

North Carolina Investment Pool – Liquid Portfolio

Key Rating Drivers

Portfolio: The North Carolina Investment Pool (NCIP) – Liquid Portfolio was established to invest the idle funds of local and state government entities within the state in various high quality money market investments, in accordance with North Carolina General Statute 159-30. See the chart at bottom right for a recent breakout of the portfolio’s asset allocation.

Maturity: The portfolio seeks to limit interest rate and spread risk by maintaining a weighted average maturity and a weighted average life below 60 days and 120 days, respectively, consistent with Fitch Ratings’ ‘AAAmf’ criteria.

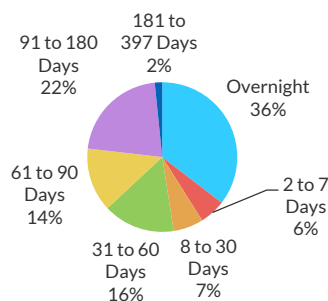
Investor Base/Liquidity Management: The portfolio comprises moneys deposited by North Carolina local government entities. The investment portfolio is structured to provide sufficient liquidity to pay expected redemptions. The portfolio invests at least 10% of total assets in daily liquid assets and at least 30% of total assets in weekly liquid assets, as outlined in its Information Statement. The portfolio seeks to maintain a stable NAV and provides same-day liquidity for participants.

Investment Adviser: PFM Asset Management LLC (PFMAM) serves as the portfolio’s investment adviser and administrator. PFMAM is registered with the SEC under the Investment Advisers Act of 1940, and it specializes in creating investment strategies and managing funds for public sector, not-for-profit and other institutional clients.

Oversight: Portfolio oversight and operational controls are consistent with the assigned rating. The portfolio is managed in accordance with PFMAM’s fixed income investment committee strategy and expertise in managing fixed income portfolios in the credit markets; however, it must follow state guidelines and parameters of the portfolio’s investment policy statement. The PFMAM Credit Risk Committee holds monthly meetings and intra-month meetings as needed.

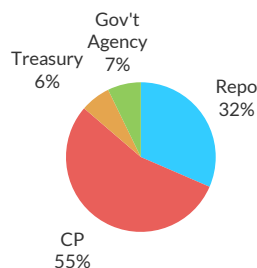
Rating Rationale: The NCIP – Liquid Portfolio is rated ‘AAAmf’ by Fitch. The ‘AAAmf’ rating assigned to the portfolio indicates an extremely strong capacity to achieve the investment objective of preserving principal and providing liquidity by limiting credit, market and liquidity risk. Fitch’s portfolio evaluation also considered the management and operational capabilities of PFMAM, along with the legal and regulatory framework under which the portfolio operates.

North Carolina Investment Pool – Liquid Portfolio – Maturity Distribution
(As of Dec. 31, 2022)



Source: PFMAM

North Carolina Investment Pool – Liquid Portfolio – Asset Allocation
(As of Dec. 31, 2022)



Source: PFMAM

Pool Characteristics

Data as of: Dec. 31, 2022	
Fund Rating	AAAmf
Assets (\$ Mil.)	416.78
Weighted Average Maturity (Days)	27
Weighted Average Life (Days)	51
Investment Adviser	PFM Asset Management LLC
Objective	The portfolio’s objective is to earn the highest income consistent with preserving principal and maintaining liquidity. The portfolio seeks to maintain a stable NAV of \$1 per share.
Inception Date	May 2021

Source: Fitch Ratings, PFMAM

Applicable Criteria

[Money Market Fund Rating Criteria \(November 2021\)](#)

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