

**Massachusetts Development Finance Agency Short**

**Term Asset Reserve Fund**

**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. It differs from the highest-rated funds only to a small degree.

**Am** A fund rated 'Am' demonstrates strong capacity to maintain principal stability and to limit exposure to principal losses due to credit risk, but is somewhat more susceptible to the 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.

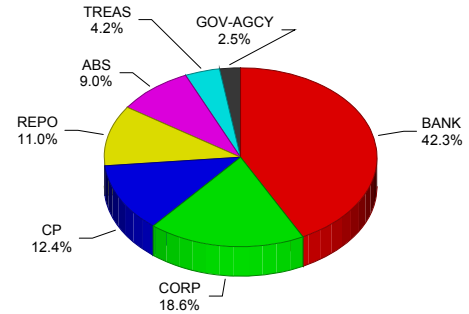
**Dm** A fund rated 'Dm' has failed to maintain principal stability resulting in a realized or unrealized loss of principal.

**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.

**About the Pool**

Pool Rating	<b>AAAm</b>
Pool Type	Stable NAV Government Investment Pool
Investment Adviser	PFM Asset Management LLC
Phone	1-800-937-2736
Portfolio Manager	Michael Varano
Pool Rated Since	October 1991
Custodian	U.S. Bank, N.A.
Distributor	PFM Fund Distributors, Inc.

**Portfolio Composition as of September 27, 2018**



BANK - Bank Deposits; CORP - Corporate; CP - Commercial Paper; REPO - Repurchase Agreement; ABS - Asset-backed security; TREAS - Treasury; GOV-AGCY - Agency and Government

**Rationale**

Massachusetts Development Finance Agency Short Term Asset Reserve Fund (MASS STAR) 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**

MASS STAR is one of several pools managed by PFM Asset Management LLC (PFM), based in Harrisburg, Pennsylvania. MASS STAR's investment objectives are to provide as high a level of current income as is consistent with maintaining liquidity and stability of principal and to maintain a stable net asset value (NAV) of \$1.00 per share. The pool is designed as an investment vehicle for bond proceeds of organizations that borrow through the Massachusetts Development Finance Agency, such as health and higher education institutions, and for funds of the agency.

**Management**

The pool's investment adviser is PFM Asset Management LLC (PFM). As adviser, PFM manages MASS STAR and 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 pools 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 their clients with financial, investment advisory, and cash management services.

**Portfolio Assets**

The pool invests primarily in banker's acceptances, commercial paper and other obligations guaranteed

by the U.S. government or its agencies or instrumentalities. In addition, the pool may invest in certificates of deposit, corporate notes, and both corporate floating rate and corporate fixed-rate securities. Repurchase agreements are entered into with highly creditworthy counterparties and generally make up no more than 30% of pool assets. The fund manager intends to comply with guidelines similar to those mandated for money-market funds that comply with Rule 2a-7 of the Investment Company Act of 1940. These guidelines are consistent with Massachusetts regulations governing the investment of public funds. PFM uses drawdown schedules prepared by MASS STAR participants to help anticipate liquidity needs. The fund maintains a weighted average maturity to reset (WAM(R)) of 60 days or less.

**S&P Global Ratings Analyst:** Joseph Giarratano - 1 (212) 438 8942

www.spratings.com

*Participants should consider the investment objectives, risks and charges and expenses of the pool before investing. The investment guidelines which can be obtained from your broker-dealer, contain this and other information about the pool and should be read carefully before investing.*

**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.

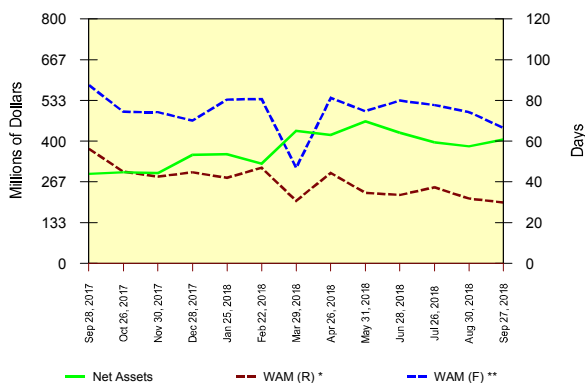
Generally, when faced with an unanticipated level of redemption requests during periods of high market stress, the manager of any fund may suspend redemptions for up to five business days or meet redemption requests with payments in-kind in lieu of cash. A temporary suspension of redemptions or meeting 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., 'AAAm') 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.

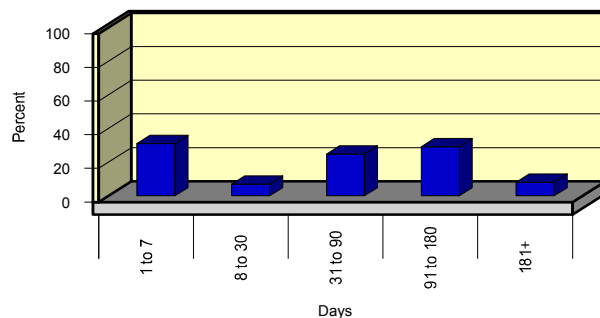
**Data Bank as of September 27, 2018**

Net Asset Value per Share.....	\$1.00010	Net Assets (millions).....	\$405.88	Inception Date.....	October 1991
WAM (R) * .....	30 days	WAM (F) **.....	66 days	7 Day Yield.....	2.12%
* Weighted Average Maturity (Reset)		** Weighted Average Maturity (Final)			

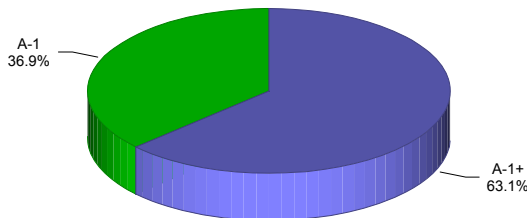
**Net Assets, WAM (R) and WAM (F)**



**Portfolio Maturity Distribution as of September 27, 2018**

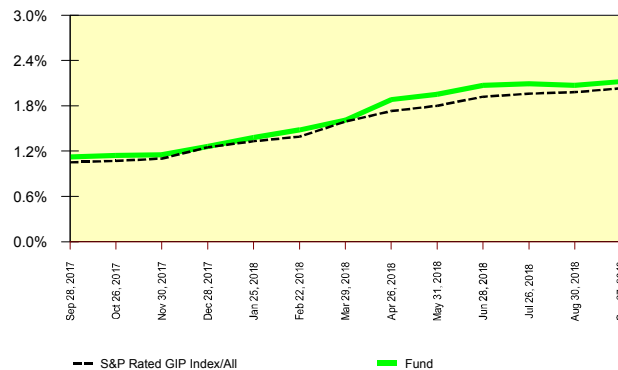


**Portfolio Credit Quality as of September 27, 2018 \***



\*As assessed by S&P Global Ratings

**Portfolio 7 Day Net-Yield Comparison \***



\*S&P 'AAAm' Money Fund Indices are calculated weekly by iMoneyNet, Inc., and are comprised of funds rated or assessed by S&P Global Ratings to within the specific rating categories. The S&P Global Ratings Rated LGIP Indices are calculated weekly by S&P Global Ratings and are comprised of 'AAAm' and 'AAm' government investment pools. *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.

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