

North Carolina Cooperative Liquid Assets Securities System Assigned 'AAAm' Principal Stability Fund Rating

January 30, 2023

CENTENNIAL (S&P Global Ratings) Jan. 30, 2023--S&P Global Ratings today said it assigned its 'AAAm' principal stability fund rating (PSFR) to the North Carolina Cooperative Liquid Assets Securities System (NC CLASS). The PSFR reflects our view of the creditworthiness of the fund's investments and counterparties, market price exposure, its investments' maturity structure, and management's ability to maintain the fund's net asset value, including the policies that it has implemented for this purpose. We expect the pool to launch in the first quarter of 2023.

The rating 'AAAm' is the highest PSFR we assign and indicates an extremely strong capacity to maintain principal stability and to limit exposure to principal losses caused by credit risk. The maximum weighted average maturity of the portfolio is 60 days, and the maximum weighted average life to maturity of the fund's portfolio can range from 90 to 120 days, in accordance with the stated metrics for 'AAAm' PSFRs. In our view, a portfolio's weighted average maturity is a key measure of a fund's tolerance and sensitivity to rising interest rates. A fund achieves a 'AAAm' rating through conservative investment practices and strict internal controls. We monitor principal stability fund ratings on a weekly basis.

NC CLASS is a commingled investment pool established by interlocal agreement pursuant to N.C.G.S. Chapter 160, Article 20. The pool will be managed to comply with the requirements of North Carolina law, specifically N.C.G.S. Section 159-30 or other laws of the State of North Carolina governing the investment of monies of a local government unit. The investment objective of NC CLASS is to preserve principal, provide daily liquidity, earn a competitive rate of return, and maintain a stable \$1.00 net asset value per share. NC CLASS will seek to achieve its investment objectives by investing in various money market security types, including:

- U.S. Treasury securities,
- Certain U.S. agencies,
- Municipal obligations of North Carolina,
- Commercial paper,
- Savings certificates,
- Repurchase agreements, and
- Mutual funds certified by the Local Government Commission.

All participants are voluntary, and the net asset value in the fund is calculated daily using a

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mark-to-market method.

Public Trust Advisors LLC (PTA), based in Denver, is the investment adviser and administrator for the fund. PTA currently manages 12 local government investment pools rated 'AAAm' by S&P Global Ratings, including NC CLASS. As of Dec. 31, 2022, PTA's discretionary assets under management and administration totaled US\$65 billion. Fifth Third Bank N.A. is the custodian for NC CLASS.

Related Criteria

- Criteria | Financial Institutions | Fixed-Income Funds: Principal Stability Fund Rating Methodology, June 23, 2016

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

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