

## RATING ACTION COMMENTARY

# Fitch Affirms the Orange County Treasury Pool at 'AAAf'/S1'

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Fitch Ratings - New York - 14 Apr 2026: Fitch Ratings has affirmed Orange County Treasury Pool's International Fund Credit Quality Rating (FCQR) and Fund Market Risk Sensitivity Rating (MRSR) at 'AAAf'/S1'. The pool is managed by the County of Orange County Executive Office. Fitch used monthly portfolio holdings as of Dec. 31, 2025, to complete the analysis for the rating action.

The FCQR does not consider net asset value (NAV) volatility but instead reflects the pool's overall credit profile and vulnerability to losses from defaults. The MRSR reflects the pool's overall sensitivity to market risk.

## KEY RATING DRIVERS

The ratings reflect Fitch's review of the pool's investment and credit guidelines, credit quality and diversification, as well as the County of Orange County Executive Office's capability to manage the pool's assets. The 'AAAf' FCQR indicates the highest underlying credit quality (or lowest vulnerability to default). The 'S1' rating indicates a very low sensitivity to market risk. FCQRs and MRSRs do not opine on the probability of extraordinary liquidity management measures being applied, nor the redemption risk of the pool.

## Portfolio Credit Quality

The portfolio's weighted average rating factor (WARF) primarily drives the FCQR. The WARF reflects the credit ratings and remaining term to maturity of the securities, weighted by market value. The portfolio's 0.16 WARF falls below 0.3, corresponding to a 'AAAf' WARF-implied FCQR.

Fitch deems the overall portfolio quality to be sound and concentrations are managed prudently. The pool's portfolio was invested in U.S. Treasuries (23%), direct obligations of U.S. government agencies (65%), and money market funds (12%) maturing within one year. Approximately 67% of the portfolio's assets mature within one year. The portfolio is comprised of securities rated 'AAA' (12%) and 'AA' (88%).

### **Market Risk Sensitivity**

The portfolio's market risk sensitivity factor (MRF) primarily drives the MRSR. The MRF reflects the portfolio's sensitivity to market risk factors, such as interest-rate risk, credit spread risk, currency fluctuations, and leverage. The portfolio's 0.88 MRF falls below 2.0, corresponding to a 'S1' MRF-implied MRSR.

The pool's maturity profile is managed to meet anticipated cash flow needs. The pool had a weighted average maturity (WAM) and weighted average life (WAL) of approximately 293 days and 448 days, respectively.

The portfolio did not utilize any leverage as of the review date.

### **Stress Tests**

Fitch conducted stress tests as outlined in its "Bond Fund Rating Criteria," including concentration and market-based stresses, to test the sensitivity of the pool's rating against potential changes in the portfolio's credit quality. There was no material deterioration in the WARF and MRF of the portfolio because of these stressed scenarios, supporting Fitch's view that the portfolio's credit quality and sensitivity to market risk are consistent with criteria guidelines at the assigned rating level.

### **Derivatives**

The pool's Investment Policy prohibits the fund from investing in derivatives.

### **Surveillance**

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."

## **INVESTMENT MANAGER**

The County Investment Manager is responsible for the investment of the OCTP and is assisted by an internal team of investment professionals. The Treasury Oversight Committee was dissolved in early 2025 and the Investment Oversight Committee was established in its place to conduct independent reviews. The pool is subject to an annual compliance audit performed by an external auditor.

Fitch views the investment management capabilities, resource commitment, operational controls, compliance and oversight processes of the investment advisor, the County of Orange County Executive Office, as appropriate for the assigned ratings and investment strategy. As of Dec. 31, 2025, the market value of the OCTP was approximately \$17.5 billion.

## **RATING SENSITIVITIES**

### **Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade**

The ratings are sensitive to material changes in the credit quality and maturity profile of the pool. A material decrease in portfolio credit quality or increase in security maturities could result in a downgrade of the FCQR if the pool's resulting WARF exceeds 0.3 and/or downgrade of the MRSR if the pool's MRF exceeds 2.0. However, Fitch believes this is unlikely in the near term without significant credit migration, or a change in the pool's investment strategy.

### **Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade**

A positive rating action is not applicable as the assigned ratings are the highest rating outcome under Fitch's "Bond Fund Rating Criteria."

## **SOURCES OF INFORMATION**

The sources of information used to assess these ratings include the Investment Policy, portfolio holdings as of Dec. 31, 2025, and information from the investment manager.

## **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 TYPE ⇅	RATING ⇅	RATING ACTION ⇅	PRIOR ⇅
Orange County Treasurer's Pool	Fund Cr Qual Rtg	AAAf	Affirmed	AAAf
	Sensitivity	S1	Affirmed	S1

[VIEW ADDITIONAL RATING DETAILS](#)

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Additional information is available on [www.fitchratings.com](http://www.fitchratings.com)**APPLICABLE CRITERIA**[Bond Fund Rating Criteria \(pub. 13 Jun 2025\)](#)**ADDITIONAL DISCLOSURES**[Solicitation Status](#)[Endorsement Policy](#)**ENDORSEMENT STATUS**

Orange County Treasury Pool

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