



Daily Liquidity Fund Investment Policy

October 1, 2025

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FL SAFE Daily Liquidity Fund

Investment Policy

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I. PURPOSE AND OBJECTIVES STATEMENT

A. PURPOSE

This investment policy statement should be read in conjunction with the Florida Surplus Asset Fund Trust Information Statement.

The purpose of this investment policy statement, which has been established by the Board of Trustees, is to provide a written summary of investment objectives and policies for the Florida Surplus Asset Fund Trust (the “FL SAFE”) Daily Liquidity Fund ("the Fund") that incorporates all restrictions and requirements as prescribed in such pertinent resources as the State of Florida statutes, FL SAFE’s Indenture of Trust and the requirements of a National Recognized Statistical Rating Organization (“NRSRO”) for awarding an AAAm (or the equivalent) rating to the Fund. This statement shall be used as a guideline by any investment manager investing the assets of the Fund and by the Board of Trustees in overseeing the operations of the Fund. The Trust has also adopted an investment policy for the Enhanced Cash Fund and the Term Series that are separate and distinct from this investment policy for the Daily Liquidity Fund.

The purpose of the FLSAFE Daily Liquidity Fund is to offer a safe, efficient and liquid investment alternative to governments in the State of Florida (“Participants”) and that may benefit from the receipt of higher investment returns as a result of economies of scale and investment expertise. Investments shall be made in accordance with this investment policy (the “FLSAFE Daily Liquidity Fund Investment Policy”) established by the Board of Trustees.

B. OBJECTIVES

The primary objectives, in priority order, shall be safety, liquidity, transparency and yield

1. Safety

Safety of principal is the foremost objective of the Fund. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The goal will be to limit credit risk and interest rate risk through portfolio structure.

Credit Risk.

The Fund shall limit credit risk, which is the risk of loss due to the failure of the security issuer or backer, by:

- Limiting investments to the types of securities listed in Section II of this Investment Policy and by following the guidelines to maintain a AAAm rating from Standard & Poor's Global Ratings (S&P) or its equivalent.
- Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which The Fund will do business in accordance with Section IV.
- Diversifying the investment portfolio, according to the AAAm or equivalent rating guidelines, so that the impact of potential losses from any one type of security or from any one individual issuer will be contained.

Interest Rate Risk

The Fund shall limit interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by:

- Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.
- Following the maturity restrictions under the guidelines that result in maintaining a AAAm or equivalent credit rating.

2. Liquidity

Cash needs and cash expectations are considered in the development and structure of the Fund's portfolio. Participant contributions and redemptions are to be monitored regularly and the portfolio shall be constructed to maintain adequate liquidity based on historical patterns. The Fund will follow NRSRO guidelines consistent with a AAAm or equivalent rating concerning such factors as limits on illiquid investments and maximum maturity.

3. Transparency

The Fund will provide Participants with information and any other resources to make informed investment decisions and to communicate the operations and investment activities in a timely manner. The primary goal of transparency is to create a trusting environment for the Participants.

4. Yield

The investment portfolio shall be designed with the objective of attaining a market rate of return throughout economic cycles, taking into account its investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety, liquidity and transparency objectives described above. The core investments are limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall generally be held until maturity with the following exceptions:

- A security with declining credit may be sold prior to maturity to minimize loss of principal.
- A security swap would improve the quality, yield, or target duration in the portfolio.
- Liquidity needs of the portfolio require that the security be sold.

The benchmark for the Fund will be the Standard & Poor's Rated Government Investment Pool index.

II. OVERVIEW OF GUIDELINES

A. AUTHORIZED INVESTMENTS

Investment Types

The Trust may invest in the following types and categories of investments:

1. Direct obligations of the United States Treasury;
2. Obligations backed by the full faith and credit of the United States government;
3. Obligations of agencies and instrumentalities of the United States government;
4. Supranational securities that are U.S. dollar denominated senior unsecured obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank.
5. Mortgage-backed securities including collateralized mortgage obligations issued by agencies and instrumentalities of the United States government;
6. Certificates of deposit and other evidences of deposit with approved financial institutions; including uncollateralized deposits
7. Negotiable certificates of deposit
8. Bankers' acceptances;
9. Corporate debt obligations including commercial paper and funding agreements;
10. Asset-backed securities;
11. Obligations of state and local governments and public authorities;
12. Money market mutual funds regulated by the Securities and Exchange Commission and whose portfolios consist only of U.S. dollar-denominated securities and with policies which seek to maintain a stable net asset value;
13. Repurchase agreements whose underlying purchased securities consist only of the instruments listed in categories 1 through 4 above; and
14. Without limiting the foregoing, any investments authorized under Section 218.415(16), Florida Statutes.
15. The Trust may participate in a securities lending program approved by the Board of Trustees.

B. RATINGS REQUIREMENTS

All investments of the Fund shall be rated in the highest short-term rating tier by a NRSRO at the time of purchase or shall otherwise be consistent with S&P rating requirements for maintaining an AAAm rating or the equivalent. An investment that has only a long-term rating is treated as having the short-term rating specified by that NRSRO. The Daily Liquidity Fund may utilize the credit rating of the issuer for unsecured general corporate obligations. As an additional requirement, asset-backed securities shall be rated in the highest long-term rating tier by a NRSRO or in the highest short-term rating tier by a NRSRO at the time of purchase.

C. MATURITY LIMITATIONS

The Fund shall maintain a weighted average maturity in a manner that is appropriate to the objective of maintaining a stable net asset value per share.

All securities in the Fund must have a maturity of 397 calendar days or less (except for floating rate US Treasury and Agency securities) and the weighted average maturity of the Fund shall not exceed 60 days. The Fund shall maintain a weighted average portfolio life not to exceed 120 calendar days (subject to rating agency requirements), which is determined without regard to the date of any reset dates for interest rate readjustments.

The maximum final maturity for any fixed rate investment or floating rate security not issued or guaranteed by the U.S. Government or its agencies is 397 days. The maximum final maturity for any U.S. government related floating rate investments is 762 days (such securities must have an interest rate reset frequency of 397 days or less).

D. DIVERSIFICATION REQUIREMENTS

The Fund will limit investments in credit instruments (including but not limited to commercial paper, corporates, asset backed securities and negotiable certificates of deposit) to not more than 5% of the book value (at the time of purchase) of the total portfolio with any one issuer. Obligations issued and guaranteed as to principal and interest by the Government of the United States, its agencies or instrumentalities, repurchase agreements fully collateralized with cash and/or securities issued or backed by the U.S. Government or its agencies, government money market funds, and bank deposits fully collateralized with cash and/or U.S. Government securities are not subject to the 5% issuer limitation.

Asset-backed securities and agency mortgage-backed securities shall not together exceed 10% of the Daily Liquidity Fund's total investments at the time of purchase. This limitation shall not apply to asset backed commercial paper.

E. RATING CRITERIA

The FL SAFE Daily Liquidity Fund shall comply with the investment criteria for a fund rated AAAm (S&P) or the equivalent.

F. STANDARD OF CARE

1. Prudence

The Fund's investments are made subject to the "prudent person" standard of care. According to the

Government Finance Officers Association, the “prudent person” standard states that “Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.”

2. Ethics and Conflicts of Interest

Agents, advisors, and contractors providing services in connection with custody, management, and investment of public funds under a contract with the Board of Trustees are required to at all times avoid any actual or apparent conflict of interest with respect to the custody, management, and investment of public funds.

G. GASB 79

The Board of Trustees has determined that the Fund will be managed in accordance with GASB Statement No. 79 requirements, as applicable, for the use of the amortized cost method of valuing its investment portfolio.

III. PROHIBITED INVESTMENTS

A. SECURITY TYPES

The Fund cannot invest in the following:

1. Asset backed commercial paper securities that are classified as structured investment vehicles (SIV), collateralized debt obligations (CDO), structured arbitrage vehicles (SAV) or extendible commercial paper.
2. Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal.
3. Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest.

B. DERIVATIVES

The Fund may not invest in “derivatives.” For purposes of this Investment Policy, “derivatives” means instruments with embedded features that alter their characteristics or income stream or allow holders to hedge or speculate on a market or spreads between markets that are external to the issuer, or are not directly correlated on a one-to-one basis to the associated index or market.

IV. INVESTMENT RESTRICTIONS

The Series investments are subject to the restrictions listed below. These restrictions are fundamental policies of the Trust, which means that they cannot be changed without the affirmative vote of a majority of the Funds’ Participants. The Daily Liquidity Fund:

- (a) may not make any investment other than investments authorized by the Indenture of Trust and the Board authorized Permitted Investments List, as the same may be amended from time to time;

- (b) may not borrow money or incur indebtedness whether or not the proceeds thereof are intended to be used to purchase Permitted Investments, except as a temporary measure to facilitate withdrawal requests which might otherwise require unscheduled dispositions of portfolio investments and only as and to the extent permitted by Law;
- (c) may not make loans, provided that the Funds may make Permitted Investments (which may include securities lending);
- (d) may not hold or provide for the custody of any Fund Property in a manner not authorized by Law or by any institution or Person not authorized by Law; and
- (e) may not purchase securities or shares of investment companies or any entities similar to the Funds.

V. MISCELLANEOUS

A. BEST EXECUTION

The Funds' trades, purchases, and sales are to be transacted on a basis consistent with the best execution requirements of the Securities and Exchange Commission.

B. AUTHORIZED PERSONNEL

The Advisor's personnel authorized to buy and sell investment instruments, send and receive securities, and make fund transfers and other types of related investment transactions are directly supervised by senior investment management personnel of the Advisor.

C. DOCUMENTATION

Complete documentation and audit trails are to be maintained for all investment transactions.

D. APPROVAL OF INVESTMENT POLICY

The Board of Trustees shall review this Investment Policy on a periodic basis.

Amended:

October 28, 2011

January 18, 2013

January 30, 2020

October 28, 2021

April 24, 2025

October 1, 2025