

Rating Research Services

Media Release:

Mixed Rating Actions On 12 Money Market Funds Due To The Application Of Updated Criteria; All Ratings Off CreditWatch

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Rating Action

Taiwan Ratings Corp. said today that it had reviewed its 12 fund ratings that were placed on CreditWatch with positive implications on July 27, 2017, after adopting the updated global fund credit quality ratings methodology. As a result of this review, we have raised our ratings on nine Taiwan money market funds and affirmed our ratings on three funds. At the same time, all the ratings were removed from CreditWatch (see ratings list).

The upgrades primarily reflect the continued stronger credit quality of the respective funds' portfolio exposure under the updated criteria, which suggests higher preliminary fund credit quality ratings (preliminary FCQRs).

Meanwhile, the rating affirmations reflect volatility in the credit quality of the funds' portfolio exposure beyond our previously assessed levels either due to fund managers' investment decisions or fund redemption. However, these funds still benefit from stable management or group support that sustains the fund's credit quality at the current rating level.

The preliminary FCQRs that we now assess for **FSITC Taiwan Money Market Fund, FSITC Money Market Fund, Fuh Hwa Money Market Fund, and Prudential Financial Money Market Fund** are lower than those suggested by the funds' portfolio exposure under our fund credit quality matrix. This is because we expect further volatility of these funds' credit scores in the future, due to potential changes in portfolio management strategies by respective fund managers.

We assessed the risk management and compliance of all reviewed funds as strong because of the stringent regulations on fund investment, prevention of conflict of interest, compliance and internal control framework, minimum risk management and disaster recovery preparation, and qualification on all related staff of the fund companies. Some fund houses also demonstrate strong risk management and stringent oversight.

Related Criteria

- Fund Credit Quality Ratings Methodology - June 26, 2017
- Understanding Taiwan Ratings' Rating Definitions, www.taiwanratings.com – November 18, 2014

(Unless otherwise stated, these articles are published on www.standardandpoors.com, access to which requires a registered account)

Ratings List

Upgraded; CreditWatch Action

	To	From
CTBC Hua Win Money Market Fund		
Fixed-income Fund Credit Quality Rating	twAA+f	twAAf/Watch Pos
Eastspring Investments Well Pool Money Market Fund		
Fixed-income Fund Credit Quality Rating	twAA+f	twAAf/Watch Pos
FSITC Money Market Fund		
Fixed-income Fund Credit Quality Rating	twAA+f	twAAf/Watch Pos
Fuh Hwa Money Market Fund		
Fixed-income Fund Credit Quality Rating	twAA+f	twAAf/Watch Pos
Invesco Taiwan Money Market Fund		
Fixed-income Fund Credit Quality Rating	twAAAf	twAA+f/Watch Pos
JP Morgan (Taiwan) First Money Market Fund		
Fixed-income Fund Credit Quality Rating	twAAAf	twAA+f/Watch Pos
Nomura Taiwan Money Market Fund		
Fixed-income Fund Credit Quality Rating	twAA+f	twAAf/Watch Pos
Prudential Financial Money Market Fund		
Fixed-income Fund Credit Quality Rating	twAA+f	twAAf/Watch Pos

Schroder Taiwan Money Market Fund

Fixed-income Fund Credit Quality Rating twAAAf twAAf/Watch Pos

Ratings Affirmed; CreditWatch Action

To

From

Capital Money Market Fund

Fixed-income Fund Credit Quality Rating twAAf twAAf/Watch Pos

FSITC Taiwan Money Market Fund

Fixed-income Fund Credit Quality Rating twAAf twAAf/Watch Pos

TCB Money Market Fund

Fixed-income Fund Credit Quality Rating twAAf twAAf/Watch Pos

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