



## Fitch Assigns New Ratings to Two New Western Asset Money Market Funds

Fitch Ratings - New York - 31 October 2019:

Fitch Ratings has assigned a 'AAAmmf' rating to the Western Asset Premier Institutional Liquid Reserves fund and the Western Asset Premier Institutional Liquid Reserves, Ltd. fund. Both funds are managed by Legg Mason Partners Fund Advisor, LLC (LMPFA) and are subadvised by Western Asset Management Company (Western Asset), which provides day-to-day portfolio management. Both LMPFA and Western Asset are wholly owned subsidiaries of Legg Mason, Inc. (NYSE: LM).

### KEY RATING DRIVERS

The main drivers of the rating are:

- The funds' overall credit quality and diversification;
- Low exposure to interest rate and spread risk;
- Holdings of daily and weekly liquid assets consistent with shareholder profile and concentration;
- Maturity profile consistent with Fitch's 'AAAmmf' rating criteria;
- The capabilities and resources of Legg Mason and Western Asset.

### Portfolio Credit Quality/Diversification

The funds seek to maintain a diversified, high credit quality portfolio consistent with Fitch's criteria for 'AAAmmf' rated MMFs. At the time of the analysis, the new funds had not yet traded. Western Asset provided Fitch model portfolios that are expected to closely mimic the composition of the new portfolios to conduct the rating analysis.

The model funds' Portfolio Credit Factor (PCF) is in line with Fitch's 'AAAmmf' rating criteria of 1.50 or less. PCF is a risk-weighted measure of a portfolio of assets that accounts for the portfolio's credit quality and maturity profile.

### Maturity Profile

The fund seeks to limit interest rate and spread risk by maintaining weighted average maturities (WAM) and weighted average lives (WAL) below 60 days and 120 days, respectively, as per Fitch's 'AAAmmf' criteria.

### Liquidity Profile

The fund seeks to maintain sufficient levels of daily and weekly liquidity to manage investors' flows. Specifically, they invest at least 10% of their total assets in securities offering daily liquidity, and at least 30% in securities maturing within seven days or other qualifying liquid assets.

Fitch's rating criteria for money market funds also considers the degree of shareholder diversification, as large unexpected redemptions could constrain liquidity. The funds' expected individual shareholder concentrations will be appropriately managed by Western Asset through controls and communications in place, combined with available liquidity, as indicated by Western Asset, consistent with other Western Asset funds.

### Portfolio Objective

The funds' investment objectives are to provide shareholders with liquidity and as high a level of current income as is consistent with preservation of capital.

The Western Asset Premier Institutional Liquid Reserves fund is a US-incorporated MMF and the Western Asset Premier Institutional Liquid Reserves, Ltd. fund is a Cayman Islands-incorporated MMF. Both funds are feeder funds that invest all of their investable assets in the Western Asset Liquid Reserves Master Portfolio.

### INVESTMENT MANAGER

Fitch views both LMPFA's and Western Asset's capabilities, financial and resource commitments, operational controls, corporate governance and compliance procedures as consistent with the 'AAAmmf' rating assigned to the funds.

As of June 30, 2019, LMPFA had total assets under management of approximately USD780 billion. As of the same date, total assets under management by Western Asset and its supervised affiliates were approximately USD450 billion.

### RATING SENSITIVITIES

The ratings may be sensitive to material changes in the credit quality or market risk profile of the funds. A material adverse deviation from Fitch guidelines for any key rating drivers could cause the ratings to be downgraded.

#### RATING ACTIONS

ENTITY/DEBT	RATING		
Western Asset Premier Institutional Liquid Reserves	MMF AAAmmf New Rating		
Western Asset Premier Institutional Liquid Reserves, Ltd.	MMF AAAmmf New Rating		

Additional information is available on [www.fitchratings.com](http://www.fitchratings.com)

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## **Applicable Criteria**

Money Market Fund Rating Criteria (pub. 06 May 2019)

## **Additional Disclosures**

Solicitation Status  
Endorsement Policy

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