

## ICRA Lanka assigns [SL]Amfs rating to Softlogic Money Market Fund

March 16, 2021

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

### Rationale and Key Rating Drivers

ICRA Lanka Limited has assigned a credit risk rating of [SL]Amfs (pronounced as Sri Lanka A mutual fund scheme) to the Softlogic Money Market Fund (SMMF or “Fund”) which is managed by Softlogic 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 the Fund’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	<a href="#">ICRA Lanka’s Mutual Fund Credit Risk Rating Methodology</a>
Parent/Group Support	Not applicable
Consolidation / Standalone	Not applicable

## About the Company

### Softlogic Asset Management (Pvt) Ltd

Softlogic Asset management (Pvt) Ltd operates as a Unit Trust Fund Manager which is licensed and regulated by the Securities and Exchange Commission of Sri Lanka (SEC). Softlogic Asset Management (Pvt) Ltd had total assets under management (AUM) of LKR 1,126 Mn as in January 2021. Softlogic Asset Management (Pvt) Ltd acts as the investment manager to the Softlogic Fund.

### Softlogic Money Market Fund

Softlogic Fund is an open-ended unit trust Fund approved by the Securities and Exchange Commission of Sri Lanka (SEC). Softlogic Fund was launched in July 2020. The fund invests in Government treasury bills, bonds and other government securities, investment grade corporate debt securities such as debentures, commercial papers, securitization papers and repurchase agreements with maturities of less than one year which can be readily convertible to cash.

The overall objective of the Fund is to earn an optimal return of interest income while preserving investor capital and liquidity. The Fund's assets under management stood at ~ LKR 1,011 Mn as on January 31, 2021 with an average residual maturity of around 06 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
Softlogic Money Market Fund	Long-term	N/A	[SL]Amfs; assigned	-	-	-



ICRA Lanka Limited (ICRA Lanka) is a Credit Rating Agency licensed by the Securities and Exchange Commission of Sri Lanka (SEC). ICRA Lanka is a fully owned subsidiary of ICRA Limited ("ICRA") of India. The ultimate parent company of the international credit rating agency, Moody's Investors Service, is the indirect majority shareholder of ICRA.

#### CORPORATE OFFICE

Level 10, East Tower, World Trade Center, Colombo 01, Sri Lanka  
Tel: +94 11 4339907; Fax: +94 11 2333307  
Email: [info@icralanka.com](mailto:info@icralanka.com); Website: [www.icralanka.com](http://www.icralanka.com)

© Copyright, 2021 ICRA Lanka Limited. All Rights Reserved.  
Contents may be used freely with due acknowledgement to ICRA Lanka.

ICRA Lanka ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA Lanka ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA Lanka rating is a symbolic indicator of ICRA Lanka's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website [www.icralanka.com](http://www.icralanka.com) or contact ICRA Lanka's office for the latest information on the outstanding ICRA Lanka ratings.

All information contained herein has been obtained by ICRA Lanka from sources believed by it to be accurate and reliable, including the rated issuer. ICRA Lanka however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA Lanka in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information.

ICRA Lanka does not take any responsibility for accuracy of material/documents prepared or published by other parties based on this document. All ICRA Lanka official rating rationales are prepared in English and external parties may present or publish translated versions of the same. Readers are henceforth advised to refer to the ICRA Lanka's official rating rationale in the event of any inconsistency found in such documents.

ICRA Lanka or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA Lanka shall not be liable for any losses incurred by users from any use of this publication or its contents.



## Analysts

Rasanga Weliwatta  
Head of Financial Sector Ratings  
+94-773553564  
[rasanga@icralanka.com](mailto:rasanga@icralanka.com)

## Contacts

W Don Barnabas  
Managing Director/CEO  
+94-773417517  
[wdbarnabas@icralanka.com](mailto:wdbarnabas@icralanka.com)

Rasanga Weliwatta  
Head of Financial Sector Ratings  
+94-773553564  
[rasanga@icralanka.com](mailto:rasanga@icralanka.com)

Lalinda Sugathadasa  
Head of Research &  
Business Development  
+94-774781343  
[lalinda@icralanka.com](mailto:lalinda@icralanka.com)

Access our ratings at  
<https://www.icralanka.com/ratings/>

Follow us on



icraLanka



icra-lanka