

## Media Release

# Rating On Invesco Taiwan Money Market Fund Affirmed At 'twAAAF' On Still Very Strong Portfolio Credit Quality

December 17, 2019

## Overview

- We have lowered the preliminary FCQR considering the fund manager's intention to adopt a slightly more flexible investment strategy, which could modestly weaken the credit quality of the invested portfolio going forward.
- Nevertheless, we believe the credit quality of the invested portfolio will remain very strong compared with its global peers, supported by the fund manager's ability and willingness to maintain credit quality.
- The revised FCQR, together with our other unchanged assessments, including management assessment of the fund manager, portfolio risk assessment, and the fund's comparable ratings analysis, continue to support our 'twAAAF' fixed-income fund credit quality rating.
- We are therefore affirming our 'twAAAF' fixed-income fund credit quality rating on Invesco Taiwan Money Market Fund

## Rating Action

Taiwan Ratings Corp. today affirmed its 'twAAAF' fixed-income fund credit quality rating on **Invesco Taiwan Money Market Fund**.

## Rationale

The affirmation reflects our view that the credit quality of the fund's invested portfolio will remain very strong compared with that of global peers, despite the fund manager has set a higher level of investment flexibility. This increased investment flexibility could lead to a higher degree of fluctuation in the fund credit score, and leads us to lower our assessment of the preliminary fund credit quality rating (FCQR) for this fund. Nevertheless, the ability and willingness of the fund manager, Invesco Taiwan Ltd., to maintain the very strong credit quality of its invested portfolio, supported by the manager's investment policies, risk management control, and track record of the fund credit score, underpin our view.

Our neutral portfolio risk assessment reflects our evaluation of counterparty risk, concentration risk, liquidity, and fund credit score cushion (the proximity of the preliminary FCQR to a fund rating threshold), along with our assessments of strong management and organization, risk management and compliance, and credit research, and credit culture of the fund manager remain unchanged. These assessments

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together render an intermediate FCQR of the fund that is the same as the preliminary FCQR. We also continue to assess the fund's overall comparative ratings analysis as positive which results in a one-notch upward adjustment from the intermediate FCQR to determine the final FCQR. The industry risks faced by Taiwan-based fixed-income funds temper these factors.

## Definition of A Fixed-Income Fund Credit Quality Rating

A Taiwan Ratings fund credit quality rating is a forward-looking opinion about the overall credit quality of a fixed-income investment fund relative to that of other fixed-income investment funds in Taiwan. Taiwan Ratings fund credit quality ratings, identified by the 'f' suffix (as are the global scale fund credit quality ratings), are assigned to fixed-income funds, actively or passively managed, typically exhibiting variable net asset values, and also include a country prefix denoted as 'tw'. Taiwan Ratings fund credit quality ratings reflect the credit risks of the fund's portfolio investments, the level of the fund's counterparty risk, and the risk of the fund's management ability and willingness to maintain current fund credit quality. Unlike traditional credit ratings (e.g., issuer credit ratings), a Taiwan Ratings fund credit quality rating does not address a fund's ability to meet payment obligations and is not a commentary on yield levels.

## Related Criteria

- Understanding Taiwan Ratings' Rating Definitions, [www.taiwanratings.com](http://www.taiwanratings.com) – June 26, 2018
- Fund Credit Quality Ratings Methodology - June 26, 2017

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

## Ratings List

### Ratings Affirmed

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#### Invesco Taiwan Money Market Fund

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Fixed-income Fund Credit Quality Rating	twAAAf
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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](http://www.taiwanratings.com) for further information. Complete ratings information is available to subscribers of Rating Research Service at [rrs.taiwanratings.com.tw](http://rrs.taiwanratings.com.tw). All ratings affected by this rating action can be found on Taiwan Ratings' public website at [www.taiwanratings.com](http://www.taiwanratings.com).

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