

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

March 16, 2020

The equity and bond markets have made headlines recently with extraordinary volatility. Most impactful for public fund investors is the emergency announcement Sunday, March 15<sup>th</sup> by the Federal Reserve that it was reducing the target overnight rate by 1.00% to a range of 0.00% to 0.25%. This followed an earlier rate reduction of 0.50% on March 3. Yields for Treasury bonds and similar securities have fallen dramatically, and those lower yields will ripple through bank offerings and investment portfolios like PLGIT.

PFM, as investment advisor and administrator to PLGIT, is actively working to ensure that PLGIT's investments continue to be aligned with the Trust'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 PLGIT's investments valuation to ensure market changes do not adversely affect current investments. PLGIT's goal for its PLGIT, PLGIT/ARM and PLGIT/Prime portfolios is to maintain a stable net asset value of one dollar in securities (by market value) for every dollar of investment. The Trust's permitted investments (and all permitted investments by PA municipal, school district, and authority codes) 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 PLGIT portfolios seeking to anticipate impacts to quick changes in liquidity or interest rates. Our natural bias toward safety and liquidity has benefited PLGIT's portfolios 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 PLGIT, PLGIT/ARM and PLGIT/Prime portfolios 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. PLGIT includes over 3,000 Pennsylvania municipal, school, and authority investors with varied cash flow needs. 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 anticipate no interruption in working with PLGIT investors. During this time we have asked our employees to limit their travel and conference participation, and where possible, hold client meetings virtually or by phone. PFM has 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. Many of our employees have been working from home in recent weeks. We have confirmed our capabilities to support remote workers through our systems as one area of our robust business continuity plan and expect to implement a Work from Home plan for most employees shortly.

We appreciate the continued trust you have in investing with PLGIT. Please contact your PLGIT marketing representative or Client Services at 800-572-1472 if we can help answer any questions about your investments.

*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 investment objectives, risks, charges and expenses before investing in any of the Trust's portfolios. This and other information about the Trust's portfolios is available in the current Information Statement, which should be read carefully before investing. A copy of the Information Statement may be obtained by calling 1-800-572-1472 or is available on the Trust's website at [www.plgit.com](http://www.plgit.com). While the PLGIT, PLGIT/ARM and PLGIT/PRIME portfolios seek to maintain a stable net asset value of \$1.00 per share and the PLGIT/TERM portfolio seeks to achieve a net asset value of \$1.00 per share at its stated maturity, 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's portfolios are distributed by **PFM Fund Distributors, Inc.**, member Financial Industry Regulatory Authority (FINRA) ([www.finra.org](http://www.finra.org)) and Securities Investor Protection Corporation (SIPC) ([www.sipc.org](http://www.sipc.org)). PFM Fund Distributors, Inc. is a wholly owned subsidiary of PFM Asset Management LLC.*