

ICRA Lanka assigns [SL]A+mfs rating to Senfin Money Market Fund

March 15, 2021

Instrument	Rated Amount (LKR Mn)	Rating Action
Senfin Money Market Fund	N/A	[SL]A+mfs; assigned

Rationale and Key Rating Drivers

ICRA Lanka Limited has assigned a credit risk rating of [SL]A+mfs (pronounced as Sri Lanka A plus m f s) to the Senfin Money Market Fund (SMMF or “Fund”) which is managed by Senfin Asset Management (Pvt) Ltd (the asset management company). Schemes with this rating are considered to have adequate degree of safety regarding timely receipt of payments from the investments that they have made. The assigned rating is based on the Fund’s portfolio with the credit score being comfortable at the assigned rating level.

The rating indicates ICRA Lanka’s opinion on the credit quality of the portfolio held by the fund. It does not indicate SMMF’s willingness or ability to make timely payments to the fund’s investors. The rating should not be construed as an indication of expected returns, prospective performance of the mutual fund scheme, net asset value (NAV) or volatility in its returns.

ICRA Lanka’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 Lanka uses the concept of “credit scores”. These scores are based on ICRA Lanka’s estimates of the credit risk associated with each exposure of the portfolio taking into account its maturity. To quantify the credit risk scores, ICRA Lanka uses its database of historical default rates for various rating categories and maturity buckets. The credit risk ratings incorporate ICRA Lanka’s assessment of a debt fund’s published investment objectives and policies, its management characteristics, and the creditworthiness of its investment portfolio. ICRA Lanka 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 Lanka 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.

Outlook: Not applicable

Liquidity position: Not applicable

Analytical approach:

Analytical Approach	Comments
Applicable Rating Methodologies	ICRA Lanka’s Mutual Fund Credit Risk Rating Methodology
Parent/Group Support	Not applicable
Consolidation / Standalone	Not applicable

About the Company

Senfin Asset Management (Pvt) Ltd

Senfin Asset Management (Pvt) Ltd was incorporated in 2010 and operates as a Unit Trust Fund Manager which is licensed and regulated by the Securities and Exchange Commission of Sri Lanka (SEC). Senfin Asset Management (Pvt) Ltd had total assets under management (AUM) of LKR 2.7 Bn as at January 2021. Senfin Asset Management (Pvt) Ltd acts as the investment manager to the Senfin Money Market Fund.

Senfin Money Market Fund (SMMF)

Senfin Money Market Fund is an open-ended unit trust Fund approved by the Securities and Exchange Commission of Sri Lanka (SEC). SMMF was launched in September 2014. The fund invests in fixed and call deposits of Banks and NBFIs, repurchase agreements, commercial papers, trust certificates, asset-backed securities and government securities including government bonds with maturities of less than one year which can be readily convertible to cash.

The overall objective of the Fund is to provide investors with liquidity and preservation of principle through investments in securities that are investment grade or better. The Fund's assets under management stood at ~ LKR 1,635 Mn as at January 31, 2021 with an average residual maturity of around 05 months.

Key financial indicators: Not applicable

Any other information: None

Rating history for the last three years:

Instrument	Type	Amount Rated (LKR Mn)	Current Rating	Chronology of Rating History for the past 3 years		
			Date & Rating in FY2021 March 2021	Date & Rating in FY2020	Date & Rating in FY2019	Date & Rating in FY2018
Senfin Money Market Fund	Long-term	N/A	[SL]A+ mfs; assigned	-	-	-



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