

CRISIL CPR (Quarterly) Rankings of Mutual Fund Schemes - Brief Methodology

CRISIL~Composite Performance Ranking - (CRISIL~CPR) is the relative performance ranking of mutual fund schemes within the peer group. The basic eligibility criteria for inclusion in the ranking universe are two-years NAV history (one-year for Liquid Plans, Floating Rate and Debt-Short funds), assets under management in excess of category cut-off limits and complete portfolio disclosure. The ranking is done on the following parameters depending on the category to which the scheme belongs.

Superior Return Score

The Superior Return Score (SRS) is the relative measure of the return and the risk for the schemes compared to their peer group. It is computed for Large Cap Oriented Equity, Diversified Equity, ELSS, Sectoral-IT, Debt, Balance, Monthly Income Plan (Aggressive & Conservative) and Gilt categories for a two - year period. The weightages for the four six-monthly periods starting from the latest are 32.5%, 27.5%, 22.5% and 17.5% respectively.

Mean Return and Volatility

Mean Return and Volatility are considered separately in case of Liquid Plans, Floating Rate and Debt-Short term schemes for a one - year period. Mean return is average of daily return on fund NAV for one-year period and the Volatility is the standard deviation of the returns. The weightages for the four quarterly periods starting from the latest are 32.5%, 27.5%, 22.5% and 17.5% respectively.

Portfolio Concentration Analysis

Concentration measures the risk arising out of improper diversification. For Equity portfolios, NIFTY is used as the benchmark in measuring Industry Concentration and deviations are computed for over exposure. Diversity Score is used as a means of measuring Company concentration. In case of Debt and Liquid portfolios, the concentration is analyzed only for over exposure in Gilt, Manufacturing, NBFC, Securitised Debt and Banking, Financial Institution and Housing Finance companies.

Liquidity Analysis

It measures the ease with which the portfolio can be liquidated. In case of Equity, the liquidity is computed by comparing the security level turnover of the security with average six monthly turnover of that particular security on BSE and NSE. The Gilt liquidity is measured by comparing the security level turnover with the market turnover, days traded and size of trade for six months period for that security. Corporate Debt Liquidity is computed by classifying the portfolio into 3 components Liquid, Semi Liquid and Illiquid.

Asset Quality

Asset Quality measures the probability of default by the issuer to honour the debt obligation in time. Regrouping the portfolio in the various ranking group and multiplying the percent exposure in each rating category by relevant default/migration statistics gives a measure of asset quality.

Average Maturity

Average Maturity is considered across all debt categories to capture the interest rate of the portfolio. Lower the value better it is.

Downside Risk Probability (DRP)

DRP gives the probability of capital destruction. It measured by counting the number of times fund's return fall below the risk free return over the period of analysis. The risk free return is the 91-day T-Bill yield over the period.

Asset Size

It is considered only for Floating Rate Fund (Short-term), Debt-short and Liquid schemes to take into account the effect of large fund flows on the funds performance. Higher the asset size better it is.

CPR Category	Interpretation
CRISIL~CPR 1	Very Good performance in the category (Top 10% of the universe)
CRISIL~CPR 2	Good performance in the category (Next 20%)
CRISIL~CPR 3	Average performance in the category (Next 40%)
CRISIL~CPR 4	Below average performance in the category (Next 20%)
CRISIL~CPR 5	Poorest performance in the category (Last 10%)

Detailed methodology available on our website <http://www.crisil.com>