

14 JUN 2023

Fitch Affirms the Texas Range Local Government Investment Program - TexasDAILY at 'AAAmmf'

Fitch Ratings - New York - 14 Jun 2023: Fitch Ratings has affirmed the 'AAAmmf' rating of Texas Range Local Government Investment Program - TexasDAILY (the fund), managed by PFM Asset Management LLC (PFMAM), following a regularly scheduled review of the sector.

KEY RATING DRIVERS

The key rating drivers for the affirmations are:

- The fund's overall credit quality and diversification;
- Low exposure to interest rate and spread risks;
- Holdings of daily and weekly liquid assets consistent with shareholder profiles;
- Asset maturity profiles meeting Fitch's rating criteria;
- The capabilities and resources of the investment advisor.

PORTFOLIO CREDIT QUALITY/DIVERSIFICATION

Consistent with Fitch's criteria for rating Money Market Funds (MMFs) at 'AAAmmf', the fund maintains a high credit quality portfolio by investing exclusively in short-term securities rated at least 'F1' by Fitch or the equivalent.

The fund is a local government investment pool that operates in a manner similar to a MMF. Funds rated 'AAAmmf' seek to manage their portfolios to limit exposure to individual issuers at less than or equal to 10% of net asset value (NAV), with no more than 5% of assets for those exposures above seven days in tenor. Minor and temporary deviations from these parameters may occur from time to time, mainly due to cash outflows. The fund also seeks to limit its individual repurchase agreement (repo) exposures to individual counterparties to 25% of NAV, provided the counterparties are rated 'F1' or higher and such repos are fully collateralized by high credit quality and liquid government securities.

In the case of repo with counterparties rated 'F2', the fund seeks to limit its exposure to individual counterparties to 10% of NAV, as long as the repo is collateralized by high quality government securities and matures in one week or less. The fund also seeks to limit its exposure to government agencies, with exposures above 35% of NAV to any one agency limited to short-dated securities.

The fund's Portfolio Credit Factor (PCF) was in line with Fitch's 'AAAmmf' rating criteria of 1.50 or less at

the time of this review. PCF is a risk-weighted measure that considers the credit quality and maturity profile of the portfolio securities.

MATURITY PROFILE

Funds rated 'AAAmmf' seek to limit interest rate and spread risk by maintaining their weighted average maturities (WAM) and weighted average lives (WAL) below 60 days and 120 days, respectively.

LIQUIDITY PROFILE

Funds rated 'AAAmmf' seek to maintain sufficient levels of daily and weekly liquidity to meet redemption requests. Specifically, taxable funds rated 'AAAmmf' invest at least 10% of total assets in securities offering daily liquidity and at least 30% of total assets in securities providing weekly liquidity in line with Fitch's rating criteria.

Fitch's MMF Rating Criteria also considers the degree of shareholder diversification and the manager's distribution platform and investor-related risk controls.

SURVEILLANCE

Fitch receives bi-weekly fund portfolio holdings information including the credit quality and maturity of the individual securities to conduct surveillance against the MMF Rating Criteria. For additional information about Fitch MMF Rating Criteria, please review the criteria referenced below, which can be found on Fitch's website.

INVESTMENT MANAGER

The pool is managed by PFMAM, a subsidiary of U.S. Bancorp Asset Management, Inc. As of March 31, 2023, PFMAM had approximately \$210.2 billion in total assets under management and advisement.

Fitch views the investment advisor's capabilities, resource commitments, operational controls, corporate governance, and compliance procedures as consistent with the rating assigned to the fund.

RATING SENSITIVITIES

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

--Not applicable as the assigned rating is the highest rating outcome under the MMF rating scale.

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

--Material declines in credit quality that would lead to sustained breaches of PCF or exposure to 'F2'-rated securities;

--Significant outflows that lead to materially reduced liquidity, and would lead to sustained breaches of liquidity metrics outlined in Fitch's criteria;

--Material and sustained breaches of other metrics outlined in the criteria for 'AAAmmf' MMFs.

SOURCES OF INFORMATION

The sources of information used to assess this rating were the fund's investment advisor and/or fund administrator and the public domain.

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Rating Actions

ENTITY/DEBT	RATING	RECOVERY	PRIOR	
Texas Range Local Government	MMF	AAAmmf	Affirmed	AAAmmf

ENTITY/DEBT	RATING	RECOVERY	PRIOR
Investment Program - TexasDAILY			

RATINGS KEY OUTLOOK WATCH

POSITIVE	⊕	◊
NEGATIVE	⊖	◊
EVOLVING	◊	◆
STABLE	◐	

Applicable Criteria

[Money Market Fund Rating Criteria \(pub.02 Nov 2021\)](#)

Additional Disclosures

[Solicitation Status](#)

[Endorsement Status](#)

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