



RATING ACTION COMMENTARY

Fitch Affirms CDG Capital Gestion at 'Excellent(mar)'

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Fitch Ratings - London - 18 Jan 2022: Fitch Ratings has affirmed CDG Capital Gestion's (CKG) National Investment Management Quality Rating (IMQR) at 'Excellent(mar)' with a Stable Outlook.

KEY RATING DRIVERS

The affirmation reflects the broad stability of CKG's profile. The rating is primarily driven by the asset manager's excellent investment process and risk-management framework. The 'Excellent(mar)' rating of CKG is also driven by its robust investment resources and innovative client-servicing projects.

CKG's assets under management (AUM) increased in 2021 by 3.7% year-on-year.

CKG's 'Excellent(mar)' rating is based on the following unchanged category scores:

Investment Process: 'Excellent'

Investment Resources: 'Excellent'

Risk Management: 'Excellent'

Investment Performance: 'Proficient'

Company and Client Servicing: Excellent

Investment Process: 'Excellent'

CKG's investment objectives are clearly defined. The investment team is divided into two teams to focus on equities/international and on rates. The investment process is driven by macroeconomic and fundamentals considerations. Portfolios are monitored by weekly and monthly committees.

Investment Resources: 'Excellent'

CKG has robust investment resources to meet the needs of its business. The investment team consisted of nine staff at end-November 2021. CKG's eight portfolio managers are responsible for a total of 72 funds, resulting in a slightly higher ratio of funds-to-portfolio managers than peers'. The investment team turnover of 12% is slightly higher than the peer average of 8%.

The company's main tool is Manar (Perenity developer), the leading domestic investment software in Morocco. Manar provides a front-to-back operating system and is continuously updated with new modules by the asset manager.

Risk Management: 'Excellent'

The risk-management team is fully dedicated to CKG, reporting to the CEO. The team monitors the market, credit and operational risks, main international metrics and relevant scenarios. The compliance and internal control team is in charge of a non-exhaustive list of duties such as fair allocation, personal trading, pre-trades and of preventing conflict of interests.

Investment Performance: 'Proficient'

CKG's funds delivered on their stated investment objectives in 2021. Fitch's approach to investment performance is neutral where performance is in line with or ahead of peers'.

Company and Client Servicing: Excellent

CKG's AUM has grown by 3.7% in 2021 as of end-Oct 2021. CKG holds 12% of the Moroccan market. The score takes into account the volatile financial profitability of the parent.

The company's strategy focuses on digital transformation.

INVESTMENT MANAGER

CKG is the fourth-largest asset manager in Morocco, with AUM of MAD77.9 billion (approximately EUR7.4 billion) at end-October 2021. It was founded in 1997, and, as with most of its peers, has a largely institutional (83%) investor base. CKG offers a wide range of products covering most asset classes with a focus on fixed income, which represents 86% of its AUM.

RATING SENSITIVITIES

Factors that may, individually or collectively, result in negative rating action/downgrade:

The rating may be downgraded on material adverse changes to any of the aforementioned rating drivers, notably through weakened financial conditions, heightened staff turnover or deterioration of processes.

The rating may be sensitive to upcoming risk management regulation. Higher regulatory standards may lead to a strengthening of the risk-management process. Fitch's analysis considers practices relative both to regulation and to best practice in the local and international markets. Achievement of minimum regulatory standards, even if raised from current standards, typically does not lead to higher scores. Instead, higher scores are associated with practices exceeding minimum regulatory standards. Therefore, if risk-management structures and practices are not strengthened materially beyond new regulatory standards then Fitch may downgrade the score for risk management. This would reflect a re-calibration of Fitch's view to newly implemented risk-management standards. Given risk management carries a high weight in Fitch's analysis, changes to the risk-management score could affect the overall rating.

Factors that may, individually or collectively, result in positive rating action/upgrade:

-The rating is the highest on Fitch's rating scale and therefore cannot be upgraded.

RATING ACTIONS

ENTITY / DEBT ↕	RATING ↕	PRIOR ↕
CDG Capital Gestion	National IMQR	Excellent(mar) R Outlook Stable
	Excellent(mar) Rating Outlook Stable	
	Affirmed	

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APPLICABLE CRITERIA

[Investment Management Quality Ratings Criteria \(Assessing Active, Passive & Alternative Investment Managers, Strategies & Funds\) \(pub. 22 Feb 2021\)](#)

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CDG Capital Gestion

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