中証鵬元國際 CSPI Ratings

Fund Ratings Criteria

Content

Introduction

CSPI Ratings' fund ratings provide a forward-looking assessment of the investment quality of investment managers. The criteria can be applied across different investment styles, such as active, passive, and alternative investing. Depending on the level at which CSPI Ratings intends to assign a rating, the criteria can be applied at the investment manager level, the investment strategy level, or at the individual fund level.

CSPI Ratings' fund ratings are not credit ratings and do not, in any way, reflect an asset manager's ability and willingness to fulfil its financial obligations on time and in full. Fund ratings also do not predict investment outcomes and should not be deemed investment recommendations. Instead, they mainly reflect the relative investment quality of investment managers.

The rating framework consists of four key factors:

- Investment framework
- Company and investment resources
- Investment performance
- Client servicing.

The criteria are largely qualitative, though some evaluations will primarily be driven by quantitative metrics. The investment performance factor is evaluated primarily based on assessing quantitative metrics of historical performance compared with the investment manager's peer group. The evaluation of factors of investment framework, company and investment resources, and client servicing are largely qualitative and based on information provided by the asset management firm and its management, combined with publicly available data.

The preliminary fund rating score is derived from the aggregate weighted factor score based on the four key factors. The criteria also take into account other factors that are not fully captured by the preliminary fund rating score. Some of these additional factors are not covered in the assessment of the four key factors, while others may be included but have different impacts than their standard weightings in the scorecard. If one or more material weaknesses or strengths are not fully captured by the standard weighted assessment of the four key rating factors, the final fund ratings may be adjusted up or down by one numeric score from the preliminary funding ratings score.

Contacts

Name Ke Chen, PhD
Title Chief Analytics Officer
Direct +852 3615 8316
Email ke.chen@cspi-ratings.com

Name Winnie Guo
Title Director
Direct +852 3615 8344
Email winnie.guo@cspi-ratings.com

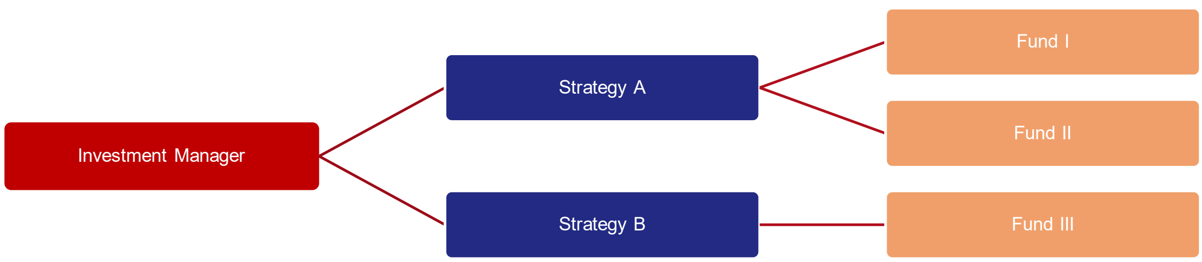
Scope of Criteria

CSPI Ratings' fund ratings are forward-looking assessments of the investment quality of investment managers. The criteria can be applied to assess various types of investment managers, and can be assigned at the investment manager, investment strategy, or individual fund level.

When assessing an individual fund, CSPI Ratings evaluates the fund's specific investment performance compared to its peers that invest in a comparable asset class or a set of asset classes guided with a similar investment philosophy. For example, when rating an actively managed equity fund, we specifically conduct peer comparison analysis among a group of active equity funds in evaluating the investment performance factor.

CSPI Ratings adopts a bottom-up approach to rating investment strategies and investment managers. Typically, an investment manager might execute various investment strategies based on different objectives or investor needs. Each investment strategy usually consists of multiple funds that follow a consistent investment philosophy. In assessing an individual fund, we focus solely on the fund's characteristics. For an investment strategy, we begin by analysing the flagship fund under the strategy before assessing the investment strategy at the strategy level. When rating an investment manager, we determine the rating based on the assets-under-management-weighted ratings of each strategy the manager oversees.

Exhibit 1: Structure of investment managers



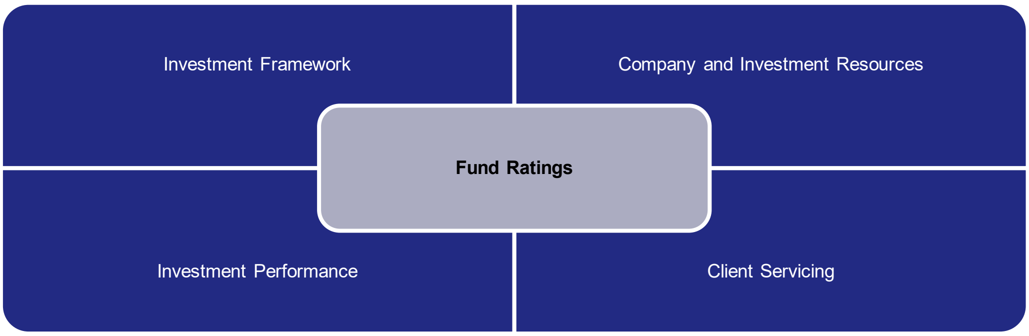
Other key features of the fund ratings include the following:

- **Fund ratings are not credit ratings.** Our fund ratings do not, in any way, reflect an asset management firm's ability and willingness to fulfil its financial obligations on time and in full. Our fund rating criteria are separate from and do not contribute to CSPI Ratings' conventional credit ratings criteria.
- **Fund ratings do not predict investment outcomes.** Although our fund ratings include an investment performance analysis of investment manager, they are not intended to predict investment outcomes. Using the fund ratings to predict investment outcomes would therefore be inappropriate.
- **Fund ratings should not be deemed as investment recommendations.** Our fund ratings mainly assess the relative investment quality of investment managers. They should not be viewed as recommendations for investment decisions.
- **Fund ratings are forward-looking.** Our fund ratings represent our forward-looking views on the quality of investment management based on the information available to us as of the time of the assessment.

Rating Framework

Our rating framework, as illustrated in Exhibit 2, analyses the investment quality of investment managers on the basis of four key factors with standard weightings: investment framework (40%), company and investment resources (25%), investment performance (25%) and client servicing (10%).

Exhibit 2: Rating Framework



Each factor is scored individually on a scale from 1 (worst) to 5 (best) based on the analytical considerations detailed in each factor section (see Appendix B). The numeric factor scores are then multiplied by their respective weightings and summed to produce a preliminary fund rating score. The preliminary fund rating score may be adjusted up or down by one point, if one or more material weaknesses or strengths are not fully captured by the preliminary fund rating score. For instance, we may adjust down the rating if there are material governance or compliance weaknesses that might substantively affect the investment management capabilities, or we may adjust up the rating if there are strong external supports or operational franchises that would guarantee the stability of the investment management. The final fund ratings are assigned from ★ (weak) to ★★★★★ (excellent), as illustrated in Exhibit 3, after additional adjustments are applied to the preliminary fund rating score.

Rating	Description
★★★★★	Investment managers or funds are assessed to be characterized with the “highest” investment quality relative to those with a similar investment strategy.
★★★★	Investment managers or funds are assessed to be characterized with “high” investment quality relative to those with a similar investment strategy.
★★★	Investment managers or funds are assessed to be characterized with “average” investment quality relative to those with a similar investment strategy.
★★	Investment managers or funds are assessed to be characterized with “low” investment quality relative to those with a similar investment strategy..
★	Investment managers or funds are assessed to be characterized with the “lowest” investment quality relative to those with a similar investment strategy.

The fund rating criteria are primarily qualitative, although some evaluations rely heavily on quantitative metrics. For instance, the investment performance factor is assessed using quantitative metrics of historical performance compared with the fund’s peer group. In contrast, the evaluation of factors related to investment framework, company and investment resources, and client servicing is largely qualitative, based on information provided by the asset management firm and its management, along with publicly available data.

Our criteria are applied to various investment styles and strategies. When rating different levels of entities, the same key rating factors and scoring rationales are used. However, we consider factors that are unique or distinctive for different investment strategies. For instance, investment objectives and investment performance metrics for active funds differ from those for passive funds.

Factor 1: Investment Framework

The investment framework is the most important factor in our evaluation. A robust and well-established investment framework enables investment managers to make high-quality investment decisions, exercise proper control over diverse investment activities, and manage investment risks effectively for their clients. This is crucial for delivering consistent investment results to investors, expanding asset under management (AUM), and ensuring business stability. Our assessment of the investment framework incorporates considerations of the investment objectives, investment decision process, analytical process, and risk management. The following section outlines key analytical considerations for assessing the investment framework factor.

Investment Objectives

Investment objectives are the specific financial goals that investment managers aim to achieve through their investment activities. These objectives serve as guidelines for making investment decisions and enable investors to align their portfolio strategies with their overall financial plans. Key elements of an investment objective include expected return, risk tolerance, investment horizon, liquidity requirements, benchmarking, and considerations such as ethical or social considerations. A clearly defined and consistently executed investment objective is crucial for high-quality investment management, serving as foundation for a robust investment process. Conversely, a poorly defined and inconsistently executed investment objective can disrupt the investment process, resulting in a poor investment experience for investors. Our assessment for this sub-factor places significant emphasis on the clarity of investment objectives and the consistency of the investment objectives' execution.

Research and Investment Decision Process

Research and analytics are critical to the entire investment cycle, supporting the overall investment decision-making process. High-quality investment research should align with investment strategies and should be conducted with a high degree of discipline. Effective communications between research and investment decision-making are also critical. We typically assess the research process by evaluating the consistency of research capabilities with investment strategies, the analyst's experience and capabilities, the effectiveness of research communication, and the level of analytic discipline.

The investment committee plays a crucial role in the decision-making process, responsible for establishing guidelines, policies, and risk tolerance levels that guide the entire investment process. Additionally, it monitors the performance of the investment portfolio and ensures alignment with the investment objectives. In cases where the investment process involves external investment managers or advisors, the committee may be responsible for their selection and hiring, helping mitigate key-person risk. We typically assess the investment decision process by examining the mechanism and structure of the investment committee, as well as the firm's capacities in trade execution, portfolio management, re-balancing, etc.

Risk Monitoring and Management

Risk monitoring and management are vital components of the investment process. They play a crucial role in preserving capital, achieving investment objectives, and limiting downside risks. It is essential that investment managers understand the risks assumed and actively manage them to protect investors' interests. Our assessment focuses on the asset management firm's risk management guidelines, policies, and procedures. We typically assess the firm's risk management capacities with an emphasis on credit risk, market risk, liquidity risk, counterparty risk, operational risk, value-at-risk, stop-loss, etc. Furthermore, we evaluate the firm's process for ensuring compliance with regulatory and internal limits and policies.

Exhibit 4: Rating Guidance for Investment Framework Factor (40% Weighting)

Rating Category	Description
Excellent	Investment objectives are articulated and highly consistent with the realized performance, with minimal style drift. Investment decision-making process is very robust, which is backed by very sophisticated investment committees and extremely strong capacities in trading, portfolio management and re-balancing. Exceptional research process demonstrating rigor analytical process, extremely high level of discipline, and great capacity. Excellent risk control framework characterized by highly effective mechanisms to monitor investment risks and manage risks.

Strong	Investment objectives are clear and specific, and consistent with the realized performance. Investment decision-making process is robust, which is backed by sophisticated investment committees, and strong capacities in trading, portfolio management and re-balancing. Strong research process demonstrating a high level of capacity, analytical rigor, and discipline. Strong risk control framework characterized by frequent risk monitoring and effective risk controls.
Good	Investment objectives are general and may not be comprehensive, or the objectives may lack clarity. Divergence from investment objectives is generally limited. Investment decision-making process is sound, which is backed by well-functioning investment committees and reasoned capacities in trading, portfolio management and re-balancing. Good research process demonstrating a good level of capacity, analytical rigor, and discipline. Risk control framework is reasonably established, but there are some weaknesses in specific areas, e.g., poor testing of potential risks and less effective procedures to monitor and manage risks.
Adequate	Investment objectives are ambiguous or may cause some confusion. Obvious divergence from investment objectives with frequent and apparent style drift. Investment decision-making process is adequate, demonstrating some areas of relative strength and others of relative weakness. For example, limited governance from the investment committee and a low level of trading, portfolio management and re-balancing capacities. Research process demonstrates some weaknesses or inconsistencies, e.g., limited analytical outputs to support the investment or a lack of analytical discipline and rigor. Risk control framework has some deficiencies, e.g., a limited number of control points missing or outdated procedures to monitor and control risks.
Weak	Investment objectives are poorly explained or confusing (e.g., "black-box" investment strategies). The realized performance deviates materially from the stated objectives. Investment decision- making process has material weaknesses, as evidenced by the lack of a mechanism of investment committee and the absence of capacities in trading, portfolio management, and re-balancing. Material weakness or inconsistency in the research process, e.g., nearly no discipline and rigor in governing the analytical team and a lack of analytical capacity to support the investment. Material risk control weakness in any area.

Factor 2: Company and Investment Resources

The profile of the asset management company determines its ability to conduct business, support its investment management activities, provide services to clients, and address unexpected contingencies. Staff and technology are key resources for an asset management firm, as professionalism and experience are critical for high-quality research and investment success. Our assessment for this factor incorporates evaluations of asset management firm’s organisation and financial profile, professionalism and experience of staff, key-person risk, employee turnover, and technology support. The following section outlines key analytical considerations for assessing the factor.

Investment Company Organisation and Financial Profile

Investment management quality is influenced by an asset management firm’s market presence and financial stability. A well-established asset management firm with a solid reputation and significant market presence, backed by extensive market experience navigating various market cycles, tends to have a strong willingness to maintaining its track record of success. In addition, a robust financial profile enables the firm to make necessary investments in staff and technology, supporting its investment management activities. A strong financial profile is also critical to a firm’s ability to capitalise on growth opportunities within the industry and maintain competitiveness. Our assessment for this sub-factor focuses on the firm’s market presence, franchise, and financial robustness, with particular emphasis on the firm’s AUM and profit margin.

Professionalism and Experience

Professionalism and experience are critical for an asset management firm as they build client trust, enable effective risk management, facilitate flexible decision-making, ensure compliance, and bolster the firm’s reputation. These qualities are foundational for a successful investment management business and for achieving clients' long-term investment objectives. We generally assess professionalism by considering whether the investment management activities are staffed with the appropriately skilled and qualified personnel. In evaluating this sub-factor, we will take into consideration the tenure, background, experience, training, and general qualifications of senior management and key personnel.

Key-person Risk and Employee Turnover

Asset management firms are typically exposed to key-person risk, which arises when investment management activities heavily rely on the skills of a single person or a few individuals. Investors are largely influenced by the reputation of investment managers; therefore, the departure of a key-person could lead to substantial capital outflows from the fund. Employee turnover is crucial for a robust investment process as well. A low employee turnover rate usually indicates a stable operation of the investment management activities. Our assessment for this sub-factor focuses on the evaluation of the reliance of key personnel and the effectiveness of retention mechanisms such as partnership programs, equity-based compensation, key-man provisions, etc.

Technology and Third-party Supports

Technological infrastructure provides the foundation for efficient and effective investment management. As a data-driven industry, investment management has a high demand for external data and information. In addition, efficient and timely execution of trades, which require substantial IT support, enables investment managers to take advantage of market opportunities and manage risk effectively. IT systems and software are extensively used for portfolio management tasks, such as portfolio modelling, risk analysis, and performance measurement. These tools enable investment managers to monitor portfolios, analyse their performance, and make necessary adjustments. We typically assess the firm's IT infrastructure with a focus on the firm's hardware, software, and systems, as well as connectivity to trading platforms and data providers.

Some investment firms may outsource their IT systems or middle- and back-office operations. As such, we assess the qualifications of the third-party service provider and evaluate the robustness of the selection and oversight of the third-party service providers.

Exhibit 5: Rating Guidance for Company and Investment Resources Factor (25% Weighting)

Rating Category	Description
Excellent	The asset management company has an exceptionally strong reputation and market presence, with very long market experience, which makes it one of the top investment companies among global peers. The company has an extremely strong financial profile, an extremely large and consistently growing AUM, and a very high profit margin. Investment management is performed by a highly experienced and qualified investment team. Key-person risk and key employee turnover are minimal. Investment management is supported by fully developed, high-quality IT systems and models and is also supported by top outsourced resources.
Strong	The asset management company has a strong reputation and market presence, with long market experience encompassing different market cycles. The company has a strong financial profile, underpinned by a stable and growing AUM and a high profit margin above par. Investment management is performed by an investment team that is generally of a high standard. Employee turnover is low, and key-person risk is low. The resignation of some employees would have a low impact on the processes of the investment. Investment management is supported by high-quality IT infrastructure and modelling tools. Good outsourced resources are available to support the investment.
Good	The asset management company has a decent reputation and market presence, with long market experience encompassing at least one market cycle. The AUM and profitability are about average among industry peers. The professionalism and experience of the investment team are at an average level among industry peers. Moderate staff turnover and key-person risk. IT infrastructure and modelling tools to support the investment are reasonably established, but they are not as advanced as those of the top companies in the industry. External investment resources are adequate.
Adequate	The asset management company is newly founded and has a short track record of experience. The AUM is low, resulting in lower financial stability that may potentially affects the manager's investment capabilities. The experience and tenure of the investment staff are lower than average, accompanied by high employee turnover. Key-person risk is considered above-average. IT infrastructure and modelling tools to support the investment demonstrate weaknesses in specific areas, which could weigh on investment management quality.
Weak	The asset manager has little reputation or market share. The AUM is extremely low, and there are material weaknesses in financial stability that may materially affect investment capabilities. The investment team is composed of unqualified staff, and employee turnover is very high, which could carry significant risks for the quality of asset management. Key-person risk is considered very high as the investment highly relies on a key individual. IT systems are outdated, and there are very few external supports for the investment.

Factor 3: Investment Performance

Historical performance provides a track record of an investment manager's ability to generate returns and manage risks over time. By examining past performance, investors can assess the manager's skill, consistency, and ability to navigate different market conditions. Examining historical performance data helps identify the consistency and stability of investment returns. Consistent outperformance or a low volatility track record may be indicative of a well-executed investment strategy and effective risk management. Our assessment for investment performance factor incorporates combined considerations of risk-adjusted return and risk metrics in peer comparison analysis or relative to benchmarks. For instance, if the historical performance of a fund is significantly weaker than peers or benchmarks, we will view that there is a weakness in a manager's investment capacity or the execution of its investment process. On the contrary, if historical performance is in line or better than peers or benchmarks, we will consider the investment strategy well-executed.

In evaluating the investment performance of a fund, we may use different evaluation approaches to compare its historical performance, depending on whether the fund is actively managed or passively managed, or whether the fund is a unique investment strategy with no peers at all. In general, when assessing the investment performance of a traditional and actively managed fund that has peers, we usually adopt peer comparison analysis; when assessing a passively managed fund, we focus on tracking error relative to its benchmark. In some exceptional cases, if a fund or strategy is uniquely innovative and has no traditionally defined peers or a specific benchmark, we may evaluate its investment performance using alternative methods that we believe are more appropriate; for example, we would assign a benchmark that we believe is appropriate for the fund or strategy.

Our criteria are applied to various levels of fund-based investment vehicles, including individual funds, investment strategies, and investment managers. We will adopt a bottom-up approach to evaluate the investment performance of investment strategies and investment managers. For example, when rating a fund, we only focus on the performance of the fund in question. When rating an investment strategy, we analyse the flagship fund under the strategy first and then rate the investment strategy at the strategy level. When rating an investment manager, we rate the manager based on the AUM-weighted rating of each strategy managed by the manager.

Risk-adjusted Return

Risk-adjusted return is widely used to evaluate an investment's performance by considering the level of risk taken to achieve those returns. It provides a way to assess the efficiency of an investment strategy in generating returns relative to the amount of risk incurred. The most widely used risk-adjusted return metrics include the Sharp ratio and information ratio, but these ratios are applied to different types of funds. We generally evaluate the information ratio for benchmarked funds relative to peers, and evaluate the sharp ratio for non-benchmarked funds relative to peers. In evaluating this category, we compare the risk-adjusted return of a fund relative to peers with similar investment strategies..

Risk

Our criteria typically use maximum drawdown to evaluate a fund or strategy’s risk profile. Maximum drawdown refers to the largest percentage decline in the value of an investment or portfolio from its peak to its lowest point during a specific period. Maximum drawdown is considered a key risk metric for a fund because it provides valuable insights into the potential downside risk an investor may face when investing in that fund. We assess the risk profile of a fund by comparing the magnitude of the maximum drawdowns of the fund in question relative to the maximum drawdowns of peers or drawdowns experienced by the relevant benchmark over the past three years.

Tracking Error for Passive Funds or Strategies

For funds with a passive strategy, we focus on the tracking error in our assessment of their investment performance. Tracking error is a measure of the divergence between the returns of a portfolio or fund and its benchmark index. It quantifies the extent to which the portfolio's performance deviates from that of the benchmark. A higher tracking error implies a larger deviation between the portfolio's returns and the benchmark's returns, indicating greater inconsistency or active management in the portfolio's investment strategy. Conversely, a lower tracking error suggests a closer alignment between the portfolio's performance and the benchmark's performance.

Exhibit 6: Rating Guidance for Investment Performance Factor (25% Weighting)

Rating Category	Description
Excellent	The performance of the investment vehicle is consistently among the top funds within its peer group with respect to risk-adjusted return and maximum drawdown metrics. For passive funds or strategies, tracking errors are extremely small.
Strong	The performance of the investment vehicle is strong and well above benchmarks and peers with respect to risk-adjusted return and maximum drawdown metrics. For passive funds or strategies, tracking errors are small.
Good	Investment vehicles tend to show moderate and healthy performance with respect to risk-adjusted return and maximum drawdown metrics within the fund's peer group. For passive funds or strategies, tracking errors are within a reasonable range.

Adequate	The performance of the investment vehicle is poor and well below benchmarks and peers with respect to risk-adjusted return and maximum drawdown metrics. For passive funds or strategies, tracking errors are obvious.
Weak	The performance of the investment vehicle consistently lags behind its peers and benchmarks with respect to risk-adjusted return and maximum drawdown metrics. For passive funds or strategies, tracking errors are extremely significant.

Factor 4: Client Servicing

Client service is a meaningful component of an asset manager's management quality. The quality of investment management relates not only to financial results but also to the asset manager's ability to understand client needs and provide high-quality service to clients. Effective client servicing involves actively listening to clients, understanding their investment goals, risk tolerance, and preferences, and tailoring investment strategies accordingly. It is crucial to maintain regular communication and feedback to meet clients' expectations and align their investment objectives. In assessing this factor, we focus on the breadth of the services provided to clients and the degree to which asset managers deliver timely, transparent, and easily accessible reporting of investment results to investors. Excellent client service demonstrates that an asset manager has a long-track record of providing excellent and extremely comprehensive client services, as well as investment result reporting that is highly transparent and timely and is highly accessible through multiple channels to all investors. Conversely, if an asset manager has very poor client servicing and fails to meet basic investors' needs, as well as if there is material weakness in reporting timeliness and accuracy, we will assign a weak score to this factor.

Exhibit 7: Rating Guidance for Client Servicing (10% Weighting)

Rating Category	Description
Excellent	The asset manager has a long track record of providing excellent and extremely comprehensive client services. Investment result reporting is highly transparent and timely, and it is highly accessible through multiple channels to all investors.
Strong	The asset manager exhibits comprehensive and good client services to its customer base. The asset manager exhibits a very good client interface with transparent, flexible, and timely investment reporting.
Good	The asset manager can meet basic investor needs, but the service is not comprehensive and flexible. Investment reporting is available on a regular basis rather than at the client's request.
Adequate	The quality of client service is constrained by several weaknesses in meeting basic investors' needs. Investment reporting is not available in a timely and transparent manner.
Weak	Very poor client service. Fail to meet the basic investor's needs. There is a material weakness in reporting timeliness and accuracy.

Additional Considerations

The preliminary fund rating score, which is an aggregate weighted factor score, captures the common rating factors for all funds, strategies, and asset managers. However, there are some fund-specific considerations that are not commonly applied to all funds. Without taking such considerations into account, the standard weighted assessment of key rating factors would be less comprehensive. Therefore, our criteria may take into account other considerations that are not captured by the standard weighted assessment. By examining additional considerations, the preliminary fund rating score may then be adjusted up or down by one numeric score if one or more material weaknesses or strengths are not exhaustively captured by preliminary fund rating score. The following section outlines the most common additional considerations that impact our analysis of the quality of investment management. The considerations discussed serve as a guide, and they are not an exhaustive list.

Considerations that are not covered in the assessment of four key factors

- Changes in the political, legal, and regulatory environment in the jurisdictions where the fund is located have significantly affected the operation of the fund.
- Drastic market changes in the jurisdictions where the fund operates have greatly affected the normal operation of the fund.

- There are material weaknesses in corporate governance and compliance procedure, and the weaknesses might substantively affect the investment management process.
- There are strong external supports or operational franchises that would guarantee the stability of the investment management.

Sub-factors are covered but their importance may override others in certain situations

In certain situations, there may be a particular assessment factor or sub-factor that holds such significant importance to a fund's investment quality that it overrides the others. Therefore, standard weighting assessments would not capture such deviations. Examples of this include significant exposure to key-person risk, very high employee turnover, poor product or client diversification, breach of regulatory requirements, material deterioration in the fund's risk adjusted performance, or substantial outflows of assets under management.

中証鵬元國際 CSPI Ratings

Appendix A: Fund Rating Scorecard

Key Factors	Weight (%)
Investment Framework	**40**
- Investment Objectives	
- Investment Decision Process	
- Research Process	
- Risk Monitoring and Management	
Company and Investment Resources	**25**
-Corporate Organization	
-Corporate Financial Profile	
-Professionalism and Experience	
-Key-Person Risk	
-Employee Turnover	
-Technology and Other Supports	
Investment Performance	**25**
-Risk Adjusted Return	
-Risk	
-Tracking Error for passive funds or strategies	
Client Servicing	**10**
-Investment reporting	
-Satisfaction of basic investors needs	
Preliminary Fund Rating Score	**100**
Weighted Average Score	
Additional Adjustment Considerations	
Final Fund Rating	

Appendix B: Scoring Guidance for Each Key Factors

I. Investment Framework	Weighting	Excellent (5)	Strong (4)	Good (3)	Adequate (2)	Weak (1)
Key Considerations and Metrics Informing our Factor Assessment include: - Investment Objectives - Research Process - Investment Decision Process - Risk Monitoring and Management	40%	Investment objectives are articulated and highly consistent with the realized performance, with minimal style drift. Investment decision-making process is very robust, which is backed by very sophisticated investment committees and extremely strong capacities in trading, portfolio management and re-balancing. Exceptional research process demonstrating rigor analytical process, extremely high level of discipline, and great capacity. Excellent risk control framework characterized by highly effective mechanisms to monitor investment risks and manage risks.	Investment objectives are clear and specific, and consistent with the realized performance. Investment decision-making process is robust, which is backed by sophisticated investment committees, and strong capacities in trading, portfolio management and re-balancing. Strong research process demonstrating a high level of capacity, analytical rigor, and discipline. Strong risk control framework characterized by frequent risk monitoring and effective risk controls.	Investment objectives are general and may not be comprehensive, or the objectives may lack clarity. Divergence from investment objectives is generally limited. Investment decision-making process is sound, which is backed by well-functioning investment committees and reasoned capacities in trading, portfolio management and re-balancing. Good research process demonstrating a good level of capacity, analytical rigor, and discipline. Risk control framework is reasonably established, but there are some weaknesses in specific areas, e.g., poor testing of potential risks and less effective procedures to monitor and manage risks.	Investment objectives are ambiguous or may cause some confusion. Obvious divergence from investment objectives with frequent and apparent style drift. Investment decision-making process is adequate, demonstrating some areas of relative strength and others of relative weakness. For example, limited governance from the investment committee and a low level of trading, portfolio management and re-balancing capacities. Research process demonstrates some weaknesses or inconsistencies, e.g., limited analytical outputs to support the investment or a lack of analytical discipline and rigor. Risk control framework has some deficiencies, e.g., a limited number of control points missing or outdated procedures to monitor and control risks.	Investment objectives are poorly explained or confusing (e.g., "black-box" investment strategies). The realized performance deviates materially from the stated objectives. Investment decision-making process has material weaknesses, as evidenced by the lack of a mechanism of investment committee and the absence of capacities in trading, portfolio management, and re-balancing. Material weakness or inconsistency in the research process, e.g., nearly no discipline and rigor in governing the analytical team and a lack of analytical capacity to support the investment. Material risk control weakness in any area.

II. Company and Investment Resources	Weighting	Excellent (5)	Strong (4)	Good (3)	Adequate (2)	Weak (1)
Key Considerations and Metrics Informing our Factor Assessment include: -Corporate Organization -Corporate Financial Profile -Professionalism and Experience -Key-Person Risk -Employee Turnover -Technology and Other Supports	25%	The asset management company has an exceptionally strong reputation and market presence, with very long market experience, which makes it one of the top investment companies among global peers. The company has an extremely strong financial profile, an extremely large and consistently growing AUM, and a very high profit margin. Investment management is performed by a highly experienced and qualified investment team. Key-person risk and key employee turnover are minimal. Investment management is supported by fully developed, high-quality IT systems and models and is also supported by top outsourced resources.	The asset management company has a strong reputation and market presence, with long market experience encompassing different market cycles. The company has a strong financial profile, underpinned by a stable and growing AUM and a high profit margin above par. Investment management is performed by an investment team that is generally of a high standard. Employee turnover is low, and key-person risk is low. The resignation of some employees would have a low impact on the processes of the investment. Investment management is supported by high-quality IT infrastructure and modelling tools. Good outsourced resources are available to support the investment.	The asset management company has a decent reputation and market presence, with long market experience encompassing at least one market cycle. The AUM and profitability are about average among industry peers. The professionalism and experience of the investment team are at an average level among industry peers. Moderate staff turnover and key-person risk. IT infrastructure and modelling tools to support the investment are reasonably established, but they are not as advanced as those of the top companies in the industry. External investment resources are adequate.	The asset management company is newly founded and has a short track record of experience. The AUM is low, resulting in lower financial stability that may potentially affects the manager's investment capabilities. The experience and tenure of the investment staff are lower than average, accompanied by high employee turnover. Key-person risk is considered above-average. IT infrastructure and modelling tools to support the investment demonstrate weaknesses in specific areas, which could weigh on investment management quality.	The asset manager has little reputation or market share. The AUM is extremely low, and there are material weaknesses in financial stability that may materially affect investment capabilities. The investment team is composed of unqualified staff, and employee turnover is very high, which could carry significant risks for the quality of asset management. Key-person risk is considered very high as the investment highly relies on a key individual. IT systems are outdated, and there are very few external supports for the investment.

中証鵬元國際 CSPI Ratings

III. Investment Performance	Weighting	Excellent (5)	Strong (4)	Good (3)	Adequate (2)	Weak (1)
Key Considerations and Metrics Informing our Factor Assessment include: -Risk Adjusted Return (Peers Comparison) -Risk (Peers Comparison) -Tracking Error for passive funds or strategies	25%	The performance of the investment vehicle is consistently among the top funds within its peer group with respect to risk-adjusted return and maximum drawdown metrics. For passive funds or strategies, tracking errors are extremely small.	The performance of the investment vehicle is strong and well above benchmarks and peers with respect to risk-adjusted return and maximum drawdown metrics. For passive funds or strategies, tracking errors are small.	Investment vehicles tend to show moderate and healthy performance with respect to risk-adjusted return and maximum drawdown metrics within the fund's peer group. For passive funds or strategies, tracking errors are within a reasonable range.	The performance of the investment vehicle is poor and well below benchmarks and peers with respect to risk-adjusted return and maximum drawdown metrics. For passive funds or strategies, tracking errors are obvious.	The performance of the investment vehicle consistently lags behind its peers and benchmarks with respect to risk-adjusted return and maximum drawdown metrics. For passive funds or strategies, tracking errors are extremely significant.

IV. Client Servicing	Weighting	Excellent (5)	Strong (4)	Good (3)	Adequate (2)	Weak (1)
Key Considerations and Metrics Informing our Factor Assessment include: -Satisfaction of basic investor needs -Investment reporting	10%	The asset manager has a long track record of providing excellent and extremely comprehensive client services. Investment result reporting is highly transparent and timely, and it is highly accessible through multiple channels to all investors.	The asset manager exhibits comprehensive and good client services to its customer base. The asset manager exhibits a very good client interface with transparent, flexible, and timely investment reporting.	The asset manager can meet basic investor needs, but the service is not comprehensive and flexible. Investment reporting is available on a regular basis rather than at the client's request.	The quality of client service is constrained by several weaknesses in meeting basic investors' needs. Investment reporting is not available in a timely and transparent manner.	Very poor client service. Fail to meet the basic investor's needs. There is a material weakness in reporting timeliness and accuracy.

中証鵬元國際
CSPI Ratings

DISCLAIMER

CSPI Credit Ratings Company Limited ("CSPI Ratings", "the Company", "we", "us", "our") publishes credit ratings and reports based on the established methodologies and in compliance with the rating process. For more information on policies, procedures, and methodologies, please refer to the Company's website www.cspi-ratings.com. The Company reserves the right to amend, change, remove, publish any information on its website without prior notice and at its sole discretion.

All credit ratings and reports are subject to disclaimers and limitations. CREDIT RATINGS ARE NOT FINANCIAL OR INVESTMENT ADVICE AND MUST NOT BE CONSIDERED AS A RECOMMENDATION TO BUY, SELL OR HOLD ANY SECURITIES AND DO NOT ADDRESS/REFLECT MARKET VALUE OF ANY SECURITIES. USERS OF CREDIT RATINGS ARE EXPECTED TO BE TRAINED FOR INDEPENDENT ASSESSMENT OF INVESTMENT AND BUSINESS DECISIONS.

CREDIT RATINGS ADDRESS ONLY CREDIT RISK. THE COMPANY DEFINES THE CREDIT RISK AS THE RISK THAT THE RATED ENTITY MAY NOT MEET ITS CONTRACTUAL AND/OR FINANCIAL OBLIGATIONS AS THEY BECOME DUE. CREDIT RATINGS MUST NOT BE CONSIDERED AS FACTS OF A SPECIFIC DEFAULT PROBABILITY OR AS A PREDICTIVE MEASURE OF A DEFAULT PROBABILITY. Credit ratings constitute the Company's forward-looking opinion of the credit rating committee and include predictions about future events which by definition cannot be validated as facts.

For the purpose of the rating process, the Company obtains sufficient quality factual information from sources which are believed by the Company to be reliable and accurate. The Company does not perform an audit and undertakes no duty of due diligence or third-party verification of any information it uses during the rating process. The issuer and its advisors are ultimately responsible for the accuracy of the information provided for the rating process.

Users of the Company's credit ratings shall refer to the rating symbols and definitions published on the Company's website. Credit ratings with the same rating symbol may not fully reflect all small differences in the degrees of risk, because credit ratings are relative measures of the credit risk.

NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS OR COMPLETENESS OF ANY INFORMATION GIVEN OR MADE BY THE COMPANY IN ANY FORM OR MANNER. In no event shall the Company, its directors, shareholders, employees, representatives be liable to any party for any damages, expenses, fees, or losses in connection with any use of the information published by the Company.

The Company reserves the right to take any rating action for any reasons the Company deems sufficient at any time and in its sole discretion. The publication and maintenance of credit ratings are subject to availability of sufficient information.

The Company may receive compensation for its credit ratings, normally from issuers, underwriters or obligors. The information about the Company's fee schedule can be provided upon the request.

The Company reserves the right to disseminate its credit ratings and reports through its website, the Company's social media pages and authorised third parties. No content published by the Company may be modified, reproduced, transferred, distributed or reverse engineered in any form by any means without the prior written consent of the Company.

The Company's credit ratings and reports are not intended for distribution to, or use by, any person in a jurisdiction where such usage would infringe the law. If in doubt, please consult the relevant regulatory body or professional advisor and ensure compliance with applicable laws and regulations.

In the event of any dispute arising out of or in relation to our credit ratings and reports, the Company shall have absolute discretion in all matters relating to resolving the dispute, including but not limited to the interpretation of disclaimers and policies.