Pennsylvania INVEST Community Pool

About the Pool

Pool Rating: AAm
Pool Type: Stable NAV Government Investment Pool
Investment Adviser: Global Beta Advisors LLC
Portfolio Manager: Thomas L. Downing
Pool Rated Since: August 1999
Custodian: Bank of New York Mellon Corp.
Distributor: Pennsylvania Treasury Department

Rationale

The 'AAAm' rating assigned to Pennsylvania INVEST Community Pool is S&P Global's highest principal stability rating and is based on an analysis of the pool's investment portfolio and guidelines, 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'). While the Pennsylvania INVEST pools (Pennsylvania INVEST Daily and Pennsylvania INVEST Community) are not required to be registered investment companies under the Investment Company Act of 1940, their investment policies are similar to those established by Rule 2a-7, which governs registered money-market funds.

Overview

The Pennsylvania INVEST program offers two separate investment pools that were created to provide safe, liquid, and convenient investment alternatives for local governments and non-profits in Pennsylvania. Both Pennsylvania INVEST Daily and Pennsylvania INVEST Community are AAm rated by S&P Global, the highest rating available for pools of this type, and are invested using identical investment objectives. The primary investment objective of the INVEST pools is to preserve maximum security and liquidity for local governments and non-profits located in Pennsylvania and still provide a competitive rate of return.

Management

The INVEST pools are managed by the Pennsylvania Treasury. The management of the pools is based on the principles of prudent investment and applicable Pennsylvania law. The Pennsylvania Treasury applies its investment guidelines for acceptable investment alternatives, and complies with laws regulating the investment authority of local governmental units. The Pennsylvania Treasury Department has added PNC Bank as a consultant to assist in credit analysis and risk management.

Portfolio Assets

The investment objective of the INVEST pool is to generate a competitive return yet preserve principal and maintain sufficient liquidity to meet daily requirements. In pursuit of its objectives, the pools invest in high quality, short-term securities denominated in U.S. dollars. Their investments generally consist of: 1) direct obligations issued by, or obligations that are fully guaranteed as to principal and interest by, the U.S. government, its agencies or instrumentalities; 2) certificates of deposit (CDs); 3) commercial paper with 'A-1+' ratings (CP); and 4) other money market funds with 'A-1+' ratings (MMF). The INVEST pools are managed to a weighted average maturity to reset (WAM(R)) not to exceed 60 days. From April 2018 to September 2018, the WAM(R) for the Pennsylvania INVEST Community Pool averaged 51 days.
Principal Stability Rating Approach and Criteria

A S&P Global Ratings principal stability fund rating, also known as a “money market fund rating,” is a forward-looking opinion about a fixed income fund’s capacity to maintain stable principal (net asset value). When assigning a principal stability rating to a fund, S&P Global Ratings analysis focuses primarily on the creditworthiness of the fund’s investments and counterparties, and also its investments’ maturity structure and management’s ability and policies to maintain the fund’s stable net asset value. Principal stability fund ratings are assigned to funds that seek to maintain a stable or an accumulating net asset value.

Generally, when faced with an unanticipated level of redemption requests during periods of high market stress, the manager of any fund may suspend redemptions for up to five business days or meet redemption requests with payments in-kind in lieu of cash. A temporary suspension of redemptions or meeting redemption requests with distributions-in-kind does not constitute a failure to maintain stable net asset values. However, higher rated funds are expected to have stronger capacities to pay investor redemptions in cash during times of high market stress because they generally comprise shorter maturity and higher quality investments.

Principal stability fund ratings, or money market fund ratings, are identified by the “m” suffix (e.g., “AAm”) to distinguish the principal stability rating from a S&P Global Ratings traditional issue or issuer credit rating. A traditional issue or issuer credit rating reflects S&P Global Ratings view of a borrower’s ability to meet its financial obligations. Principal stability fund ratings are not commentaries on yield levels.

Portfolio Credit Quality as of September 28, 2018 *

*As assessed by S&P Global Ratings

S&P Global Ratings is neither associated nor affiliated with the fund.

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The yield quoted represents past performance. Past performance does not guarantee future results. Current yield may be lower or higher than the yield quoted.

Pool portfolios are monitored weekly for developments that could cause changes in the ratings. Rating decisions are based on periodic meetings with senior pool executives and public information.