

Funds

Ratings on mutual funds, worldwide

Overview

The LB-Rating module Funds is designed for assessing mutual funds. It relies, in particular, on information about a fund's asset and country allocation.

The rating algorithm is based on a scorecard approach, which combines quantitative and qualitative factors. Some of the quantitative factors are determined using a portfolio model. The system produces a rating that corresponds to the one-year probability of default (PD).

Funds has been in use since 2009.

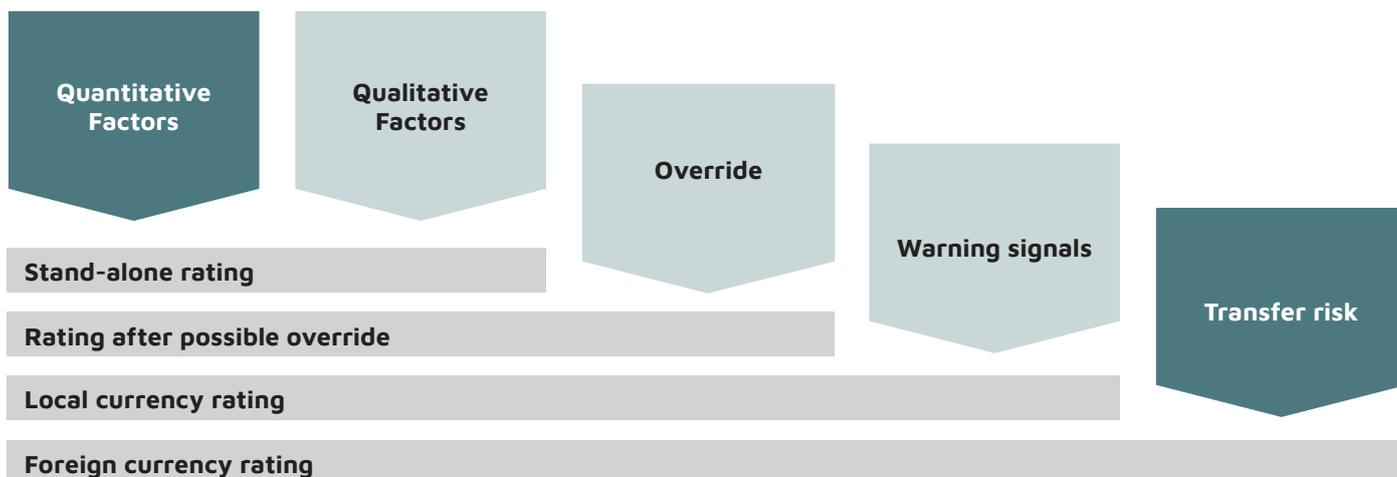
Scope of Application

The scope of application of the Funds module covers equity, bond, money market, commodities, mixed funds and fund of funds, whether actively or passively managed. This includes funds that are restricted to institutional investors provided that their basic structure and asset range are essentially similar to those of mutual funds.

Limitations

Other types of funds such as real estate, ship, private equity, ABS and structured product funds cannot be rated with the Funds module.

Rating Process



- Dark arrow: mainly data-based
- Bright arrow: mainly human judgement

Quantitative and Qualitative Factors

The combination of appropriately weighted quantitative and qualitative factors results in the statistical rating. Some of the quantitative factors are determined using a portfolio model.

Overrides and Warning Signals

If there are exceptional circumstances that have not been sufficiently taken into account otherwise, analysts can override a rating or enter a warning signal and change the rating manually.

Transfer Risk

In addition, the risk of restrictions on foreign currency transfers in the home country of the custodian bank or prime broker is taken into account.