**Rationale**
TexasTERM Local Government Investment Pool/TexasDAILY Portfolio 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**
TexasDAILY is one of several funds managed by PFM Asset Management LLC. The fund’s investment objectives are to provide shareholders with as high a level of current income as is consistent with stability, safety of principal, and liquidity, and to maintain a stable net asset value (NAV) of $1.00 per share. TexasDAILY is designed as an investment vehicle for bond proceeds and operating funds of municipalities located in Texas. PFM Fund Distributors, Inc., a wholly-owned subsidiary of PFM Asset Management LLC, serves as the fund’s distributor.

**Management**
The fund’s investment adviser is PFM Asset Management LLC (PFM). As adviser, PFM manages TexasDAILY 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 funds 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 clients with financial, investment advisory, and cash management services.

**Portfolio Assets**
TexasDAILY is an investment pool created specifically for county generated funds, school districts and special districts in the state of Texas. The pool seeks to attain as high a level of current income as is consistent with the preservation of capital and liquidity. In seeking its investment objective, the fund will invest in high-quality money-market instruments backed by the U.S. government or any of its agencies or instrumentalities, as well as repurchase agreements backed by these securities, and certificates of deposits. The fund manager intends to comply with guidelines similar to those mandated for money-market funds governed by Rule 2a-7 of the Investment Company Act of 1940. The fund manages its weighted average maturity to reset (WAM(R)) at 60 days or less to help ensure sufficient liquidity and to mitigate market price exposure. These guidelines are consistent with Texas regulations concerning the investment of public funds.
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.

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

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P’s opinions, analyses and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives.

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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.