

## Reliance Nippon Life Asset Management Limited

Scheme	Rating
Reliance Corporate Bond Fund	[ICRA]AAmfs assigned

ICRA has assigned the credit risk rating of [ICRA]AAmfs (pronounced ICRA double A m f s) to Reliance Corporate Bond fund of Reliance Nippon Life Asset Management Limited. The ratings should, however, not be construed as an indication of the prospective performance of the Mutual Fund scheme or of volatility in its returns.

### Asset Management Company and Fund Details

The above funds are mutual fund schemes of Reliance Mutual Fund (RMF) and are managed by Reliance Nippon Life Asset Management Limited (erstwhile Reliance Capital Asset Management Limited). The average assets managed by the AMC stood at Rs 167,009 crores for the quarter ended June 30, 2016.

Launched in June 2014, Reliance Corporate Bond Fund is an open-ended income scheme with a view to maximize income while maintaining the optimum balance of yield, safety and liquidity. The investments would primarily be in corporate bonds of various maturities and across ratings. The fund's assets under management stood at Rs. 1,803 crore as on July 31, 2016 and had an average maturity of around 5 years. The fund house manages the portfolios such that it meets the criteria to qualify for the [ICRA]AAmfs rating.

### 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.

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