

CCXAP assigns mfAAA_g to CLSA US Dollar Money Market Fund

Hong Kong, 13 January 2025 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has assigned a money market fund (“MMF”) rating of mfAAA_g to CLSA US Dollar Money Market Fund (the “Fund”). The Fund was launched on 1 March 2023 and domiciled in Hong Kong. It is a sub-fund of CLSA Global Public Fund Series Open-ended Fund Company, which is a public open-ended fund company domiciled in Hong Kong with limited liability and segregated liability between sub-funds. The Fund is managed by CITIC Securities Asset Management (HK) Limited (“CSAM HK”, or the “Manager”), which is the international asset management platform of CITIC Securities Company Limited (“CITIC Securities”). The Fund’s primary objective is to achieve a return in USD in line with prevailing money market rates, with primary considerations of both capital preservation and liquidity.

Rating Rationale

The mfAAA_g rating reflects the Fund’s very strong capacity in providing liquidity and capital preservation, underpinned by its strong credit quality of investment portfolio, prudent investment strategy, good liquidity and short maturity profile. We base the rating on the Fund’s actual and prospective investment portfolio and its credit quality and stability.

The Fund mainly invests in short-term deposits and high-quality money market investments. The average credit quality of the Fund’s assets is strong, as at least 70% of the Fund’s Net Asset Value (“NAV”) are invested in rate deposits and money market investment issued by governments, quasi-governments, international organizations and financial institutions. Meanwhile, the Fund is constructed out of investments with short maturity days. According to the Fund’s investment guideline, the Fund will maintain a portfolio with a weighted average maturity not exceeding 60 days and a weighted average life not exceeding 120 days. Derivatives (if employed) are only used for hedging purposes, and the Manager will hedge non-USD-denominated and settled investments into USD ones to manage any material currency risk such that the USD exposure will be at least 70% of the NAV.

Nevertheless, the Fund may be exposed to some concentration risk as its deposits are congregated in a few banks, which can, to a large extent, be mitigated by placement selection in banks with strong credit quality under our internal rating assessment. In addition, the Fund sets limitations on its investment exposure to a single entity. In general, the aggregate value of its holding on debt instruments or deposits issued by a single entity will not exceed 10% of NAV or 25% for substantial financial institutions¹.

The Fund’s good liquidity is expected to be sufficient for meeting investors’ fund flows in most cases. It has maintained high daily and weekly liquidity ratios. However, we take into account the risk associated with the sudden large withdrawal of the Fund, given its concentrated investor base. The top three institutional special accounts held over 50% of the Fund. We believe that the concentration risk of the Fund’s investor base is still manageable and would be improved

¹ As defined in the HK SFC’s Code on Unit Trusts and Mutual Funds

by its increasing number of investors along with expansion in size.

CSAM HK, the Fund's manager, is considered to be suitably qualified, competent, and capable of managing the Fund. CSAM HK is wholly owned by CITIC Securities. CITIC Securities is a leading capital markets and investment group in China, with the total asset of RMB1.7 trillion² as of 30 September 2024. As the international asset management platform of CITIC Securities in Hong Kong, CSAM HK has utilized the financial network resources of CITIC Securities and developed extensive experience in asset management.

Rating Sensitivity

What could upgrade the rating?

An upgrade is not possible, as the rating is already at the highest level.

What could downgrade the rating?

The rating is sensitive to significant changes in its portfolio's credit quality, asset risk, liquidity risk, market risk or the quality of the manager. A significant adverse deviation from CCXAP's expectation for any key rating driver could also result in rating downgrade.

Rating Methodology

The methodology used in this rating is the Rating Methodology for [Money Market Fund \(August 2024\)](#).

Regulatory Disclosures

MMF ratings are not credit ratings. MMF ratings are opinions on the relative quality of an MMF or similar investment vehicle to meet its primary goals of preserving principal and providing liquidity. CCXAP uses an "mf" prefix to the six rating categories (mfAAA_g, mfAA_g, mfA_g, mfBBB_g, mfB_g, and mfC_g) to differentiate MMF ratings from its credit ratings (the conventional issuer or issue rating). MMF ratings are not and should not be construed as an investment recommendation.

For Risk Disclosure of the Fund, it can be found on the Manager's website <https://www.clsa.com/services/assets-management/>. CCXAP does not perform audit and undertakes no duty of independent verification or validation of the information it receives from the rated entities or third-party sources.

This rating is solicited at the request of the rated entity or its related third party. The rating has been disclosed to the rated entity or its related party prior to publication, and issued with no amendment resulting from that disclosure.

CCXAP considers a rated entity or its related party to be participating when it maintains an overall relationship with CCXAP. Unless specifically noted in the Regulatory Disclosures as a

² According to CITIC Securities 2024 third quarterly results



non-participating entity, the rated entity or its related party is participating and the rated entity or its related party generally provides CCXAP with information for the purposes of its rating process.

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