

# 4M Multi-Class Fund Assigned 'AAAm' Principal Stability Fund Rating

January 2, 2024

NEW YORK (S&P Global Ratings) Jan. 2, 2024--S&P Global Ratings today assigned its 'AAAm' principal stability fund rating (PSFR) to the 4M Multi-Class Fund.

The PSFR reflects our view of the creditworthiness of the fund's investments and counterparties, its market price exposure, its investments' maturity structure, and management's ability to maintain the fund's net asset value, including the policies it has implemented for that purpose. The 'AAAm' rating is the highest PSFR we assign and indicates an extremely strong capacity to maintain principal stability and to limit exposure to principal losses caused by credit risk. In our view, the fund achieves this through conservative investment practices and strict internal controls. We conduct surveillance on our PSFRs on a weekly basis.

The Minnesota Municipal Money Market Fund, a common law trust that is sponsored and governed by the League of Minnesota Cities and that is organized and existing in accordance with the Joint Powers Act under Minnesota Statutes, Chapter 471, established the 4M Liquid Asset Fund in 1987 and the 4M PLUS Fund in 1996. Today, the 4M Liquid Asset Fund and the 4M PLUS Fund were combined into one entity called the 4M Multi-Class Fund, with two separate classes--the 4M Liquid Asset Class and the 4M PLUS Class.

In accordance with stated metrics for 'AAAm' PSFRs, we expect that the fund will maintain a diversified portfolio of high-quality fixed-income investments with a portfolio maximum weighted-average maturity (WAM) of 60 days and a maximum weighted-average life (WAL) between 90 and 120 days. We recently assessed that what were at the time the 4M Liquid Asset Fund and the 4M PLUS Fund had average WAMs of 35 days and 60 days, respectively, over the previous 12 months. In addition, we recently assessed that, over the same period, they maintained average WALs of 39 days and 64 days, respectively. (In our view, a portfolio's WAM is a key measure of a fund's sensitivity to rising interest rates.)

The 4M Multi-Class Fund is offered to municipalities (which includes Minnesota cities, counties, towns, public authorities, public corporations, public commissions, special districts, and public instrumentalities, all as defined in the Joint Powers Act). As of Oct. 31, 2023, net assets for the portfolio were approximately \$1.5 billion. U.S. Bank N.A. is the custodian.

The fund is a stable-value portfolio. Its objective is to provide participants with safety and stability of principal, liquidity, and--within the fund's stringent investment policies and limitations--a competitive yield. It can invest in obligations of the U.S. government and its agencies, state and local obligations, commercial paper, repurchase agreements, money market mutual funds, and obligations of financial institutions (for example, certificates of deposit and bankers' acceptances). Additionally, securities are subject to minimum-credit-quality thresholds. As of Nov. 21, 2023, the effective 'A-1+' credit quality for what is today the 4M Liquid Asset Class was

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79%, and the effective 'A-1+' credit quality for what is now the 4M PLUS Class was 77%.

PMA Asset Management LLC, based in Naperville, Ill., is the investment adviser and administrator for the fund. PMA Asset Management currently manages 13 local government investment pools with 'AAAm' ratings from S&P Global Ratings, including the 4M Multi-Class Fund. As of Sept. 30, 2023, PMA Asset Management had more than \$43.2 billion in assets under administration.

## Related Criteria

- Criteria | Financial Institutions | Fixed-Income Funds: Principal Stability Fund Rating Methodology, June 23, 2016

## Related Research

- 'AAAm' Local Government Investment Pool Trends (Third-Quarter 2023), Nov. 1, 2023

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at [www.spglobal.com/ratings](http://www.spglobal.com/ratings) for further information. Complete ratings information is available to RatingsDirect subscribers at [www.capitaliq.com](http://www.capitaliq.com). All ratings affected by this rating action can be found on S&P Global Ratings' public website at [www.spglobal.com/ratings](http://www.spglobal.com/ratings).

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