SBI Funds Management Pvt. Ltd

July 04, 2019

Ratings

Instrument	Scheme Type	Rating[1]	Rating Action
SBI Short Term Debt Fund	Open Ended Debt Scheme	CARE AAAmfs [Triple A mfs]	Reaffirmed
SBI Liquid Fund	Open Ended Liquid Scheme	CARE AAAmfs [Triple A mfs]	Reaffirmed
SBI Magnum Ultra Short Duration Fund	Open Ended Debt Scheme	CARE AAAmfs [Triple A mfs]	Reaffirmed
SBI Corporate Bond Fund	Open Ended Debt Scheme	CARE AAAmfs [Triple A mfs]	Reaffirmed
SBI Banking & PSU Fund	Open Ended Debt Scheme	CARE AAAmfs [Triple A mfs]	Reaffirmed

Details of instruments/facilities in Annexure-1

Detailed Rationale:

CARE has reaffirmed the credit quality ratings of SBI Short Term Debt Fund, SBI Liquid Fund, SBI Magnum Ultra Short Duration Fund, SBI Corporate Bond Fund and SBI Banking & PSU Fund. The funds are managed by SBI Funds Management Pvt. Ltd.

Schemes rated 'CARE AAAmfs' are considered to have the highest degree of safety regarding timely receipt of payments from the investments that they have made.

CARE's fund credit quality ratings are opinions on the overall credit quality of specific Debt Mutual Fund scheme. CARE's fund credit quality rating is not a recommendation to purchase, sell, or hold a security / fund. It neither comments on the current market price, suitability for a particular investor nor on the prospective performance of the fund with respect to appreciation, volatility of net asset value (NAV), or yield of the fund. The ratings do not address the funds ability to meet the payment obligations to the investors.

The fund ratings capture fund's overall exposure to default risk. CARE's fund credit quality ratings are based on evaluation of the fund's investment strategy and portfolio credit risk. It also involves evaluation of credit quality of individual assets, diversification of portfolio, management quality and operational policies. CARE uses the concept of credit scores, assigned to individual securities, as per credit scoring matrix developed by CARE.

CARE reviews the rated mutual fund scheme on an ongoing basis to support its published rating opinions. As such, monthly reports of the fund are examined. While the fund has to maintain the fund credit score within the benchmark fund scores, in a particular month, if the fund credit score breaches the benchmark, CARE provides one month to the asset management company (AMC) to realign the score.

Analytical Approach:

Assessment of Underlying Credit Quality of the Debt Schemes

Applicable Criteria:

[CARE's Fund Credit Quality rating Criteria]

About the Fund:

SBI Short Term Debt Fund:

SBI Short Term Debt Fund was launched by SBI Funds Management Pvt Ltd in July 2007. It is an open-ended short term Debt Scheme investing in instruments such that the Macaulay Duration of the portfolio is between 1 year and 3 years. The investment objective is to provide investors an opportunity to generate regular income through investments in a portfolio comprising predominantly of debt instruments which are rated not below investment grade and money market instruments such that the Macaulay duration of the portfolio is between 1 year and 3 years. The fund's assets under management stood at Rs.7,073.08 crore as on May 31, 2019.

SBI Magnum Ultra Short Duration Fund:

SBI Magnum Ultra Short Duration Fund was launched by SBI Funds Management Private Limited in May, 1999. It is an open-ended ultra-short-term Debt Scheme investing in instruments such that the Macaulay Duration of the portfolio is between 3 months to 6 months. The investment objective of the scheme is to provide investors with an opportunity to generate regular income with high degree of liquidity through investments in a portfolio comprising predominantly of

[1] *Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.*

debt and money market instruments. The fund's assets under management stood at Rs.8,690.50 crore as on May 31, 2019.

SBI Liquid Fund:
SBI Liquid Fund was launched by SBI Funds Management Private Limited in March, 2007. It is an open-ended liquid scheme. The investment objective is to provide the investors an opportunity to invest in the entire range of debt and money market securities with residual maturity upto 91 days only. The fund's assets under management stood at Rs.51,592.65 crore as on May 31, 2019.

SBI Corporate Bond Fund:
SBI Corporate Bond Fund is an open-ended debt scheme predominantly corporate bonds rated AA+ and above to generate additional spread on part of their debt investments from high quality corporate debt securities while maintaining moderate liquidity in the portfolio through investment in money market securities. However, there is no guarantee or assurance that the scheme's objective will be achieved. The scheme does not guarantee or assure any returns. The fund's assets under management stood at Rs.3,953.19 crore as on May 31, 2019.

SBI Banking & PSU Fund:
SBI Banking & PSU Fund was launched by SBI Funds Management Pvt Ltd in October 2009. It is an open-ended debt scheme predominantly investing in debt & money market securities issued by Banks, Public Sector Undertakings, Public Financial Institutions and Municipal bodies. The investment objective is to generate regular income through a judicious mix of portfolio comprising predominantly debt and money market securities of Banks, Public Sector Undertakings, Public Financial Institutions and Municipal bodies. The fund's assets under management stood at Rs.1,745.83 crore as on May 31, 2019.

Profile of AMC:
SBI Funds Management Private Limited (SBI FMPL), the investment manager of SBI Mutual Fund is a joint venture between State Bank of India (SBI), India's largest bank and Amundi India Holding (AMUNDI), a leading European asset management company. SBI currently holds 63% stake in SBI FMPL and the 37% stake is held by AMUNDI through Amundi India Holding. SBI Mutual Fund also benefits from the brand equity of its sponsors, State Bank of India and AMUNDI. The AMC had average assets under management (AUM) of Rs.2,83,806.67 crore for quarter December 2018 – March 2019. Mr. Ashwani Bhatia is the Chief Executive Officer and Managing Director of SBI Funds Management Pvt. Ltd.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Annexure-1: Details of Instruments / Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
SBI Short Term Debt Fund	-	-	-	-	CARE AAAmfs
SBI Liquid Fund	-	-	-	-	CARE AAAmfs
SBI Magnum Ultra Short Duration Fund	-	-	-	-	CARE AAAmfs
SBI Corporate Bond Fund	-	-	-	-	CARE AAAmfs
SBI Banking & PSU Fund	-	-	-	-	CARE AAAmfs

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings					
		Type	**Amount Outstanding (Rs. crore)**	**Rating**	**Date(s) & Rating(s) assigned in 2019-2020**	**Date(s) & Rating(s) assigned in 2018-2019**	**Date(s) & Rating(s) assigned in 2017-2018**
1.	SBI Short Term Debt Fund	Open Ended Debt Scheme	-	CARE AAAmfs	-	CARE AAAmfs (5-Jul-18)	CARE AAAmfs (17-Jul-17)
2.	SBI Liquid Fund	Open Ended Liquid Scheme	-	CARE AAAmfs	-	CARE AAAmfs (5-Jul-18)	CARE AAAmfs (5-Sep-17)
3.	SBI Magnum Ultra Short Duration Fund	Open Ended Debt Scheme	-	CARE AAAmfs	-	CARE AAAmfs (5-Jul-18)	CARE AAAmfs (5-Sep-17)
4.	SBI Banking & PSU Fund	Open Ended Liquid Scheme	-	CARE AAAmfs	-	CARE AAAmfs (6-Dec-18)	-
5.	SBI Corporate Bond Fund	Open Ended Liquid Scheme	-	CARE AAAmfs	1) Provisional CARE AAAmfs (01-Feb-19) 2) CARE AAAmfs (07-Jun-19)	-	-

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

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About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

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