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FitchRatings

RATING ACTION COMMENTARY

Fitch Affirms Colorado Core Fund at 'AAAf'/'S1'

Tue 14 Apr, 2026 - 7:05 PM ET

Fitch Ratings - Chicago - 14 Apr 2026: Fitch Ratings has affirmed the Colorado Core Investment Fund's International Fund Credit Quality Rating (FCQR) and Fund Market Risk Sensitivity Rating (MRSR) at 'AAAf'/'S1'. The fund is managed by the Zephyr Group at Morgan Stanley. Fitch used monthly portfolio holdings as of Dec. 31, 2025, to complete the analysis for the rating action.

The FCQR does not consider NAV volatility but instead reflects the fund's overall credit profile and vulnerability to losses from defaults. The MRSR reflects the fund's overall sensitivity to market risk.

KEY RATING DRIVERS

The ratings reflect Fitch's review of the portfolio's investment and credit guidelines, credit quality and diversification, as well as Zephyr Group'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 0.09 WARF falls below 0.30, corresponding to a 'AAAf' WARF-implied FCQR.

Fitch deems the overall portfolio quality to be sound, and concentrations are managed prudently. As of Dec. 31, 2025, Colorado Core Investment fund was primarily invested in commercial paper (70%), certificates of deposit (15%), and cash (14%). The portfolio is comprised of securities rated 'AAA' (14%), 'AA' (38%), and 'A' (48%).

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 0.10 MRF falls below 2.0, corresponding to an 'S1' MRF-implied MRSR.

The fund's maturity profile is managed to meet anticipated cash flow needs. The fund had a WAL of approximately 113 days (WAL 0.31 years).

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 fund's rating against potential changes in the portfolio's credit quality. There was no material deterioration in the WARF of the portfolio because of these stressed scenarios, supporting Fitch's view that the portfolio's credit quality and market risk sensitivity are consistent with criteria guidelines at the assigned rating level.

Derivatives

The fund's investment policy statement (IPS) 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".

LEGAL AND REGULATORY REVIEW

Fitch views the legal and regulatory environment in which Colorado Core Investment operates as appropriate. The fund is a statutory trust organized and exists under the laws of the state of Colorado.

INVESTMENT MANAGER

The Zephyr Group, an institutional portfolio management team within Morgan Stanley Smith Barney LLC (Morgan Stanley), specializes in fixed income management for government entities. The team is responsible for the fund's fundamental analysis and security selection, and its portfolio managers oversee accounts through Morgan Stanley's Institutional Cash Advisory Program. The Zephyr Group manages approximately $7.5 billion in discretionary assets.

Morgan Stanley serves clients globally, providing investment banking, securities, investment management, institutional consulting, and wealth management services, and supports approximately $9.3 trillion in total client assets.

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 fund. A drop in portfolio credit quality or increase in security maturities could result in the FCQR being downgraded if the pool's resulting WARF exceeds 0.3 or the MRSR being downgraded due to the pool's MRF exceeding 2.0. However, Fitch believes this is unlikely in the near term absent significant credit migration or a change in the fund'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 this rating includes 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
Colorado Core	Fund Cr Qual Rtg	AAAf	Affirmed	AAAf
	Sensitivity	S1	Affirmed	S1

VIEW ADDITIONAL RATING DETAILS

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APPLICABLE CRITERIA

Bond Fund Rating Criteria (pub. 13 Jun 2025)

ADDITIONAL DISCLOSURES

Solicitation Status

Endorsement Policy

ENDORSEMENT STATUS

Colorado Core	-

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