

Bulletin:

PGIM Money Market Fund Can Withstand Regulatory Action On Fund Management Company

September 14, 2023

Recent regulatory disciplinary action on PGIM Securities Investment Trust Enterprise, the fund manager of **PGIM Money Market Fund** (PGIM MMF), is unlikely to lead to significant deterioration in the fund portfolio's credit quality.

On Sep. 12, 2023, Taiwan's financial regulator announced disciplinary action on PGIM Securities Investment Trust Enterprise. The regulatory action came in response to previous misconduct by an equity fund manager at the fund management company, albeit unrelated to the management of PGIM MMF (twAA+f). The fund company received a penalty of new Taiwan dollar (NT\$) 1.2 million along with the forced dismissal of the equity fund manager.

We see only a remote likelihood of material redemption of PGIM MMF following the regulatory action. We base this view on the fact that previous similar events on rated funds in Taiwan over the past few years had only a generally mild impact on the funds' size and portfolio credit quality. We believe that even with significant redemption from PGIM MMF, the fund's sophisticated investment managers and the fund's credit score buffer can weather this redemption risk. The compliance incident does not change our management assessments for the fund, given that the incident was not directly related to the fund's management.

As of Aug. 31, 2023, PGIM MMF held assets under management of NT\$13.3 billion, comprising bank deposits (43%), commercial papers (42%), and repurchase agreements (15%). We expect the recent portfolio composition and fund size to be similar to pre-incident levels, and accordingly the fund credit score is largely unchanged.

This report does not constitute a rating action.

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