

# North Carolina Investment Pool – Liquid Portfolio Assigned 'AAAm' Principal Stability Fund Rating

April 29, 2021

NEW YORK (S&P Global Ratings) April 29, 2021--S&P Global Ratings today said it assigned its 'AAAm' principal stability fund rating (PSFR) to the North Carolina Investment Pool (NCIP) – Liquid Portfolio. 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 soon.

The 'AAAm' rating 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.

The investment objective of the NCIP – Liquid Portfolio is to earn the highest income consistent with preserving principal and maintaining liquidity, and to maintain a stable \$1.00 net asset value per share. The NCIP - Liquid Portfolio seeks to achieve its investment objective by investing in various money market security types, including U.S. Treasury securities, U.S. government agencies and government-sponsored enterprises, bankers' acceptances, commercial paper, repurchase agreements, North Carolina municipal obligations, and collateralized or Federal Deposit Insurance Corp.-insured bank deposits. The NCIP – Liquid Portfolio seeks to be compliant with GASB 79. All participants are voluntary, and the net asset value in the fund is calculated daily.

PFM Asset Management LLC, based in Harrisburg, Pa., is the investment adviser and administrator for the fund. PFM currently manages nearly 20 'AAAm' rated local government investment pools. NCIP – Liquid Portfolio is a comingled local government investment pool created in accordance with North Carolina General Statute 159-30(c)(10), and formed by an interlocal agreement entered into in accordance with North Carolina General Statutes 160A-461 through 464, for units of local government in North Carolina to pool their idle funds for investment purposes. As of Dec. 31, 2020, PFM's discretionary and nondiscretionary assets under management totaled US\$120.6 billion and US\$43.4 billion, respectively. U.S. Bank N.A. is the custodian.

A fund rated 'AAAm' demonstrates extremely strong capacity to maintain principal stability and to limit exposure to principal losses as a result of credit risk. 'AAAm' is the highest principal stability fund rating that we assign. A fund achieves such a rating through conservative investment practices and strict internal controls. We monitor principal stability fund ratings on a weekly basis.

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## 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](http://www.standardandpoors.com) for further information. Complete ratings information is available to subscribers of RatingsDirect at [www.capitaliq.com](http://www.capitaliq.com). All ratings affected by this rating action can be found on S&P Global Ratings' public website at [www.standardandpoors.com](http://www.standardandpoors.com). Use the Ratings search box located in the left column.

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