

Reliance Capital Asset Management Limited

Scheme	Rating Action (March 2016)
Reliance Income Fund	[ICRA]AAAmfs assigned

ICRA has assigned the credit risk rating of '[ICRA]AAAmfs' (pronounced ICRA Triple A m f s) to Reliance Income Fund. The schemes with this rating are considered to have the highest degree of safety regarding timely receipt of payments from the investments that they have made. The ratings should, however, not be construed as an indication of the performance of the Mutual Fund scheme or of volatility in its returns.

ICRA also has the credit risk rating of [ICRA]AAAmfs outstanding on Reliance Floating Rate Fund – Short Term Plan, Reliance Short Term Fund, Reliance Medium Term Fund, Reliance Dynamic Bond Fund and Reliance Banking & PSU Debt Fund and the credit risk rating of [ICRA]A1+mfs (pronounced ICRA A one plus m f s) outstanding on Reliance Liquidity Fund, Reliance Liquid Fund – Treasury Plan, Reliance Money Manager Fund and Reliance Liquid Cash Plan.

Asset Management Company and Fund Details

The above funds are mutual fund schemes of Reliance Mutual Fund (RMF) and are managed by Reliance Capital Asset Management Limited. Reliance Capital Asset Management Ltd is a wholly owned subsidiary of Reliance Capital Limited. The average assets managed by the AMC stood at Rs. 1,56,948 crores (AAUM) during the quarter ended December 31, 2015.

Launched in January 1998, Reliance Income Fund is an open ended income fund with stated objective to generate optimal returns consistent with moderate levels of risk. This income may be complemented by capital appreciation of the portfolio. Accordingly, investments shall predominantly be made in Debt & Money Market Instruments. The fund's assets under management stood at Rs. 2,358 crore (month end AUM) as on 29 Feb-16 with average maturity of more than 14 years. The fund has invested predominantly in Government Securities with the balance investments primarily being in AAA rated papers.

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.

March 2016

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