

Upline Tresorerie Assigned 'Af/S1+' Fund Credit Quality And Volatility Ratings

Primary Credit Analyst:

Andrew Paranthoienne, London (44) 20-7176-8416; andrew.paranthoienne@spglobal.com

Secondary Contact:

Francoise Nichols, Paris (33) 1-4420-7345; francoise.nichols@spglobal.com

LONDON (S&P Global Ratings) Feb. 1, 2017--S&P Global Ratings said today that it assigned its 'Af' fund credit quality (FCQ) and 'S1+' fund volatility (FV) ratings to the shares of Upline Tresorerie (the fund), a Moroccan-domiciled money market fund managed by Upline Capital Management (UCM).

The 'Af' FCQ rating signifies that, in our view, the fund's portfolio holdings provide strong protection against losses from credit defaults. It reflects our global fund rating credit scale, which means it is comparable with other FCQ ratings that we assign globally. This is in contrast to local scale ratings commonly seen in the Moroccan fund market.

The 'S1+' fund volatility rating signifies that a fund has extremely low sensitivity to changing market conditions and an aggregate level of risk that is less than or equal to that of a portfolio that comprises the highest quality fixed-income instruments with an average maturity of one year or less that are denominated in the fund's base currency. As part of our volatility analysis, we assess the fund's management, portfolio level risk, target durations, and comparable return strategies.

UCM, which is located in Casablanca, Morocco, was established in 1999 and is the asset management arm of Banque Populaire Group with Moroccan dirham (MAD) 51 billion (about €4.75 billion) in assets under management. UCM has regulatory approval to

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operate as an asset manager from the Autorité Marocaine du Marché des Capitaux (AMMC), the Morocco's securities regulator.

The fund was first launched in 2001 as a "Fonds Commun de Placement," and is classified as a money market fund that aims to provide shareholders with a profitable return by investing in a portfolio that is focused on liquidity and security. As of Jan. 6, 2017, Upline Tresorerie had MAD216 million (€20.1 million) in fund assets. Our assessment reflects that objective and the fund's investment strategy, which is to invest only in Moroccan government treasury bills with a maturity of 90 days or less. The short-term nature of these investments and their liquidity in the Moroccan market account for the difference between our 'Af' FCQ rating assigned to the fund and our sovereign credit ratings on the Kingdom of Morocco (BBB-/Stable/A-3). Additionally, the 'S1+' FV rating on the fund represents our view of the fund's risk profile. By investing in short-dated treasury instruments, the fund maintains a low duration profile and is less likely to experience price instability than corporate or banking fixed-income fund sectors over a similar investment horizon. We would most likely lower our FV rating if there was a significant change in Moroccan interest rates or if the fund's investment portfolio were to significantly deviate from that which we initially assessed.

The small, but suitably experienced team of investment professionals at UCM operates under conservative investment practices and strict internal controls to meet the fund's objectives. To enhance the portfolio's liquidity and diminish sensitivity to changing interest rates, a weighted average maturity of less than 90 days will be maintained, as we understand. We expect the fund will be distributed to a wide variety of investors including institutional, corporate, and retail clients throughout Morocco and will offer daily liquidity. The fund's custody services are provided by Banque Centrale Populaire (BB+/Stable/B), a leading financial services provider in Morocco, and fund-administration services are provided internally by UCM.

We review pertinent fund information and portfolio reports on a monthly basis as part of our surveillance process for the FCQ/FV rating.

Our FCQ ratings, identified by the 'f' subscript, are current assessments of the overall credit quality of a fixed-income fund's portfolio. The ratings reflect the level of protection the fund provides against losses from credit defaults. Our FCQ ratings range from 'AAAf' (extremely strong protection against losses from credit default) to 'CCCf' (extremely vulnerable to losses from credit defaults). Our FV ratings, identified by the 'S' letter, are current opinions about a fixed-income fund's sensitivity to changing market conditions. Our volatility ratings range from 'S1+' (lowest sensitivity) to 'S6' (highest sensitivity).

RELATED CRITERIA AND RESEARCH

Related Criteria

- Criteria - Financial Institutions - Fixed-Income Funds: Methodology: Updated Fund Credit Quality Ratings Criteria For Counterparty Transactions - July 22, 2011

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- Criteria - Financial Institutions - Fixed-Income Funds: Fund Credit Quality Rating Criteria - February 02, 2007
- Criteria - Financial Institutions - Fixed-Income Funds: Fund Volatility Rating Criteria - February 02, 2007

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.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.globalcreditportal.com and at spcapitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public Web site at www.standardandpoors.com. Use the Ratings search box located in the left column. Alternatively, call one of the following S&P Global Ratings numbers: Client Support Europe (44) 20-7176-7176; London Press Office (44) 20-7176-3605; Paris (33) 1-4420-6708; Frankfurt (49) 69-33-999-225; Stockholm (46) 8-440-5914; or Moscow 7 (495) 783-4009.

Additional Contact:

Financial Institutions Ratings Europe; FIG_Europe@spglobal.com

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