

February 07, 2024

Axis Asset Management Company Limited: Ratings reaffirmed

Summary of rating action

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

*Instrument details are provided in Annexure I

Rationale and key rating drivers

The ratings for various schemes of Axis Asset Management Company Limited 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 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 market risks and hence should not be construed as an indication of the expected returns, prospective performance of the mutual fund scheme, and the ability to redeem investments at the reported net asset value (NAV) or 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 and the relative share of the schemes' allocation towards the investments, besides the maturity schedule of such investments. ICRA's mutual fund ratings are not a reflection on the quality of the management of the AMC or its financial performance, reputation and other business practices including investment strategies, pricing, marketing and distribution activities. Furthermore, the ratings are not a reflection of whether the AMC or the fund is compliant with the applicable regulatory requirements.

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 compared with a benchmark credit score corresponding to the higher of the weighted average maturity of the scheme's portfolio or the maturity predefined by ICRA for the scheme category. The rating outcome corresponds to the rating level for which the portfolio's weighted average credit score is less than the benchmark credit score associated with the rating level. Further, the lowest rating of the investments of the scheme acts as the floor for its rating.

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. To this end, ICRA relies on the information provided by the AMC and/or publicly available sources. ICRA reviews the mutual fund ratings on a monthly basis or earlier, if required, which involves an evaluation of the rating corresponding to the portfolio credit score in relation to the existing rating outstanding. If the portfolio credit score meets the benchmark score for the existing rating, the rating is retained. If the portfolio credit score has a negative breach from the benchmark credit score for the existing 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 maintaining the existing 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. If the AMC corrects its portfolio, post the rating downgrade of the scheme, or the credit score improves in any manner subsequent to the downgrade, making the scheme eligible for an upgrade, ICRA may consider a rating upgrade only if the credit score is maintained consistently for a period of at least three months.

Liquidity position: Not applicable

Rating sensitivities

Positive factors – NA

Negative factors – For **Axis Overnight Fund** – ICRA could downgrade the rating of the scheme if the credit quality of the underlying investment deteriorates, leading to a breach in the threshold for the rating level.

For other schemes – ICRA could downgrade the ratings of the schemes if the credit quality of the underlying investment deteriorates or the share of lower rated investments increases on account of a decline in the assets under management (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 (Stable)¹} entered into a strategic tie-up with Schroders Plc, UK. Through this tie-up, Schroder Investment Management (Singapore) Limited via its wholly-owned subsidiary, Schroder Singapore Holdings Private 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. 2,62,360 crore² in Q3 FY2024.

Axis Short Term Fund

Launched in January 2010, Axis Short Term Fund is an open-ended scheme investing in instruments such that the Macaulay duration of the scheme is between 1 and 3 years. The stated objective of the scheme is to generate stable returns with a low risk strategy while maintaining liquidity through a portfolio comprising debt and money market instruments. The fund’s AUM stood at ~Rs. 7,590 crore as on December 31, 2023.

Axis Overnight Fund

Axis Overnight Fund is an open-ended debt scheme investing in overnight securities. Launched in March 2019, the objective of the fund is to provide reasonable returns, commensurate with a very low interest rate risk, and a high level of liquidity

¹ Axis Bank’s Basel III compliant Tier II Bond rated [ICRA]AAA (Stable)

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

through investments made primarily in overnight securities with a maturity/residual maturity of 1 business day. The fund's AUM stood at ~Rs. 8,564 crore as on December 31, 2023.

Axis Money Market Fund

Launched in August 2019, Axis Money Market Fund is an open-ended debt scheme with the objective of generating regular income through investment in a portfolio comprising money market instruments. The fund's AUM stood at ~Rs. 6,652 crore as on December 31, 2023.

Axis Ultra Short Term Fund

The investment objective of Axis Ultra Short Term Fund is to generate regular income and capital appreciation by investing in a portfolio of short-term debt and money market instruments with a relatively lower interest rate risk such that the Macaulay duration of the portfolio is between 3 months and 6 months. The fund's AUM stood at ~Rs. 4,318 crore as on December 31, 2023.

Axis Banking & PSU Debt Fund

Launched in June 2012, the objective of Axis Banking & PSU Debt Fund is to generate stable returns by investing predominantly in debt and money market instruments issued by banks. The fund's AUM stood at ~Rs. 14,138 crore as on December 31, 2023. The fund continues to maintain a significant proportion of its investments in certificates of deposit rated a high credit quality.

Axis Liquid Fund

Launched in October 2009, the objective of Axis Liquid Fund is to provide a high level of liquidity with reasonable returns, reflecting low risk, through a judicious mix of a portfolio largely comprising money market instruments and short-term debt securities with a residual maturity of up to 91 days. The fund's AUM stood at ~Rs. 21,837 crore as on December 31, 2023.

Axis Treasury Advantage Fund

Launched in October 2009, the objective of Axis Treasury Advantage Fund is to generate optimal returns through a judicious mix of a portfolio largely comprising money market instruments and short-term debt securities. The fund's AUM stood at ~Rs. 4,820 crore as on December 31, 2023.

Axis Corporate Debt Fund

Axis Corporate Debt Fund is an open-ended debt scheme predominantly investing in AA+ and above rated corporate bonds. The investment objective of the scheme is to generate regular income and capital appreciation by investing in corporate debt across maturities. The AUM of the scheme, as on December 31, 2023, was Rs. 4,955 crore.

Axis Floater Fund

Axis Floater Fund is open-ended debt scheme predominantly investing in floating rate instruments (including fixed rate instruments converted to floating rate exposures using swaps/derivatives). The investment objective of the scheme is to generate regular income through investment in a portfolio predominantly comprising floating rate instruments and fixed rate instruments swapped for floating rate returns. The AUM of the scheme, as on December 31, 2023, was Rs. 308 crore.

Key financial indicators: Not applicable

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Name of Scheme	Type	Current Rating (FY2024)			Chronology of Rating History for the Past 3 Years									
			Amount Rated (Rs. crore)	Amount O/S as of Feb-07-2024 (Rs. crore)	Date & Rating in FY2024	Date & Rating in FY2023			Date & Rating in FY2022				Date & Rating in FY2021		
						Feb-07-2024	Feb-27-2023	Dec-02-2022	Mar-02-2022	Nov-02-2021	Jul-23-2021	Jun-25-2021	Apr-06-2021	Dec-15-2020	Jun-10-2020
1	Axis Short Term Fund	LT	-	-	[ICRA] AAAams	[ICRA] AAAams	[ICRA] AAAams	[ICRA] AAAams	[ICRA] AAAams	[ICRA] AAAams	[ICRA] AAAams	[ICRA] AAAams	[ICRA] AAAams	[ICRA] AAAams	[ICRA] AAAams
2	Axis Overnight Fund	ST	-	-	[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
3	Axis Money Market Fund	ST	-	-	[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
4	Axis Ultra Short Term Fund	ST	-	-	[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	ST	-	-	[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

	Name of Scheme	Type	Current Rating (FY2024)			Chronology of Rating History for the Past 3 Years									
			Amount Rated (Rs. crore)	Amount O/S as of Feb-07-2024 (Rs. crore)	Date & Rating in FY2024	Date & Rating in FY2023		Date & Rating in FY2022					Date & Rating in FY2021		
						Feb-07-2024	Feb-27-2023	Dec-02-2022	Mar-02-2022	Nov-02-2021	Jul-23-2021	Jun-25-2021	Apr-06-2021	Dec-15-2020	Jun-10-2020
6	Axis Treasury Advantage Fund	LT	-	-	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs ³	[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	LT	-	-	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAA mfs	[ICRA] AAA mfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs
8	Axis Corporate Debt Fund	LT	-	-	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAA mfs	[ICRA] AAA mfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs; Assigned	-	-
9	Axis Capital Protection Oriented Fund-Series 7	LT	-	-	-	-	-	-	-	-	Provisional [ICRA] AAA (SO); withdrawn	Provisional [ICRA] AAA(SO)	Provisional [ICRA] AAA(SO)	Provisional [ICRA] AAA(SO); assigned	-

³ Rating of [ICRA]A1+mfs has been withdrawn and rating of [ICRA]AAAmfs has been simultaneously assigned

	Name of Scheme	Type	Current Rating (FY2024)			Chronology of Rating History for the Past 3 Years										
			Amount Rated (Rs. crore)	Amount O/S as of Feb-07-2024 (Rs. crore)	Date & Rating in FY2024	Date & Rating in FY2023			Date & Rating in FY2022				Date & Rating in FY2021			
					Feb-07-2024	Feb-27-2023	Dec-02-2022	Mar-02-2022	Nov-02-2021	Jul-23-2021	Jun-25-2021	Apr-06-2021	Dec-15-2020	Jun-10-2020	Apr-23-2020	
10	Axis Capital Protection Oriented Fund-Series 8	LT	-	-	-	-	-	-	-	-	-	Provisional [ICRA] AAA (SO); withdrawn	Provisional [ICRA] AAA(SO)	Provisional [ICRA] AAA(SO)	Provisional [ICRA] AAA(SO); assigned	-
11	Axis Capital Protection Oriented Fund-Series 9	LT	-	-	-	-	-	-	-	-	-	Provisional [ICRA] AAA (SO); withdrawn	Provisional [ICRA] AAA(SO)	Provisional [ICRA] AAA(SO)	Provisional [ICRA] AAA(SO); assigned	-
12	Axis Capital Protection Oriented Fund-	LT	-	-	-	-	-	-	-	-	-	Provisional [ICRA] AAA (SO); withdrawn	Provisional [ICRA] AAA(SO)	Provisional [ICRA] AAA(SO)	Provisional [ICRA] AAA(SO); assigned	-
13	Axis Floater Fund	LT	-	-	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	[ICRA] AAAmfs	Provisional [ICRA] AAAmfs; assigned	-	-	-	-	-

LT – Long term; ST – Short term

Complexity level of the rated instrument

Instrument	Complexity Indicator
Mutual Fund	Not Applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instrument are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

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

Annexure II: 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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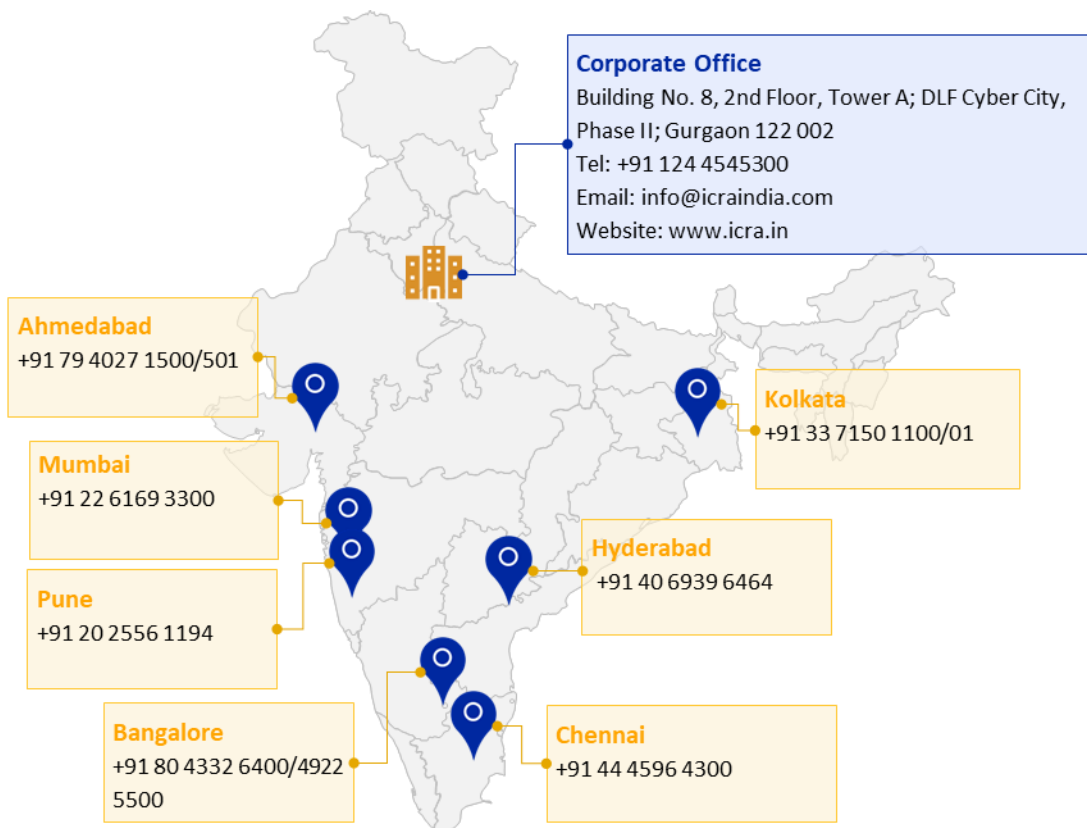
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