



RATING ACTION COMMENTARY

Fitch Affirms Colorado Statewide Investment Pool - CSIP TERM Portfolio at 'AAAf'

Thu 25 Aug, 2022 - 4:59 PM ET

Fitch Ratings - New York - 25 Aug 2022: Fitch Ratings has affirmed the 'AAAf' International Fund Credit Quality Ratings (FCQR) for the Colorado Statewide Investment Pool - CSIP TERM Portfolio managed by PFM Asset Management LLC (PFMAM).

The term program is a series of fixed-rate, fixed-term portfolios with a maximum term of one year. Individual series will terminate within two years of their inception. The term program is designed to meet the cash flow requirements of investors with the cash flows from the portfolios. The term program consists of multiple series with staggered termination dates.

KEY RATING DRIVERS

The ratings reflect Fitch's review of the term program's investment and credit guidelines, and the portfolio's credit quality and diversification. The 'AAAf' FCQR indicates the highest underlying credit quality (or lowest vulnerability to default). FCQRs do not opine on the probability of extraordinary liquidity management measures being applied, nor the redemption risk of the fund.

ASSET CREDIT QUALITY

The main driver of the fund credit quality rating is the portfolio's high credit quality. As per the term program's investment policy, the objective of the portfolio includes the safety and preservation of principal, liquidity sufficient to meet the redemption schedule and highest earnings consistent with these objectives.

Investments in any portfolio are designed to comply with Colorado state statutes as well as additional standards set by PFMAM. As of the review date, the portfolio was primarily

invested in U.S. Treasuries, certificates of deposit and commercial paper. Other securities permitted by the term program investment policy may include municipal obligations, repurchase agreements and government money market funds. Securities are rated 'A/'F1' or equivalent.

The pool's weighted average rating factor (WARF) is in line with Fitch's 'AAAF' rating criteria of 0.3 or less. WARF is a risk-weighted measure of a portfolio of assets that accounts for the portfolio's credit quality and maturity profile.

PARTICIPANT PROFILE

The term program is comprised of monies deposited by cities, counties, school districts, political subdivisions, and other public investors within the state of Colorado.

The maturity profile of each term portfolio is managed to meet pre-set redemptions of the term portfolio's participants. Upon investing in the program, a participant selects a planned maturity date on which the portfolio seeks to produce a share price of \$1.00 for the participant that redeems on a stated date. Participants may request premature redemption, but the portfolios may charge significant penalties for any redemption prior to the agreed-upon redemption date and net asset value (NAV) may be more or less than \$1.00 per share.

SURVEILLANCE

Fitch receives monthly fund portfolio holdings information including credit quality, market value and duration of the individual securities to conduct surveillance against the bond fund rating criteria. For additional information about Fitch's bond fund ratings criteria, please review the criteria referenced below, available at www.fitchratings.com.

Fitch conducted stress tests as outlined in its rating criteria to test the sensitivity of the fund's ratings against potential changes in the portfolios' credit quality. Due to the pool's exposure to U.S. government, part of the stress tests included a one notch downgrade from 'AAA' to 'AA+'. A hypothetical downgrade of U.S. government to 'AA+' would not impact the pool, assuming no changes to the current portfolio.

INVESTMENT MANAGER

The program is managed by PFMAM, a subsidiary of U.S. Bancorp Asset Management, Inc. through acquisition as of Dec. 8, 2021. PFMAM is registered with the SEC under the Investment Advisers Act of 1940 and specializes in creating investment strategies and

managing funds for public sector, not-for-profit and other institutional clients. The firm is based in Harrisburg, Pennsylvania, and, when including affiliates, has more than 40 years of experience in managing public sector portfolios.

Fitch views the investment management capabilities, resource commitment, operational controls, compliance and oversight processes of the pool's investment advisor as appropriate for the assigned ratings and investment strategy.

RATING SENSITIVITIES

Factors that could, individually or collectively, lead to positive rating action/upgrade:

--Positive rating action is not applicable as the assigned rating is the highest ratings outcome under Fitch's bond fund ratings criteria.

Factors that could, individually or collectively, lead to negative rating action/downgrade:

--The rating is sensitive to material changes in the credit quality or market risk profiles of the portfolios. A material decrease in portfolio credit quality could result in a lower FCQR.

SOURCES OF INFORMATION

The sources of information used to assess this rating were the public domain and the investment manager.

RATING ACTIONS

ENTITY / DEBT ↕	RATING ↕		PRIOR ↕
Colorado Statewide Investment Pool - CSIP TERM Portfolio	Fund Cr Qual Rtg	AAAf Affirmed	AAAf

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APPLICABLE CRITERIA

[Bond Fund Rating Criteria \(pub. 16 Aug 2022\)](#)

ADDITIONAL DISCLOSURES

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ENDORSEMENT STATUS

Colorado Statewide Investment Pool - CSIP TERM Portfolio

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