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Portfolio Analysis Model (PAM)

Model Summary Document (MSD)

1. Model Purpose and Description

The purpose of PAM is to provide general guidance as to how issuer investment portfolios might be affected in relation to the general macroeconomic/cyclical scenario specified.

PAM produces a portfolio return estimate to be used for TTC (through-the-cycle) analysis. More specifically, in response to a user-specified level of GDP stress, where GDP is used as a scaling factor to generate an impact in standard deviation terms, a point estimate and feasible range of % change in investment portfolio values is generated for each of an arbitrary user-selected number of periods. The full time series of simulated portfolio returns is also returned for each issuer.

2. Model Assumptions

The assumptions in the model are described in Fitch's criteria

- U.S. Public Sector, Revenue-Supported Entities Rating Criteria
- U.S. Public Finance College and University Rating Criteria

3. Model Inputs

The model requires the following key inputs:

- Issuer's asset allocation to the seven major asset classes
- Benchmark total return indices
- Asset class return adjustment
- GDP growth for each scenario period
- Return history parameter
- Scenario period parameter
- Average type parameter
- Low/High spread parameter
- Z stress adjustment

4. Model Development Data

Not applicable to this rating model as it does not use historical data for its development and calibration, and it only uses issuer specific data and other related data as described in the relevant criteria and/or RAC.

5. Model Limitations

The model is intended only to analyse investment portfolios of not-for-profit enterprises within the scope of Fitch's "U.S. Public Sector, Revenue-Supported Entities Rating Criteria", "U.S. Not-For-Profit

Hospitals and Health Systems Rating Criteria", and "U.S. Not-For-Profit Hospitals and Health Systems Rating Criteria".

6. Material Changes

The current model version is 2.0.x. Any future material changes will be disclosed in this section.

Contact Information

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