



Fitch Affirms Riverside County Treasurer's Pooled Investment Fund 'AAAF/'S1'

Fitch Ratings-New York-21 September 2018: Fitch Ratings has affirmed the Fund Credit Quality Ratings (FCQR) and Fund Market Risk Sensitivity Ratings on Riverside County Treasurer's Pooled Investment Fund at 'AAAF/'S1'.

The ratings reflect Fitch's review of the fund's investment and credit guidelines, the portfolio's credit quality and diversification. The 'AAAF' FCQR indicates the highest underlying credit quality (or lowest vulnerability to default). The 'S1' rating indicates a very low sensitivity to market risk.

KEY RATING DRIVERS

Asset Credit Quality

The main driver of the fund credit quality rating is the high credit quality of the portfolio. As per the pool's investment policy, the objectives include the safety and preservation of principal, liquidity sufficient to meet operating cash flow requirements and reasonable rates of return or yield consistent with these objectives.

As of the review date, the pool mainly invested in direct agencies, commercial paper, and government securities. Other permissible securities include Local Agency Investment Fund (LAIF), CalTrust Short Term Fund (CLTR) and negotiable certificate of deposits.

The pool's weighted average rating factor (WARF) is 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.

Portfolio Sensitivity to Market Risks

Market risk is mitigated by the duration of the pool, as well as high allocation to government and agency securities. As of the review date, the pool's duration corresponds to a 'S1' fund sensitivity rating.

INVESTMENT MANAGER

The pool is managed by the Riverside County Treasurer-Tax Collector. The investment policy is reviewed and approved annually by the Oversight Committee and then approved by the County Board of Supervisors.

Outside audits are conducted at least biennially by an independent auditing firm selected by the Board of Supervisors.

RATING SENSITIVITIES

The ratings are sensitive to material changes in the credit quality or market risk profiles of the funds. A material decrease in portfolio credit quality could result in the FCQR being lowered, while a material increase in portfolio duration could result in fund sensitivity ratings being lowered.

Fitch conducted stress tests as outlined in its rating criteria to test the sensitivity of the funds' ratings against potential changes in the portfolios' credit quality.

Fitch receives monthly fund portfolio holdings information including credit quality, market value and duration of the individual securities to conduct surveillance against ratings criteria.

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Additional information is available on www.fitchratings.com

Applicable Criteria

Global Bond Fund Rating Criteria (pub. 22 Aug 2016) (<https://www.fitchratings.com/site/re/882068>)

Additional Disclosures

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