CCXAP assigns mfAAA$_g$ to E Fund (HK) USD Money Market Fund

Hong Kong, 28 May 2025 – China Chengxin (Asia Pacific) Credit Ratings Company Limited ("CCXAP") has assigned a money market fund ("MMF") rating of mfAAA$_g$ to E Fund (HK) USD Money Market Fund (the "Fund"). The Fund was launched on 8 November 2017 and domiciled in Hong Kong. It is a sub-fund of E Fund Unit Trust Fund which is a unit trust established by a trust deed dated 20 September 2017 as an umbrella fund under the laws of Hong Kong. The Fund is managed by E Fund Management (Hong Kong) Co., Limited ("E Fund HK", or the "Manager"), which is a wholly owned subsidiary of E Fund Management Co., Ltd ("E Fund"). The investment objective of the Fund is to achieve a return in USD in line with prevailing money market rates, with primary considerations of both capital security 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 determine the rating based on the Fund's actual and prospective investment portfolio and its credit quality and stability.

The average credit quality of the Fund's assets is strong. It mainly invests in short-term deposits and high-quality money market instruments. Not less than 70% of the Fund's Net Asset Value ("NAV") are invested in rate deposits and money market investments 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. The Fund's potential bank concentration risk, in terms of asset allocation, is mitigated by the placement selection in reliable banks. These banks are considered to have 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 institutions[1]. With high daily and weekly liquidity ratios, the Fund's liquidity is expected to be sufficient for meeting investors' fund flows in most cases.

E Fund HK, the Fund's manager, is considered to be suitably qualified, competent, and capable of managing the Fund. E Fund is a leading comprehensive fund manager in China with the assets under management of around RMB3.5 trillion as of end-2024. Established as the international arm of E Fund, the Manager has emerged as a leading player in cross-border asset management and offshore RMB services in Hong Kong.

[1] As defined in the HK SFC's Code on Unit Trusts and Mutual Funds

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.efunds.com.hk/. 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.

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