



RATING ACTION COMMENTARY

Fitch Affirms CK-GSMFI's National IMQR at 'Excellent(mar)'

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Fitch Ratings - London - 18 Jan 2022: Fitch Ratings has affirmed CDG Capital - Gestion sous Mandat des Fonds Institutionnels' (CK-GSMFI) National Investment Management Quality Rating (IMQR) Rating at 'Excellent(mar)' with a Stable Outlook. CK-GSMFI is the investment-management business of the bank CDG Capital, managing institutional assets through mandates.

KEY RATING DRIVERS

The affirmation is driven by the robust investment process and excellent risk-management process of CK-GSMFI. The 'Strong' investment-resources score takes into account the pending upgrade of the company's IT systems. The score of company and client servicing reflects stable assets under management (AUM), and the latest financials of CDG Capital.

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

Investment Process: 'Excellent'

Investment Resources: 'Strong'

Risk Management: 'Excellent'

Investment Performance: 'Proficient'

Company and Client Servicing: 'Strong'

Investment Process: 'Excellent'

CK-GSMFI's investment process is well-defined and two main strategies are benchmarked portfolio investment (LDI), which particularly suits pension use research input from an internal team and sell

The first strategy follows three steps: fundamental trading, whereas the second strategy, LDI, first a profile, followed by market research and investment strategies & trading. LDI portfolios are built to cover clients' current and future liabilities, and to generate performance surplus.

Investment Resources: 'Strong'

Investment resources are well-diversified, in line with the needs of the investment firm. CK-GSMFI's investment team's average tenure of 4.6 years is slightly lower than the peer average of 6.2 years, due to recruitments in the investment team in 2021. The investment team's experience is in line with peers', with 8.5 years of experience on average versus peers' 8.4 years. The department is well-organised with a clear separation of different functions such as investment teams, as well as internal control and risk management, dedicated to mandate management.

Fitch views the current project of IT overhaul, as positive, but also as an operational risk during the implementation period should any issues arise.

Risk Management: 'Excellent'

CDG Capital has a dedicated risk-management team with four levels of control (front-office, middle-office, risk management and internal control). Key risks, such as market, credit and operational risks, are closely monitored.

All mandates are subject to contractual investment limits set by clients, for example internal ratings, issuer type, asset class, and international investment. The company's internal credit rating includes a quantitative and qualitative process as well as a sectoral credit analysis. Client reporting on mandates such as portfolio structure and

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performance is provided on a weekly and monthly basis, depending on the requirements of clients.

Investment Performance: 'Proficient'

CK-GSMFI's investment vehicles delivered on the 2021. Fitch's approach to investment performance line with or ahead of peers!

Company and Client Servicing: 'Strong'

CDG Capital was created in 2006 and invests in equity, fixed income, real estate and private equity institutional and highly concentrated. AUM was stable year-on-year at end-2021. CDG Capital's financial position was volatile in 2021, with net income down 65% year-on-year.

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INVESTMENT MANAGER

CDG Capital is a subsidiary of Caisse de Dépôt et de Gestion (CDG), the ultimate parent, which was established in 1959 and the first institutional investor in Morocco. CDG Capital managed around MAD235 billion as of end-November 2021, which was stable year-on-year. CDG Capital has a competitive advantage, due to its wide range of services from corporate-investment banking and investor services.

RATING SENSITIVITIES

Developments that may, individually or collectively, result in negative rating action or downgrade-

The rating may be downgraded on material adverse changes to any of the aforementioned rating drivers, notably through a weakened team as a consequence of a higher turnover, operational issues resulting from the IT overhaul or significant redemption from the largest client.

-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

Developments that may, individually or collectively lead to a rating upgrade:

The rating is the highest on Fitch's rating scale and

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RATING ACTION

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ENTITY / DEBT ↕	RATING ↕	
CDG Capital - Gestion sous Mandat des Fonds Institutionnels	National IMQR	Excellent(mar) R Outlook Stable
	Excellent(mar) Rating Outlook Stable	
	Affirmed	

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FITCH RATINGS ANALYSTS

Sara Malinowsky

Senior Analyst

Primary Rating Analyst

+44 20 3530 1683

sara.malinowsky@fitchratings.com

Fitch Ratings Ltd

30 North Colonnade, Canary Wharf London E14 5GN

Chloe Andrieu

Analyst

Secondary Rating Analyst

+44 20 3530 2672

chloe.andrieu@fitchratings.com

Alastair Sewell, CFA

Senior Director

Committee Chairperson

+44 20 3530 1147

alastair.sewell@fitchratings.com

MEDIA CONTACTS

Louisa Williams

London

+44 20 3530 2452

louisa.williams@thefitchgroup.com

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

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