

May 02, 2025

Edelweiss Asset Management Limited: Ratings reaffirmed; provisional rating assigned to Edelweiss Low Duration Fund

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Edelweiss NIFTY PSU Bond Plus SDL Apr 2026 50:50 Index Fund	-	-	[ICRA]AAAmfs; reaffirmed
Edelweiss Money Market Fund	-	-	[ICRA]A1+mfs; reaffirmed
Edelweiss Liquid Fund	-	-	[ICRA]A1+mfs; reaffirmed
Edelweiss Low Duration Fund	-	-	Provisional [ICRA]AAAmfs; assigned
Total	-	-	

*Instrument details are provided in Annexure I

Rating in the absence of pending actions/documents

No rating would have been assigned as it would not be meaningful

Rationale and key rating drivers

ICRA has assigned a Provisional [ICRA]AAAmfs rating to Edelweiss Low Duration Fund of Edelweiss Asset Management Limited (the asset management company; AMC). As stated in the Scheme Information Document (SID) filed with the Securities and Exchange Board of India (SEBI), it is an open-ended low duration debt scheme investing in debt and money market instruments such that the Macaulay duration of the portfolio is between 6-12 months. This is a relatively high-interest rate risk and moderate credit risk scheme, and is suitable for investors seeking income over the short-term through investment in debt and money market instruments.

As the scheme closed for subscription in March 2025, with asset under management (AUM) of Rs. 642 crore as on March 31, 2025, the provisional rating is based on the allocated portfolio of the scheme, with its credit score being comfortable at the assigned rating level. Indicatively, the scheme will maintain 75-80% investments in sovereign and AAA rated instruments, and balance in AA category instruments with low share of AA- instruments.

ICRA has reaffirmed the ratings of Edelweiss NIFTY PSU Bond Plus SDL Apr 2026 50:50 Index Fund, Edelweiss Money Market Fund and Edelweiss Liquid Fund schemes of the AMC, following its monitoring of the credit risk profile of the month-end portfolio position of these schemes. The credit risk scores for these schemes were comfortably within the benchmark limits for their current rating levels.

Mutual fund (MF) ratings incorporate ICRA's assessment of the creditworthiness of a debt MF scheme's investment portfolio. These ratings are a symbolic representation of the credit risk in the underlying investments or the degree of safety regarding the timely receipt of payments from the investments made by the MF schemes. The ratings do not indicate the asset management company's (AMC) and/or any of its scheme's willingness and/or ability to make timely redemptions to its investors. The ratings do not address market risks and hence should not be construed as an indication of the expected returns, prospective performance of the MF scheme, and the ability to redeem investments at the reported net asset value (NAV) or volatility in its past returns, as all these are influenced by market risks.

ICRA's assessment of debt MF schemes is guided by the credit ratings of the individual investments and the relative share of the schemes' allocation towards the investments, besides the maturity schedule of such investments. ICRA's MF ratings are not a reflection on the quality of the management of the AMC or its financial performance, reputation and other business

practices including investment strategies, pricing, marketing and distribution activities. Furthermore, the ratings are not a reflection of whether the AMC or the fund is compliant with the applicable regulatory requirements.

The credit matrix is a tool used by ICRA for analysing the investment portfolio of the debt MF schemes by assessing the portfolio's aggregate credit quality while reviewing the credit quality of each underlying debt security. The portfolio's weighted average credit quality is compared with a benchmark credit score corresponding to the higher of the weighted average maturity of the scheme's portfolio or the maturity predefined by ICRA for the scheme category. The rating outcome corresponds to the rating level for which the portfolio's weighted average credit score is less than the benchmark credit score associated with the rating level. Further, the lowest rating of the investments of the scheme acts as the floor for its rating.

Once an MF scheme is rated and the rating is accepted, ICRA reviews the underlying investment portfolios for the credit scores on an ongoing basis. To this end, ICRA relies on the information provided by the AMC and/or publicly available sources. ICRA reviews the ratings on a monthly basis or earlier, if required, which involves an evaluation of the rating corresponding to the portfolio credit score in relation to the existing rating outstanding. If the portfolio credit score meets the benchmark score for the existing rating, the rating is retained. If the portfolio credit score has a negative breach from the benchmark credit score for the existing rating, ICRA communicates the same to the fund manager/product manager or other officials of the concerned AMC and may provide a month's time to bring the portfolio credit score within the benchmark credit score for maintaining the existing rating level. If the investment composition of the fund is realigned to bring the portfolio credit score within the benchmark credit score, the rating is retained. However, if the portfolio continues to breach the benchmark credit score for the existing rating level, the rating is revised to reflect the change in the portfolio's credit quality.

In case of sharp breaches of the benchmark credit score (for instance due to a multi-notch downgrade in the underlying investment) and/or if ICRA believes that the breach may not get rectified within a month of the ongoing review, the rating is generally corrected immediately without giving a month's time for rebalancing the portfolio. If the AMC corrects its portfolio, post the rating downgrade of the scheme or the credit score improves in any manner subsequent to the downgrade, making the scheme eligible for an upgrade, ICRA may consider a rating upgrade only if the credit score is maintained consistently for a period of at least three months.

Liquidity position: Not applicable

Rating sensitivities

Positive factors – Not applicable

Negative factors – ICRA could downgrade the ratings of the schemes if the credit quality of the underlying investment deteriorates or the size of the assets under management (AUM) declines, which may result in an increase in the share of lower rated investments, leading to a breach in the threshold for the rating level.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Mutual funds Policy for Provisional Ratings
Parent/Group support	Not Applicable
Consolidation/Standalone	Not Applicable

Pending actions/documents required to be completed for conversion of the provisional rating into final

The assigned rating is provisional and would be converted into final upon:

1. Analysis of the credit score of the scheme for three months, post launch, and its meeting the benchmark score for the assigned rating

Validity of the provisional rating

The AMC is expected to complete the pending action in the near term. Ratings are valid for a period of one year or upon the request of the issuer to finalise the rating on the completion of pending actions, whichever is earlier.

Risks associated with the provisional rating

If the pending actions are not completed after one year of the assignment of the provisional rating, ICRA would withdraw the provisional rating. However, the validity period may be extended beyond one year, subject to the conditions outlined in accordance with ICRA's Policy on Provisional Ratings available at www.icra.in.

About the company

Edelweiss Asset Management Limited (EAML), a subsidiary of Edelweiss Financial Services Limited, acts as the investment manager of Edelweiss Mutual Fund. Edelweiss Mutual Fund was set up as a trust under the Indian Trusts Act, 1882 and was registered on April 30, 2008 under the provisions of SEBI (Mutual Funds) Regulations, 1996. EAML had acquired the fund schemes managed by JP Morgan Asset Management India Private Limited in FY2017. It also offers a range of investment solutions for financial planning and wealth creation. The company's average AUM¹ for the quarter ended March 31, 2025 was Rs. 1,42,832 crore (Rs. 1,25,125 crore for the quarter ended March 31, 2024).

Edelweiss NIFTY PSU Bond Plus SDL Apr 2026 50:50 Index Fund

Launched in March 2021, Edelweiss NIFTY PSU Bond Plus SDL Apr 2026 50:50 Index Fund is an open-ended scheme with the investment objective of tracking the Nifty PSU Bond Plus SDL Apr 2026 50:50 Index by investing in AAA rated public sector undertaking (PSU) bonds and state development loans (SDLs) maturing on or before April 2026. The AUM of the scheme stood at Rs 7,468 crore as on March 31, 2025.

Edelweiss Money Market Fund

Launched in 2008, Edelweiss Money Market Fund is an open-ended debt scheme investing in money market securities with the stated objective of generating returns commensurate with the relatively low-interest rate risk and moderate credit risk through a portfolio of money market instruments having maturity of up to 1 year. The fund aims to take an active duration call to generate incremental returns. The AUM of the scheme stood at Rs. 1,366 crore as on March 31, 2025.

Edelweiss Liquid Fund

Launched in 2007, Edelweiss Liquid Fund is an open-ended income scheme with the stated objective of delivering reasonable returns, commensurate with moderate credit risk, while providing a high level of liquidity through a portfolio of money market and debt securities with relatively low interest rate and maturity of upto 91 days. This scheme aims for a staggered maturity profile to mitigate reinvestment risk, adjusting duration based on market outlook. The AUM of the scheme stood at Rs. 5,228 crore as on March 31, 2025.

Edelweiss Low Duration Fund

Launched on March 11, 2025, Edelweiss Low Duration Fund is an open-ended debt scheme investing in debt and money market instruments such that the Macaulay duration of the portfolio is between 6-12 months. This is a relatively high-interest rate risk and moderate credit risk scheme. The AUM of the scheme stood at Rs. 642 crore as on March 31, 2025.

¹ <https://www.amfiindia.com/research-information/aum-data/average-aum>

Key financial indicators: Not applicable

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	May 02, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Edelweiss NIFTY PSU Bond Plus SDL Apr 2026 50:50 Index Fund	Long term	-	[ICRA]AAA mfs	May 07, 2024	[ICRA]AAA mfs	Dec 28, 2023	[ICRA]AAA mfs	Feb 16, 2023	[ICRA]AAA mfs
				-	-	Aug 30, 2023	[ICRA]AAA mfs	Jul 28, 2022	[ICRA]AAA mfs
				-	-	Jul 20, 2023	[ICRA]AAAmfs; withdrawn	-	-
				-	-	Jun 21, 2023	[ICRA]AAAmfs; placed on notice for withdrawal for 1 month	-	-
Edelweiss Money Market Fund	Short term	-	[ICRA]A1+ mfs	May 07, 2024	[ICRA]A1+ mfs	Dec 28, 2023	[ICRA]A1+ mfs	-	-
Edelweiss Liquid Fund	Short term	-	[ICRA]A1+ mfs	May 07, 2024	[ICRA]A1+ mfs	Dec 28, 2023	[ICRA]A1+ mfs	Feb 16, 2023	[ICRA]A1+ mfs
				-	-	Aug 30, 2023	[ICRA]A1+ mfs	Jul 28, 2022	[ICRA]A1+ mfs
				-	-	Jul 20, 2023	[ICRA]A1+ mfs	-	-
				-	-	Jun 21, 2023	[ICRA]A1+ mfs	-	-
Edelweiss Low Duration Fund	Long term	-	Provisional [ICRA]AAAmfs	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Mutual fund	Not applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

Not applicable

Annexure II: List of entities considered for consolidated analysis

Not applicable

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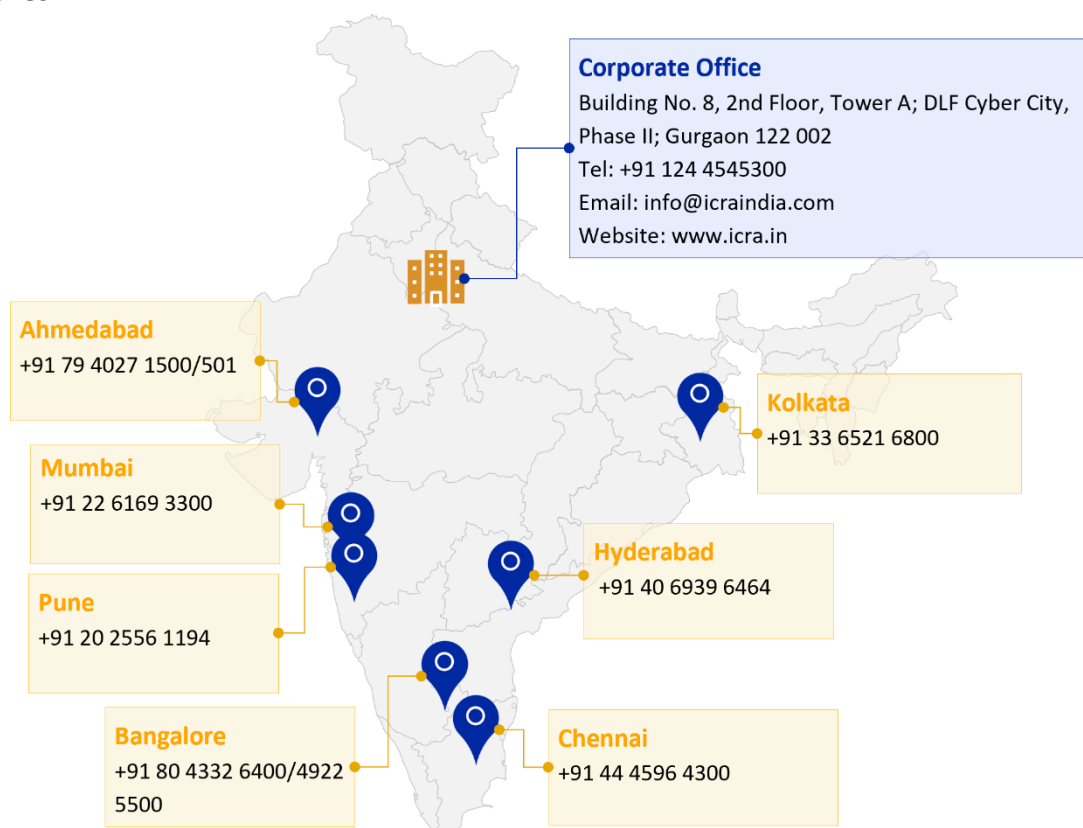


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