

## Union Asset Management Company Private Limited

January 23, 2025

Scheme Name	Scheme Type	Rating <sup>1</sup>	Rating Action
Union Short Duration Fund	Open-Ended Short Term Debt Scheme	CARE AAA mfs	Assigned
Union Overnight Fund	Open-Ended Debt Scheme	CARE AAA mfs	Reaffirmed

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

CARE Ratings Limited (CARE Ratings) has assigned the credit quality rating of "CARE AAA mfs" (Triple A mfs) to Union Short Duration Fund and reaffirmed the credit quality rating assigned to Union Overnight Fund. These funds are managed by Union Asset Management Company Private Limited.

The schemes rated 'CARE AAA mfs' are considered to have highest degree of safety regarding timely receipt of payments from the investments that they have made.

CARE Ratings' fund credit quality rating (CQR) is an opinion on the overall credit quality of the specific debt mutual fund scheme. CARE Ratings' fund CQR is not a recommendation to purchase, sell, or hold a security or fund. It neither comments on the current market price, suitability for a particular investor, nor on the prospective performance of the fund with respect to appreciation, volatility of net asset value (NAV), or yield of the fund. The ratings do not address the fund's ability to meet the payment obligations to the investors.

For assigning Credit Quality Rating (CQR) for Union Short Duration Fund, CARE Ratings has discussed the proposed investment mix in terms of the credit quality that the fund manager intends to maintain. Once the scheme is launched for regular investments, a detailed review of the investment portfolio will be carried out.

The ratings are not an opinion on the fund management practices (including fund structure, expense ratios, and marketing activities), financial performance as well as management quality of an asset management company (AMC), and hence, do not comment upon the business practices. The ratings are also not indicative of compliance and reputation risks, liquidity, market and sectoral risks.

The rating captures the fund's overall exposure to default risk based on the credit quality of individual securities in the portfolio. CARE Ratings' fund CQR is based on the evaluation of the fund's stated investment strategy and portfolio credit risk. It also involves the evaluation of the credit quality of individual securities as well as the diversification of portfolio. CARE Ratings Limited (CARE Ratings) uses the concept of credit scores assigned to individual securities, as per the credit scoring matrix developed by it.

### Rating sensitivities: Factors that could individually or collectively lead to rating actions

#### Positive factors:

- Not Applicable

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE publications

**Negative factors:**

- CARE Ratings could downgrade the ratings of the schemes if the credit quality of the underlying securities deteriorates thereby resulting into a breach in the threshold limit set by CARE Ratings for a given rating level.

**Analytical approach**

Assessment of underlying credit quality of the debt schemes.

**Detailed description of key rating drivers**

The credit score of the above schemes apart from Union Short Duration Fund has been calculated on the basis of portfolio outstanding as on December 31, 2024 and are within the benchmark set by CARE Ratings.

CARE Ratings reviews the rating of mutual fund schemes on an ongoing basis to support its published rating opinions. As such, portfolio of the fund is reviewed on a monthly basis. In addition, a detailed annual review of the fund is also undertaken. The fund has to maintain the fund credit score within the benchmark fund score associated with a given rating level. If in any particular month, the fund credit score breaches the benchmark, CARE Ratings generally provides a curing period of one month to the AMC to correct the situation and realign the score. If the fund credit score is not corrected within the curing period, CARE Ratings would consider revising the rating.

**Applicable criteria**

[Rating Methodology – Fund Credit Quality](#)

**About the funds**

**Union Overnight Fund:** Union Overnight Fund is an open-ended debt scheme launched by Union Asset Management Company Private Limited on March 27, 2019. The investment objective of the scheme is to generate returns by investing in debt and money market instruments with overnight maturity. However, there is no assurance that the investment objective of the scheme will be achieved.

The fund's assets under management (AUM) stood at ₹384 crore as on December 31, 2024.

**Union Short Duration Fund:**

An open-ended short-term debt scheme investing in instruments such that the macaulay duration of the portfolio is between 1 year to 3 years with high-interest rate risk and moderate credit risk. The scheme is an actively managed scheme with an investment objective to provide reasonable returns and liquidity by investing in a range of debt and money market instruments while maintaining the balance of safety, liquidity and returns.

Union Short Duration Fund's New Fund Offer (NFO) is expected to conclude by January 31, 2025, post which it will be launched for regular investments, a detailed review of the investment portfolio will be carried out.

**Liquidity:** Not Applicable

**About the company and industry**

Union Mutual Fund is sponsored by Union Bank of India and Dai-ichi Life Holdings Inc. Union Bank of India is one of the leading public sector banks in India and is headquartered in Mumbai. Dai-ichi Life Holdings, Inc. is a stock company with limited liability, incorporated under the laws of Japan in 1902 and listed on the Tokyo Stock Exchange. Dai-ichi Life is a financial services holding company engaged in carrying out both insurance and non-insurance (including asset management) businesses through subsidiaries and associate companies. In the last 15 years, Dai-ichi Life has expanded its business globally and is currently engaged in life insurance sectors of nine jurisdictions other than Japan.

Union Asset Management Company Private Limited is owned by Union Bank of India which holds 99.99% stake in equity share capital and other shareholders of the AMC are Dai-ichi Life Holdings Inc. which holds 100% stake in preference share capital. The AMC reported average mutual fund assets under management (AAUM) at ₹ 20,144 crore (excluding fund of funds domestic but including fund of funds – overseas) for the quarter ended December 31, 2024.

### Industry Classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Financial Services	Financial Services	Capital Markets	Asset Management Company

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not Applicable

**Rating history for the last three years:** Please refer Annexure-2

**Covenants of the rated instruments/facilities:** Not Applicable

**Complexity level of the various instruments rated:** Annexure-3

**Lender details:** Not Applicable

### Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Union Short Duration Fund	-	-	-	-	-	CARE AAA mfs
Union Overnight Fund	-	-	-	-	-	CARE AAA mfs

### Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1.	Union Overnight Fund	Open-ended Debt scheme – LT	-	CARE AAA mfs	1) CARE AAA mfs (22-April-2024)	1) CARE AAA mfs (28-April-2023)	1) CARE AAA mfs (27-May-2022)	1) CARE AAA mfs (02-June-2021)
2.	Union Short Duration Fund	Open-ended short term debt scheme – LT	-	CARE AAA mfs	-	-	-	-

LT: Long term; ST: Short term; LT/ST: Long term/Short term

**Annexure-3: Complexity level of the various instruments rated**

Sr. No.	Name of Instrument	Complexity Level
1	Credit Quality Rating	Simple

**Note on the complexity levels of the rated instruments:** CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to [care@careedge.in](mailto:care@careedge.in) for any clarifications.

## Contact us

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### About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

### Disclaimer:

The ratings issued by CARE Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings has based its ratings/outlook based on information obtained from reliable and credible sources. CARE Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating/outlook assigned by CARE Ratings is, inter-alia, based on the capital deployed by the partners/proprietors and the current financial strength of the firm. The ratings/outlook may change in case of withdrawal of capital, or the unsecured loans brought in by the partners/proprietors in addition to the financial performance and other relevant factors. CARE Ratings is not responsible for any errors and states that it has no financial liability whatsoever to the users of the ratings of CARE Ratings. The ratings of CARE Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades.