

# Astrea 7 Pte. Ltd. Class A-1 Bonds Assigned Rating

May 27, 2022

## Overview

- Astrea 7 Pte. Ltd. is a collateralized fund obligation transaction backed by cash flows from a portfolio of 38 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 funds investing experience and the portfolio's diversification and static nature, among other factors.

NEW YORK (S&P Global Ratings) May 27, 2022--S&P Global Ratings today assigned its 'A+ (sf)' rating to Astrea 7 Pte. Ltd.'s Singapore dollar 526 million (\$380 million equivalent) class A-1 bonds. We did not rate the \$175 million class A-2 and \$200 million class B bonds from the transaction.

The class A-1 bonds were issued at a higher balance than proposed at the time of our preliminary analysis. We ran the updated capital structure through our rating analysis and observed that the class A-1 bonds have sufficient enhancement at the 'A+ (sf)' rating under all of our stressed cash flow scenarios.

The bond issuance is a collateralized fund obligation transaction backed by cash flows from a portfolio of 38 private equity funds diversified by vintage, sector, geography, and strategy.

The rating reflects:

- The manager's (Azalea Investment Management Pte. Ltd.'s) substantial experience in private equity fund investing.
- The diversification of the portfolio of funds and across fund managers, regions, investment sectors, and fund vintages.
- The bonds' legal maturity, which is 10 years from the issue date. Cash flows in private equity funds 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.

### PRIMARY CREDIT ANALYST

**Christopher J Plumb, CFA**  
New York  
+1 (212) 438 0770  
christopher.plumb  
@spglobal.com

### SECONDARY CONTACT

**Jie Liang, CFA**  
New York  
+ 1 (212) 438 8654  
jie.liang  
@spglobal.com

### ANALYTICAL MANAGER

**Jay Srivats**  
San Francisco  
+ (347) 266-5103  
jay.srivats  
@spglobal.com

## **Related Criteria**

- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- Criteria | Structured Finance | General: Global Framework For Payment Structure And Cash Flow Analysis Of Structured Finance Securities, Dec. 22, 2020
- Criteria | Structured Finance | General: Counterparty Risk Framework: Methodology And Assumptions, March 8, 2019
- Criteria | Structured Finance | General: Incorporating Sovereign Risk In Rating Structured Finance Securities: Methodology And Assumptions, Jan. 30, 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 | General: Methodology For Servicer Risk Assessment, May 28, 2009
- Criteria | Structured Finance | CDOs: CDO Spotlight: Global Criteria For Private Equity Securitization, Jan. 18, 2006

## **Related Research**

- Take Notes: Private Equity Collateral Fund Obligations In 2022, May 12, 2022
- Presale: Astrea 7 Pte. Ltd., May 6, 2022
- Take Notes: Private Equity Collateralized Fund Obligations Make An Appearance Amid COVID-19, Feb. 25, 2021

Copyright © 2022 by Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. Rating-related publications may be published for a variety of reasons that are not necessarily dependent on action by rating committees, including, but not limited to, the publication of a periodic update on a credit rating and related analyses.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw or suspend such acknowledgment at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, [www.standardandpoors.com](http://www.standardandpoors.com) (free of charge), and [www.ratingsdirect.com](http://www.ratingsdirect.com) (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at [www.standardandpoors.com/usratingsfees](http://www.standardandpoors.com/usratingsfees).

STANDARD & POOR'S, S&P and RATINGSDIRECT are registered trademarks of Standard & Poor's Financial Services LLC.