



**Shawn Wooden,
Connecticut State
Treasurer**

What lesson or lessons from past downturns do you feel would be most useful in this current environment?

A few lessons from past downturns are the importance

of building appropriate cash reserves, maintaining sufficient liquidity, structuring a diversified investment portfolio, monitoring aggregate portfolio risk and routine stress testing. It is also important to have a seasoned team of professionals with diverse backgrounds in managing through prior downturns. Since assuming office as State Treasurer in January of last year, I have worked to apply these lessons by protecting the growth of our state's 'Rainy Day' fund, internally managing our trading to better manage and monitor our liquidity, diversifying and de-risking our investment portfolio in anticipation of a potential downturn and hiring our first chief risk officer to monitor risk and manage stress testing. As a result, Connecticut is much better positioned for this downturn than we were going into the last recession.

What has been the biggest adjustment you've had to make to your work style in this environment?

Transferring communication and collaboration from in-person meetings to virtual meetings has been the biggest adjustment for my office. We are a close-knit group and we typically have a lot of open dialogue in the office. Not being able to brainstorm and bounce ideas off each other in person certainly changes that culture. We have adjusted by having more regularly scheduled virtual meetings in order to stay connected and to make sure that the level of collaboration remains high.

Operational expertise is critical at a time like this. During the last downturn, private-equity firms had nascent operational capabilities, but they have since addressed this gap; the industry today has 30% more operating partners than it did in 2014.

Lastly, remember that credit acts as a counterbalance. In the last recession, most of our private-equity clients didn't have credit funds that could capitalize on distressed-credit opportunities; today they do, with nearly \$800 billion in private credit, up three times from 2010. Now is the time to put that credit to work.

If you had to choose one or two things you've learned about working remotely, what would you choose?

The main thing is to let go of perfection. We're all in this new normal of working from home, with children, spouses and pets sharing close quarters. It's OK if someone wanders through the background of your videoconference. Additionally, many are grappling with caring for sick family members, which adds a whole different level of uncertainty. This new reality also means we're all navigating the blurring of home and work life and are learning how to balance our personal and professional obligations daily. I'm advising my teams to do the best they can and show understanding to each other today and in the weeks to come.