



Fitch Affirms Payden & Rygel Managed Florida LGIPs' Ratings

Fitch Ratings-New York-21 September 2018: Fitch Ratings has affirmed the Florida Trust Day to Day Fund at 'AAAmmf' and the International Fund Credit Quality Ratings (FCQR) and Fund Market Risk Sensitivity Rating for the Florida Local Government Investment Trust - Short Term Bond Fund, managed by Payden & Rygel at 'AAAf/S1'.

KEY RATING DRIVERS - Florida Trust Day to Day Fund

The affirmation of the 'AAAmmf' rating for the Florida Trust Day to Day Fund reflects:

- 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 profile and concentration;
- Maturity profile consistent with Fitch's 'AAAmmf' rating criteria;
- The capabilities and resources of Payden & Rygel.

PORTFOLIO CREDIT QUALITY/DIVERSIFICATION - Florida Trust Day to Day Fund

The fund seeks to maintain a diversified, high credit quality portfolio consistent with Fitch's criteria for 'AAAmmf' rated money market funds (MMFs), by investing in highly rated securities with limited exposure to individual issuers.

MATURITY PROFILE

The fund is managed to comply with the risk-limiting provisions of SEC Rule 2a-7 for money market funds. Consistent with Fitch's criteria for 'AAAmmf' rated money market funds (MMFs), the fund also limits the maturity date of any single investment to 397 days with the exception of floating-rate securities issued by highly rated sovereigns, supranational, or government agencies benefiting from strong market liquidity, which could have maturities as long as 762 days.

LIQUIDITY PROFILE

The maturity profile of the pool is managed to meet anticipated cash flow needs of the pool's participants. Specifically, the fund invests 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 'AAAmmf' rating criteria.

FUND OBJECTIVE

The investment objectives for the fund are a stable share price and as high a level of current income as is consistent with preservation of principal and liquidity.

KEY RATING DRIVERS - Florida Local Government Investment Trust - Short Term Bond Fund

The affirmation of the 'AAAf' rating for the Florida Local Government Investment Trust - Short Term Bond Fund reflects:

- The fund's overall credit quality and diversification.

The affirmation of the 'S1' rating on the Florida Local Government Investment Trust - Short Term Bond Fund reflects:

--Low sensitivity to market risk.

The affirmation of both ratings reflects:

- The fund's investment and credit guidelines;
- The capabilities and resources of Payden & Rygel.

PORTFOLIO CREDIT QUALITY/DIVERSIFICATION

The main driver of the fund credit ratings is the high credit quality of the portfolio. As per the portfolio's investment policies, permissible securities include securities rated at least 'A' or equivalent.

In terms of asset diversification, as of the date of the review, the portfolio primarily invested in asset-backed securities, U.S. government agency securities, U.S treasury securities and corporate bonds. Other securities permitted by investment guidelines include repurchase agreements, municipal bonds, and obligations of U.S. state and local entities.

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

PORTFOLIO SENSITIVITY TO MARKET RISK

Market risk is mitigated by the duration of the pool, as well as the high allocation to agency securities. As of the review date, the pool's duration corresponds to a 'S1' fund sensitivity rating.

FUND OBJECTIVE

The fund was launched in 1992 and sponsored by the Florida Court Clerks and Comptrollers and the Florida Association of Counties. The Short Term Bond Fund's objective includes the safety and preservation of principal, liquidity sufficient to meet the redemption schedule and income consistent with these objectives.

INVESTMENT ADVISOR

Both funds are managed by Payden & Rygel. Payden & Rygel specializes in low duration strategies and managing funds for institutional clients including public/government entities. As of Jun. 30, 2018, Payden & Rygel had approximately \$112 billion in total assets.

Fitch views Payden & Rygel's investment advisory capabilities, financial and resource commitments, operational controls, corporate governance and compliance procedures as consistent with the 'AAAmf' and 'AAAf/S1' ratings assigned to the Florida Trust Day to Day Fund and Florida Local Government Investment Trust - Short Term Bond Fund, respectively.

RATING SENSITIVITIES

Florida Trust Day to Day Fund: The rating may be sensitive to material changes in the credit quality, market risk, and/or liquidity profiles of the fund. Temporary deviations from metrics outlined in Fitch's criteria need not automatically result in a rating change, provided the fund manager is able to address them with credible near-term remedial actions. However, material adverse and continued deviations from Fitch's guidelines for any key rating driver may lead to the rating being placed on Rating Watch Negative or downgraded.

Florida Local Government Investment Trust - Short Term Bond Fund: The ratings are sensitive to material changes in the credit quality or market risk profiles of the funds. A material decrease in portfolio credit

quality could result in the FCQR being lowered.

Fitch conducted stress tests as outlined in its rating criteria to test the sensitivity of the funds' ratings against potential changes in the portfolios' credit quality.

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Applicable Criteria

Global Bond Fund Rating Criteria (pub. 22 Aug 2016) (<https://www.fitchratings.com/site/re/882068>)

Global Money Market Fund Rating Criteria (pub. 20 Nov 2017) (<https://www.fitchratings.com/site/re>)

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