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“Proposed” Criteria For Rated Funds

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Presentation Goals

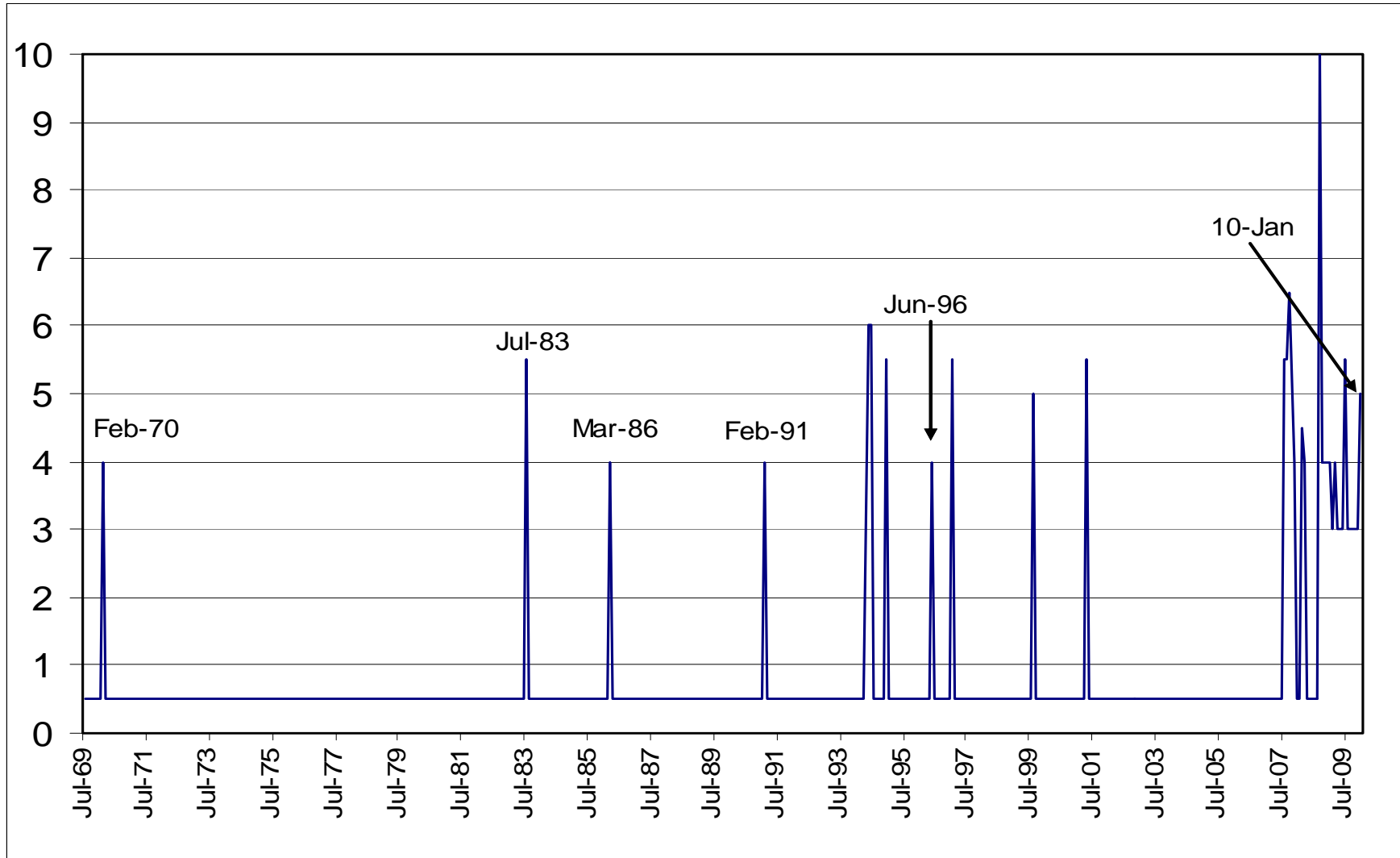
- Put the 'GFC' into perspective (for MMFs)
- Explanation of S&P LGIP Ratings
- Highlight the substantial size of rated state pools
- Summary of our "Proposed" Changes to PSFR Criteria
- Overview of Rule 2a-7 Changes
- Hot Topics for MMFs/Stable NAV LGIPs
- What lies ahead?
- Q&A
- Appendix (Useful Takeaway Info)

Standard & Poor's Fund Ratings & Evaluations Group

- Providing ratings & research since 1984
- Provide value-added ratings, research and monitoring for managed pools of fixed-income assets including government investment pools, separate accounts and municipal debt issuers who utilize self liquidity
- Comprised of 20 fund analysts in 5 countries averaging 10+ years of fixed-income and fund ratings experience
- Provides ratings and evaluations for over 850+ “funds” globally, from over 250 sponsors
 - *550+ Principal Stability Fund Ratings*
 - *300+ Fund Credit and Volatility Rated funds*
 - *Includes 90+ Local Government Investment Pools*
 - *Includes approximately 60 Liquidity Assessments*

Money Market Fund Industry Events on 'Richter Scale'

*** NOTE: Scale used for illustrative purposes only ***



* Dates noted on graph indicate regulatory rule changes

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Richter Scale

The scale assigns a single number to quantify the amount of seismic energy released by an earthquake. It is a base-10 logarithmic scale obtained by calculating the logarithm of the combined horizontal amplitude of the largest displacement from zero on a Wood–Anderson torsion seismometer output. So, for example, an earthquake that measures 5.0 on the Richter scale has a shaking amplitude 10 times larger than one that measures 4.0.

<u>Magnitude</u>	<u>Description</u>	<u>Earthquake Effects</u>	<u>Frequency of Occurrence</u>
Less than 2.0	Micro	Micro earthquakes, not felt.	About 8,000 per day
2.0-2.9	Minor	Generally not felt, but recorded.	About 1,000 per day
3.0-3.9	Minor	Often felt, but rarely causes damage.	49,000 per year (est.)
4.0-4.9	Light	Noticeable shaking of indoor items, rattling noises. Significant damage unlikely.	6,200 per year (est.)
5.0-5.9	Moderate	Can cause major damage to poorly constructed buildings over small regions. At most slight damage to well-designed buildings.	800 per year
6.0-6.9	Strong	Can be destructive in areas up to about 160 kilometers (100 mi) across in populated areas.	120 per year
7.0-7.9	Major	Can cause serious damage over larger areas.	18 per year
8.0-8.9	Great	Can cause serious damage in areas several hundred miles across.	1 per year
9.0-9.9	Great	Devastating in areas several thousand miles across.	1 per 20 years
10.0+	Epic	Never recorded.	Extremely rare (Unknown)

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Noteworthy Events in the Money Market Industry

Feb-70	4.0	First MMF Created
Jul-83	5.5	SEC Adopts Rule 2a-7
Mar-86	4.0	SEC Amends Rule 2a-7
Feb-91	4.0	SEC Amends Rule 2a-7
May-94	6.0	Derivatives in MMFs
Jun-94	6.0	Community Bankers US Government Fund breaks the buck
Dec-94	5.5	Orange County Bankruptcy
Jun-96	4.0	SEC Amends Rule 2a-7
Jan-97	5.5	Mercury Finance CP Default
Aug-99	5.0	General American Funding Agreement Problems
Apr-01	5.5	PG&E Default (CA Energy Crisis)
Aug-07	5.5	XABCP
Sep-07	5.5	SIV-lites
Oct-07	6.5	SIVs
Nov-07	4.0	FL SBA LGIP
Feb-08	4.5	Auction Rate Securities, Bond Insurers
Mar-08	4.0	Bear Stearns
Sep-08	10.0	Lehman Bankrupt; Reserve Primary Fund 'Breaks the Buck' & Govt Gty
Oct-08	4.0	Lehman/Reserve Fallout
Nov-08	4.0	Lehman/Reserve Fallout
Dec-08	4.0	Very Low Yields
Jan-09	4.0	G30 Report on Financial Reform
Mar-09	4.0	ICI MMF Working Group Report
Jul-09	5.5	SEC Propose Money Market Fund Reforms
Jan-10	5.0	SEC Adopts Amendments to Rule 2a-7

Types of Ratings We Provide

Principal Stability Fund/Pool Ratings

- Assigned to 2a-7 (and 2a-7 like) funds whose investment policies are consistent with providing a Stable \$1.00 Per Share NAV (*i.e. Stable NAV Funds/Pools; WAM 60 days or less; max final maturity 397 days; high credit quality; highly diversified amongst issues/sectors, etc.*)
- Also known as Money Market Fund Ratings or Stable NAV Fund Ratings
- Represented by ‘m’ after the traditional rating symbology (AAAm)
- Address the ability of a fund to maintain principal value and limit exposure to losses due to credit risk.

Fund Credit Quality & Volatility Fund/Pool Ratings

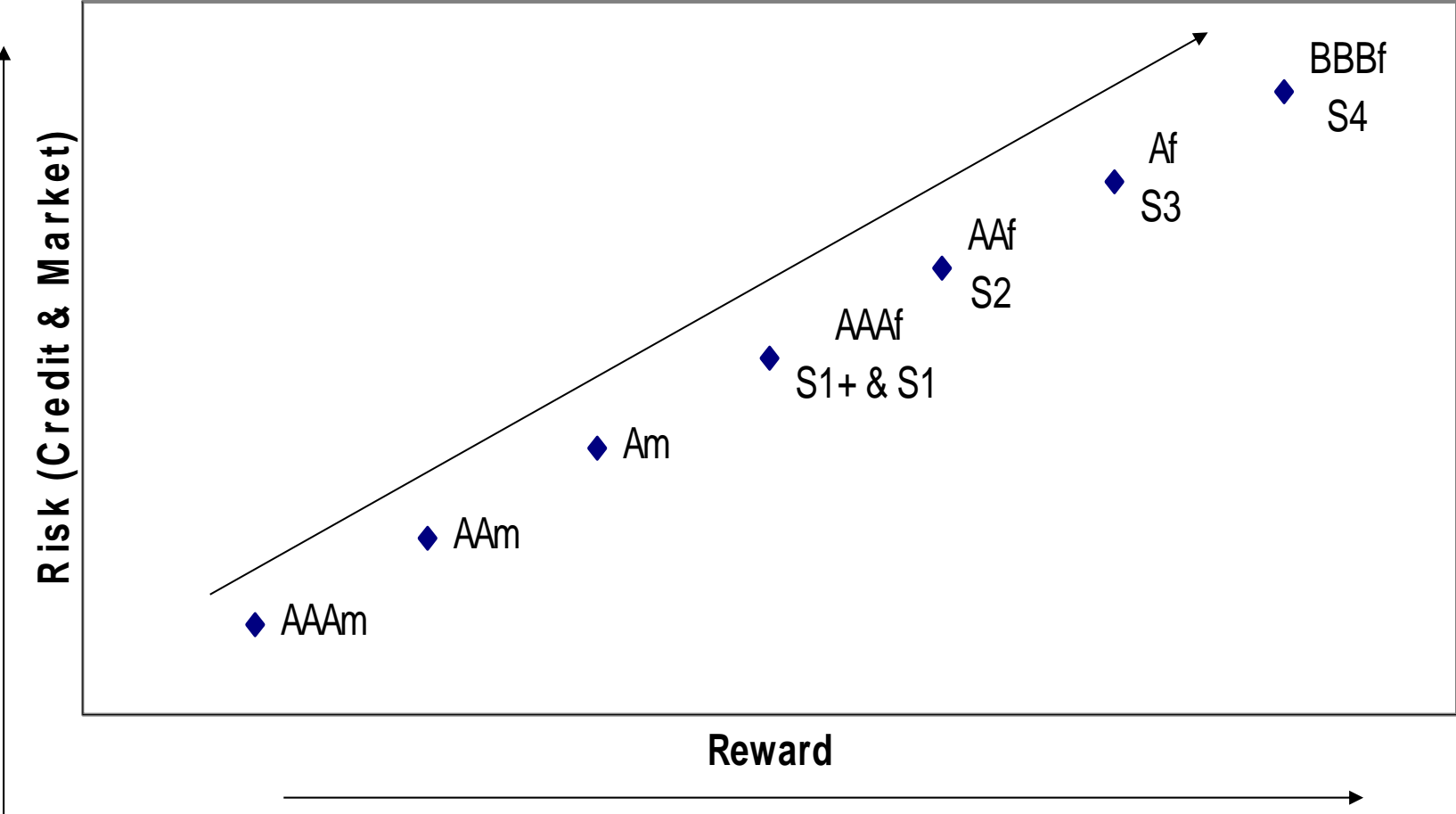
- Assigned to funds with investment policies beyond what is permitted by rule 2a-7 (*i.e. Variable NAV Funds; WAM > 60 days; max final maturity > 397 days; etc.*)
- **Fund Credit Quality Ratings**
 - ⇒ Addresses level of protection a fund’s portfolio holdings provide against losses from credit defaults
 - ⇒ Represented by ‘f’ after the traditional rating symbology (AAAf)
- **Fund Volatility Ratings**
 - ⇒ Represented by ‘S’ scale (S1, S2, etc.)
 - ⇒ Addresses a fund’s sensitivity to changing market conditions

Summary of Main Differences Amongst ‘m’& ‘f’ ratings

	Principal Stability Fund Ratings; aka Money Market Fund Ratings (eg. ‘AAAm’)	Fund Credit Quality & Volatility Ratings; aka Bond Fund Ratings (eg. ‘AAAf/S1’)
<i>Minimum Credit Quality</i>	A minimum short term rating of at least ‘A-1’. If it is not rated by S&P but has the highest short-term rating of another NRSRO, it should either be backed by a highly rated LOC provider, or have an S&P long term rating of at least ‘AA’.	For securities not rated by S&P, certain notching rules may apply.
<i>Ratings Breakdown</i>	For ‘AAAm’ rated funds, at least 50% invested in ‘A-1+’, with the other 50% in ‘A-1’ securities. For ‘AAm’ funds, 20% in ‘A-1+’, with the other 80% in ‘A-1’ securities, with up to 5% in overnight ‘A-2’ securities. For ‘Am’ funds, 100% in ‘A-1’, with up to 10% in overnight ‘A-2’ securities.	There is no minimum threshold, but the outcome of the rating will generally be dependent on our “ratings matrix.” The Fund Credit Quality Ratings Matrix takes into account the rating on the security (long term or short term), the maturity (< 90 days, > 90 but < = 365 days, > 365 days), and the percentage held by the fund in each security.
<i>Types of Securities</i>	Common security types are Repurchase Agreements, Fixed and Floating Corporate Bonds, Commercial Paper, Certificates of Deposits, U.S. Treasury Securities, U.S. Agency Securities, etc.	Common security types are Mortgage Backed Securities, Fixed and Floating Rate Corporate Bonds, Commercial Paper, Certificates of Deposits, U.S. Treasuries, U.S. Agencies, Municipal Bonds, etc.
<i>Reporting Frequency</i>	S&P conducts weekly surveillance.	S&P conducts monthly surveillance.
<i>NAV</i>	When the NAV of a ‘AAAm’ rated fund moves outside 0.9985 and 1.0015, daily pricing is requested. If the NAV for a ‘AAAm’ fund continues to deviate beyond 0.9975 or 1.0025, rating action may be taken.	The NAV may fluctuate but a material deviation may impact the fund volatility rating.
<i>Weighted Average Maturity (WAM) Guidelines</i>	‘AAAm’ - 60 days, ‘AAm’ - 75 days, ‘Am’ and ‘BBBm’ - 90 days	There is no WAM limit, but the longer the maturity dates, the more likely it is that the security will contribute to a lower rating.

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Estimated Risk Spectrum of S&P Fund Ratings



No “Small Potatoes”

	State	Size of State Pool (Billions as of Jan '11)	GDP Country	Population Country
1	Texas	20.70	Russia	Saudi Arabia
2	Georgia	10.89	Austria	Dominican Republic
3	Florida	7.49	Netherlands	Angola
4	Connecticut	5.62	United Arab Emirates	Moldova
5	Illinois	5.46	Turkey	Mali
6	Ohio	4.33	Belgium	Zimbabwe
7	West Virginia	3.35	Iraq	Slovenia
8	Virginia	3.25	Poland	Burundi
9	Maryland	2.97	South Africa	Nicaragua
10	Louisiana	1.97	Israel	Ireland

Total Asset Growth – All Rated Stable NAV LGIPs

Total Asset Growth for GIP Index/All



January 5, 1996 – January 28, 2011

Another \$81.5 billion in variable NAV LGIPs brings total of all S&P Rated Pools to more than \$200 billion.

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PSFR CRITERIA SUMMARY TABLE *(Proposed Changes in Red)*

Rating	Minimum A-1+ & A-1 ≤ 7 days	Maximum A-1 > 7 days*	Maximum WAM (R) in Days	Maximum WAM (F) in Days¶	NAV Ranges §	Max Final Maturity Per Fixed Rate Security	Max Final Maturity Per Floating Rate Security
AAAm	50%	50%	60	90	0.9975 to 1.0025	13 months (397 days)	Two Years (762 days)
AAm	20%	80%	70	100	0.9970 to 1.0030	13 months (397 days)	Three Years (1,127 days)
Am	0%	100%	80	110	0.9965 to 1.0035	13 months (397 days)	Four Years (1,492 days)
BBBm	0%	100%	90	120	0.9960 to 1.0040	13 months (397 days)	Five Years (1,857 days)
BBm	0%	100%	120	150	0.9950 to 1.0050	13 months (397 days)	Five Years (1,857 days)
Dm	N/A	N/A	N/A	N/A	Less than 0.9950	N/A	N/A

*Exposures to securities rated below 'A-1' may be deemed consistent for noninvestment-grade PSFRs.

¶May be adjusted upward by 30 days if invested only in government/GSE floaters. If the fund invests in a combination of government and nongovernment floaters, we will apply a sliding scale.

§For all funds, regardless of rating, daily portfolio pricing, daily marked-to-market NAV calculations, and daily stress testing commence when NAV goes beyond +/- 0.15% deviation or 0.9985 or 1.0015.

N.A. -Not applicable.

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Highlights of Our Proposed PSFR Criteria

	Proposed Criteria	Current Criteria
Asset Maturity	<ul style="list-style-type: none"> • Max WAM (to reset) for 'AAm' (70 days) & 'Am' (80 days) rated funds [no change for 'AAAm' funds (60 days)] • Adopt WAL/WAM(F) criteria: 90 days max for corporate FRN exposure and 120 day max for government FRN exposure (sliding scale for both) 	<ul style="list-style-type: none"> • 'AAm' = 75 days, 'Am' = 90 days • No current WAL/WAM(F) criteria <p>[Max maturity of corporate floaters = 397 days] [Max maturity of gov't floaters = 762 days]</p>
Credit Quality	<ul style="list-style-type: none"> • 0% exposure to 'A-2' names at time of purchase for 'AAm', 'Am' and 'BBBm' rated funds (Note: 'AAAm' criteria is currently 0% at time of purchase) 	<ul style="list-style-type: none"> • Max of 5% overnight 'A-2' for 'AAm', 10% in A-2 for 'Am' funds and 25% overnight for 'BBBm'
Diversification	<ul style="list-style-type: none"> • 5% per issuer for uncollateralized transactions for all funds • 10% concentration limit for uncollateralized overnight deposits with a 'A-1' or better rated depository banks or sovereigns • Maximum exposure of 5% in another rated fund 	<ul style="list-style-type: none"> • Criteria for non-2a-7 registered funds call for no more than 25% per issuer for securities maturing overnight, 10% for 7 days or less and 5% for > than 7 days • No current criteria • Maximum exposure of 25% in another rated fund

Highlights of Our Proposed PSFR Criteria (Continued)

	Proposed Criteria	Current Criteria
Limited Liquidity/ Illiquid Investments	<ul style="list-style-type: none"> The following securities would be considered as inconsistent with our rated funds: securities that possess an extension feature controlled by the issuer, CDOs, CLNs and market value-based securities 	<ul style="list-style-type: none"> The following securities should be included in the limited liquidity/illiquid basket (max 10%): securities that possess an extension feature controlled by the issuer, CDOs, CLNs and market value-based securities
Stress Testing	<ul style="list-style-type: none"> All funds should conduct weekly stress testing and submit sample results at our annual review meetings 	<ul style="list-style-type: none"> No current stress testing criteria
Counterparty (i.e. Repo)	<ul style="list-style-type: none"> Have an explicit issuer or counterparty credit rating from Standard & Poor's or a guaranty of their obligations from a Standard & Poor's rated entity 	<ul style="list-style-type: none"> Unrated entities that are at least 50% directly owned by rated parents are considered to have the same level of credit risk as the parent when considering counterparty credit risk for these transactions.

PSFR Sensitivity Matrix

WAM (R)	60	Copyright© 2010 by Standard & Poor's Financial Services LLC (S&P) a subsidiary of The McGraw-Hill Companies, Inc. All rights reserved.							
WAM (F)	120								
Shares Outstanding:	501,000,000.00								
Total Fund Assets:	500,248,500.00								
Market Value (NAV):	0.998500								
Credit Spread Movement (bps):	50								
% Total Credit (Non Gov't) Securities (of portfolio)	25%								
% Corporate Floaters (of portfolio)	15%								
Total \$ Loss:		(\$751,500)							
Total \$ Gain:		\$0							

Basis Point Shift	Selected Shareholders	Largest Redemption over 5 consecutive business days							Gain (Loss)
300	0.992310	0.991220	0.991550	0.992489	0.992884	0.993240	0.993562	0.994366	(3,386,897)
250	0.993245	0.992288	0.992577	0.993402	0.993749	0.994062	0.994344	0.995051	(2,975,116)
200	0.994180	0.993355	0.993604	0.994315	0.994614	0.994884	0.995127	0.995736	(2,563,336)
175	0.994648	0.993889	0.994118	0.994772	0.995047	0.995295	0.995519	0.996079	(2,357,445)
150	0.995115	0.994423	0.994632	0.995228	0.995479	0.995705	0.995910	0.996421	(2,151,555)
125	0.995583	0.994956	0.995146	0.995685	0.995912	0.996116	0.996301	0.996764	(1,945,664)
100	0.996050	0.995490	0.995659	0.996142	0.996345	0.996527	0.996693	0.997106	(1,739,774)
75	0.996517	0.996024	0.996173	0.996598	0.996777	0.996938	0.997084	0.997449	(1,533,884)
50	0.996985	0.996558	0.996687	0.997055	0.997210	0.997349	0.997476	0.997791	(1,327,993)
25	0.997452	0.997091	0.997200	0.997511	0.997642	0.997760	0.997867	0.998134	(1,122,103)
0	0.997920	0.997625	0.997714	0.997968	0.998075	0.998171	0.998258	0.998476	(916,212)
-25	0.998387	0.998159	0.998228	0.998425	0.998508	0.998582	0.998650	0.998818	(710,322)
-50	0.998855	0.998692	0.998741	0.998881	0.998940	0.998993	0.999041	0.999161	(504,432)
-75	0.999322	0.999226	0.999255	0.999338	0.999373	0.999404	0.999432	0.999503	(298,541)
-100	0.999790	0.999760	0.999769	0.999795	0.999805	0.999815	0.999824	0.999846	(92,651)
-125	1.000257	1.000294	1.000283	1.000251	1.000238	1.000226	1.000215	1.000188	113,240
-150	1.000725	1.000827	1.000796	1.000708	1.000671	1.000637	1.000607	1.000531	319,130
-175	1.001192	1.001361	1.001310	1.001164	1.001103	1.001048	1.000998	1.000873	525,021
-200	1.001659	1.001895	1.001824	1.001621	1.001536	1.001459	1.001389	1.001216	730,911
-250	1.002594	1.002962	1.002851	1.002534	1.002401	1.002281	1.002172	1.001901	1,142,692
-300	1.003529	1.004030	1.003878	1.003447	1.003266	1.003103	1.002955	1.002586	1,554,473
Redemptions/Subscriptions	-12%	-23%	-20%	-10%	-5%	0%	5%	20%	
Shares Outstanding	440,444,861	385,770,000	400,800,000	450,900,000	475,950,000	501,000,000	526,050,000	601,200,000	

Shift Upon NAV =	$NAV - (WAM/365) * (Bp/10,000)$
Dilution Upon NAV =	$(NAV + Change) / (1 + Change)$



FILL IN/ADJUST AREAS SHADED GREEN TO RUN SCENARIOS



PSFR Sensitivity Matrix

Top 10 Shareholders		% of Fund	Stress Redemption
Shareholder 1	\$ 50,000,000.00	10.00%	No
Shareholder 2	\$ 40,444,200.00	8.08%	Yes
Shareholder 3	\$ 38,456,871.00	7.69%	No
Shareholder 4	\$ 15,067,896.00	3.01%	No
Shareholder 5	\$ 12,456,985.00	2.49%	Yes
Shareholder 6	\$ 10,871,596.00	2.17%	No
Shareholder 7	\$ 9,875,645.00	1.97%	No
Shareholder 8	\$ 7,563,121.00	1.51%	Yes
Shareholder 9	\$ 5,312,879.00	1.06%	No
Shareholder 10	\$ 3,215,468.00	0.64%	No
Stress Top 10	\$ 193,264,661.00	38.63%	No
Total Fund Assets	\$ 500,248,500.00	100%	60,464,306.00

Largest Five Day Redemption (%)	23%
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SEC's Approved New Rules Governing Money Market Funds

- **Rule 2a-7 amendments were agreed upon at the SEC Open Meeting in January 2010**
- **On February 23, 2010, the SEC released the final amendments to Rule 2a-7 which governs registered money market funds under the Investment Company Act of 1940**
- **Given the environment, most funds were already in compliance with the new regulations at the time of the effective date**
- **The key areas targeted by the new regulation include:**
 - Liquidity
 - Credit
 - Operations

Revised SEC Rules: Liquidity

Category	Revised SEC Rules	Previous Requirements
Liquidity	<ul style="list-style-type: none"> • At least 10% of assets in cash, US Treasury securities or other government securities that mature within one day. 30% of assets must mature within seven days; government securities that mature in 60 days or less are considered liquid under the weekly requirement • “Illiquid” securities limited to 5%; illiquid is defined as any security that cannot be sold or disposed of within seven days (or 5 business days) at carrying value 	<ul style="list-style-type: none"> • No defined liquidity requirements • “Illiquid” securities limited to 10% of a fund’s assets
Maturity	<ul style="list-style-type: none"> • Maximum Weighted Average Maturity (WAM) of 60 days • Maximum Weighted Average Life (WAL, or WAM to Final) is 120 days 	<ul style="list-style-type: none"> • Maximum WAM of 90 days • No WAL limits

Source: Securities and Exchange Commission (<http://www.sec.gov/news/press/2010/2010-14.htm>).

Revised SEC Rules: Credit

Category	Revised SEC Rules	Previous Requirements
Credit Quality	<ul style="list-style-type: none"> • Maximum exposure of “Second Tier” securities is 3% • Any single “Second Tier” issuer limited to 0.5% of a fund’s total assets • Maximum maturity on any “Second Tier” security limited to 45 days 	<ul style="list-style-type: none"> • “Second Tier” securities limited to 5% • Limited per issuer of “Second Tier” to the greater of 1% or \$1 million • Max maturity of 397 days
Rating Agencies	<ul style="list-style-type: none"> • Requires funds to designate annually at least four NRSROs to provide credit analysis of eligible securities • Eliminates the current requirement that funds invest in only those asset-backed securities that have been rated by an NRSRO 	<ul style="list-style-type: none"> • No rating designation requirement • Required funds to invest in only NRSRO rated asset-backed securities
Repurchase Agreements	<ul style="list-style-type: none"> • Limits underlying repo collateral to cash items or government securities; this would apply for “look through” treatment of the repo issuer for diversification purposes • Requires funds to evaluate the creditworthiness of repo counterparties 	<ul style="list-style-type: none"> • Restricted the underlying collateral of repos to cash items, government securities and highly-rated securities • No creditworthiness requirement

Source: Securities and Exchange Commission (<http://www.sec.gov/news/press/2010/2010-14.htm>).

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Revised SEC Rules: Operations

Category	Revised SEC Rules	Previous Requirements
Portfolio Disclosure	<ul style="list-style-type: none"> Requires funds to post their portfolio holdings on their own websites each month Requires funds to submit detailed holding reports (including marked to market NAVs) to the SEC monthly. This information will be available with a 60-day lag 	<ul style="list-style-type: none"> No website requirement A fund's marked to market NAV is reported to the SEC twice a year, with a 60-day lag
Stress Tests	<ul style="list-style-type: none"> Requires managers to stress test their funds on a monthly basis to monitor its ability to maintain a stable NAV in the event of shocks 	<ul style="list-style-type: none"> No stress test requirement
"Know Your Investor"	<ul style="list-style-type: none"> Requires funds to develop procedures to identify shareholders whose redemption requests may pose risks for funds and therefore holding a sufficient amount of liquid securities in the fund to meet these redemptions 	<ul style="list-style-type: none"> No "Know Your Investor" requirement
Run Protection	<ul style="list-style-type: none"> Require funds and administrators to process purchases and redemptions at a price other than \$1.00 per share Permits a fund's board to suspend redemptions should a fund break the buck and be liquidated 	<ul style="list-style-type: none"> No processing requirement Board must submit an order from the SEC to suspend redemptions
Affiliate Support	<ul style="list-style-type: none"> Permit fund sponsors to purchase distressed securities out of a fund to protect it from losses; SEC must be notified if such action is taken 	<ul style="list-style-type: none"> A sponsor may only purchase securities from the fund after a ratings downgrade or default following SEC approval

Source: Securities and Exchange Commission (<http://www.sec.gov/news/press/2010/2010-14.htm>).

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Hot Topics for Money Market Funds/Stable NAV LGIPs

- Challenging investment environment
 - *Low interest rates*
 - *Difficulty diversifying away from financial services sector*
 - *Regulators looking for issuers to extend debt maturities but funds to increase liquidity (shorten maturity)*
 - *European bank exposures: general shortening of maturities, reduction of % exposures*
 - *When markets implode, correlations equal 1*

- Enhanced Cash/Money Market Plus
 - *'old 2a-7' versus 'new 2a-7'*
 - *'2a-7 versus '2a-7 like'*

- Small funds investing to cover costs

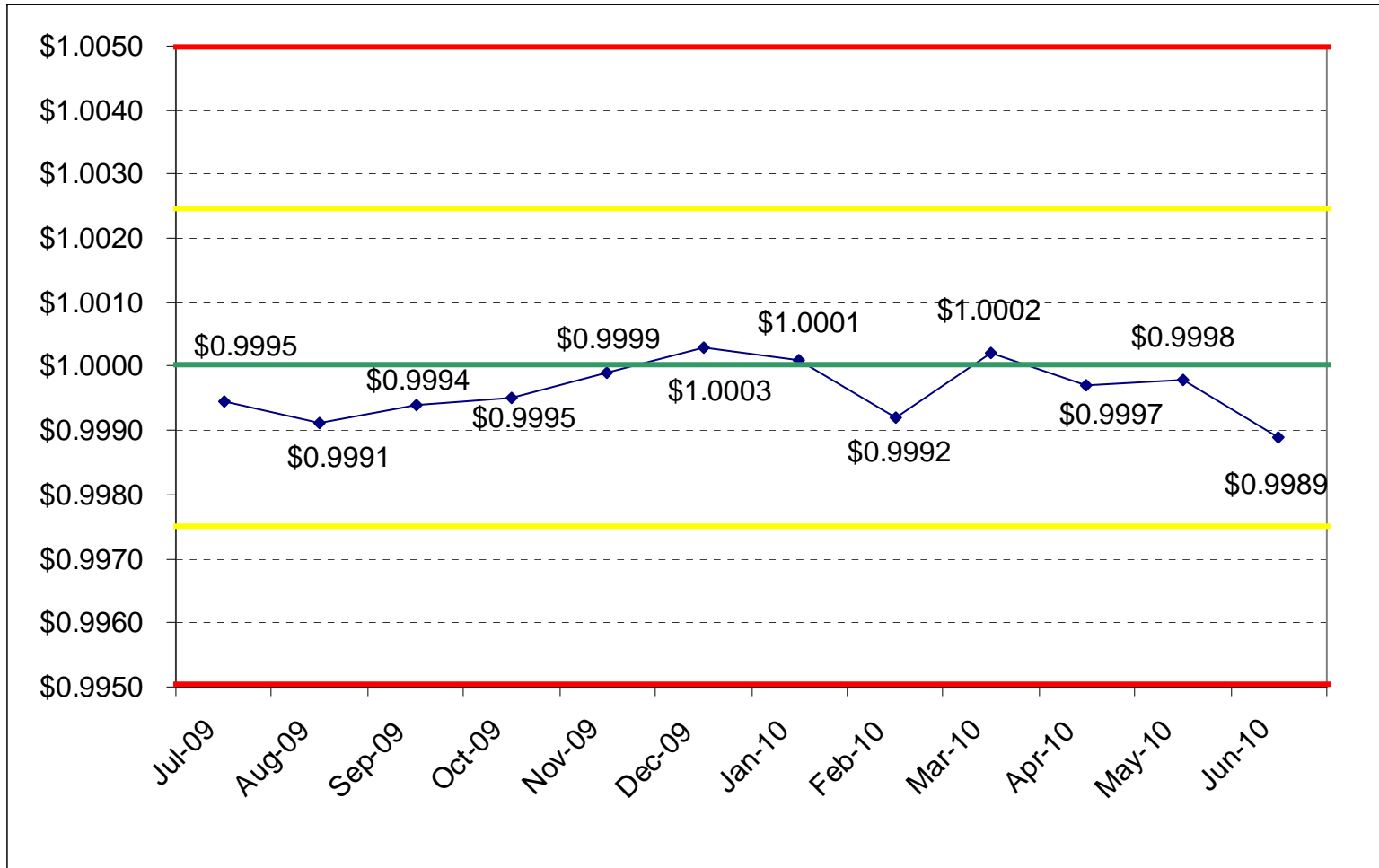
- Shadow NAV Reporting

- Repurchase Agreements
 - *Counterparty risk and collateral types*

Shadow NAV Reporting

<i>Date</i>	<i>Shadow NAV</i>
June 2010	\$0.99890

Shadow NAV Reporting



Shadow NAV Usage

<i>Fund Name</i>	<i>Assets</i>	<i>WAM (R)</i>	<i>Exp%</i>	<i>7Day%</i>	<i>30Day%</i>	<i>YTD%</i>	<i>Rating</i>	<i>Incept</i>	<i>Incept Date</i>	<i>Shadow NAV</i>
MMF E	13,646	51	0.20	0.00	0.01	0.00	AAAm/Aaa/ AAAm	4.00	2/10/89	\$ 0.9987
MMF J	7,864	40	0.20	0.01	0.02	0.01	AAAm/Aaa/ AAAm	4.09	4/4/05	\$ 0.9989
MMF F	11,508	52	0.20	0.00	0.00	0.00	AAAm/Aaa/ AAAm	3.42	7/26/91	\$ 0.9991
MMF G	10,978	29	0.19	0.01	0.01	0.01	AAAm/Aaa/ AAAm	3.90	1/26/90	\$ 0.9994
MMF B	18,504	29	0.13	0.00	0.01	0.00	AAAm/Aaa/ AAAm	3.07	4/17/97	\$ 0.9995
MMF A	19,256	51	0.15	0.01	0.01	0.01	AAAm/Aaa/ AAAm	3.52	1/28/93	\$ 0.9998
MMF C	14,616	37	0.18	0.00	0.02	0.01	AAAm/Aaa/ AAAm	3.87	6/9/90	\$ 1.0001
MMF D	14,436	56	0.14	0.02	0.02	0.01	AAAm/Aaa/ AAAm	3.34	11/16/92	\$ 1.0002
MMF I	7,924	28	0.21	0.01	0.02	0.01	AAAm/Aaa/ AAAm	4.39	3/19/87	\$ 1.0003
MMF H	10,023	53	0.20	0.00	0.00	0.00	AAAm/Aaa/ AAAm	4.35	10/19/86	\$ 1.0004

Repurchase Agreement Collateral Information

- Tri-Party Repo Infrastructure Reform Task Force formed in September 2009 under the auspices of the Payments Risk Committee (PRC), a private sector body sponsored by the Federal Reserve Bank of New York ("the NY Fed").
- Tri-party Repo Statistics as of 1/11/2011 - *See Table Below* (Composition and Concentration of Tri-party Repo Collateral)

Asset Group	Collateral Value (billions)	Share of Total	Concentration of Top 3 Dealers
US Treasuries excluding Strips	\$ 510.50	31.5%	46.3%
Agency MBS	\$ 465.59	28.7%	38.7%
Agency Debentures & Strips	\$ 148.64	9.2%	36.7%
Agency CMOs	\$ 132.38	8.2%	44.1%
Corporates Investment Grade	\$ 84.53	5.2%	39.4%
Equities	\$ 76.03	4.7%	56.0%
US Treasury Strips	\$ 44.48	2.7%	41.6%
ABS (Investment & Non Investment Grade)	\$ 39.47	2.4%	41.7%
Corporates Non Investment Grade	\$ 32.83	2.0%	51.6%
Money Market Instruments	\$ 28.25	1.7%	58.9%
CMO Private Label Investment Grade	\$ 21.12	1.3%	48.3%
Other*	\$ 19.53	1.2%	
CMO Private Label Non Investment Grade	\$ 18.03	1.1%	54.8%
Total	\$ 1,621.37		

* Other includes CDOs, International Securities, Municipality Debt, Trust Receipts and Whole Loans

http://www.newyorkfed.org/tripartyrepo/margin_data.html

More Repurchase Agreement Collateral Information

- Note: For each % a fund reduces in required collateral there is approximately a 5 basis point pickup in yield
- Tri-party Repo Statistics as of 1/11/2011
(Distribution of Investor Haircuts in Tri-party Repo)

Asset Group	Cash Investor Margins Levels		
	10th Percentile	Median	90th Percentile
Corporates Non Investment Grade	2.3%	8.0%	10.0%
Equities	2.0%	8.0%	20.0%
ABS (Investment & Non Investment Grade)	2.0%	5.0%	10.0%
CMO Private Label Investment Grade	3.0%	5.0%	10.0%
CMO Private Label Non Investment Grade	2.0%	5.0%	10.0%
Corporates Investment Grade	2.0%	5.0%	8.0%
Money Market Instruments	2.0%	4.7%	5.0%
Agency CMOs	2.0%	3.0%	5.0%
Agency Debentures & Strips	2.0%	2.0%	5.0%
Agency MBS	2.0%	2.0%	3.0%
US Treasuries excluding Strips	2.0%	2.0%	2.0%
US Treasury Strips	2.0%	2.0%	2.0%

http://www.newyorkfed.org/tripartyrepo/margin_data.html

What lies ahead?

1. S&P Principal Stability Fund Rating Criteria Revisions

2. SEC Phase 2 Revisions to Rule 2a-7
 - In October 2010 President's Working Group on Financial Markets published report on 'Money Market Fund Reform Options' which spoke to the following "policy options":
 - (a) Floating net asset values
 - (b) Private emergency liquidity facilities for MMFs
 - (c) Mandatory redemptions in kind
 - (d) Insurance for MMFs
 - (e) A two-tier system of MMFs with enhanced protection for stable NAV funds
 - (f) A two-tier system of MMFs with stable NAV MMFs reserved for retail investors
 - (g) Regulating stable NAV MMFs as special purpose banks
 - (h) Enhanced constraints on unregulated MMF substitutes

APPENDIX

Principal Stability Fund Ratings Definitions

AAAm	A fund rated 'AAAm' demonstrates extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit risk. 'AAAm' is the highest principal stability fund rating assigned by Standard & Poor's.
AAm	A fund rated 'AAm' demonstrates very strong capacity to maintain principal stability and to limit exposure to principal losses due to credit risk. It differs from the highest-rated funds only to a small degree.
Am	A fund rated 'Am' demonstrates strong capacity to maintain principal stability and to limit exposure to principal losses due to credit risk, but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than funds in higher-rated categories.
BBBm	A fund rated 'BBBm' demonstrates adequate capacity to maintain principal stability and to limit exposure to principal losses due to credit risk. However, adverse economic conditions or changing circumstances are more likely to lead to a reduced capacity to maintain principal stability.
BBm	A fund rated 'BBm' demonstrates speculative characteristics and uncertain capacity to maintain principal stability. It is vulnerable to principal losses due to credit risk. While such funds will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposures to adverse conditions.
Dm	A fund rated 'Dm' has failed to maintain principal stability resulting in a realized or unrealized loss of principal.

Plus (+) or minus (-)

The ratings from 'AAm' to 'BBm' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the rating categories.



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Fund Credit Quality Ratings Symbols & Definitions

AAAf	Portfolio holdings provide EXTREMELY STRONG protection against losses from credit defaults
AAf	Portfolio holdings provide VERY STRONG protection against losses from credit defaults
Af	Portfolio holdings provide STRONG protection against losses from credit defaults
BBBf	Portfolio holdings provide ADEQUATE protection against losses from credit defaults
BBf	Portfolio holdings provide UNCERTAIN protection against losses from credit defaults
Bf	Portfolio holdings provide VULNERABLE protection against losses from credit defaults
CCCf	Portfolio holdings provide EXTREMELY VULNERABLE protection against losses from credit defaults

Plus (+) or minus (-)

The ratings from 'AAf' to 'CCCf' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the rating categories.


Fund Volatility Ratings Symbols & Definitions

<i>Rating</i>	<i>Pool's Sensitivity To Changing Market Conditions</i>	<i>Aggregate Risk Level</i>
S1*	Low	1 To 3 Year U.S. Governments
S2	Low To Moderate	3 To 7 Year U.S. Governments
S3	Moderate	7 To 10 Year U.S. Governments
S4	Moderate To High	10+ Year U.S. Governments
S5	High	Concentrated, Illiquid /Leveraged
S6	Highest	Highly Speculative

* Within the S-1 category certain pools may be designated with a plus sign (+). This indicates the pool's extremely low sensitivity to changing market conditions. Additionally, these pools possess a risk level that is less than or equal to a portfolio comprised of the highest quality instruments with an average maturity of one year or less.

S&P's Principal Stability Rated GIP Indices

Note: Indices comprised Of 'AAAm' Rated Government Investment Pools

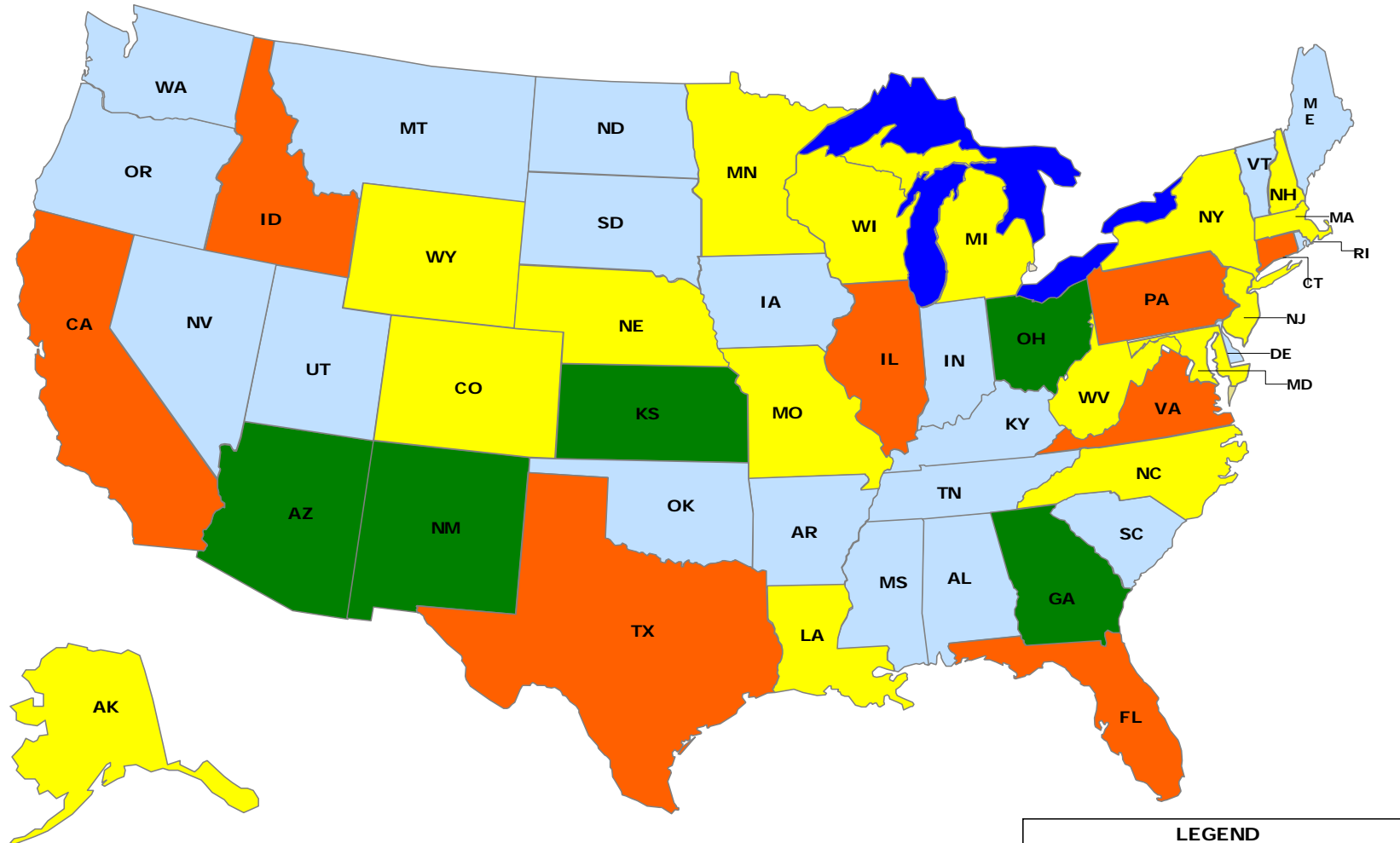
S&P Rated Government Investment Pool Indices	7 Day NET Yield %	30 Day NET Yield %	7 Day GROSS Yield %	30 Day GROSS Yield %	Average Maturity (Days)	Total Assets
S&P Rated GIP Index/ALL <i>(Week Ended Jan. 28, 2011)</i>	0.13%	0.13%	0.27%	0.28%	46	\$118.4 Billion
S&P Rated GIP Index/Government <i>(Week Ended Jan. 28, 2011)</i>	0.09%	0.09%	0.23%	0.24%	42	\$40 Billion
S&P Rated GIP Index/G.P. Taxable <i>(Week Ended Jan. 28, 2011)</i>	0.14%	0.14%	0.29%	0.29%	47	\$78.4 Billion
To View In Bloomberg: LGIP <Index> <Go>						
Reported Weekly By Standard & Poor's						
						

S&P's Principal Stability Rated GIP Index – Quartile Rankings

<i>Ranking</i>	7 Day		30 Day	
	<i>Top Yield</i>	<i>Low Yield</i>	<i>Top Yield</i>	<i>Low Yield</i>
Gross Yields (%)				
Top Quartile	0.47	0.33	0.48	0.34
Second Quartile	0.33	0.29	0.34	0.29
Third Quartile	0.29	0.24	0.29	0.24
Fourth Quartile	0.24	0.16	0.24	0.17
Net Yields (%)				
Top Quartile	0.26	0.19	0.35	0.19
Second Quartile	0.19	0.13	0.19	0.14
Third Quartile	0.13	0.07	0.14	0.07
Fourth Quartile	0.07	0.00	0.07	0.01

(As of December 31, 2010)

States With Standard & Poor's Rated Local Government Investment Pools/Portfolios



Puerto Rico has a Rated LGIP which is Sub-Advised (YELLOW)

LEGEND	
	No Pool Ratings
	Rated & Run by Gov't Entity (State/County/City)
	Rated & Run by Non-Gov't Entity (Sub- Advisor/Private Firm)
	Rated & Run by Gov't Entity & Non-Gov't Entity (State/County/City/Private Firm/Sub-Advisor)

As of February 2011



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List of Principal Stability Rated GIPs (As of 2/16/11; sorted by state)

Pool Name	Rating	Rating Date	Pool Managed By	State
Alaska Municipal League Investment Pool	AAAm	5/6/2009	Non-Gov't Entity	AK
PFM Funds Prime Series - Independent Schools and Colleges Class	AAAm	5/22/2009	Non-Gov't Entity	All
California Asset Management Trust/Cash Reserve Portfolio	AAAm	8/21/2001	Non-Gov't Entity	CA
Orange County Educational Money Market Fund	AAAm	12/1/2008	Gov't Entity	CA
Orange County Money Market Fund	AAAm	12/1/2008	Gov't Entity	CA
Colorado Local Government Liquid Asset Trust (COLOTRUST PLUS+)	AAAm	4/24/1996	Non-Gov't Entity	CO
Colorado Local Government Liquid Asset Trust (COLOTRUST PRIME)	AAAm	11/16/1992	Non-Gov't Entity	CO
Colorado Surplus Asset Fund Trust (CSAFE)	AAAm	11/13/1995	Non-Gov't Entity	CO
Connecticut Cooperative Liquid Assets Securities System Plus	AAAm	4/3/2009	Non-Gov't Entity	CT
Connecticut State Treasurer's Short-Term Investment Fund	AAAm	1/2/1996	Gov't Entity	CT
Florida Education Investment Trust Fund	AAAm	10/4/2010	Non-Gov't Entity	FL
Florida PRIME	AAAm	12/21/2007	Non-Gov't Entity	FL
Florida Surplus Asset Fund Trust	AAAm	2/7/2008	Non-Gov't Entity	FL
Florida Trust Day to Day Fund	AAAm	1/20/2009	Non-Gov't Entity	FL
Georgia Fund 1	AAAm	6/19/1995	Gov't Entity	GA
Illinois Funds - Money Market Fund (The)	AAAm	10/9/1996	Gov't Entity	IL
Illinois Institutional Investors Trust	AAAm	10/30/2002	Non-Gov't Entity	IL
Illinois Park District Liquid Asset Fund Plus	AAAm	11/13/1997	Non-Gov't Entity	IL
Illinois School District Liquid Asset Fund Plus - Liquid Class	AAAm	11/13/1997	Non-Gov't Entity	IL
Illinois School District Liquid Asset Fund Plus - Max Class	AAAm	11/13/1997	Non-Gov't Entity	IL
Louisiana Asset Management Pool	AAAm	4/11/1995	Non-Gov't Entity	LA
Massachusetts Health & Educational Facilities Authority- Short Term Asset Reserve Fund	AAAm	12/8/1998	Non-Gov't Entity	MA
Maryland Local Government Investment Pool	AAAm	4/18/2000	Non-Gov't Entity	MD
Michigan Cooperative Liquid Assets Securities System	AAAm	4/3/2009	Non-Gov't Entity	MI
Michigan Liquid Asset Fund Plus	AAAm	11/13/1997	Non-Gov't Entity	MI
Minnesota School District Liquid Asset Fund	AAAm	4/20/2001	Non-Gov't Entity	MN
MNTrust - Investment Shares	AAAm	2/1/2011	Non-Gov't Entity	MN
Missouri Securities Investment Program - Money Market Series	AAAm	11/13/1997	Non-Gov't Entity	MO
North Carolina Capital Management Trust - Cash Portfolio	AAAm	10/21/1998	Non-Gov't Entity	NC
Nebraska Liquid Asset Fund	AAAm	11/13/1997	Non-Gov't Entity	NE
New Hampshire Public Deposit Investment Pool	AAAm	2/3/2011	Non-Gov't Entity	NH
New Jersey Asset & Rebate Management Program/Joint Account	AAAm	7/11/1997	Non-Gov't Entity	NJ
New Jersey Cooperative Liquid Assets Securities System	AAAm	4/3/2009	Non-Gov't Entity	NJ
New MexiGROW Local Government Investment Pool	AAAm	3/5/2009	Gov't Entity	NM
New York Cooperative Liquid Assets Securities System	AAAm	4/3/2009	Non-Gov't Entity	NY
New York Liquid Asset Fund - Liquid Portfolio	AAAm	5/4/1998	Non-Gov't Entity	NY
New York Liquid Asset Fund - MAX Portfolio	AAAm	5/4/1998	Non-Gov't Entity	NY
State Treasury Asset Reserve of Ohio (STAR OHIO)	AAAm	7/10/1995	Gov't Entity	OH

How are funds/pools rated?



Sample Components of S&P Fund Rating Analysis

Quantitative

- Overall portfolio credit quality
- Individual security credit quality
- Counterparty risk and exposure
- Diversification of securities
- Credit Deterioration vs. Default
- Net Asset Value Stability
- Weighted Average Maturity (WAM) / Duration
- Maturity Structure (Ladder vs. Barbell)
- Pricing
- Liquidity
- Shareholder Composition/Asset Volatility
- Structured & Variable / Floating Rate Notes
- Leverage: Rev Repo/Sec Lending

Qualitative

- Depth and stability of organization & management team
- Experience and track record of fund manager
- Operating policies and risk preferences
- Internal controls
- Fund Governance
- Communication with S&P and commitment to rating

Surveillance (Monitoring) of Fund Ratings

- Dedicated Staff of Surveillance Analysts & Proprietary System (MFDB)
- Portfolio Holdings, Cash Flows & Risk Parameters are reviewed:
 - ☑ Weekly for Stable NAV Pools
 - ☑ Monthly for Variable NAV Pools
- Portfolio Level & Security Level Analysis
 - ✓ portfolio maturity
 - ✓ credit quality
 - ✓ illiquid and market sensitive securities
 - ✓ sector allocations
 - ✓ variable / floating rate instruments
 - ✓ net asset value (pricing) fluctuations
 - ✓ Comparison of CDS vs. current ratings
 - ✓ Highest yielding fund analysis
- Internal Monthly Surveillance Meetings to Review Material Events
- Frequent Communication with Fund Management
- Annual On-Site Management Review Meeting



Sample of Surveillance Summary Information

STANDARD & POOR'S Funds Data Collection System

55 Water St., 33rd Floor, Fund Services - Surveillance
 New York, New York 10041
 General Telephone: 212-438-5073, Fax 212-438-5075

Surveillance Requirements for Principal Stability (Money Market Fund Ratings)

If the data is truncated on the screen please move the mouse over it to see entire page.

S&P Surveillance Analyst: Keri Badach Tel: (1) 212-438-5033 keribadach@standardandpoors.com

Name of Fund: Colorado Local Government Liquid Asset Trust (COLOTR)

Portfolio Date: 06/27/2007

Please attach Portfolio Holdings information

Attached: AutoNAVWSP Plus 06-27-07.pdf
 Attached: AutoRepoWSP Plus 06-27-07.pdf
 Attached: COLOTRUSTWAMWSP Plus 06-27-07.pdf
 Attached: UBS Collateral.pdf

Weighted Average Maturity (WAM) (for each day of the week)

Date:	06/27/2007	06/26/2007	06/25/2007
WAM:	36	33	34

Please enter dash (-), if WAM is not applicable and provide comment.

Fund Summary

7 day Yield (at least 2 decimal places):	5.17
30 day Yield (at least 2 decimal places):	5.17

Greatest Net Redemption for the Week (US\$, in millions): 21.753

Net Asset Value (per share) (at least 7 decimal places): 1.0004811558

Security Types (%)

Agency Fixed Rate	4
Asset-Backed Commercial Paper	26
Bank Note	34
Cash	
Commercial Paper	23
Corporate Fixed Rate	2
Repurchase Agreement	11
US Treasury Bill	
US Treasury Note	
Update Total	100.00

Illiquid / Limited Liquidity Exposure (%)

Please include illiquid/limited liquidity securities on the portfolio holdings report attached

Any of the following that do not possess unconditional puts within 7-days

Extendible Notes (Issuer Option)	
ABCP Backed by CDOs with Remarking Put	
CDO Money Market Tranches > 7 Days	
CP of CDOs without 100% liquidity &/or with Extentik	
Collateralized Debt Obligation	
Credit Linked Notes	

S&P Ratings (% of Gross Assets)

A-1+ Short-Term Rating	99
A-1 Short-Term Rating	1
Update Total	100.00

Derivatives / Leveraged Positions (% Net Assets)

Please provide a separate list of the above transaction including amount, counterparty and exchange

Credit Default Swaps-Leverage	
Futures	
Interest Rate Swaps	
Reverse Repo	
Securities Lending	
Total Return Swaps	
Uncovered Dollar Rolls	

Maturity Distribution (% of Gross Assets)

1 Day	45
2 to 7 Days	1
8 to 30 Days	17
31 to 90 Days	24
91 to 180 Days	9
181+ Days	4

Characteristics of Rated vs. Unrated Pools

STABLE NAV FUNDS/POOLS	Unrated	AAAm Rated
Maturity		
Max Fund Weighted Average Maturity (WAM)	90+ days	60 days
Max maturity per security (<i>Floating - Government</i>)	None	2 years
Max maturity per security (<i>Fixed & Floating - Non-Government</i>)	397 days or more	397 days
Credit Quality		
Minimum A-1+ allocation	N/A	50%
Maximum A-1 allocation	N/A	50%
Maximum A-2 allocation	Up to 5%	0%
Pricing		
Frequency	Discretionary	Weekly
Diversification		
Max per Security/Industry	5%/25% or higher	5%/25%
Max per Repo Counterparty	Unrestricted	Restricted

VARIABLE NAV FUNDS/POOLS: While there are many differences between rated vs. unrated funds/pools of this type, one important distinction is references to average credit quality for unrated pools vs. the weighted average credit quality of S&P rated funds/pools – with the former potentially underestimating overall credit risk.

Characteristics of S&P Current/Proposed Criteria vs. SEC Guidelines

	<u>Revised 2a-7</u>	<u>"Current" 'AAAm' Criteria</u>	<u>Proposed 'AAAm' Criteria</u>
Maturity			
Max Fund WAM to Reset	60 days	60 days	60 days
Max Fund WAM to Final (WAL)	120 days	none	90-120 days
Max maturity per security (<i>Floating – Govt</i>)	None	2 years	2 years
Max maturity per security (<i>Fixed & Floating - Corp</i>)	397 days	397 days	397 days
Credit Quality			
Minimum A-1+ allocation	N/A	50%	50%
Maximum A-1 allocation	N/A	50%	50%
Maximum A-2 allocation	3%	0%	0%
Minimum Repo Counterparty Rating	Undefined	A-1	A-1
Pricing			
Frequency of Market to Market Calculation	Minimum Monthly	Weekly	Weekly
NAV Reporting (Format/Frequency)	\$0.9997 (<i>monthly w/60day lag</i>)	\$0.9997251 (<i>weekly</i>)	\$0.9997251 (<i>weekly</i>)
Diversification			
Max Per Issuer/Sector	5%/25%	5%/25%	5%/25%
Max per Repo Counterparty	Unrestricted	Restricted	Restricted
Minimum Liquidity			
Overnight/7 days	10%/30%	None	None
Stress Tests			
Frequency	Monthly	None	Monthly

Contact Information

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