

## **Recent Market Volatility and CAMP's Commitment to Safety of Public Fund Investments**

April 2020

The equity and bond markets have made headlines recently with extraordinary volatility and the ability to responsibly provide liquidity is at the top of investors' minds. Most impactful for public fund, fixed income investors is the array of extraordinary measures swiftly instituted by the Federal Reserve Bank to help support the markets' smooth operation and support the flow of liquidity and credit to households and businesses across the country. These measures – including widespread asset purchases, various lending facilities and reducing the range of its benchmark Federal Funds Rate to 0.00% to 0.25% - have helped to calm market participants and improve conditions though yields have fallen dramatically as investor demand for safe haven assets remain elevated.

PFM, as investment adviser and administrator to CAMP, is actively working to ensure that CAMP's investments continue to be aligned with the Pool's goals of safety of principal, liquidity to invest and redeem shares, and a market rate of return. We have process and systems focused on trading, review, and compliance for safeguarding public assets and will continue to rely on them during this time. These include:

1. Frequently reviewing CAMP's investments valuation to ensure market changes do not adversely affect current investments. CAMP's goal for its portfolio is to maintain a stable net asset value of one dollar in securities (by market value) for every dollar of investment. The Pool's permitted investments are limited to only high quality, short maturity investments, which alleviates much of the risks involved when interest rates move quickly. With the heightened market volatility, PFM has added more frequent pricing checks to ensure the stable net asset value is maintained.
2. Updating model scenarios to stress test the portfolios. We routinely look at "what if" scenarios for the CAMP portfolio, seeking to anticipate impacts to quick changes in liquidity or interest rates. Our natural bias toward safety and liquidity has benefited CAMP's portfolio thus far and our stress testing has not shown reason for concern.
3. Managing the portfolio to ensure adequate liquidity. Pursuant to board policy and consistent with the S&P AAAM rating criteria, a substantial portion of the Pool is included in cash, daily and weekly liquidity buckets calculated pursuant to Securities and Exchange Commission criteria also utilized for registered money market mutual funds. The diversity of our investor community is one of our strengths and we are confident in the balance of invested funds for liquidity needs.

We have experienced no interruption or reduction in our ability to serve investors and to effectively manage your program. PFM has been employing a “work from home” approach for employees since mid-March and many had been working remotely several weeks earlier. We also have a liberal leave policy for all employees and we encourage its use, especially for those who do not feel well or have increased family responsibilities on account of the coronavirus. Our entire team has been highly effective in working remotely and we are prepared to continue operating in this manner as long as is required for prudence and the safety of our employees, investors and communities.

We appreciate the continued trust you have in investing with CAMP. Please contact your CAMP marketing representative or Client Services at 800-729-7665 if we can help answer any questions about your investments.

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