outstanding
Total	-	-	

*Instrument details are provided in Annexure-1

Rationale and key rating drivers

ICRA has assigned a credit risk rating of Provisional [ICRA]AAAmfs (pronounced as provisional ICRA triple A m f s) to Axis Floater Fund of Axis Asset Management Company Limited (Axis AMC). The provisional rating is based on the indicative portfolio of the scheme with the credit score of the indicative portfolio being comfortable at the assigned rating level. Further, on the opening of the scheme for regular investments and after analysing the credit score of the scheme for at least three months, the investment portfolio and its credit score will be benchmarked against the credit matrix to finalise the rating.

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 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 factors – NA

Negative factors – ICRA could downgrade the ratings of the schemes if the credit quality of the underlying investment deteriorates or if there is an increase in the share of lower rated investments on account of a decline in the AUM or otherwise, leading 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	NA
Consolidation/Standalone	NA

About the company

Axis Mutual Fund was granted a certificate of registration in September 2009 and Axis Asset Management Company Limited (Axis AMC) received consent to act as the AMC for Axis Mutual Fund. In FY2013, Axis Bank Limited {rated [ICRA]AAA(hyb)(Stable)¹} entered into a strategic tie-up with Schroders Plc, UK. Through this tie-up and via its wholly-owned subsidiary, i.e. Schroder Singapore Holdings Private Limited, Schroder Investment Management (Singapore) Limited acquired 25% plus one equity share of the total issued and paid-up equity share capital plus one equity share of Axis AMC and Axis Mutual Fund Trustee Limited (Axis Trustee), respectively. Axis Mutual Fund had an average AUM of Rs. 2,08,505.59 crore² in Q1 FY2022.

Key financial indicators: Not applicable

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

¹ Axis Bank's Basel III Compliant Tier II Bond rated [ICRA]AAA(hyb)(Stable)

² <https://www.amfiindia.com/research-information/aum-data/average-aum>

Rating history for past three years

Sl. No.	Name of Scheme	Type	Current Rating (FY2022)			Chronology of Rating History for the Past 3 Years											
			Amount Rated (Rs. crore)	Amount Outstanding as of Jun 25, 2021 (Rs. crore)	Date & Rating in FY2022			Date & Rating in FY2021			Date & Rating in FY2020					Date & Rating in FY2019	
					Jul-23-2021	Jun-25-2021	Apr-06-2021	Dec-15-2020	Jun-10-2020	Apr-23-2020	Dec-04-2019	Sep-20-2019	Jul-16-2019	Jun-14-2019	May-07-2019	Mar-19-2019	
1	Axis Short Term Fund	Long Term	-	-	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs;	-	[ICRA]AA mfs; withdrawn	[ICRA]AAAmfs; downgraded from [ICRA]AAAmfs; placed on notice for withdrawal for 1 month	[ICRA]AAA mfs	[ICRA]AAA mfs
2	Axis Overnight Fund	Short Term	-	-	[ICRA]A1+ mfs	[ICRA]A1+ mfs	[ICRA]A1+ mfs	[ICRA]A1+ mfs	[ICRA]A1+ mfs	[ICRA]A1+ mfs	[ICRA]A1+ mfs	[ICRA]A1+ mfs	[ICRA]A1+ mfs	-			-
3	Axis Money Market Fund	Short Term	-	-	[ICRA]A1+ mfs	[ICRA]A1+ mfs	[ICRA]A1+ mfs	[ICRA]A1+ mfs	[ICRA]A1+ mfs	[ICRA]A1+ mfs	[ICRA]A1+ mfs	[ICRA]A1+ mfs	[ICRA]A1+ mfs	-			-
4	Axis Ultra Short Term Fund	Short Term	-	-	[ICRA]A1+ mfs	[ICRA]A1+ mfs	[ICRA]A1+ mfs	[ICRA]A1+ mfs	[ICRA]A1+ mfs	[ICRA]A1+ mfs	[ICRA]A1+ mfs	[ICRA]A1+ mfs	[ICRA]A1+ mfs	[ICRA]A1+ mfs	[ICRA]A1+mfs	[ICRA]A1+ mfs	-
5	Axis Liquid Fund	Short Term	-	-	[ICRA]A1+ mfs	[ICRA]A1+ mfs	[ICRA]A1+ mfs	[ICRA]A1+ mfs	[ICRA]A1+ mfs	[ICRA]A1+ mfs	[ICRA]A1+ mfs	[ICRA]A1+ mfs	[ICRA]A1+ mfs	[ICRA]A1+ mfs	[ICRA]A1+mfs	[ICRA]A1+ mfs	[ICRA]A1+ mfs
6	Axis Treasury Advantage Fund	Short Term	-	-	[ICRA]A1+ mfs	[ICRA]A1+ mfs	[ICRA]A1+ mfs	[ICRA]A1+ mfs	[ICRA]A1+ mfs	[ICRA]A1+ mfs	[ICRA]A1+ mfs	[ICRA]A1+ mfs	[ICRA]A1+ mfs	[ICRA]A1+ mfs	[ICRA]A1+mfs	[ICRA]A1+ mfs	[ICRA]A1+ mfs
7	Axis Banking & PSU Debt Fund	Long Term	-	-	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs
8	Axis Corporate Debt Fund	Long Term	-	-	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs	[ICRA]AAA mfs; Assigned	-	-	-	-	-	-	-	-	-
9	Axis Capital Protection Oriented Fund-Series 7	Long Term	-	-	-	Provisional [ICRA]AAA (SO); withdrawn	Provisional [ICRA]AAA (SO)	Provisional [ICRA]AAA (SO)	Provisional [ICRA]AAA (SO)	Provisional [ICRA]AAA (SO); assigned	-	-	-	-	-	-	-

	Name of Scheme	Current Rating (FY2022)					Chronology of Rating History for the Past 3 Years									
		Type	Amount Rated (Rs. crore)	Amount Outstanding as of Jun 25, 2021 (Rs. crore)	Date & Rating in FY2022			Date & Rating in FY2021			Date & Rating in FY2020			Date & Rating in FY2019		
					Jul-23-2021	Jun-25-2021	Apr-06-2021	Dec-15-2020	Jun-10-2020	Apr-23-2020	Dec-04-2019	Sep-20-2019	Jul-16-2019		Jun-14-2019	May-07-2019
10	Axis Capital Protection Oriented Fund-Series 8	Long Term	-	-	-	Provisional [ICRA]AAA (SO); withdrawal	Provisional [ICRA]AAA (SO)	Provisional [ICRA]AAA (SO)	Provisional [ICRA]AAA (SO); assigned	-	-	-	-	-	-	-
11	Axis Capital Protection Oriented Fund-Series 9	Long Term	-	-	-	Provisional [ICRA]AAA (SO); withdrawal	Provisional [ICRA]AAA (SO)	Provisional [ICRA]AAA (SO)	Provisional [ICRA]AAA (SO); assigned	-	-	-	-	-	-	-
12	Axis Capital Protection Oriented Fund-Series 10	Long Term	-	-	-	Provisional [ICRA]AAA (SO); withdrawal	Provisional [ICRA]AAA (SO)	Provisional [ICRA]AAA (SO)	Provisional [ICRA]AAA (SO); assigned	-	-	-	-	-	-	-
13	Axis Floater Fund	Long Term	-	-	Provisional [ICRA]AAAs; assigned	-	-	-	-	-	-	-	-	-	-	-

Complexity level of the rated instrument - Not applicable

Annexure-1: Instrument details

ISIN	Instrument Name	Date of Issuance/ Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Axis Corporate Debt Fund	NA	NA	NA	NA	[ICRA]AAAmfs; Outstanding
NA	Axis Short Term Fund	NA	NA	NA	NA	[ICRA]AAAmfs; Outstanding
NA	Axis Banking & PSU Debt Fund	NA	NA	NA	NA	[ICRA]AAAmfs; Outstanding
NA	Axis Overnight Fund	NA	NA	NA	NA	[ICRA]A1+mfs; Outstanding
NA	Axis Money Market Fund	NA	NA	NA	NA	[ICRA]A1+mfs; Outstanding
NA	Axis Ultra Short Term Fund	NA	NA	NA	NA	[ICRA]A1+mfs; Outstanding
NA	Axis Liquid Fund	NA	NA	NA	NA	[ICRA]A1+mfs; Outstanding
NA	Axis Treasury Advantage Fund	NA	NA	NA	NA	[ICRA]A1+mfs; Outstanding
NA	Axis Floater Fund	NA	NA	NA	NA	Provisional [ICRA]AAAmfs; Assigned

Annexure-2: List of entities considered for consolidated analysis – Not applicable

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About ICRA Limited:

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