

**AUGUST 20, 2014**

## CARE ASSIGNS 'CARE AAAMFS (SO)' TO LIC NOMURA MUTUAL FUND CAPITAL PROTECTION ORIENTED FUND SERIES 6 TO 8

**Ratings**

Scheme Name	Scheme Type	Tenure	Rating <sup>1</sup>
LIC Nomura MF Capital Protection Oriented Fund Series 6	Close-Ended Capital Protection Oriented Scheme	12-60 Months	CARE AAAMfs (SO)
LIC Nomura MF Capital Protection Oriented Fund Series 7	Close-Ended Capital Protection Oriented Scheme	12-60 Months	CARE AAAMfs (SO)
LIC Nomura MF Capital Protection Oriented Fund Series 8	Close-Ended Capital Protection Oriented Scheme	12-60 Months	CARE AAAMfs (SO)

CARE has assigned 'CARE AAAMfs (SO)' rating to LIC Nomura MF Capital Protection Oriented Fund Series 6 to 8 of LIC Nomura Mutual Fund. The fund is managed by LIC Nomura Mutual Fund Asset Management Company Ltd.

CARE's capital protection oriented fund ratings are not recommendations to buy sell or hold a fund or scheme. These ratings do not comment on the volatility of net asset value (NAV) of the scheme or the level of NAV compared with the face value during the tenure of the scheme any time before maturity. The ratings are valid only for the maturity of the scheme.

The investment objective of the plans is to seek to protect capital by investing a portion of the portfolio in highest rated debt securities and money market instruments and also to provide capital appreciation by investing the balance in equity and equity related securities. The debt securities would mature on or before the maturity of the plan under the scheme.

The scheme is structured such that the investments in the debt component required for capital protection shall be of such proportion that its value on scheme maturity date less AMC expenses will be greater than or equal to the face value of the units subscribed by the investors. The investment in debt security required for capital protection shall be in the form of government securities or securities rated as 'CARE AAA' or equivalent, thereby ensuring highest credit quality.

To assess the debt component of the portfolio, CARE takes into account the default risk, reinvestment risk and other risks. CARE then estimates the likelihood of a shortfall in the NAV with respect to the face value of the units of the scheme on maturity. CARE reviews the rated mutual fund scheme on an ongoing basis to support its published rating opinions.

The rating is based on the structure and 'Representation and Warranties' given by LIC Nomura Mutual Fund Asset Management Company Ltd that it will manage the portfolio of LIC Nomura MF Capital Protection Oriented Fund Series 6 to 8 such that it meets CARE's criteria to qualify for the capital protection oriented fund rating of 'CARE AAAMfs (SO)'.

### About LIC Nomura Mutual Fund Asset Management Company Ltd

LIC Mutual Fund was set up by the Life Insurance Corporation of India on April 20, 1989. Earlier the fund was governed by a Board of Trustees and with effect from April 08, 2003, it is governed by LIC Mutual Fund Trustee Company Pvt Ltd (Trustee company).

The Trustees of the LIC Mutual Fund have exclusive ownership of Trust Fund and are vested with general power of superintendence, discretion and management of the affairs of the Trust and had appointed Jeevan Bima Sahayog Asset Management Company Limited (AMC) as the Investment Managers to LIC Mutual Fund. The AMC was incorporated on

<sup>1</sup>"Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications"

April 20, 1994 under The Companies Act, 1956, and later was renamed as LIC Mutual Fund Asset Management Company Ltd with effect from August 21, 2006. The Trustees also ensure that the activities of the Trust and the AMC are in accordance with the Trust Deed and the SEBI Mutual Fund Regulations as amended from time to time.

The Trustee company and AMC entered into a joint venture with Japan's leading financial services conglomerate Nomura Asset Management Strategic Investments Pte Ltd (Nomura) on January 18, 2011, and thus LIC Mutual Fund became LIC Nomura Mutual Fund with its investment manager, renamed as LIC Nomura Mutual Fund Asset Management Company Limited and Trustees as LIC Nomura Mutual Fund Trustee Company Private Limited. Consequent upon joint venture, along with LIC, Nomura also has representation on the board of AMC and Trustee Company, while LIC continues to be the sole sponsor of LIC Nomura Mutual Fund. The AMC reported average assets under management (AAUM) of Rs.7,852 crore in June 2014.

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*CARE has classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.*

**Disclaimer:** CARE's capital protection oriented scheme ratings are not recommendations to buy, sell or hold a fund or scheme. These ratings do not comment on the volatility of net asset value (NAV) of the scheme or the level of NAV compared to the face value during the tenure of the scheme any time before maturity. The ratings are valid only for the maturity of the scheme.

The ratings are based on current information furnished to CARE by the issuer or obtained by CARE from sources it considers reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. CARE does not perform an audit in connection with any rating and may, on occasion, rely on unaudited information. The ratings may be changed, suspended, or withdrawn as a result of changes in, or unavailability of, such information, or based on other circumstances. Funds rated by CARE have paid a rating fee.

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