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Fitch Rates Florida Municipal Investment Trust 0-2 Year High Quality Bond Fund 'AAA/V1'

NEW YORK--(BUSINESS WIRE)--Fitch Ratings has assigned 'AAA/V1' ratings to the Florida Municipal Investment Trust (FMIvT) 0-2 Year High Quality Bond Fund (0-2 Year Fund), managed by Atlanta Capital Management Co. on behalf of the Florida League of Cities. As of July 31, 2011, the fund had approximately \$227.9 million in invested securities.

Key Rating Drivers

The main driver of the fund credit rating is the high credit quality of the portfolio, which is invested largely in U.S. Treasury and government agency securities. The 'AAA' fund credit rating reflects the lowest vulnerability to losses as a result of defaults, and is based on the actual and prospective weighted average credit quality of the portfolio assets. As such, the portfolio is expected to maintain a weighted average rating of 'AAA', taking into account certain adjustments for the reduced credit risk of high-quality, short-term securities.

The main drivers of the fund volatility rating are the stability of the portfolio's market risk profile, as reflected by the short-dated nature of the invested assets, the high allocation to U.S. Treasury and government agency securities, as well as appropriate levels of liquidity relative to shareholder composition and redemption parameters. The 'V1' fund volatility rating reflects the fund's low market risk and capacity to return stable principal value to meet anticipated cash flow requirements, even in adverse interest rate environments.

Credit Quality

As per the fund's investment policy, the primary investment objectives of the fund are to preserve capital and exceed the return of the Bank of America Merrill Lynch One Year Treasury Note Index over three-year periods. Permitted investments per the fund's investment guidelines include direct U.S. government obligations, U.S. government agency securities, money market obligations (including commercial paper, bankers acceptances, repurchase agreements, reverse repurchase agreements, time deposits, and money market funds), asset backed securities, mortgage securities, and commingled investment funds.

While the 0-2 Year Fund is permitted, per its investment guidelines, to invest in high-quality commercial paper and time deposits, the portfolio has historically focused its investment strategy primarily on 'AAA' rated U.S. Treasury and government agency securities and asset-backed securities.

As of July 31, 2011, the portfolio was invested in 41.9% U.S. Treasury securities, 37.2% senior tranches of asset backed securities, and 20.4% U.S. government agency securities. As of the same date, the weighted average credit quality of the fund, as measured by Fitch's weighted average rating factor (WARF), was 0.10, which corresponds to an 'AAA' fund credit rating as per Fitch published criteria.

By its investment guidelines, the portfolio is also permitted to enter into repurchase agreements, backed by government securities and overcollateralized by at least 102%. As of July 31, 2011 the fund did not hold any repurchase agreements.

Liquidity Considerations

The portfolio is permitted by its investment guidelines to invest in securities with a final maturity up to five and a half years from the date of trade settlement. This requirement, along with the fund's redemption limitations and liquid nature of its underlying assets, are viewed as providing appropriate liquidity support. Given the short-dated nature of the portfolio duration, 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.

To mitigate potential liquidity risk, the fund limits redemptions to twice a month, on the 15th and the last business day of the month. Additionally, the fund must maintain duration of between 0.5 and 1.25 years. As of July 31, 2011 the fund had a modified duration of 0.69 years. The fund's duration corresponds to a 'V1' fund volatility rating.

Participant Profile

Participation in the FMIvT funds is limited to agencies and political subdivisions of the State of Florida such as counties, municipalities, special districts, school districts, and other governmental entities. The funds' primary investment objectives are to provide alternatives for those members that have excess moneys and investment horizons greater than those offered by money market instruments. Atlanta Capital Management Co. provides Fitch with monthly fund surveillance information, including details of the portfolios' holdings, such as credit quality, market value and duration of the individual securities.

Investment Management

The fund is 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 majority owned by Eaton Vance Company. As of June 30, 2011, Atlanta Capital Management Co. managed approximately \$12.3 billion in assets under management on behalf of its retail and institutional clients.

Rating Sensitivity

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, a material decrease in portfolio credit quality could result in the fund credit ratings being lowered, while a material increase in portfolio duration could result in fund volatility ratings being lowered.

Given the fund's investment mandate of investing primarily in U.S. Treasury and government agency securities, the ratings may also be sensitive to materially adverse changes in the U.S. government's financial condition and that of the broader U.S. economy. Fitch will continue to monitor such developments and maintain active dialogue with the portfolio manager in an effort to understand the portfolio's liquidity position. For additional information about Fitch bond fund ratings guidelines, please review the criteria referenced below, which can be found on Fitch's website.

Additional information is available at www.fitchratings.com.

The sources of information used to assess these ratings were the public domain and both Atlanta Capital Management and the Florida League of Cities.

Applicable Criteria and Related Research:

--'Global Bond Fund Rating Criteria', dated Aug. 16, 2011;

--'Local Gov't Pools' Ratings Weather Volatile Environment', dated Aug. 23, 2011.

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Global Bond Fund Rating Criteria

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=648577

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