

UTI Mutual Fund

July 30, 2019

Ratings

| Scheme name | Rating ¹ | Rating action |
|-------------------------------|--|--|
| UTI – Treasury Advantage Fund | CARE BBB+ mfs [CARE Triple B Plus mfs] | Revised from ‘CARE AAAmfs’ [CARE Triple A mfs] |

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The rating revision takes into account deterioration in credit quality of the underlying portfolio of UTI Treasury Advantage Fund on account of exposure of the scheme in Dewan Housing Finance Corporation Limited (DHFL) whose debt has been downgraded to ‘CARE D’. CARE has considered the scheme portfolios as on May 31, 2019. Post May 31, 2019, the AMC has written off the exposure towards DHFL. Consistencies in credit quality and investment strategy are the key rating sensitivities.

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

UTI Treasury Advantage Fund was launched by UTI Asset Management Company Limited in July 1999. The investment objective of the scheme is to generate reasonable income for its investors consistent with high liquidity by investing in a portfolio of debt & money market instruments. The fund’s asset under management was at Rs. 2871.22 crore as on June 30, 2019.

Profile of AMC:

UTI Mutual Fund which has been established as a Trust under the Indian Trusts Act, 1882 with State Bank of India, Punjab National Bank, Bank of Baroda and Life Insurance Corporation of India as the sponsors. UTI Asset Management Company Limited, incorporated under the Act, 1956 is the AMC to the fund.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

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

¹ Complete definitions of the ratings assigned are available at www.careratings.com

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 |
|-----------------------------|------------------|-------------|---------------|-------------------------------|---|
| UTI Treasury Advantage Fund | - | - | - | - | CARE BBB+ mfs |

Annexure-2: Rating History of last three years

| Name of the Instrument/Bank Facilities | Current Ratings | | | Rating history | | | |
|--|------------------------|--------------------------------|---------------|---|---|---|---|
| | 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 | Date(s) & Rating(s) assigned in 2016-2017 |
| UTI-Treasury Advantage Fund | Open-Ended Debt Scheme | - | CARE BBB+ mfs | - | CARE AAA mfs (06-Jul-18) | CARE AAA mfs (07-Jul-17) | CARE AAA mfs (15-Jul-16) |
| UTI – Short Term Income Fund | Open-Ended Debt Scheme | - | CARE BBBmfs | CARE BBB mfs (28-Jun-19) | CARE AAA mfs (06-Jul-18) | CARE AAA mfs (07-Jul-17) | CARE AAA mfs (15-Jul-16) |
| UTI-Overnight Fund | Open-Ended Debt Scheme | - | CARE AAAmfs | CARE AAA mfs (04-Jul-19) | CARE AAA mfs (12-Dec-18) | | |

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.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and 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. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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