

RATING ACTION COMMENTARY

Fitch Assigns 'AAAf' Rating to WGIF TERM Series

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Fitch Ratings - New York - 27 Jun 2024: Fitch Ratings has assigned a 'AAAf' International Fund Credit Quality Rating (FCQR) to the Wyoming Government Investment Fund - WGIF TERM Series, managed by PFM Asset Management LLC (PFMAM).

The WGIF TERM Series is a series of fixed-rate, fixed-term portfolios each with a maximum term of two years and a maximum maturity of one year for underlying holdings. WGIF TERM Series are designed to match the cash flow requirements of investors with the cash flows from the portfolio.

The WGIF TERM Series is part of the Wyoming Government Investment Fund (WGIF), which is a statutory trust organized and existing under the laws of the state of Wyoming. WGIF was established in 1996, for the purpose of allowing Wyoming governmental entities to pool their investment funds to obtain the highest potential investment yield.

The WGIF TERM Series is a variable net asset value (NAV) vehicle, although, the ratings assigned by Fitch do not speak to the volatility of the NAV. Fitch's rating addresses the overall credit profile and vulnerability to losses as a result of defaults. The WGIF TERM Series has not received initial participant investments. Therefore, Fitch used a representative model portfolio to complete the analysis for the assigned ratings. Fitch's analysis also considered the term series' investment policy and applicable Wyoming state statutes. The initial series of WGIF TERM Series is expected to launch July 1, 2024.

KEY RATING DRIVERS

The rating reflects Fitch's review of the WGIF TERM Series' investment and credit guidelines, expected credit quality and diversification, as well as the capabilities of PFMAM to manage the assets of the term portfolio. The 'AAAf' FCQR indicates the highest underlying credit quality (or lowest vulnerability to default).

Asset Credit Quality

The main driver of the FCQR is the high credit quality and relatively short-term maturity profile of the model portfolio reviewed. The model portfolio's weighted average rating factor (WARF) was 0.16, in line with Fitch's 'AAAF' rating criteria of 0.3 or less. WARF is a risk-weighted measure of a portfolio of assets that accounts for the portfolio's credit quality and maturity profile.

Each series of the WGIF TERM Series can invest exclusively in securities consistent with permitted investments, including obligations of the U.S. government and its agencies and instrumentalities, repurchase agreements, banker's acceptances, commercial paper, collateralized or FDIC insured bank deposits or certificates of deposit, floating-rate and variable-rate obligations, money market mutual funds, and other pooled investment vehicles.

The primary objective of the WGIF TERM Series is to produce the highest earnings consistent with maintaining principal at maturity and meeting the redemption schedule.

Maturity Profile

Each series of WGIF TERM Series is a fixed rate investment with a maximum two-year term from inception. Underlying holdings in each series may have maturities ranging from 60 days to one year. Multiple series of the WGIF TERM Series are created with staggered maturity dates and series-specific termination dates.

Each series of the WGIF TERM Series seeks to assure the return of principal on the planned maturity date, although principal value may fluctuate prior to that date, and therefore may be greater or less than \$1.00 a share.

Participant Profile

The WGIF TERM Series is offered exclusively to Wyoming public entities.

Stress Tests

Fitch conducted stress tests as outlined in its rating criteria to test the sensitivity of the WGIF TERM Series rating to potential changes in the portfolio's credit quality. The stress scenarios included assuming downgrades to the largest underlying issuers.

After running the portfolio through the stressed scenarios, there was no material deterioration in the underlying scores that support the pool's assigned FCQR. Fitch views the term portfolio's credit quality and maturity profile as consistent with the assigned rating level.

PORTFOLIO COMPOSITION

As of this review, 85% of the market value of the WGIF TERM Series' model portfolio was allocated to commercial paper maturing within one year. The remaining 15% of the model portfolio was invested in U.S Government Agency Securities and U.S. Treasuries. The model portfolio did not utilize any leverage as of the review date.

DERIVATIVES

The WGIF TERM Series model portfolio does not use derivatives for hedging or speculative purposes.

SURVEILLANCE

Fitch expects to receive monthly fund portfolio holdings information including credit quality, market value and duration of the individual securities to conduct surveillance against the Bond Fund Rating criteria.

INVESTMENT MANAGER

The portfolio is managed by PFMAM, a subsidiary of U.S. Bancorp Asset Management, Inc. PFMAM is registered with the SEC under the Investment Advisers Act of 1940 and specializes in creating investment strategies and managing funds for public sector, not-for-profit and other institutional clients. The firm is based in Harrisburg, Pennsylvania, and has more than 40 years of experience in managing public sector portfolios. As of March 31, 2024, PFMAM had approximately \$192.0 billion in total assets under management and advisement.

Fitch views the investment management capabilities, resource commitment, operational controls, compliance and oversight processes of the investment advisor as appropriate for the assigned rating and investment strategy.

RATING SENSITIVITIES

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

A material decrease in portfolio credit quality and/or a material increase in portfolio duration could result in the series' WARFs to exceed 0.30, which could result in the FCQR being lowered. However, Fitch views this as unlikely in the near term absent significant credit migration or a change in the fund's investment strategy.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

A positive rating action is not applicable as the assigned rating is the highest rating outcome under Fitch's Bond Fund Ratings criteria.

SOURCES OF INFORMATION

The sources of information used to assess this rating were the public domain and the investment advisor.

RATING ACTIONS

ENTITY / DEBT ↕	RATING ↕
Wyoming Government Investment Fund - Term Series	Fund Cr Qual Rtg AAAf New Rating

[VIEW ADDITIONAL RATING DETAILS](#)

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APPLICABLE CRITERIA

[Bond Fund Rating Criteria \(pub. 16 Aug 2022\)](#)

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[Solicitation Status](#)

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ENDORSEMENT STATUS

Wyoming Government Investment Fund - Term Series

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