



**IMAP: ICICI Bank Rating Methodology
(Domestic Mutual Funds)**

**June 2008
Global Research Group**

What does IMAP stand for?

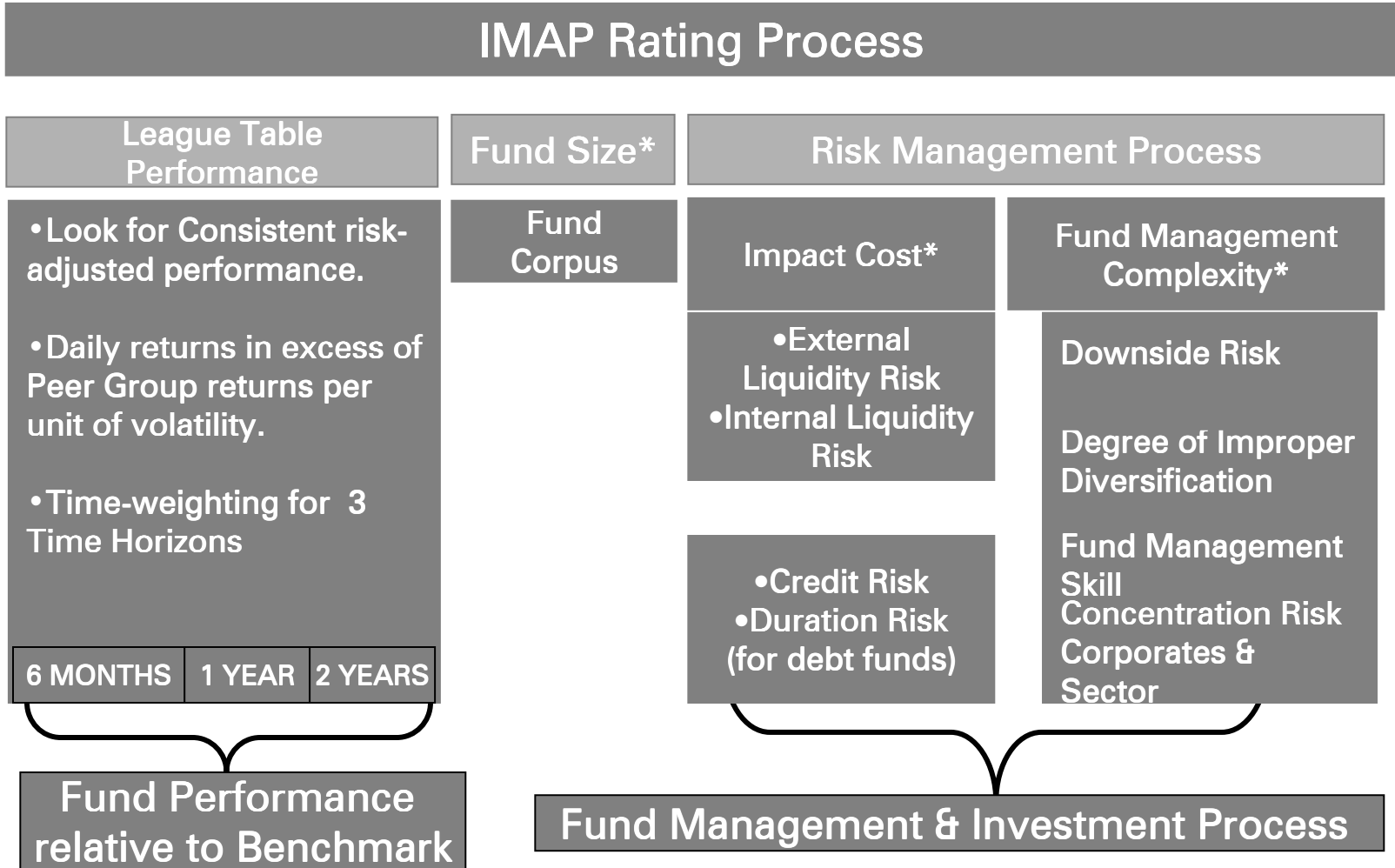
- ICICI Bank Mutual Fund Analysis and Performance Rating.
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- It is a relative ranking of mutual fund schemes as compared to their respective peer group in each scheme category.

IMAP Eligibility Criteria

- Open-ended mutual fund schemes
- 2 years daily Net Asset Value (NAV) details
- Full monthly portfolio disclosure
- Overall cut-off for AMC: INR 20 billion
- Minimum cut-off size for each category
- Minimum 5 schemes per category



The Methodology



Parameters * Definitions in the next slide



Key terms explained..

Corpus	Fund Corpus indicates investor confidence
Liquidity Risk	External Liquidity Risk - Days required to liquidate portfolio Internal Liquidity Risk – Average Turnover/Market Cap
Degree of Improper Diversification	Excess Volatility of daily returns of the scheme (relative to the volatility of the benchmark) given the beta selected
Concentration Risk	Degree of concentration of the fund in corporate/ sector relative to that in the benchmark
Downside Risk Potential	Standard deviation of daily returns considering days when the returns are below the benchmark return, i.e., expected fall on bad days
Fund Management Skill	Net Selectivity: Excess return generated from the scheme over that from the benchmark (adjusted for the volatility risk of the scheme relative to the volatility of the benchmark)

The Final Ratings

Scoring of each factor converted to a relative scale

Absolute score card: Fitted on a scale of 1 to 5

Comprehensive score based on weighting the various relative factor-scores

Weightages based on linear programming
(maximize returns minimising risks)

IMAP Score	Fund Performance
4-5	Aggressive Performer
3-4	Conservative Performer
2-3	Average Performer
1-2	Under Performer

Why IMAP ?

Compared to other Rating processes, IMAP adopts Process and Performance-based parameters

The process-based approach reflects the inherent strength of the fund and indicates its likely performance in future

Absolute Performance Scale for discrete ratings as against Clustered Scale (e.g. Discrete ratings of 4.15 as against **** Star)

Unbiased, Quantitative approach without human intervention.

The parameter weightages have been scientifically arrived through maximization approach by simulation exercise.

Methodology in existence for the past 5 years.



IMAP v/s Others

Particulars	Lipper	Value Research	CRISIL	ICRA	IMAP
League Table Score	✓	✓	✓	✓	✓
Sectoral Concentration			✓	✓	✓
Company Concentration			✓	✓	✓
Degree of Improper Diversification					✓
Downside Risk Potential					✓
Fund Management Skill					✓
Duration Risk				✓	✓
Liquidity			✓	✓	✓
Asset Quality			✓		✓
Asset Size			✓	✓	✓
Portfolio Turnover Ratio				✓	

Source: Website of respective rating agencies



The logo for ICICI Bank Wealth Management features a stylized 'i' icon in red and orange on the left. To its right, the text 'ICICI Bank' is written in a bold, metallic, 3D-style font, and 'Wealth Management' is written below it in a similar but slightly smaller font.

ICICI Bank Wealth Management

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