What happens if you don’t have the right liquidity?

Working with public agencies throughout California, it’s common to hear the term liquidity used broadly. As Chris mentioned in the last video and as required by Code, liquidity is one of the three primary objectives of local government investing: Safety, Liquidity and Yield. But what does having the *right* liquidity mean?

To us, this means having access to your funds when you need them without having to worry about risk to your principal. Often that need is planned, but, as we’ve seen recently, that need can also be unexpected. For investors with operating cash, these needs typically translate to same-day access. To help ensure same-day access, liquidity options like CAMP offer a stable Net Asset Value or NAV fund. That simply means for every dollar you put in you should be able to get at least a dollar back out, and there’s a lot that goes on behind the scenes operationally to support this, such as pricing each individual investment.

A stable NAV can be maintained by adhering to requirements such as GASB 79 which provides specific guidelines for external investment pools with regard to:

- portfolio maturity,
- credit quality,
- diversification,
- and other requirements.

GASB 79 also provides liquidity guidelines, such as keeping at least 10% of the portfolio in daily liquid assets.

Without a stable NAV, funds may not be suitable to function as a true daily sweep vehicle or support emergent cash needs. Therefore, it’s important to have a diversified liquidity strategy that includes a stable-NAV-supported same-day option.

The current pandemic has reminded us that unforeseen crises can arise and that being familiar with the liquidity of your investments is paramount in being able to weather the storm. From the CAMP Board of Directors and my PFM colleagues, we are here to be a resource for you and your agency. Thank you and stay tuned for our next video.

**Standard & Poor’s fund ratings are based on analysis of credit quality, market price exposure, and management. According to Standard & Poor’s rating criteria, the AAAm rating signifies excellent safety of invested principal and a superior capacity to maintain a $1.00 per share net asset value. However, it should be understood that the rating is not a “market” rating nor a recommendation to buy, hold or sell the securities. For a full description on rating methodology, visit [Standard & Poor's website](#).*

This information is for institutional investor use only, not for further distribution to retail investors, and does not represent an offer to sell or a solicitation of an offer to buy or sell any fund or other security. Investors should consider the Trust's investment objectives, risks, charges, and expenses before investing in the Trust. This and other information about the Trust is available in the Trust's current Information Sheet, which should be read carefully before investing. A copy of the Trust's information Statement may be available by calling 1-800-729-7665 or is available on the Trust's website *at www.camponline.com. While the Trust seeks to maintain a stable net asset value of $1.00 per share, it is possible to lose money investing in the Trust. An investment in the Trust is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Shares of the Trust are distributed by **PFM Fund Distributors, Inc.**, member Financial Industry Regulatory Authority (FINRA) (www.finra.org) and Securities Investor Protection Corporation (SIPC) (www.sipc.org). PFM Fund Distributors, Inc. is a wholly owned subsidiary of PFM Asset Management LLC.*