

FITCH AFFIRMS SAN LUIS OBISPO COUNTY TREASURY INVESTMENT POOL AT 'AAA/V1'

Fitch Ratings-New York-17 March 2011: Fitch Ratings affirms the 'AAA/V1' ratings assigned to San Luis Obispo County Treasury Investment Pool, a local government investment pool managed and administered solely for the benefit of San Luis Obispo County, CA by the San Luis Obispo County Treasurer-Tax Collector.

The main drivers of the fund's credit rating affirmation are the high credit quality and diversification of the portfolio's assets and the capabilities of the office of the San Luis Obispo County Treasurer-Tax Collector as pool manager. The fund's 'AAA' fund credit rating reflects the fund's vulnerability to losses as a result of defaults based on the actual and prospective average credit quality of the fund's invested portfolio. As such, the pool is expected to maintain a weighted average portfolio rating of 'AAA', taking into account certain adjustments for the reduced credit risk of short-term securities.

The main drivers of the fund's volatility rating affirmation are the stability of the fund's market risk profile, as reflected by the short-dated nature of the portfolio, the high allocation to government securities, as well as appropriate levels of liquidity relative to expected cash outflows. The fund's 'V1' fund volatility rating reflects low market risk and a capacity to return stable principal value to meet anticipated cash flow requirements, even in adverse interest rate environments.

The pool's primary investment objectives are: the safety and preservation of capital; liquidity sufficient to meet scheduled cash flow needs; yield, subject to safety, liquidity, and competitive pricing requirements; and compliance with both California and federal laws. The pool seeks to pursue its investment objectives by investing in a diverse portfolio of high-quality securities rated at least 'A-/F1' by Fitch or of a comparable credit quality by other global rating agencies. Permitted investments include U.S. Treasury bills, notes, U.S. government agency securities, commercial paper, bankers' acceptances, repurchase agreements, collateralized bank deposits and the Local Agency Investment Fund (LAIF). LAIF is a local government investment pool managed by California's Pooled Money Investment Board, which is headed by the State Treasurer and includes the state's controller and director of finance. The pool may also invest in the county's Teeter Plan note program, which allows the county to receive advanced funding against delinquent property tax receipts. The pool maintains an average maturity of less than one year and offers participants daily liquidity.

While the pool is permitted, per its investment policy, to invest in securities rated at least 'A-/F1' or equivalent, the pool has historically focused its investment strategy on 'AAA' rated government and agency securities. By its investment policy, the pool is also permitted to enter into repurchase agreements with counterparties rated at least 'A/F1' by Fitch or of a comparable credit quality by other global rating agencies and overcollateralized by at least 102%. Current repurchase agreements are backed by U.S. Treasury securities.

As of Jan. 31, 2011, the portfolio was comprised of 41.3% U.S. Treasury securities, 22.8% U.S. government agency securities, 10.2% bank deposits collateralized by U.S. treasury and government agency securities, 8.8% LAIF, 8.3% repurchase agreements, 4.2% commercial paper, 3.3% bankers' acceptances and 1.1% Teeter Plan notes. As of Jan. 31, 2011, the weighted average credit quality of the fund, as measured by Fitch's weighted average rating factor (WARF), was 0.059, which is consistent with 'AAA' guidelines published in Fitch's criteria.

The portfolio is permitted by its investment policy to invest in securities maturing up to five years from the date of trade settlement, unless matched to a specific cash flow requirement. The portfolio has historically benefited from highly predictable cash outflow needs and, at present, is comprised of sales and property tax revenues and bond issuance proceeds. Pool participants include the

county, school districts, and other special districts. The portfolio's anticipated redemptions include payroll and benefit payments, accounts payable, debt services and other planned expenditures of the county. As of Jan. 31, 2011, 28.1% of the portfolio's assets matured overnight. Given the short-dated nature of the portfolio, along with the high allocation to government and agency securities (which receive a 0.00 spread factor under Fitch's analytical framework for determining fund volatility ratings), the market risk of the portfolio is viewed as consistent with a 'V1' fund volatility rating.

The San Luis Obispo County Treasury Investment Pool is managed by the San Luis Obispo County Treasurer-Tax Collector on behalf of the county and its constituents. As of Jan. 31, 2011, the pool had approximately \$567 million in assets under management.

The ratings may be sensitive to material changes in the credit quality or market risk profiles of the fund. A material adverse deviation from Fitch guidelines for any key rating driver could cause the rating to be lowered by Fitch. For example, should portfolio parameters change or volatility of outflows increase, this could adversely affect the portfolio's fund credit and/or fund volatility ratings. For additional information about Fitch closed-end fund ratings guidelines, please review the criteria referenced below, which can be found on Fitch's website.

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Additional information is available at 'www.fitchratings.com'.

The sources of information used to assess these ratings were the public domain and San Luis Obispo County, CA Treasurer's Office.

Applicable Criteria and Related Research:

--'Global Bond Fund Rating Criteria', dated Feb. 10, 2010;

--'Global Bond Fund Rating Criteria - Short-Term Bond Fund Addendum', dated March 22, 2010.

Applicable Criteria and Related Research:

Global Bond Fund Rating Criteria - Short-Term Bond Fund Addendum

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=505657

Global Bond Fund Rating Criteria

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=499472

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