

Media Release:

Ratings On Capital Money Market Fund Affirmed At 'twAAf'; Off CreditWatch

January 20, 2020

Overview

- The credit quality of Capital Money Market Fund's invested portfolio has remained stable after we placed the rating on CreditWatch with negative implications last November. The placement followed a compliance incident involving a previous equity fund manager at Capital Investment Trust Corp.
- We also view the impact on the fund size from the aforementioned compliance incident to be manageable. This is because the degree of the fund redemption did not materially deviate from the industry average over the same period.
- We are therefore affirming the 'twAAf' rating on Capital Money Market Fund and removing the rating from CreditWatch with negative implications where we placed it on Nov. 14, 2019.

Rating Action

Taiwan Ratings Corp. today affirmed its 'twAAf' fixed-income fund credit quality rating on **Capital Money Market Fund** and removed the rating from CreditWatch with negative implications.

Rationale

The rating affirmation reflects our view that the credit quality of the fund's invested portfolio has remained stable after we placed the rating on CreditWatch with negative implications in November 2019. This followed a compliance incident related to a previous equity fund manager at Capital Investment Trust Corp. In addition, we believe the impact on the fund size from the compliance incident to be manageable because although the fund has experienced some redemption in fund size since the incident, the magnitude did not materially exceed the industry average over the same period. Therefore, we believe the fund manager has effectively managed the risk of redemption and has the ability and willingness to maintain adequate credit quality for the fund's portfolio exposure compared with that peer funds globally.

Our other credit quality assessments remain unchanged. These include strong risk management and compliance, adequate management and organization, credit culture and credit research of the fund company. Additionally, we are maintaining our negative portfolio

PRIMARY CREDIT ANALYST

Caroline Shih
Taipei
+886-2-8722-5859
caroline.shih
@spglobal.com
caroline.shih
@taiwanratings.com.tw

SECONDARY CONTACT

Joe Lin
Taipei
+886-2-8722-5856
joe.lin
@spglobal.com
joe.lin
@taiwanratings.com.tw

risk assessment for this fund due to the fund's concentration risk. However, our recent rating sensitivity test only indicates a minor impact on the fund's credit scores and results in no adjustment to the fund rating.

The rating continues to reflect our positive comparable ratings analysis assessment and associated one-notch upward adjustment to the fund credit quality rating. This mainly reflects the strong assessment of the fund company's risk management and compliance under stringent regulatory requirements enforced on fixed-income funds in Taiwan.

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 - June 26, 2018
- Fund Credit Quality Ratings Methodology - June 26, 2017

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

Ratings List

Ratings Affirmed

	To	From
Capital Money Market Fund		
Fixed-income Fund Credit Quality Rating	twAAf	twAAf/WatchNeg

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.

Copyright © by Taiwan Ratings Corp. All rights reserved.

Copyright © 2020 by Taiwan Ratings Corporation (TRC). All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of TRC. The Content shall not be used for any unlawful or unauthorized purposes. TRC and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively TRC Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. TRC Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. TRC DISCLAIMS ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall TRC be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. TRC's opinions, analyses and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. TRC assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. TRC does not act as a fiduciary or an investment advisor except where registered as such. While TRC has obtained information from sources it believes to be reliable, TRC does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. Rating-related publications may be published for a variety of reasons that are not necessarily dependent on action by rating committees, including, but not limited to, the publication of a periodic update on a credit rating and related analyses.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, TRC reserves the right to assign, withdraw or suspend such acknowledgement at any time and in its sole discretion. TRC disclaims any duty whatsoever arising out of the assignment, withdrawal or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

TRC keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of TRC may have information that is not available to other TRC business units. TRC has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

TRC receives compensation for its solicited ratings and certain analyses, normally from issuers, originators, arrangers, or underwriters of securities or from obligors. TRC reserves the right to disseminate its opinions and analyses. TRC's public ratings and analyses are made available on its Web sites, www.taiwanratings.com (free of charge), and rrs.taiwanratings.com.tw (subscription), and may be distributed through other means, including via TRC publications and third-party redistributors. Please click [here](#) for any other conflict of interests that may affect the credit rating as requested by the regulator.