Riverside County Treasurer's Pooled Investment Fund

Full Rating Report

Ratings

Security Class	Current Ratings
Riverside County Treasurer's Pooled Investment Fund	AAA/V1

Key Rating Drivers

High Credit Quality Portfolio: The Riverside County Treasurer's Pooled Investment Fund invests primarily in U.S. Treasury and government agency securities as well as commercial paper and certificates of deposit of highly rated entities.

Low Sensitivity to Market Risk: The portfolio is invested to meet anticipated withdrawals and redemptions. Market risk is mitigated by the liquid nature of the U.S. Treasury and government agency securities, which comprise the majority of its investments.

Predictable Cash Flows: The portfolio benefits from the highly predictable cash outflow needs of the largely captive participant base, including Riverside County and all of its school districts.

Appropriate Portfolio Management and Oversight: Portfolio oversight and operational controls are consistent with the assigned ratings. The county of Riverside treasurer's office is the fund's investment advisor.

What Could Trigger a Rating Action

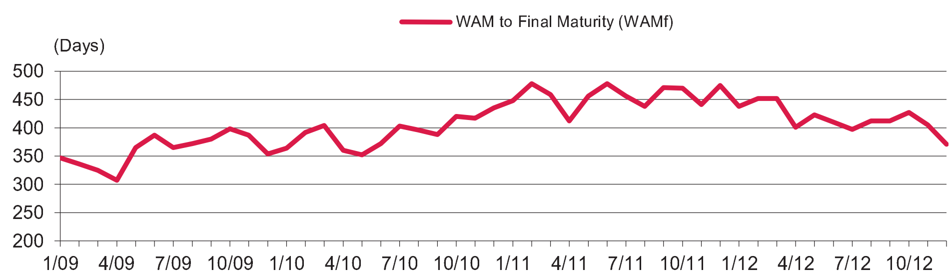
Changes in Portfolio Composition: The ratings may be sensitive to material changes in the composition, credit quality, or liquidity profile of the portfolio. A materially adverse deviation from Fitch Ratings' guidelines for any key rating driver could cause ratings to be lowered by Fitch. For example, a material decrease in portfolio credit quality could result in the fund credit ratings being lowered, while a material increase in portfolio duration could result in fund volatility ratings being lowered.

Changes in U.S. Financial Condition: Given that the portfolio consists largely of U.S. Treasury and government agency securities, the ratings may also be sensitive to materially adverse changes in the U.S. government's financial condition and that of the broader U.S. economy. On July 10, 2012, Fitch affirmed the 'AAA' IDR/Negative Rating Outlook on the U.S. due to continued economic uncertainty.

Analysts
Gwen Fink-Stone, J.D.
+1 212 908-9128
gwen.fink-stone@fitchratings.com

Viktoria Baklanova, PhD, CFA
+1 212 908-9162
viktoria.baklanova@fitchratings.com

Portfolio Weighted Average Maturity
(As of Dec. 31, 2012)



Source: Riverside County Treasurer's Pooled Investment Fund.

Riverside County, California

Rating Rationale

The Riverside County Treasurer's Pooled Investment Fund is a California-based local government investment pool (LGIP) rated 'AAA/V1' by Fitch, reflecting the high credit quality of portfolio assets and the low sensitivity to market risk.

The 'AAA' fund credit rating reflects the pool's vulnerability to losses as a result of defaults in its portfolio and is based on the actual and prospective average credit quality of the pool's investments. As such, the pool is expected to maintain a weighted average portfolio rating of 'AAA', taking into account certain adjustments for the reduced credit risk of short-term securities.

The 'V1' fund volatility rating reflects the relative sensitivity of the pool's net asset value to changes in credit spreads and interest rates as well as certain other market risk parameters. Local government investment pools (LGIPs) with 'V1' fund volatility ratings are considered to have very low sensitivity to market risk, as evidenced by highly stable total returns across a broad range of market scenarios.

Generally, short-term government or high-quality bond funds offer very low-risk exposure to interest rates, credit spreads, and other risk factors. As such, the portfolios of short-term or high-quality bond funds typically receive a Fitch market risk factor of less than or equal to two, which corresponds to a fund volatility rating of 'V1'.

Fitch's evaluation of the Riverside County Treasurer's Pooled Investment Fund also considers the management and operational capabilities of the Riverside County treasurer/tax collector and the legal framework under which the pool operates. Portfolio valuation reports are submitted to Fitch on a monthly basis. As of Dec. 31, 2012, the pool had approximately $6.0 billion in assets under management.

Organizational Overview

The county of Riverside is located in Southern California. The Riverside County Treasurer's Pooled Investment Fund is managed by the Riverside County treasurer/tax collector on behalf of the county, school districts, and other special districts. The treasurer/tax collector's office is composed of approximately 102 employees in three office locations.

Don Kent, the Riverside County treasurer/tax collector, is responsible for overseeing the pool's investments and operations. Kent joined the Riverside County treasurer/tax collector's office as assistant investment officer in May 1997 and has held various positions since that time. Kent was appointed treasurer/tax collector on Oct. 28, 2008, and was later elected to a four-year term on June 8, 2010. Kent earned a bachelor's of science degree in business administration with an emphasis in finance from California State University, San Bernardino.

In accordance with California government code, an investment oversight committee, composed of representatives of pool participants and the public, reviews the pool's investment practices and policies on a quarterly basis. The committee is required to complete an annual audit to ensure compliance with established investment policies.

Additionally, external audits are conducted at least biannually by an independent auditing firm. Investments and collateral are held in custody by the county's custodial bank, Union Bank (rated A/F1/Stable).

Related Criteria

Global Bond Fund Rating Criteria (August 2012)

Portfolio Investment Practices

The pool's first investment objective is to safeguard investment principal, the second objective is to maintain sufficient liquidity within the portfolio to meet daily cash flow requirements, and the third objective is to achieve a reasonable rate of return or yield on the portfolio.

The pool seeks to pursue its investment objectives by investing in a diversified portfolio of securities rated 'A' or higher authorized under the California government code and as further restricted by the pool's investment policy statement, which is reviewed by the treasurer on a periodic basis.

Under its investment policy statement, the pool is permitted to enter into repurchase agreements with counterparties rated at least 'A/F1' by Fitch or equivalent and overcollateralized by at least 102%. Repurchase agreement collateral is restricted to U.S. Treasury and government agency securities, agency mortgages, commercial paper, and banker's acceptances. As of Dec. 31, 2012, the pool held 6.7% of its portfolio assets in repurchase agreements.

In accordance with its investment policy statement and California government code, the pool retains the ability to enter into reverse repurchase agreements and securities lending, as needed, to meet short-term unanticipated cash flow requirements.

The pool is permitted to enter into reverse repurchase agreements so long as the total value does not exceed 10% of the base value of the portfolio and the terms of the agreements are within 60 calendar days. The pool may engage in securities lending activity limited to 20% of the portfolio's book value on the date of the transaction. The pool did not make use of these programs during 2012.

Asset Credit Quality

Pursuant to its investment guidelines, the pool invests in securities that are rated at least 'A' by Fitch or equivalent, including:

- U.S. Treasury notes and bills.
- Other obligations that, by their terms, are backed by the full faith and credit of the U.S. government.
- Bonds, notes, warrants, or certificates of indebtedness issued by the state of California or local agencies, or the county of Riverside.
- Local agency obligations.
- Medium-term notes or corporate notes.
- CalTRUST short-term fund.
- Money market obligations including commercial paper, certificates of deposit, collateralized time deposits, bankers' acceptances, repurchase agreements, reverse repurchase agreements, and money market accounts.
- Municipal securities.

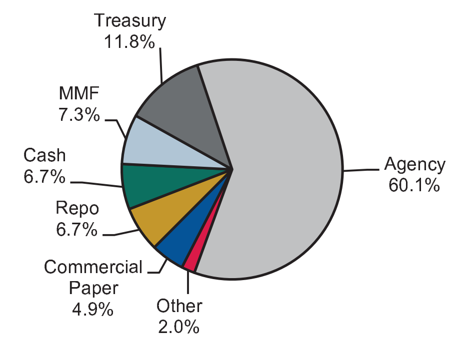
The pool's investment team monitors the investments in the portfolio on a continuing basis. In the event of a downgrade of a security, the treasurer is promptly notified. In the event of a downgrade below the minimum credit ratings, the security is evaluated on a case-by-case basis to determine whether to hold or dispose of the security.

As of Dec. 31, 2012, 60.6% of the portfolio was invested in 'AAA' quality U.S. agency securities, and 11.8% was invested in U.S. Treasuries. The balance of the pool was invested in various money market securities issued by highly rated entities, including 4.9% in commercial paper of financial and nonfinancial corporations, 1.1% in municipal bonds, and 14.0% in other money market obligations, including cash.

Weighted Average Rating Factor

Based on the pool's credit quality and maturity profile as of Dec. 31, 2012, the fund's weighted average rating factor was consistent with an 'AAA' fund credit rating. The credit factors for portfolio securities maturing within 13 months were reduced in recognition of the lower default probability of such securities relative to longer-dated securities. As of Dec. 31, 2012, securities maturing in 13 months or less represented approximately 67.7% of the portfolio.

Portfolio Composition
(As of Dec. 31, 2012)



Note: Numbers may not add to 100% due to rounding.
Source: Riverside County Treasurer's Pooled Investment Fund.

In calculating a fund's WARF, Fitch's applies higher credit rating factors for 'AAA' securities with Negative Rating Outlooks versus 'AAA' securities with Stable Rating Outlooks. While the effect of Fitch's placement of the U.S. long-term rating on Negative Rating Outlook on Nov. 28, 2011 and its subsequent affirmation on July 10, 2012 marginally increased the WARF for the Riverside County Treasurer's Pooled Investment Fund, the WARF remains consistent with its assigned fund credit rating.

Rating Distribution and Minimum Ratings

In evaluating the pool, Fitch also considered the pool's minimum asset ratings as well as the extent to which it may undertake a barbelled investment strategy. As of Dec. 31, 2011, the pool consisted largely of long-term assets rated 'AAA' and short-term assets rated at least 'F1' or equivalent. As of Dec. 31, 2012, 94.3% of the pool's portfolio was invested in 'AAA' rated securities. The minimum ratings and absence of a barbelled investment strategy are viewed as consistent with the 'AAA' fund credit rating.

Diversification

The pool invests a substantial part of its portfolio in U.S. government and agency securities. Fitch believes that concentration risk of such investments is limited given the high credit quality and liquidity. The pool restricts concentrations in any one issuer (other than the U.S. government and its agencies) to a maximum of 5% of total assets to diversify single issuer exposure. Excluding the pool's investments in U.S. government and agency securities, its largest aggregated exposure accounted for 4.8% of total assets as of Dec. 31, 2012.

Duration Management

As of Dec. 31, 2012, the weighted average final maturity (WAMf) of all portfolio securities was 371 days, or 1.01 years. Over the 12 months ended Dec. 31, 2012, the pool's WAMf ranged from 371 days to 475 days. WAMf reflects the asset weighted average number of the days to the final maturity of all portfolio assets and measures potential exposure to changes in credit spreads.

The pool holds a limited number of floating-rate securities, making the weighted average maturity to reset date (WAMr) roughly equal to its WAMf, as nearly all securities are recorded to their legal final maturity. WAMr is calculated as the asset weighted average number of days to the interest rate resets of the floating-rate securities and reflects the fund's sensitivity to changes in short-term interest rates.

By policy, the pool must maintain a WAMf of less than 541 days, or 1.5 years, and must invest at least 40% of the portfolio in securities having maturities of one year or less and maintain no investment with a final maturity date of greater than five years from the date of purchase. As of Dec. 31, 2012, approximately 25.6% of the portfolio was invested in securities with maturities of 30 days or less, and approximately 65.8% was invested in securities having maturities of one year or less.

Liquidity Management

The pool seeks to manage its liquidity position by aligning its asset maturity profile with the composition of its participants. Pool cash flows are forecast on the basis of the prior-year's cash flows, which are reviewed by the investment team on a daily basis and updated accordingly to include any identifiable changes in the forecast period.

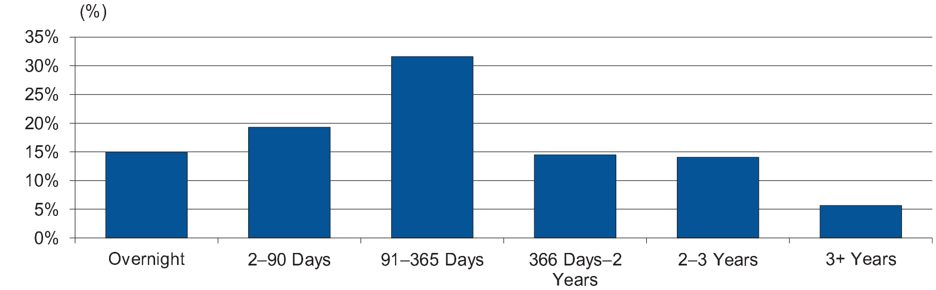
Cash sources for the pool include sales taxes, property taxes, proceeds from bond issuances, and state and federal funding. Cash outflows consist of payroll, benefits, debt service, and tax apportionment, and are such that they allow for the pool to stagger maturities seasonally. Additionally, in light of the challenging budgetary environment of the state of California, the pool has increased its available daily cash reserves should there be an unanticipated draw on the pool's assets.

Approximately 68% of the pool participants are captive county entities and are required to maintain funds in the pool, thus adding to the predictability and stability of cash flow projections. The participants consist of the county and all of the school districts that reside in the county. Some of the voluntary participants include public libraries, cemeteries, the transportation commission, and other special districts.

Any large withdrawal by a local agency for the purpose of investing or depositing those funds outside the pool must be preceded by a 30-day written notice and must receive the approval of the county's treasurer in accordance with California government code. Approval of a withdrawal request is based on, among other things, the availability of funds, the dollar value of similar requests, and the effect of the proposed withdrawal on the liquidity of the remaining portfolio.

The portfolio seeks to meet withdrawal requests with maturing investments. Moreover, cash holdings and investments in money market funds provide additional sources of liquidity to meet

Portfolio Maturity Profile
(As of Dec. 31, 2012)



Source: Riverside County Treasurer's Pooled Investment Fund.

daily cash outflows. The pool maintains a significant position (72.4% of total assets) in U.S. Treasury and government agency securities that are expected to demonstrate secondary market liquidity even during periods of market stress.

The pool is prohibited from making investments in inverse floaters, range notes, interest-only strips derived from a pool of mortgages, any derivatives, or other investments that could result in zero interest if held to maturity.

During the fourth quarter of 2012, the fund experienced $936 million in redemptions and exchanges and $1.757 billion in contributions. From the end of the fourth quarter of 2011 through the end of the fourth quarter of 2012, fund contributions and withdrawals represented a net outflow of $253 million.

The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.