

Astrea VI Pte. Ltd. Class A-1 Bonds Assigned Rating

March 18, 2021

Overview

- Astrea VI Pte. Ltd. is a CFO transaction backed by cash flows from a portfolio of 35 private equity funds, diversified by vintage, sector, geography, and strategy.
- We assigned our 'A+ (sf)' rating to the class A-1 bonds.
- The rating reflects the manager's substantial private equity fund investing experience and the portfolio's diversification and static nature, among other factors.

NEW YORK (S&P Global Ratings) March 18, 2021--S&P Global Ratings today assigned its 'A+ (sf)' rating to Astrea VI Pte. Ltd.'s Singapore dollar \$382 million (US\$285 million equivalent) class A-1 bonds. We did not rate the US\$228 million class A-2 and US\$130 million class B bonds from the transaction.

The bond issuance is a collateralized fund obligation (CFO) transaction backed by cash flows from a portfolio of 35 private equity funds, diversified by vintage, sector, geography, and strategy.

The rating reflects:

- The manager's (Azalea Investment Management Pte. Ltd.) substantial private equity fund investing experience.
- The diversification of the portfolio of funds, across fund managers, regions, investment sectors, and fund vintages.
- The bonds' legal maturity, which is 10 years from the issue date. Private equity funds' cash flows are less predictable than those of fixed-income instruments but have historically followed a J-curve, which may extend up to 10 years (see "CDO Spotlight: Global Criteria for Private Equity Securitization," published Jan. 18, 2006). A legal maturity date that generally matches the lifespan of a diversified portfolio of underlying private equity funds allows the transaction to be less susceptible to any short-term delay in fund distributions.
- The static nature of the private equity fund investments, which does not allow the manager to alter the portfolio composition through purchases of additional funds.

Related Criteria

- Criteria | Structured Finance | General: Global Framework For Payment Structure And Cash Flow Analysis Of Structured Finance Securities, Dec. 22, 2020

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- Criteria | Structured Finance | General: Counterparty Risk Framework: Methodology And Assumptions, March 8, 2019
- Criteria | Structured Finance | General: Foreign Exchange Risk In Structured Finance--Methodology And Assumptions, April 21, 2017
- Legal Criteria: Structured Finance: Asset Isolation And Special-Purpose Entity Methodology, March 29, 2017
- Criteria | Structured Finance | General: Global Framework For Assessing Operational Risk In Structured Finance Transactions, Oct. 9, 2014
- General Criteria: Global Investment Criteria For Temporary Investments In Transaction Accounts, May 31, 2012
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011
- Criteria | Structured Finance | CDOs: CDO Spotlight: Global Criteria For Private Equity Securitization, Jan. 18, 2006

Related Research

- Presale: Astrea VI Pte. Ltd., Feb. 25, 2021
- Take Notes: Private Equity Collateralized Fund Obligations Make An Appearance Amid COVID-19, Feb. 25, 2021
- As The Deadline For The Transition From LIBOR Approaches, Work Remains For U.S. Structured Finance, Oct. 6, 2020
- Global Structured Finance Scenario And Sensitivity Analysis: Understanding The Effects Of Macroeconomic Factors On Credit Quality, July 2, 2014

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