

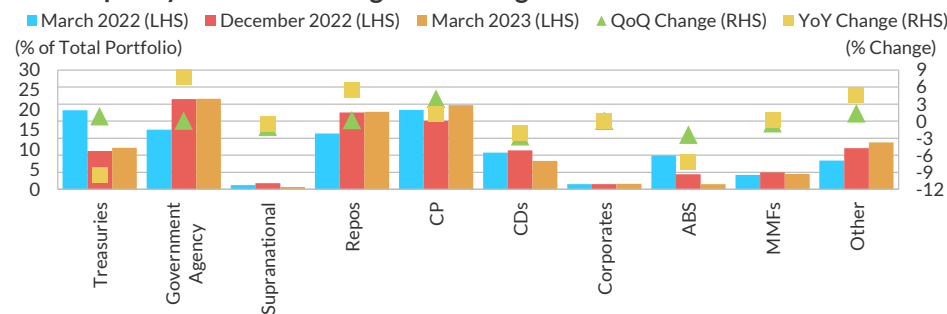
Local Government Investment Pools: 1Q23

Indices Reach Second Consecutive Record in Assets Under Management: Fitch Ratings' two local government investment pool (LGIP) indices experienced an aggregate asset increase in the first quarter of 2023 (1Q23). Combined assets for the Fitch Liquidity LGIP Index and the Fitch Short-Term LGIP Index were \$559 billion at the end of 1Q23, representing increases of \$28 billion qoq and \$94 billion yoy. The Fitch Liquidity LGIP Index was up 9% qoq and the Fitch Short-Term LGIP Index was down 0.7% qoq, compared to average growth of 4.4% and -0.8%, respectively, in the first quarter over the past three years. The outsized increase in 1Q23 relative to historical first quarter growth for the Fitch Liquidity LGIP Index may have been influenced by the March banking volatility.

Stable WAMs as Fed Slows Rate Hikes: Weighted average maturities (WAMs) remained stable in 1Q23 as the Fed slowed the pace of rate hikes. The WAM of the Fitch Liquidity LGIP Index remained at 27 days, still higher than '2a-7' money market funds at 20 days. The Fitch Short-Term LGIP Index ended the quarter with a duration of 1.14 years, up 18% since last quarter. Both Fitch indices ended 1Q23 with improved average yield profiles, responding quickly to Fed rate hikes with average net yields of 4.77% for the Liquidity Index and 3.72% for the Short-Term Index.

Liquidity LGIPs Move Away from CDs and into CP: The Fitch Liquidity LGIP Index increased exposure to CP by 3.9% and decreased exposure to CDs by -2.7%. Exposure to treasuries, agencies and repo cumulatively increased by 1%. This aligns with investor behavior during the March banking volatility, where individuals diversified into U.S. government and non-bank credit exposures. Competitive repo rates continued to present managers with more attractive opportunities.

Fitch Liquidity LGIP Index Weighted Average Sector Allocation



Note: "Other" category includes bank deposits, municipal securities, etc.
Source: Fitch Ratings

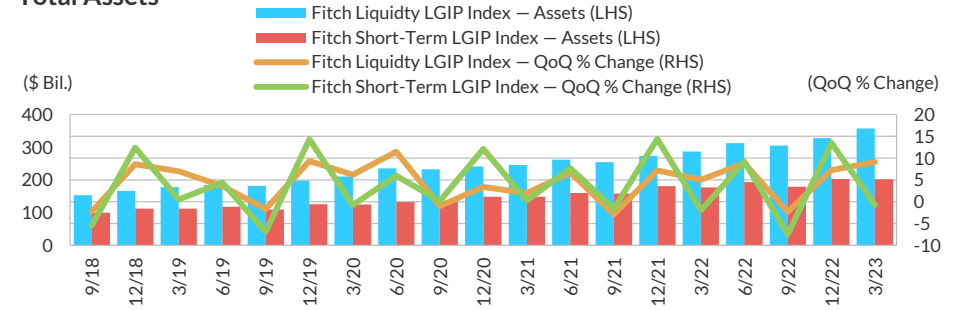


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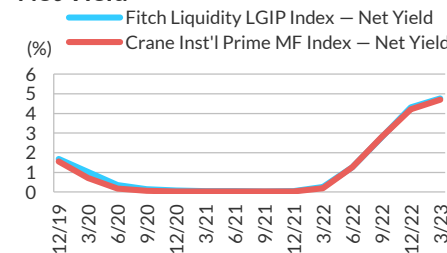
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Total Assets



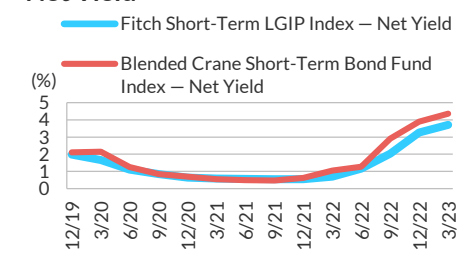
Source: Fitch Ratings

Fitch Liquidity LGIP Index - Net Yield



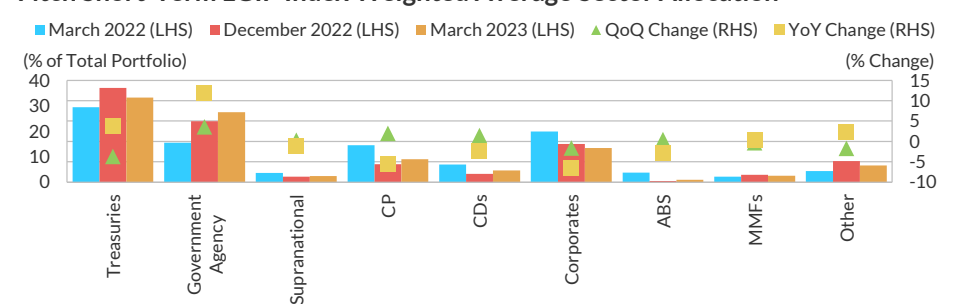
Note: Data reflects average 7-day net yields, or if not available, 30-day yields utilized.
Source: Fitch Ratings, Crane Data

Fitch Short-Term LGIP Index - Net Yield



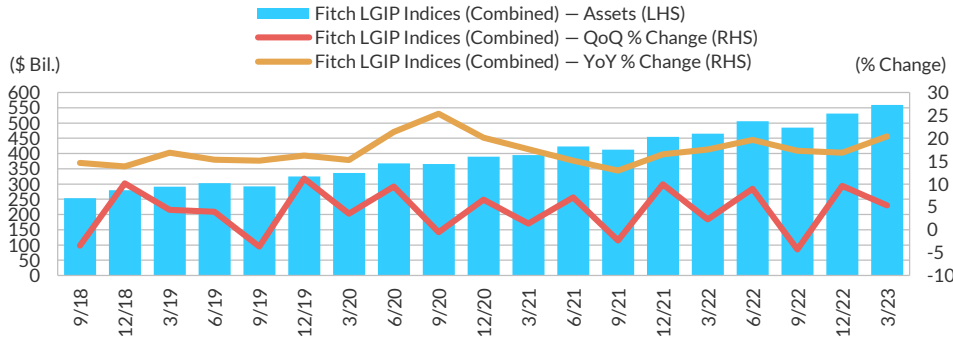
Note: Data reflects average 30-day net yields, or if not available, 7-day yields utilized.
Source: Fitch Ratings, Crane Data

Fitch Short-Term LGIP Index Weighted Average Sector Allocation



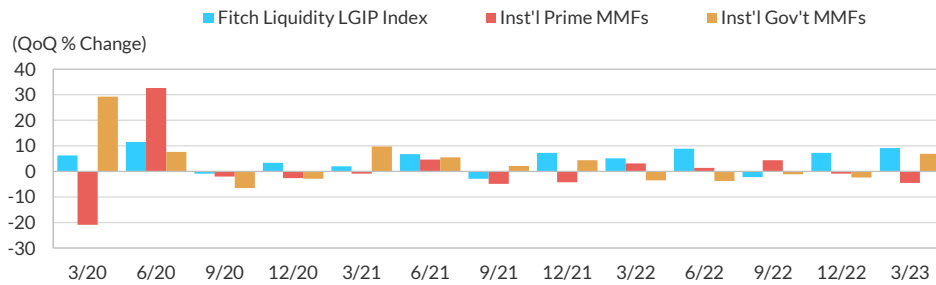
Note: "Other" category includes bank deposits, municipal securities, repos, etc.
Source: Fitch Ratings

Total Assets



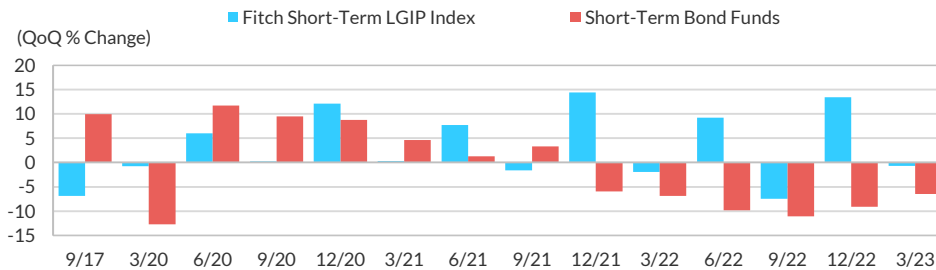
Source: Fitch Ratings

Quarterly Change in Assets – Liquidity Funds



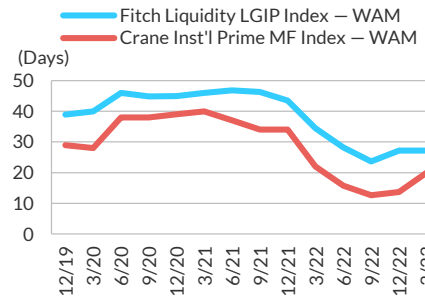
MMFs - Money market funds
Source: Fitch Ratings, CraneData

Quarterly Change in Assets – ST Bond Funds



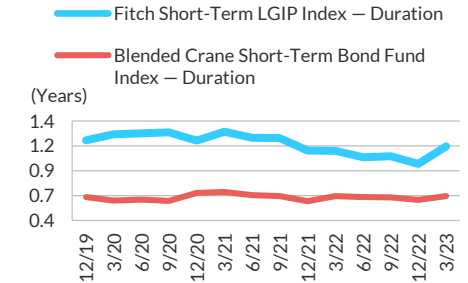
Note: Short-term bond fund assets are derived from a weighted average of the Crane BFI Ultra-Short Index and the Crane BFI Conservative Ultra-Short Index.
Source: Fitch Ratings, CraneData

Fitch Liquidity LGIP Index – WAM



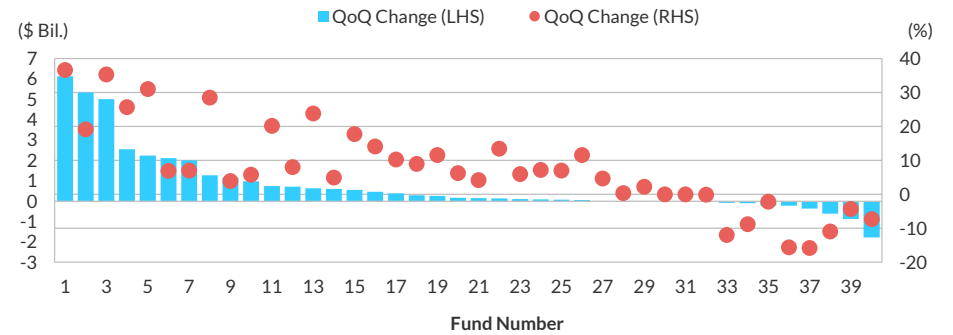
WAM - Weighted Average Maturity
Source: Fitch Ratings, Crane Data

Fitch Short-Term LGIP Index – Duration



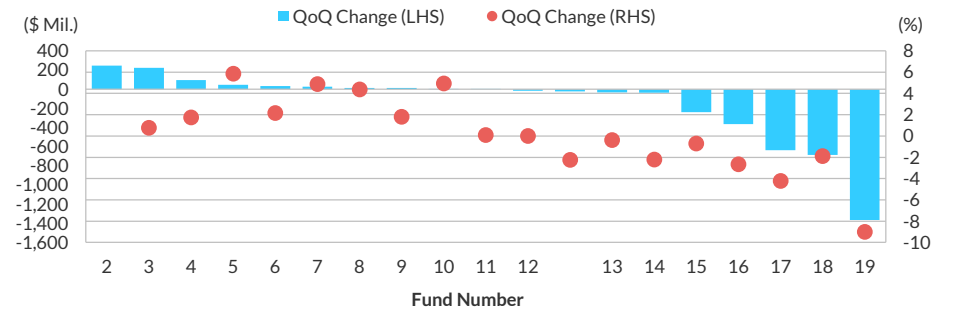
Source: Fitch Ratings, Crane Data

Fitch Liquidity LGIP Index – Quarterly Change in Assets By Pool



Source: Fitch Ratings

Fitch Short-Term LGIP Index – Quarterly Change in Assets By Pool



Source: Fitch Ratings

Summary Statistics

	March 2023	December 2022	QoQ Change	March 2022	YoY Change
Total Assets (combining both indices [61 LGIPs])	559.4	531.0	28.5	464.6	94.8
Fitch Liquidity LGIP Index (40 LGIPs)					
Total Assets (\$ Bil.)	357.4	327.6	29.9	287.2	70.2
Average Fund Size (\$ Bil.)	8.9	8.2	0.7	7.2	1.8
Average WAM (Days)	26	27	-0.9	34	-8.1
<i>Crane Prime Institutional Money Fund Average – WAM (Days)</i>	20	14	6.3	22	-2.0
Average Net Yield (%)	4.77	4.31	0.46	0.26	4.52
<i>Crane Prime Institutional Money Fund Average – Net Yield (%)</i>	4.70	4.22	0.48	0.19	4.51
Fitch Short-Term LGIP Index (21 LGIPs)					
Total Assets (\$ Bil.)	202.0	203.4	-1.4	177.4	24.6
Average Fund Size (\$ Bil.)	9.6	9.7	-0.1	8.4	1.2
Average Duration (Years)	1.14	0.97	0.17	1.10	0.04
<i>Blended Crane Short-Term Bond Fund Index – Duration (Years)</i>	0.65	0.61	0.04	0.65	-0.00
Average Net Yield (%)	3.72	3.27	0.45	0.69	3.03
<i>Blended Crane Short-Term Bond Fund Index – Net Yield (%)</i>	4.37	3.90	0.47	1.05	3.32

Note: The Blended Crane Short-Term Bond Fund Index is a weighted average of the Crane Ultra-Short Index and the Crane Conservative Ultra-Short Index.

Source: Fitch Ratings, Crane Data

Weighted Average Sector Allocation

(% of Portfolio)	Treasuries	Government Agency	Supranational	Repurchase Agreements	CP	CDs	Corporates	ABS	MMFs	Other
Fitch Liquidity LGIP Index										
March 2023	10.5	22.7	0.6	19.5	21.2	7.1	1.4	1.3	3.8	11.8
December 2022	9.6	22.7	1.6	19.3	17.2	9.8	1.3	3.8	4.2	10.4
QoQ Change	0.8	0.04	-1.0	0.2	3.9	-2.7	0.1	-2.4	-0.4	1.4
March 2022	19.9	15.0	1.1	14.1	20.0	9.2	1.3	8.5	3.7	7.2
YoY Change	-9.5	7.8	-0.5	5.5	1.2	-2.1	0.1	-7.2	0.2	4.5
Fitch Short-Term LGIP Index										
March 2023	33.3	27.5	2.4	N.A.	9.0	4.7	13.4	0.9	2.6	6.6
December 2022	37.0	23.9	2.1	N.A.	7.0	3.2	15.0	0.4	2.9	8.3
QoQ Change	-3.7	3.6	0.3		2.0	1.4	-1.6	0.5	-0.3	-1.7
March 2022	29.4	15.5	3.6	N.A.	14.5	6.9	19.9	3.8	2.1	4.3
YoY Change	3.8	12.0	-1.2		-5.5	-2.2	-6.5	-2.9	0.5	2.3

ABS – Asset-backed securities. MMFs – Money market funds. N.A. – Not available. Note: Not all LGIPs disclose the same data on a consistent basis. Fitch uses data available at the time to construct the indices.

Source: Fitch Ratings

Additional Statistics: Subcategories

	March 2023	December 2022	QoQ Change	March 2022	YoY Change
Liquidity LGIPs (40 LGIPs)					
Total Assets (\$ Bil.)					
Prime (31 LGIPs)	263.1	243.8	19.23	211.9	51.1
Government (9 LGIPs)	94.4	83.7	10.64	75.3	19.0
Rated (37 LGIPs)	274.2	246.7	27.48	212.9	61.3
Unrated (3 LGIPs)	83.2	80.9	2.39	74.4	8.9
Average WAM (Days)					
Prime (31 LGIPs)	28	29	-0	35	-7
Government (9 LGIPs)	18	21	-4	33	-15
Rated (37 LGIPs)	26	27	-1	35	-9
Unrated (3 LGIPs)	29	29	0	31	-2
Average Net Yield (%)					
Prime (31 LGIPs)	4.82	4.39	0.42	0.29	4.53
Government (9 LGIPs)	4.56	4.06	0.50	0.21	4.35
Rated (37 LGIPs)	4.77	4.34	0.43	0.27	4.50
Unrated (3 LGIPs)	4.92	4.41	0.51	0.38	4.55
Short-Term LGIPs (21 LGIPs)					
Total Assets (\$ Bil.)					
Prime (19 LGIPs)	186.1	186.2	-0.10	164.6	21.5
Rated (13 LGIPs)	63.3	62.7	0.67	55.9	7.5
Unrated (8 LGIPs)	138.7	140.8	-2.09	121.5	17.2
Average Duration (Years)					
Prime (14 LGIPs)	1.14	0.97	0.17	1.10	0.04
Rated (9 LGIPs)	1.09	0.85	0.23	1.00	0.09
Unrated (6 LGIPs)	1.24	1.18	0.06	1.28	-0.05
Average Net Yield (%)					
Prime (10 LGIPs)	3.71	3.28	0.43	0.72	2.99
Rated (8 LGIPs)	4.12	3.55	0.57	0.51	3.61
Unrated (3 LGIPs)	2.64	2.52	0.12	1.15	1.49

Note: The subcategories above were established by further segmenting the broader population of LGIPs used to create the Fitch Liquidity LGIP and the Fitch Short-Term LGIP indices. Government LGIPs invest in U.S. Treasuries, agencies or repos backed by such collateral. Prime LGIPs invest in additional assets beyond government securities, such as corporate CP, bank deposits or ABS.

Source: Fitch Ratings.

Index Construction Methodology

Fitch Liquidity Local Government Investment Pool (LGIP) Index: The LGIPs comprising the Fitch Liquidity LGIP Index resemble MMFs that adhere to Rule 2a-7 of the Investment Company Act of 1940. These LGIPs seek to operate with stable NAVs and follow most, although not all, of the SEC regulations applicable to MMFs (such as maturity restrictions). The LGIPs included in this index invest in high credit quality securities and aim to maintain a WAM of less than 60 days and a WA life (WAL) of less than 120 days. Fitch constructed the index using information made available through LGIP public reporting.

Fitch Short-Term LGIP Index: The LGIPs comprising the Fitch Short-Term LGIP Index are comparable to SEC-regulated short-term bond funds. These strategies will typically have longer maturities, higher yields and sometimes lower credit quality than the liquidity LGIPs, although this differs by pool. The LGIPs included in the Fitch Short-Term LGIP Index operate

with variable NAVs and maintain durations in the range of approximately one to three years. Fitch constructed the index using information made available through LGIP public reporting.

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