



Fitch Assigns First-Time Rating to PFM Funds Government Select Series

Fitch Ratings-New York-13 April 2018: Fitch Ratings has assigned a 'AAAmf' rating to the PFM Funds Government Select Series, managed by PFM Asset Management LLC.

KEY RATING DRIVERS

The 'AAAmf' rating assignment reflects:

- The fund's overall credit quality and diversification.
- Low exposure to interest rate and spread risks.
- Holdings of daily and weekly liquid assets consistent with shareholder profile and concentration.
- Maturity profile consistent with Fitch's 'AAAmf' rating criteria.
- The capabilities and resources of PFM Asset Management LLC.

PORTFOLIO CREDIT QUALITY/DIVERSIFICATION

The fund seeks to maintain a diversified, high credit quality portfolio consistent with Fitch's criteria for 'AAAmf' rated money market funds (MMFs), by investing in highly rated securities with limited exposure to individual issuers. The fund has a policy of investing at least 99.5% of its assets in cash, U.S. government securities (including securities issued or guaranteed by the U.S. government or its agencies or instrumentalities) and/or repurchase agreements that are collateralized fully.

MATURITY PROFILE

The fund is managed in accordance with Rule 2a-7 under the Investment Company Act of 1940, as amended. As of Feb. 28, 2018, the weighted average maturity of the fund was 37 days. Consistent with Fitch's criteria for 'AAAmf' rated MMFs, the fund also limits the maturity date of any single investment to 397 days.

LIQUIDITY PROFILE

The fund seeks to maintain sufficient levels of daily and weekly liquidity to meet investors' redemption requests. Specifically, the fund currently invests at least 15% of total assets in securities offering daily liquidity and at least 30% of total assets in securities providing weekly liquidity.

FUND OBJECTIVE

The investment objective for this fund is to provide high current income consistent with stability, safety of principal, and liquidity, and to maintain a stable net asset value of \$1.00 per share.

INVESTMENT ADVISOR

The fund's investment adviser is PFM Asset Management LLC, based in Harrisburg, PA. PFM Asset Management LLC specializes in high quality short- and intermediate-duration investment strategies within the institutional public sector. As of Dec. 31, 2017, the firm had approximately \$123 billion in total assets, including \$81 billion discretionary assets under management and \$42 billion in assets under advisement.

Fitch views PFM Asset Management LLC's investment advisory capabilities, financial and resource commitments, operational controls, corporate governance and compliance procedures as consistent with the 'AAAmf' rating assigned to the funds.

CRITERIA VARIATION ANALYSIS

Fitch's analysis of the PFM Funds Government Select Series included a variation from Fitch's Global Money Market Fund Rating Criteria. Fitch's criterion does not establish a limit for exposures guaranteed by highly rated government agencies, therefore Fitch conservatively aggregated these exposures together with direct agency obligations under the direct exposure concentration limit stated in the rating criteria. The variation did not result in any change to the rating.

RATING SENSITIVITIES

The rating may be sensitive to material changes in the credit quality, market risk, and/or liquidity profiles of the fund. Temporary deviations from metrics outlined in Fitch's criteria need not automatically result in a rating change, provided the fund manager is able to address them with credible near-term remedial actions. However, material adverse and continued deviations from Fitch's guidelines for any key rating driver may lead to the rating being placed on Rating Watch Negative or downgraded.

SURVEILLANCE

Fitch will receive fund holdings information and other pertinent fund data from the fund or its administrator to conduct surveillance

against ratings guidelines and to maintain the MMF rating.

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Additional information is available on www.fitchratings.com

Applicable Criteria

Global Money Market Fund Rating Criteria (pub. 20 Nov 2017) (<https://www.fitchratings.com/site/re/906246>)

Additional Disclosures

Dodd-Frank Rating Information Disclosure Form (<https://www.fitchratings.com/site/dodd-frank-disclosure/10027189>)

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