



# **EDGE Information Statement**

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**Effective May 2023**

# Table of Contents

Introduction.....	3
Participants .....	3
Investment Objectives .....	3
Income Allocations .....	4
Determination of Net Asset Value .....	5
Description of Shares .....	5
Eligible Investments.....	5
Investment Restrictions .....	5
Investment Risks.....	6
Suitability .....	7
Fees and Expenses .....	7
Redemptions .....	8
Investing in EDGE.....	8
Reporting.....	8
Statements .....	9
Board of Trustees .....	9
The Investment Advisor and Administrator .....	9
Custodian .....	10
Legal Counsel .....	10
Independent Accountants.....	10

## Introduction

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The Colorado Local Government Liquid Asset Trust (COLOTRUST or the Trust) was organized in 1985 in accordance with the Investment Funds - Local Government Pooling Act, (Part 7, Article 75, Title 24, C.R.S.) to allow Colorado governmental entities to pool their funds to take advantage of short-term investments and maximize net interest earnings. The Trust is a professionally managed local government investment pool trust fund available only to governmental entities in Colorado.

COLOTRUST EDGE (EDGE) is one of three portfolios the Trust offers to Colorado governmental entities that are or become COLOTRUST Participants. As further described herein, EDGE was established by the Trust in accordance with Investment Funds - Local Government Pooling Act, (Part 7, Article 75, Title 24, C.R.S.) and is an professionally managed portfolio consisting of money market instruments and medium-term notes designed for the short to intermediate reserve and surplus funds of Colorado local governments.

EDGE was created pursuant to the COLOTRUST Indenture of Trust (the Indenture). The most recently Amended and Restated Indenture was adopted by the COLOTRUST Board of Trustees (the Board) and became effective on May 1, 2021. Governmental entities that participate in the EDGE portfolio of the Trust are referred to as "Participants" in the Indenture and this Information Statement. The Indenture allows COLOTRUST Participants to register and participate in EDGE. Each potential EDGE Participant receives a copy of the Indenture, the Information Statement, Investment Policy, and current financial statements before becoming a Participant.

## Participants

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EDGE is available to any Colorado local government that is or becomes a Participant by taking appropriate official action to adopt the COLOTRUST Indenture of Trust, open an account in the Trust, and maintain a balance in the account. Each Participant appoints a Designee, and all official communications between the Trust and a Participant are through the Designee.

## Investment Objectives

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EDGE is designed to complement the daily liquidity offered by the COLOTRUST PRIME and COLOTRUST PLUS+ portfolios for Colorado governmental entities. The general objective of EDGE is to outperform the yields generated by COLOTRUST's daily liquidity funds by taking modest interest rate and liquidity risk and maintaining similar credit risk while preserving capital by investing only in securities that are legal pursuant to the Legal Investments Act (Part 6, Article 75, Title 24, C.R.S.) and the Public Deposit Protection Act (Articles 10.5 and 47 of Title 11, C.R.S.) (the Statutes).

EDGE offers Participants a professionally managed enhanced cash portfolio to meet their intermediate liquidity needs. **EDGE does not seek to maintain a stable Net Asset Value (NAV).** EDGE initially established a \$10.00 transactional share price and calculates and

publishes a fair value NAV daily. The EDGE portfolio is characterized by a higher weighted average maturity (WAM) and a longer target duration than either COLOTRUST PRIME or COLOTRUST PLUS+. The principal value of an EDGE investment may fluctuate and could be greater or less than the share price at purchase, prior to redemption, and at the time of redemption.

COLOTRUST is registered with the Securities Commissioner of the State of Colorado in accordance with the Local Government Investment Pool Trust Fund Administration and Enforcement Act (Part 9, Article 51, Title 11, C.R.S.).

COLOTRUST adheres to the Financial Accounting Standards Board (FASB) guidelines for its accounting and financial reporting principles. In accordance with FASB guidance, the Trust utilizes ASC 820 "Fair Value Measurement and Disclosure" to define fair value, establish a framework for measuring fair value, and expand disclosure requirements regarding fair value measurements.

COLOTRUST EDGE is rated 'AAAF'/'S1' by FitchRatings which generally speaks to the overall credit quality of the portfolio's holdings. The 'AAAF' rating is Fitch's opinion on the overall credit profile within a fixed-income fund/portfolio and indicates the highest underlying credit quality of the pool's investments. The 'S1' volatility rating is Fitch's opinion on the relative sensitivity of a portfolio's total return and/or net asset value to assumed changes in credit spreads and interest rates. The 'S1' volatility rating indicates that the fund possesses a low sensitivity to market risks. This rating is neither a market rating or a specific recommendation to buy or sell a security. Ratings are subject to change and do not remove credit risk.

## Income Allocations

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All net investment income of each portfolio is determined as of the close of business each day (and at such other times as the Board may determine) and accrues pro rata to each EDGE Participant's account. Net income that has thus accrued to the Participants is converted as of the close of business at month-end into additional shares that are thereafter held in each Participant's account. EDGE income dividends are declared and accrue on a daily basis; interest income is applied to accounts on a monthly basis.

Net income that has accrued to Participants executing a full redemption is converted upon the business day after the trade date into additional shares that reflect the accrued net income amount. Reinvested net income is converted into full and fractional shares at the rate of the reinvestment date's NAV. The Trust's policy is to distribute net realized capital gains, if any, in a reasonable time frame after the gain is realized.

Net income for each portfolio each day consists of (1) all accrued interest income on assets of the portfolio; plus or minus (2) any amortized purchase discount or premium; less (3) accrued expenses.

## Determination of Net Asset Value

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The Trust determines the net asset value of the shares of the EDGE portfolio as of the close of business of each day. The net asset value per share of each portfolio is computed by dividing the total value of the securities and other assets of the portfolios, less any liabilities, by the total outstanding shares of the portfolios. Liabilities, which include all expenses and fees of the Trust, are accrued daily.

For the purpose of calculating EDGE's net asset value per share, the securities held by the portfolio are valued as follows: (1) securities for which market quotations are readily available are valued at the most recent bid price or yield equivalent as obtained from one or more market makers for such securities; (2) all other securities and assets are valued at fair market value determined in good faith.

There can be no assurance that the net asset value will not vary from \$10.00 per share. The net asset value per share of the Trust may be affected by general changes in interest rates resulting in increases or decreases in the value of the securities held by the Trust. The market value of such securities will vary inversely to changes in prevailing interest rates. Thus, if interest rates have increased from the time a security was purchased, such security, if sold, might be sold at a price less than its cost. Similarly, if interest rates have declined from the time a security was purchased, such security, if sold, might be sold at a price greater than its cost.

## Description of Shares

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The beneficial interests of the Participants in the assets of the EDGE portfolio and the earnings thereon are, for convenience of reference, divided into shares that are used as units to measure the allocation of beneficial interest among Participants. All shares participate equally in distributions and have equal liquidation and other rights. The shares have no preference, conversion, exchange, or preemptive rights. For all matters requiring a vote of Participants, each Participant, through its Designee, is entitled to one vote with respect to each matter, without regard to the number of shares held by the Participant.

## Eligible Investments

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The EDGE portfolio invests in securities that are legal pursuant to the Statutes. For a more complete description of permitted investments please refer to the EDGE Investment Policy, available on [www.colotrust.com](http://www.colotrust.com).

## Investment Restrictions

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The Trust may buy and sell and enter into agreements to buy and sell the permitted investments subject to the restrictions described below. These restrictions are considered to

be fundamental to the operation and activities of the Trust and may not be changed without a majority vote of the Participants.

1. The Trust may not make any investment other than a permitted investment.
2. The Trust may not make any investment other than investments authorized by the Board's investment policy, Indenture, and the statutes of the state of Colorado, as the same may be amended from time to time; provided, however, the Board and the Trust shall not be responsible for insuring compliance with any investment restrictions provided for in a Participant's home rule charter or elsewhere.
3. The portfolio may invest in permitted securities with maximum maturities as outlined by the Legal Investments Act (Part 6, Article 75, Title 24, C.R.S.).
4. The Trust may neither borrow money nor 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 to the extent permitted by law.
5. The Trust may not buy securities from or sell securities to the Administrator, the Investment Advisor, the Custodian, or any member of the Board (Trustee), or with any affiliate, officer, director, employee, or agent of any of them.

The Trust may not enter into any repurchase agreements for any securities that are not listed as "permitted investments" in the previous section. In addition, all such agreements must be initially collateralized at 102% and additional securities must be provided if the market value of the collateral falls below 101.5%.

## Investment Risks

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Participants should specifically consider the following risks before deciding to invest in COLOTRUST EDGE. The following summary does not purport to be comprehensive or definitive of all risk factors. Investing involves risks including the possible loss of principal.

The prices of the fixed-income securities in the fund will rise and fall in response to changes in the interest rates paid by similar securities. Generally, when interest rates rise, prices of fixed-income securities fall. However, market factors, such as demand for particular fixed-income securities, may cause the price of certain fixed-income securities to fall while the price of other securities rise or remain unchanged. Interest rate changes have a greater effect on the price of fixed-income securities with longer maturities. The Investment Advisor will seek to manage this risk by purchasing short-term securities.

## Credit Risks

Credit risk is the possibility that an issuer of a fixed-income security held in COLOTRUST EDGE will default on the security by failing to pay interest or principal when due. If an issuer

defaults, Participants in COLOTRUST EDGE may incur losses. The Investment Advisor will seek to manage this risk by purchasing high-quality securities as determined by one or more Nationally Recognized Statistical Ratings Organizations and/or the Investment Advisor's credit research team.

### **Investment Not Insured or Guaranteed**

An investment in COLOTRUST EDGE is neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

### **Liquidity Risk**

The Trust is subject to certain liquidity risks in which the size of a bond's market, the frequency of trades, the ease of valuation, and/or issue size may impact the Investment Advisor's ability to sell investments in a timely fashion or at or near fair value in order to fulfill a Participant's redemption request.

### **Market Risk**

Market risk is the risk that the value of securities owned goes up or down, sometimes rapidly and/or unpredictably, due to factors affecting securities markets generally or within particular industries.

### **Issuer Risk**

The risk that the value of a security declines for a reason directly related to the issuer such as management performance, financial leverage, and reduced demand for the issuer's goods or services.

### **Default Risk**

The risk that a bond issuer (or counterparty) will default by failing to repay principal and interest in a timely manner.

## **Suitability**

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It is the EDGE investors' responsibility to review the EDGE Information Statement and Investment Policy in order to determine whether EDGE is a suitable and eligible investment under the investors' relevant Investment Policy.

## **Fees and Expenses**

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The Trust has entered into an agreement with Public Trust Advisors, LLC, effective February 7, 2020, whereby Public Trust is paid a fee, calculated daily and paid monthly, at an annual rate of up to 0.12% (12 basis points) of the individual EDGE investment of each Participant. This fee will accrue on a daily basis for the duration of the investment in EDGE. Public Trust may, from time-to-time, choose to voluntarily waive fees for the benefit of the fund participants.

Public Trust is responsible for payment of the costs of operation of the Trust including but not limited to Administrator and Investment Advisor fees, Custodian fees, ratings agency fees, operational, and marketing expenses.

## Redemptions

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Redemptions are unlimited and met on a transaction date plus one (1) business day basis (T+1). "Business day" means any day of the year other than (a) a Saturday or Sunday, (b) any day on which banks located in Denver, Colorado, are required or authorized by law to remain closed, or (c) any day on which the New York Stock Exchange is closed. Participants can only redeem EDGE shares in the COLOTRUST online order portal (the "portal"); phone and email/fax orders are not acceptable methods of redeeming EDGE shares. Redeemed funds are distributed from the EDGE portfolio to the account designated by the Participant one business day after the transaction date indicated in the portal. The Participant receives the daily income allocation until the funds are dispersed to the designated account.

Redemptions must be entered in the portal by 11:00 am MT.

## Investing in EDGE

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EDGE is available to COLOTRUST PLUS+ and PRIME Participants as well as to new Participants. Prior to investing in EDGE, Participants are required to submit an EDGE Account Registration Form, which is available on [www.colotruster.com](http://www.colotruster.com).

Upon the Participants' receiving acknowledgement of EDGE registration from COLOTRUST, shares of EDGE are acquired by the Participant in the portal or by check contribution form. There is no minimum initial investment amount, nor a minimum required balance after the purchase is made. EDGE contributions and transfers must be submitted via the portal by 11:00 am MT. In the unlikely event that the online transaction portal is unavailable, COLOTRUST Participants may contact the Client Service team at (877) 311-0219 for further assistance.

## Reporting

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Each Participant receives quarterly and annual financial statements of the Trust as well as a monthly statement of the Participant's EDGE account(s). The annual financial statements are issued as of the Trust's fiscal year end on December 31 each calendar year. Participants are advised to review the financial statements of the Trust that are furnished to them. The reports also include sufficient information to establish compliance with the investment policy established in the Indenture and other information required by the statutes of the state of Colorado and by regulations promulgated by the Securities Commissioner of the State of Colorado.



The Trust answers inquiries from Participants at any time during business hours. Inquiries may be made by mail, email at [info@colotruster.com](mailto:info@colotruster.com), via the Internet at [www.colotruster.com](http://www.colotruster.com), or by phone at (303) 864-7474 from the Denver area or at (877) 311-0219 outside of the Denver area. The telefax number is (877) 311-0220. The mailing address is COLOTRUST, 717 17th Street, Suite 1850, Denver, Colorado 80202.

## Statements

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In addition to the quarterly and annual financial statements of the Trust, a monthly statement is provided for the accounts of EDGE Participants. In addition to the fair value NAV, the Statement will provide the month's beginning balance, purchases, redemptions, income earned, income earned year-to-date, month-end balance, and transaction activity summary.

## Board of Trustees

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The Board is responsible for assuring compliance with the Indenture and the investment restrictions therein. The Board has the power to administer the Trust and the affairs of the Trust. Further information about the COLOTRUST Board of Trustees, its structure, roles and responsibilities is available on [www.colotruster.com](http://www.colotruster.com) and in the COLOTRUST Information Statement.

The Board is responsible for the investments of the Trust and for the general administration of the business and affairs of the Trust; however, the Trustees are not required personally to conduct all of the business of the Trust and consistent with its ultimate responsibility, the Board has appointed an Administrator, an Investment Advisor, a Custodian, Legal Counsel, and an Independent Accountant. The Board may assign such duties to the Administrator, Investment Advisor, and Custodian as it deems to be necessary or desirable for the efficient management of the Trust.

## The Investment Advisor and Administrator

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Pursuant to an agreement with the Trust, Public Trust Advisors, LLC (Public Trust) serves as the Investment Advisor and Administrator of the Trust.

As Investment Advisor, Public Trust provides investment services to the Board. Public Trust is an investment advisory firm located in Denver, Colorado.

Public Trust is registered with the Securities and Exchange Commission as an investment advisor under the Investment Advisers Act of 1940. Registration of an investment adviser with the SEC does not imply a certain level of skill or training.

As Administrator, Public Trust services all Participant accounts in the Trust, determines and allocates income of the Trust, provides certain written confirmation of the investment and withdrawal of funds by Participants, provides administrative personnel and facilities to the Trust, determines the net asset value of the Trust, and performs all related administrative services for the Trust. At least quarterly, the Administrator provides the Board with a detailed

evaluation of the performance of the Trust based upon a number of factors. This evaluation includes a comparative analysis of the Trust's investment results in relation to industry standards such as the performance of comparable money market mutual funds and various indices of money market securities.

The Agreement with Public Trust may not be assigned, by operation of law or otherwise, by Public Trust, without the express written consent by the Trust and may be terminated without penalty on 45 days written notice at the option of the Trust or Public Trust.

The Trust is prohibited from buying securities from and selling securities to Public Trust and any of its affiliates.

## Custodian

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UMB Bank, N.A. serves as Custodian for the Trust pursuant to a Custodian Agreement. UMB Bank acts as safekeeping agent for the Trust's investment portfolios and serves, in accordance with the statutes of the state of Colorado, as the depository in connection with the direct investment and withdrawal mechanisms of the Trust. UMB Bank does not participate in the Trust's investment decision-making process.

On occasion, the Trust uses other custodians for some permitted investments such as tri-party repurchase agreements.

The Custodian Agreements remain in effect until terminated by either the Trust or the Custodian. The Agreements are not assignable without the prior written consent of the Trust and may be terminated without penalty on 60 days written notice at the option of the Trust or the Custodian.

## Legal Counsel

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At the present time, Butler Snow, LLP serves as General Counsel to the Trust.

## Independent Accountants

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At the present time, Cohen and Company serves as independent certified public accountants to audit the annual Financial Statements of the Trust. The audit contains statements of assets and liabilities, of operations, and of changes in net assets of the Trust prepared in conformity with generally accepted accounting principles. The opinion of the independent certified public accountant on such financial statements is based on an examination of the books and records of the Trust made in accordance with generally accepted auditing standards.

. COLOTRUST is not a bank. An investment with COLOTRUST is not guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Many factors affect performance including changes in market conditions and interest rates and in response to other economic, political, or financial developments. Investment involves risk including the possible loss of principal. No assurance can be given that the performance objectives of a given strategy will be achieved. **Past performance is no guarantee of future results. Any financial and/or investment decision may incur losses.** No assurance can be given that EDGE will achieve its investment objective.

The 'AAAF' rating is Fitch's opinion on the overall credit profile within a fixed-income fund/portfolio and indicates the highest underlying credit quality of the pool's investments. The 'S1' volatility rating is Fitch's opinion on the relative sensitivity of a portfolio's total return and/or net asset value to assumed changes in credit spreads and interest rates. The 'S1' volatility rating indicates that the fund possesses a low sensitivity to market risks. For a full description on rating methodology, please visit [www.fitchratings.com](http://www.fitchratings.com). Ratings are subject to change and do not remove credit risk. External audits may not catch all instances of accounting errors and do not provide an absolute guarantee of accuracy.

This is not a Stable NAV fund. While it seeks to establish a transactional share price of \$10.00 per share, the possibility of a higher amount of unrealized/realized losses than unrealized/realized gains implies that the NAV could decline below the \$10.00 transactional share price and that shareholders will execute purchases and redemptions at that NAV.

05/23 Managed by Public Trust Advisors, LLC

### Contact Information

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