

21 Feb 2019 | Affirmation

Fitch Affirms CCLA Public Sector Deposit Fund at 'AAAmmf'

Fitch Ratings-London-21 February 2019: Fitch Ratings has affirmed CCLA Public Sector Investment Fund - The Public Sector Deposit Fund's (PSDF) Money Market Fund Rating at 'AAAmmf', following the fund's conversion to a low volatility net asset value (LVNAV) money market fund (MMF) under the European market fund reform. The fund is managed by CCLA Investment Management Ltd (CCLA).

The fund is a UK-domiciled qualifying MMF. It was awarded LVNAV status on 12 February 2019.

KEY RATING DRIVERS

The affirmation of the 'AAAmmf' rating is driven by stable assets under management post conversion, as well as by the fund's overall credit quality and diversification, low exposure to interest rate and spread risk, and high levels of overnight and one-week liquidity.

Credit Risk

The fund has very high credit quality, consistent with Fitch's Money Market Fund Rating Criteria at the 'AAAmmf' level.

As of 15 February 2019 the fund had a Portfolio Credit Factor (PCF) of 1.01, which met Fitch's 'AAAmmf' rating criterion (0.0 - 1.5). The PCF is a risk-weighted measure of the fund's portfolio assets that accounts for the credit quality and maturity profile of securities.

Market Risk

The fund seeks to limit interest rate and spread risk by maintaining its assets' weighted average maturity (WAM), weighted average life (WAL), and maximum individual asset maturity below 60 days, 120 days and 397 days respectively. As of 15 February 2019, the fund had a WAM and WAL of 53 days, which was within the 'AAAmmf' ranges set out in Fitch's rating criteria.

Liquidity Risk

The fund maintains high levels of overnight and one-week liquidity. At 15 February 2019 the fund had 32% overnight and 37% one-week liquidity, which were comfortably above regulatory and Fitch criteria guidelines.

INVESTMENT MANAGER

Fitch views CCLA as being suitably qualified, competent, and capable of managing the fund. CCLA is a UK-based fund management group offering a range of fund products. As at 31 January 2019, it had GBP8.8 billion assets under management (AuM). Almost 90% of CCLA's ownership is held by The CBF Church of England Investment Fund, The COIF Charities Investment Fund and The Local Authorities Mutual Investment Trust; with the remaining shares held by current and former Executive Directors of the fund manager.

RATING SENSITIVITIES

The rating may be sensitive to material changes in the credit quality, market risk, and/or liquidity profile of the fund. Temporary deviations from metrics outlined in Fitch's criteria need not automatically result in a rating change. However, material adverse and continued deviations from Fitch's guidelines for any key rating driver may lead to the rating being placed on Rating Watch Negative or downgraded.

CCLA Public Sector Investment Fund - The Public Sector Deposit Fund; Money Market Fund
Rating; Affirmed; AAmmf

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Applicable Criteria

[Money Market Fund Rating Criteria \(pub. 15 Nov 2018\)](#)

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