



RATING ACTION COMMENTARY

Fitch Affirms 2 Wafa Gestion Funds at 'AAAmmf(mar)'

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Fitch Ratings - London - 20 Apr 2023: Fitch Ratings has affirmed Attijari Monétaire Jour's (AMJ) and CDM Sécurité Plus's (CDM SP) National Money Market Fund Ratings at 'AAAmmf(mar)'. The funds are domiciled in Morocco and managed by Wafa Gestion, which is jointly owned by Attijariwafa Bank (AA(mar)/Stable/F1+(mar)) as majority shareholder with 66% of its capital, and Amundi (A+/Stable/F1) the remainder.

KEY RATING DRIVERS

The affirmation is driven by the fund's relatively high credit quality and diversification, low exposure to interest-rate and spread risk, and high levels of daily and weekly liquid assets compared to peers. The rating also reflects the capabilities and resources of Wafa Gestion as investment manager. Wafa Gestion is rated 'Excellent(mar)' under Fitch's National Investment Management Quality Rating (IMQR) Criteria.

Credit Risk

The funds seek to maintain high credit quality by investing mainly in securities issued by the Kingdom of Morocco (BB+/Stable/B) and high-quality, publicly-rated issuers. The funds also invest in reverse repurchase agreements collateralised by government bonds. As of 3 March 2023, 39% of AMJ's total assets were invested in sovereign debt securities, 60% in reverse repurchase agreements collateralised by government securities and under 1% in cash.

At the same date, 68% of CDM SP's total assets were invested in sovereign debt securities, 31% in reverse repurchase agreements collateralised by government

securities and under 1% in cash. All direct exposures in the funds were rated 'F1+(mar)'.

The funds breached the 20% limit per repo counterparty collateralised by government securities during the reviewed period. The breaches were minor and were promptly resolved by the asset manager.

As per Fitch's criteria, when counterparties enters in a reverse repurchase agreements with unrated mutual funds, Fitch considers the credit quality of the underlying collateral in its credit quality analysis when the counterparty fund is primarily invested in securities issued by the Kingdom of Morocco, and when the interfund reverse-repo transactions are collateralised by Moroccan government bonds with overcollateralisation of 102%, if the collateral matures after the maximum asset maturity of 397 days.

The inter-fund reverse repos within both funds are concluded with other Wafa Gestion funds that are unrated. Consistent with its applicable rating criteria, in these cases Fitch looks through to the rating of the underlying collateral, issued by the Kingdom of Morocco.

Fitch pays particular attention to new inter-fund reverse repos, and will examine and monitor each counterparty thoroughly. In cases where Fitch would identify a change in the strategy of the funds used for inter-fund reverse repos, Fitch would no longer consider this fund as eligible for inter-fund reverse-repos.

Liquidity Risk

The funds maintain a high allocation in liquid assets as defined under Fitch's rating criteria. Overnight liquidities (including eligible assets) were high at 53% and 81% in AMJ and CDM SP, respectively as of 3 March 2023. The funds maintain a high allocation to government securities (directly and indirectly via daily recallable repos), therefore the funds typically hold lower levels of natural liquidity and hence rely on the secondary market security sales or counterparties to meet liquidity needs. The liquidity levels are well above the 'AAAmf(mar)' rating threshold.

Market Risk

The funds seek to limit interest-rate and spread risk by maintaining its weighted average maturity (WAM) and weighted average life (WAL) at below 90 days and 120 days, respectively. The initial or remaining maturity of each money market instrument does not exceed 397 days at the time of purchase.

AMJ's WAM and WAL were around 8 and 10 days, respectively, and CDM SP's WAM and WAL were both around 13 days at end-February 2023, within the 'AAAmmf' range outlined in Fitch's applicable rating criteria.

Fund Profiles

Fitch considers the legal and regulatory framework of the fund satisfactory. The fund is a regulated Moroccan money market fund. The funds' objectives are to offer a better performance than the Moroccan money market on a daily basis with a limited risk.

The funds pursue their investment objectives by investing in high-quality money market instruments and short-term debt, including time deposits, certificates of deposit, sovereign bonds and notes and reverse repos.

AMJ's and CDM SP's assets under management stood at MAD986 million and MAD210 million, respectively, as of 3 March 2023.

INVESTMENT MANAGER

Fitch views the investment manager as suitably qualified, competent and capable of managing the funds in line with the ratings, with sufficient operational resources and expertise. Wafa Gestion's 'Excellent(mar)' IMQR with Stable Outlook reflects its robust investment process and its extremely strong risk-management process.

Incorporated in 1995, Wafa Gestion is held by Attijariwafa Bank and Amundi. As of 24 February 2023, Wafa Gestion had MAD121 billion assets under management. The company had 52 employees, including 10 investment professionals.

RATING SENSITIVITIES

Factors that could, individually or collectively, lead to negative rating actions/downgrades:

The ratings may be sensitive to material changes in the credit quality, market risk or liquidity profile of the funds. Temporary changes in key portfolio metrics outside Fitch's criteria guidelines need not automatically result in rating changes, provided the fund manager is able to address them with credible near-term remedial actions. However, materially adverse and continued deviations from Fitch's guidelines for any key rating driver may lead to the ratings being placed on Rating Watch Negative or downgraded.

Factors that could, individually or collectively, lead to positive rating actions/upgrades:

The ratings are at the highest level on Fitch's rating scale and therefore cannot be upgraded.

RATING ACTIONS

ENTITY / DEBT ↕	RATING ↕			PRIOR ↕
Attijari Monetaire Jour	Ntl MMF	AAAmmf(mar)	Affirmed	AAAmmf(mar)
CDM Securite Plus	Ntl MMF	AAAmmf(mar)	Affirmed	AAAmmf(mar)

[VIEW ADDITIONAL RATING DETAILS](#)

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APPLICABLE CRITERIA

[Money Market Fund Rating Criteria \(pub. 02 Nov 2021\)](#)

ADDITIONAL DISCLOSURES

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ENDORSEMENT STATUS

Attijari Monetaire Jour	-
CDM Securite Plus	-

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