Ratings Definitions

**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 S&P Global Ratings.

**AAm** A fund rated ‘AAm’ demonstrates very strong capacity to maintain principal stability and to limit exposure to principal losses due to credit risk, but is somewhat more susceptible to 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 may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the rating categories.

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**About the Pool**

**Pool Rating** AAm

**Pool Type** Stable NAV Government Investment Pool

**Investment Adviser** PFM Asset Management LLC

**Phone** 1-888-467-3523

**Website** www.msdlaf.org

**Portfolio Manager** Michael Varano

**Jeffrey Rowe, CFA**

**Pool Rated Since** April 2001

**Custodian** U.S. Bank, N.A.

**Distributor** PFM Fund Distributors, Inc.

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**Rationale**

Minnesota School District Liquid Asset Fund Plus/MSDLAF+ Portfolio is rated ‘AAAm’ by S&P Global Ratings. The rating is based on S&P Global Ratings’ analysis of the portfolio’s credit quality, investment policies, market price exposure, and management. The rating signifies our forward-looking opinion about a fixed-income fund’s ability to maintain principal value (i.e., stable net asset value, or ‘NAV’).

**Overview**

MSDLAF+ is a trust organized and existing under the laws of the state of Minnesota and the Minnesota Joint Powers Act, as amended. The trust offers its participants the Liquid and Max classes of the MSDLAF+ portfolio and various MSDLAF+ Term Series. This report applies to the MSDLAF+ portfolio of the trust. The trust was established for the purpose of allowing Minnesota school districts to pool their investment funds in order to obtain a competitive investment yield while it maintains liquidity and preserves capital.

**Management**

The fund's investment adviser is PFM Asset Management LLC (PFM). As adviser, PFM is responsible for the purchase and sale of all portfolio assets. PFM and Public Financial Management Inc., which is under common ownership with PFM, have managed funds since 1981. The two firms act as financial advisers and/or investment advisers to cities, townships, boroughs, counties, school districts, authorities, and financial institutions throughout the country, providing clients with financial, investment advisory, and cash management services.

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**Portfolio Assets**

MSDLAF+ invests its assets in instruments in which school districts are permitted to invest under Minnesota law. These instruments include but are not limited to U.S. treasury securities, U.S. government agency securities, money-market mutual funds registered under the Investment Company Act of 1940, repurchase agreements (REPOS), and short-term obligations of corporations organized in the U.S., such as commercial paper and bank debt obligations. In order to minimize fluctuations in the pool’s net asset value (NAV) and provide liquidity to its participants, the weighted average maturity to reset (WAM(R)) of the portfolio is managed at 60 days or less.