

November 04, 2025

Union Asset Management Company Private Limited: Provisional [ICRA]AAAmfs rating confirmed as final for Union Low Duration Fund; rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Union Low Duration Fund	-	-	[ICRA]AAAmfs; provisional rating confirmed as final
Union Liquid Fund	-	-	[ICRA]A1+mfs; reaffirmed
Union Overnight Fund	-	-	[ICRA]A1+mfs; reaffirmed
Total	-	-	

*Instrument details are provided in Annexure I

Rationale and Key rating drivers

ICRA has confirmed the provisional [ICRA]AAAmfs rating assigned to Union Low Duration Fund of Union Asset Management Company Private Limited (the asset management company; AMC) as final, after analysing the credit score of the scheme for the last three months, which has been comfortable for the assigned rating level. ICRA has also reaffirmed the rating of [ICRA]A1+mfs for Union Overnight Fund and Union Liquid Fund. The rating has been reaffirmed following ICRA's monitoring of the credit risk profile of the month-end portfolio position of the mutual fund (MF) schemes. The credit risk scores for these schemes were comfortably within the benchmark limits for their current rating level.

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 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 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 MF 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 before the end of the next month and provides 30 working days from the date of such communication 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 –

For Union Overnight Fund – ICRA could downgrade the rating of the scheme if the credit quality of the underlying investment deteriorates, leading to a breach in the threshold for the rating level.

For other schemes – ICRA could downgrade the rating if the credit quality of the underlying investment deteriorates or if there is an increase in the share of lower rated investments on account of a decline in the assets under management (AUM) or otherwise, leading to a breach in the threshold for the rating level.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Rating Methodology for Mutual Funds Policy on Assigning Provisional Ratings
Parent/Group support	Not applicable
Consolidation/Standalone	Not applicable

About the company

Union Asset Management Company Private Limited is the approved AMC of Union Mutual Fund, which was granted a Certificate of Registration by the Securities and Exchange Board of India (SEBI) in March 2011. It was previously a joint venture (JV; 51:49) between Union Bank of India {rated [ICRA]AAA (Stable)} and KBC Participations Renta, which is a wholly-owned subsidiary of KBC Asset Management NV. However, KBC exited the JV in FY2017 and the entity became a wholly-owned subsidiary of Union Bank of India. Dai-ichi Life Holdings, Inc. invested in the AMC in March 2018, to the extent of 39.62% of its post-issuance share capital on a fully-diluted basis, subject to relevant terms and conditions. Following this, it holds more than 40% of the AMC's net worth. Consequently, Union Bank of India and Dai-ichi Life Holdings, Inc. have become co-sponsors of Union Mutual Fund. Union Mutual Fund's average quarterly AUM (AAUM) was Rs. 23,548.23 crore¹ as on September 30, 2025.

¹ Source: amfiindia

Union Low Duration Fund

Launched in June 2025, Union Low Duration Fund is an open-ended debt fund. Its investment objective is to generate 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 6 months and 12 months. The scheme's AUM was Rs. 671 crore as on September 30, 2025.

Union Liquid Fund

Launched in June 2011, Union Liquid Fund is an open-ended debt fund. Its objective is to generate reasonable returns while maintaining safety and providing superior liquidity. To achieve this, investments are made in a well-diversified and highly liquid portfolio of money market instruments and other short-term debt instruments. The scheme's AUM was Rs. 5,008 crore as on September 30, 2025.

Union Overnight Fund

Launched in March 2019, Union Overnight Fund is an open-ended debt fund. Its objective is to generate short-term optimal returns in line with overnight rates. The scheme's AUM was Rs. 220 crore as on September 30, 2025.

Key financial indicators: Not applicable

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current rating (FY2026)					Chronology of rating history for the past 3 years					
						FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Nov-04-25	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Union Low Duration Fund	Long term	-	[ICRA]AAAmfs	Jun-26-25	Provisional [ICRA] AAAmfs	-	-	-	-	-	-
Union Liquid Fund	Short term	-	[ICRA]A1+mfs	-	-	Feb-13-25	[ICRA]A1+mfs	Feb-16-24	[ICRA]A1+mfs	Feb-20-23	[ICRA]A1+mfs
Union Overnight Fund	Short term	-	[ICRA]A1+mfs	-	-	Feb-13-25	[ICRA]A1+mfs	Feb-16-24	[ICRA]A1+mfs	Feb-20-23	[ICRA]A1+mfs

Complexity level of the rated instruments: 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

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Union Low Duration Fund	NA	NA	NA	NA	[ICRA]AAAmfs
NA	Union Liquid Fund	NA	NA	NA	NA	[ICRA]A1+mfs
NA	Union Overnight Fund	NA	NA	NA	NA	[ICRA]A1+mfs

Annexure II: List of entities considered for consolidated analysis

Not applicable

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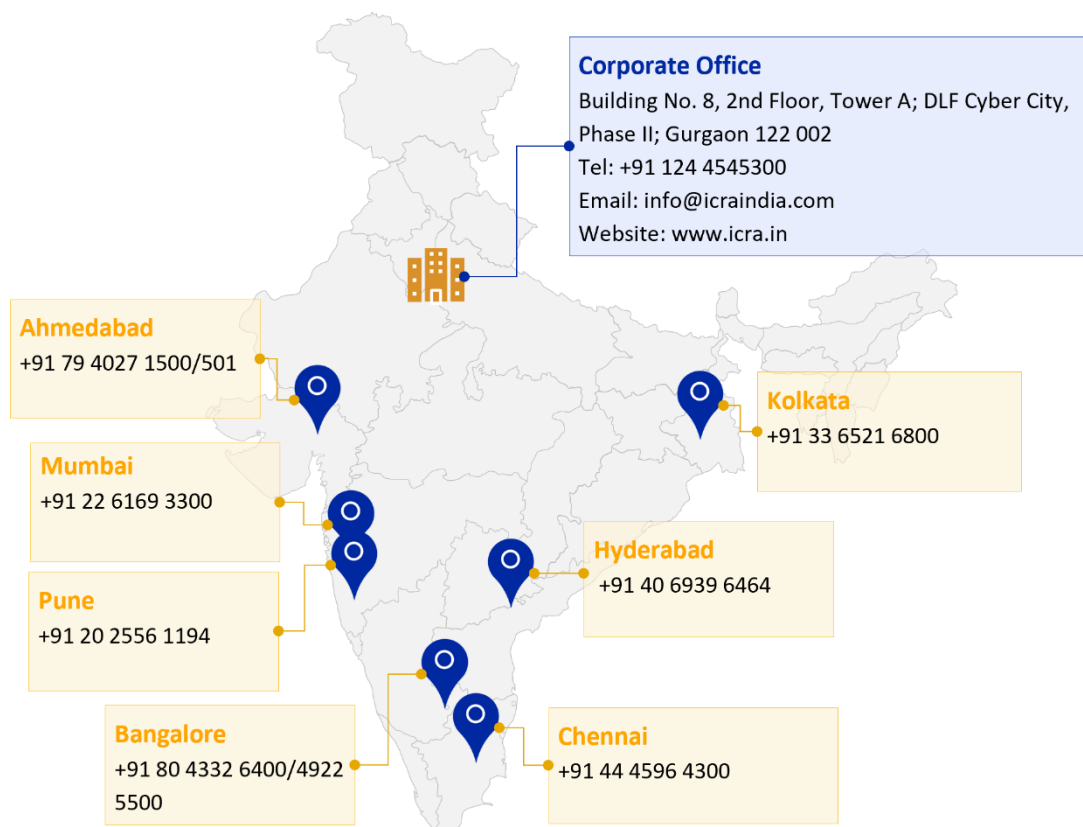


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