



RATING ACTION COMMENTARY

Fitch Affirms Ratings on Four Florida Municipal Investment Trust Bond Funds

Wed 09 Sep, 2020 - 5:05 PM ET

Fitch Ratings - New York - 09 Sep 2020: Fitch Ratings has affirmed the Fund Credit Quality Ratings (FCQR) and Fund Market Risk Sensitivity Ratings on the following funds:

--Florida Municipal Investment Trust 0-2 Year High Quality Bond Fund affirmed at 'AAAf'/'S1';

--Florida Municipal Investment Trust 1-3 Year High Quality Bond Fund affirmed at 'AAAf'/'S2';

--Florida Municipal Investment Trust Intermediate High Quality Bond Fund affirmed at 'AAAf'/'S3';

--Florida Municipal Investment Trust Broad Market High Quality Bond Fund at 'AAf'/'S4'.

KEY RATING DRIVERS

Asset Credit Quality

As of the review date, these bond funds met or were managed more conservatively than the assigned FCQR. Specifically, FMIvT Broad Market Funds' weighted average rating factor (WARF) is currently more conservative than Fitch's rating criterion for the current assigned FCQR, but the fund's current rating is consistent with the investments allowed under its investment guidelines. WARF is a risk-weighted measure of a portfolio of assets that accounts for the portfolio's credit quality and maturity profile.

Portfolio Sensitivity to Market Risks

The four bond funds manage their duration to meet or be more conservative than Fitch's rating criteria relative to the assigned Fund Market Risk Sensitivity Ratings. Specifically, FMIvT 1-3 Year, FMIvT Intermediate and FMIvT Broad Market Funds' durations are more conservative than Fitch's sensitivity rating criterion for the current assigned sensitivities, but the funds' current ratings are consistent with the duration allowed under their investment guidelines.

Coronavirus Impact

The coronavirus-driven heightened market volatility in 1Q did not have a material impact on the funds, as the portfolio's credit quality remained high. The funds' ratings could be adversely affected in the event of meaningful portfolio credit deterioration in the future.

U.S. Government and Agencies on Negative Outlook

The recent revision of the United States' Rating Outlook to Negative from Stable has no immediate impact on the funds. A Negative Outlook does not impact Fitch's calculation of the WARF that is the primary driver of FCQR, nor does a Negative Outlook impact Fitch's calculation of the Market Risk Sensitivity Factor (MRSF) that is the primary driver of the Market Risk Sensitivity Ratings (MRSR). These dynamics also apply to the subsequent Rating Outlook revisions with respect to U.S. government sponsored entities.

However, if U.S. government and agency debt were subsequently downgraded to 'AA+', this could impact the funds' ratings, as these securities would be assigned higher rating factors and market risk factors. Based on a review of recent surveillance reports, a hypothetical downgrade of U.S. government and agency debt to 'AA+' would impact the Florida Municipal Investment Trust Intermediate High Quality Bond Fund, but does not affect the other funds, assuming no changes to the current portfolios.

INVESTMENT MANAGER

FMIvT funds are managed by the Atlanta Capital Management Co. on behalf of the Florida League of Cities. Atlanta Capital Management Co. was established in 1969 and is owned by Eaton Vance Company. As of June 30, 2020, Atlanta Capital Management Co. managed approximately \$24.4 billion in assets on behalf of its retail and institutional clients.

Fitch views the investment management capabilities, resource commitment, operational controls, compliance and oversight processes of the pool's investment managers as consistent with the assigned ratings.

RATING SENSITIVITIES

Factors that could, individually or collectively, lead to positive rating action/upgrade:

The ratings are sensitive to material changes in the credit quality or market risk profiles of the funds. A material increase in portfolio credit quality could result in the FCQRs being raised. A material decrease in portfolio duration could result in the fund market risk sensitivity ratings being raised.

Factors that could, individually or collectively, lead to negative rating action/downgrade:

The ratings are sensitive to material changes in the credit quality or market risk profiles of the funds. A material decrease in portfolio credit quality could result in the FCQRs being lowered. A material increase in portfolio duration could result in the fund market risk sensitivity ratings being lowered.

Fitch conducted stress tests as outlined in its rating criteria to test the sensitivity of the funds' ratings against potential changes in the portfolios' credit quality.

Fitch receives monthly fund portfolio holdings information including credit quality, market value and duration of the individual securities to conduct surveillance against the bond fund rating criteria. For additional information about Fitch bond fund ratings criteria, please review the criteria referenced below, which can be found on Fitch's website.

BEST/WORST CASE RATING SCENARIO

International scale credit ratings of Financial Institutions and Covered Bond issuers have a best-case rating upgrade scenario (defined as the 99th percentile of rating transitions, measured in a positive direction) of three notches over a three-year rating horizon; and a worst-case rating downgrade scenario (defined as the 99th percentile of rating transitions, measured in a negative direction) of four notches over three years. The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Best- and worst-case scenario credit ratings are based on historical performance. For more information about the methodology used to determine sector-specific best- and worst-case scenario credit ratings, visit [<https://www.fitchratings.com/site/re/10111579>]

SOURCES OF INFORMATION

The sources of information used to assess this rating were the public domain and Atlanta Capital Management Co.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

RATING ACTIONS

ENTITY/DEBT	RATING			PRIOR
Florida Municipal Investment Trust 1-3 Year High Quality Bond Fund	Fund Cr Qual Rtg	AAAf	Affirmed	AAAf
●	Sensitivity	S2	Affirmed	S2

ENTITY/DEBT	RATING			PRIOR
Florida	Fund Cr	AAAf	Affirmed	AAAf

[VIEW ADDITIONAL RATING DETAILS](#)

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APPLICABLE CRITERIA

[Bond Fund Rating Criteria \(pub. 22 Jul 2019\)](#)

ADDITIONAL DISCLOSURES

[Solicitation Status](#)

[Endorsement Policy](#)

ENDORSEMENT STATUS

Florida Municipal Investment Trust 0-2 Year High Quality Bond Fund	EU Endorsed
Florida Municipal Investment Trust 1-3 Year High Quality Bond Fund	EU Endorsed
Florida Municipal Investment Trust Broad Market High Quality Bond Fund	EU Endorsed
Florida Municipal Investment Trust Intermediate High Quality Bond Fund	EU Endorsed

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Fund and Asset Managers North America United States
