

Media Release:

Franklin Templeton Sinoam Money Market Fund Assigned 'twAA-f' Fund Credit Quality Rating

October 27, 2025

Overview

- We assess Franklin Templeton Sinoam Money Market Fund has a very strong portfolio exposure relative to other funds in Taiwan.
- We believe the track record of the fund credit score, fund duration management, investment guidelines and future investment strategy support the fund's very strong credit quality. This is despite the industry risk that fund sizes are sensitive to market fluctuations.
- Stringent local regulations are the key pillar supporting our strong assessment of risk management and compliance while our other management assessments are adequate. In addition, no portfolio risk indicators inform us of potential rating volatility.
- We assigned our 'twAA-f' fixed-income fund credit quality rating to Franklin Templeton Sinoam Money Market Fund.

Rating Action

Taiwan Ratings Corp. today assigned its 'twAA-f' fixed-income fund credit quality rating on **Franklin Templeton Sinoam Money Market Fund**.

Rationale

The assignment of our 'twAA-f' fixed-income fund credit quality rating (FCQR) signifies our view of the fund's very strong portfolio exposure relative to other funds in Taiwan. In addition, we believe the investment objective, portfolio composition, investment strategy, and duration management of Franklin Templeton Sinoam Money Market Fund are comparable to other peers in the Taiwan market. These funds generally share similar investment objectives to provide investors with sufficient liquidity while maintaining the credit quality of the invested portfolio. Other notable features of Taiwan-based funds are the short weighted average duration of the underlying assets (less than 180 days per regulations) and straightforward portfolio containing non-exotic fixed-income instruments. These include bank deposits, commercial paper, and repurchase agreements.

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Franklin Templeton Sinoam Money Market Fund's assets under management totaled new Taiwan dollar (NT\$) 26 billion as of Sept. 30, 2025, comprising bank deposits (71%), commercial papers (20%), and repurchase agreements (9%). The fund's deposit banks, commercial paper issuers, and repos counterparties are mostly rated 'twA' or above. While the fund size has been rising in tandem with the overall market size over the past 12 months, both the portfolio composition and credit quality have been quite stable during the same period.

When assigning the rating, we began with determining a preliminary FCQR for the fund via our 'Fund Credit Quality Matrix' (see Related Criteria). The assessment mostly reflects the weighted average credit risk based on the ratings and maturities of the fund's portfolio of investments. In addition, we factor in the track record of the portfolio credit quality and the fund manager's investment guidelines including duration management and future investment strategy. Under these factors, we expect the weighted average credit risk of the fund to be stable and in line with the threshold to support the preliminary FCQR over the next year. However, we believe that the industry risk of fund size sensitivity to fluctuations in the interest rate and market confidence tempers the fund's rating strengths. This is because sharp swings in fund size could quickly alter a fund's credit profile by forcing unplanned portfolio adjustments.

Our intermediate FCQR considers our qualitative management assessment of the fund manager, Franklin Templeton SinoAm Securities Investment Management Inc. and portfolio risk assessment for the fund.

Our evaluation of the fund management resulted in the assessments of strong risk management and compliance, primarily supported by stringent local regulations on fund operations. These include the industry's prevention of conflict of interest, effective compliance and internal control frameworks, minimum risk management and disaster recovery preparation, and the qualifications of all fund company staff. We view management and organization, credit culture, and credit research of the fund manager to all be adequate.

Our neutral portfolio risk assessment demonstrates our view that no indicators inform us of potential rating volatility. To reach this conclusion we evaluated four indicators--counterparty risk, concentration risk, liquidity, and fund credit score cushion. The latter is the proximity of the preliminary fund credit quality rating to a fund rating threshold.

The management assessment, together with the neutral assessment of the fund's portfolio risk, result in an intermediate FCQR that is the same as the determined preliminary FCQR.

In determining the final FCQR, we performed comparable ratings analysis of Franklin Templeton Sinoam Money Market Fund with other funds that have similar portfolio strategies, composition, and management. We focused on a holistic view of the fund's portfolio credit quality and characteristics relative to its peers.

The comparable ratings analysis results in a positive assessment and one-notch upward adjustment from the intermediate FCQR to determine the final FCQR. The positive assessment mainly reflects the strong assessment of risk management and compliance in the fund company under stringent regulatory requirements enforced on fixed-income funds in Taiwan. These include restrictions on invested asset types, credit quality, liquidity, tenor, and stringent compliance requirements, which largely limit fund managers' risk appetite and facilitate sustained stable credit quality.

Related Criteria & Research

Related Criteria

- Criteria - Financial Institutions - Fixed-Income Funds: Fund Credit Quality Ratings Methodology – July 26, 2024
- General Criteria: Methodology For Determining Ratings-Based Inputs – July 26, 2024
- General Criteria: National And Regional Scale Credit Ratings Methodology - June 8, 2023

Related Research

- Taiwan Ratings' Ratings Definitions – November 11, 2021

(Unless otherwise stated, these articles are published on www.taiwanratings.com)

Ratings List

Ratings Assigned

Franklin Templeton Sinoam Money Market Fund

Fixed-income Fund Credit Quality Rating	twAA-f
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Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.taiwanratings.com for further information. Complete ratings information is available to subscribers of Rating Research Service at rrs.taiwanratings.com.tw. All ratings affected by this rating action can be found on Taiwan Ratings' public website at www.taiwanratings.com.

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