



Association of Mutual Funds in India

C-701 Naman Corporate Link, Plot Nos. C-31 / C-32, G Block, Bandra Kurla Complex, Bandra – East, Mumbai – 400 051

135/BP/ 103a /2022-23

November 15, 2022

To,

All AMFI Members

Dear Members,

Addendum to AMFI Best Practice Guidelines Circular No.103 /2022-23
Stress testing by Debt schemes of MFs

Pursuant to AMFI Best Practices Guidelines Circular No.103 dated October 12, 2022 on Stress Testing by Debt schemes of MFs, please find attached herewith two excel files containing the following:

- a) Input values for Credit, Interest Rate and Liquidity risk calculations.
- b) Thresholds values of impact for all three risk parameters for all open-ended debt schemes.

NOTE:

- 1) Threshold Portfolios : These portfolios and the breakup therein should be used as Model Portfolio to define boundary conditions of stress in NAV terms, once the Stress Testing Input Values are applied to them. As per the circular both AMFI and individual AMC defined Threshold Portfolio are necessary to calculate the NAV impact under the three stress parameters, namely, Credit, Interest Rate and Liquidity risk.

The threshold portfolio of the AMC may be the same or different (more aggressive or conservative) than the AMFI Threshold Portfolio, but within its defined PRC boundaries. Please refer to the aforesaid AMFI circular.

- 2) This NAV impact is to be then compared with the NAV impact calculated on actual portfolio for the three risk parameters.
- 3) For calculating both the Threshold impact and the actual impact, the Stress Testing input file must be used (which shall be updated and shared with all AMCs by AMFI on a monthly basis).
- 4) AMCs will need to take corrective steps as mentioned in the aforesaid circular in a scenario where the actual stress testing impact on NAVs is higher than what is arrived at by using the model threshold portfolios (both AMFI and internal).

Members are requested to take note of the above for uniform implementation.

With best regards,

B. M. Kini
Dy. Chief Executive



AMFI stress testing threshold portfolios -values - nov 2022.xlsx stress testing input