Moodys Places Twelve Bond Fund Ratings On Review for Possible Downgrade

Global Credit Research - 18 Jul 2011

New York, July 18, 2011 -- Moody's Investors Service placed on review for possible downgrade the bond fund ratings of the following twelve bond funds that are either entirely or largely directly invested in US Treasury and government agency securities (excluding repurchase agreement transactions collateralized by US Treasury or government agency securities):

- Federated Govt. Ultra Short Duration Fund, Federated Investment Management Company, Aaa/MR1
- GS Short Duration Govt. Fund, Goldman Sachs Asset Management, Aaa/MR1
- GS Ultra Short Duration Govt. Fund, Goldman Sachs Asset Management, Aaa/MR2
- SEI Daily Income Trust Shares Short Duration Govt. Fund, SEI Investments Management Corp., Aaa/MR1
- Wells Fargo Adjustable Rate Govt. Fund, Wells Fargo, Aaa/MR1
- Riverside County Treasury Pooled Investment Fund, Riverside County, Aaa/MR1
- San Bernardino County Investment Pool, San Bernardino County, Aaa/MR1
- Swisscanto LU Bond Invest Medium Term USD, Swisscanto, Aaa/MR2
- Swisscanto LU Bond Invest USD Swisscanto, Aaa/MR3
- iShares $ Tips, BlackRock, Aaa/MR5
- iShares Treasury Bond 1-3 Years, BlackRock, Aaa/MR1
- iShares Treasury Bond 7-10 Years, BlackRock, Aaa/MR5

This action follows Moody’s July 13, 2011 decision to place on review for possible downgrade the Aaa bond ratings of the government of the United States as well as financial institutions directly linked to the US government. As was noted in Moody's press release, the review of the US government’s bond rating was prompted by the possibility that the statutory debt limit will not be raised in time to prevent a missed payment of interest or principal on outstanding bonds and notes. As such, there is a small but rising risk of a short-lived default. In such an event, however, the rating of the US government would most likely be downgraded to somewhere in the Aa range.

While we anticipate increased market volatility and spread widening as we move closer to August 2, 2011 and beyond without some debt limit resolution, it is unclear how the volatility of bond funds with US government exposure will compare to generally elevated levels of volatility in other funds. Accordingly, Moody's is taking no action with respect to the market risk ratings assigned to these funds but will be monitoring the market impact of developments surrounding the debt limit deliberations.

Please see ratings tab on the issuer/entity page on www.moodys.com for the last rating action and the rating history.

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