



RATING ACTION COMMENTARY

Fitch Affirms Payden & Rygel Managed Florida LGIP at 'AAAf'/'S1'

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Fitch Ratings - New York - 16 Sep 2019: Fitch Ratings has affirmed the 'AAAf'/'S1' International Fund Credit Quality Ratings (FCQR) and Fund Market Risk Sensitivity Rating to the Florida Local Government Investment Trust - Short Term Bond Fund, managed by Payden & Rygel.

The ratings reflect Fitch's review of the fund's investment and credit guidelines, the portfolio's credit quality, and diversification. The 'AAAf' FCQR indicates the highest underlying credit quality (or lowest vulnerability to default). The 'S1' rating indicates a very low sensitivity to market risk. On a relative basis, changes in net asset value are expected to exhibit high stability, showing low relative volatility across a broad range of market scenarios.

KEY RATING DRIVERS

Asset Credit Quality

The main driver of the fund's credit rating 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 Risks

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 MANAGER

The fund is managed by Payden & Rygel, who specializes in low duration strategies and managing funds for institutional clients including public/government entities. As of June 30, 2019, Payden & Rygel had approximately \$114 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 'AAAf'/'S1' ratings assigned to the Florida Local Government Investment Trust - Short Term Bond Fund.

RATING SENSITIVITIES

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 fund's ratings against potential changes in the portfolios' credit quality.

RATING ACTIONS

| ENTITY/DEBT | RATING | | | PRIOR |
|--|------------------|------|----------|-------|
| Florida Local Government Investment Trust - Short Term Bond Fund | Fund Cr Qual Rtg | AAAf | Affirmed | AAAf |
| ● | Sensitivity | S1 | Affirmed | S1 |

[VIEW ADDITIONAL RATING DETAILS](#)

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APPLICABLE CRITERIA

[Bond Fund Rating Criteria \(pub. 22 Jul 2019\)](#)

ADDITIONAL DISCLOSURES

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ENDORSEMENT STATUS

Florida Local Government Investment Trust - Short Term Bond Fund

EU Endorsed

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Fund and Asset Managers North America United States
