

U.S. FIT: Texas Fixed Income Trust Government Pool Assigned 'AAAm' Rating

December 18, 2019

DALLAS (S&P Global Ratings) Dec. 18, 2019--S&P Global Ratings today assigned its 'AAAm' principal stability fund rating (PSFR) to the Texas Fixed Income Trust Government Pool (TX-FIT Govt Pool). It is a public fund investment pool series that operates under the U.S. Fixed Income Trust, an intergovernmental investment pool registered in Delaware on March 1, 2019.

The PSFR reflects our view of the creditworthiness of the fund's investments and counterparties, 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. A fund rated 'AAAm' demonstrates extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit risk. The fund, which we expect will launch in the near future, is a government money market fund.

The TX-FIT Govt Pool's objectives are to provide safety of capital, a stable net asset value of \$1.00 per share, and investment income, while also providing same-day liquidity to its participants. In accordance with PSFR guidelines, the fund's weighted average maturity is limited to a maximum of 50 days and a weighted average life of 110 days, which are shorter than the maximums normally allowed for 'AAAm' rated funds. This is due to the fund being a start-up, the potential net asset value volatility that may arise due to high shareholder concentration in the beginning as the fund gains assets, and to account for management's limited experience managing a fund under PSFR guidelines. We will review the weighted average maturity and weighted average life limits as the fund grows.

The fund is authorized to purchase U.S. government securities, agencies, and instrumentalities; Federal Deposit Insurance Corp.-insured certificates of deposit and bank deposits; repurchase agreements; and money market funds.

U.S. Bank N.A. is the custodian, and U.S. Bank Global Fund Services is the administrator.

Wertz York Capital Management Group LLC, d/b/a Water Walker Investments, based in Tampa, is the investment adviser for the fund and has assets under administration and advisement of \$5.4 billion as of Dec. 16, 2019. It is also the investment adviser for four other local government investment pools rated under our fund credit quality rating and fund volatility rating methodology.

We will monitor the TX-FIT Govt Pool's portfolio on a weekly basis as part of the surveillance process.

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Related Criteria

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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