

Union Asset Management Company Private Limited

June 27, 2025

Scheme Name	Scheme Type	Rating ¹	Rating Action
Union Low Duration Fund*	Open-Ended Low Duration Debt Scheme	CARE AAA mfs	Assigned
Union Overnight Fund	Open-Ended Debt Scheme	CARE AAA mfs	Reaffirmed
Union Short Duration Fund	Open-Ended Short Term Debt Scheme	CARE AAA mfs	Reaffirmed

Details of instruments/facilities in Annexure-1.

**Yet to be launched. AMC is expected to launch NFO (New Fund Offer) on June 26, 2025 and close on July 03, 2025. For the scheme that is yet to be launched, CARE Ratings Limited discusses 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 shall be carried out on a monthly basis.*

Rationale and key rating drivers

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

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 Limited's (CareEdge Ratings') fund Credit Quality Rating (CQR) is an opinion on the overall credit quality of a debt mutual fund scheme or debt exchange traded funds (ETFs). CareEdge Ratings' Fund CQR is not a recommendation to purchase, sell, or hold a security/fund. They comment neither 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. Ratings do not address the fund's ability to meet the payment obligations to the investors.

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

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

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

Positive factors: Factors that could, individually or collectively lead to positive rating actions/upgrade:

- Not applicable

Negative factors: Factors that could, individually or collectively lead to negative rating actions/downgrade:

- CARE Ratings could downgrade the ratings of the scheme 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.

¹Complete definition of the ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications

Analytical approach

Assessment of underlying credit quality of the debt schemes.

Detailed description of key rating drivers

The credit score of the above rated schemes (excluding Union Low Duration Fund which is yet to be launched) has been calculated based on portfolio outstanding as on May 31, 2025, and are within the benchmark score of CareEdge Ratings for the assigned rating level. CareEdge Ratings reviews the rating of mutual fund scheme on an on-going basis to support its published rating opinions. As such, portfolio of the fund is reviewed monthly. In addition, detailed annual review of the fund is also undertaken. The fund must 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, CareEdge Ratings generally provides a curing period of one month to the AMC to correct the situation and realign the score.

Applicable criteria

[Rating Methodology – Fund Credit Quality](#)

About the funds

Union Low Duration Fund:

Union Low Duration Fund which is yet to be launched by Union Asset Management Company Private Limited, is an open-ended low duration debt scheme, with a relatively high-interest rate risk and moderate credit risk. The Investment objective of the scheme is 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 such that the Macaulay Duration of the portfolio is between six months to twelve months. There is no assurance that the investment objective of the Scheme will be achieved.

Union Overnight Fund:

Union Overnight Fund, launched by Union Asset Management Company Private Limited on March 27, 2019, is an open-ended debt scheme, with a relatively low-interest rate risk and relatively low credit risk. The investment objective of the Scheme is to generate returns by investing in Debt and Money Market Instruments with overnight maturity. However, there can be no assurance that the investment objective of the scheme will be achieved. The fund's assets under management (AUM) stood at ₹474 crore as on May 31, 2025.

Union Short Duration Fund:

Union Short Duration Fund, launched by Union Asset Management Company Private Limited on January 28, 2025, is an open-ended short term debt scheme, with a 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. There is no assurance that the investment objective of the Scheme will be achieved. The fund's assets under management (AUM) stood at ₹681 crore as on May 31, 2025.

Liquidity: Not applicable

About the company and industry

Industry classification

Macroeconomic Indicator	Sector	Industry	Basic Industry
Financial Services	Financial Services	Capital Markets	Asset Management Company

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 has reported average AUM (AAUM) of ₹19,953 crore (excluding domestic fund of funds but including fund of funds-overseas) for the quarter ended March 31, 2025.

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explained of covenants of rated instruments/facilities: Not applicable

Complexity level of 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 and Rating Outlook
Union Low Duration Fund	-	-	-	-	-	CARE AAA mfs
Union Overnight Fund	-	-	-	-	-	CARE AAA mfs
Union Short Duration Fund	-	-	-	-	-	CARE AAA mfs

Annexure-2: Rating history for 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 2025-2026	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
1.	Union Low Duration Fund	Open-Ended Low Duration Debt Scheme - LT	-	CARE AAA mfs	-	-	-	-
2.	Union Overnight Fund	Open-Ended Debt Scheme - LT	-	CARE AAA mfs	-	1) CARE AAA mfs (23-January-2025) 2) CARE AAA mfs (22-April-2024)	1) CARE AAA mfs (28-April-2023)	1) CARE AAA mfs (27-May-2022)
3.	Union Short Duration Fund	Open-Ended Short Term Debt Scheme - LT	-	CARE AAA mfs	-	1) CARE AAA mfs (23-January-2025)	-	-

LT: Long term; ST: Short term

Annexure-3: Complexity level of instruments rated

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

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

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About us:

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