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SHORT-TERM INVESTING PART 1: FED MEETING ANALYSIS AND IMPACT



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WHAT

Discussing the Federal Reserve's recent actions and the implications for short-term investing and liquidity.



WHEN

Thursday, December 14, 2023
11:00 AM - 11:30 AM EST



WHERE

Live online presentation
Replays at StrategicTreasurer.com



ABOUT THE SPEAKERS

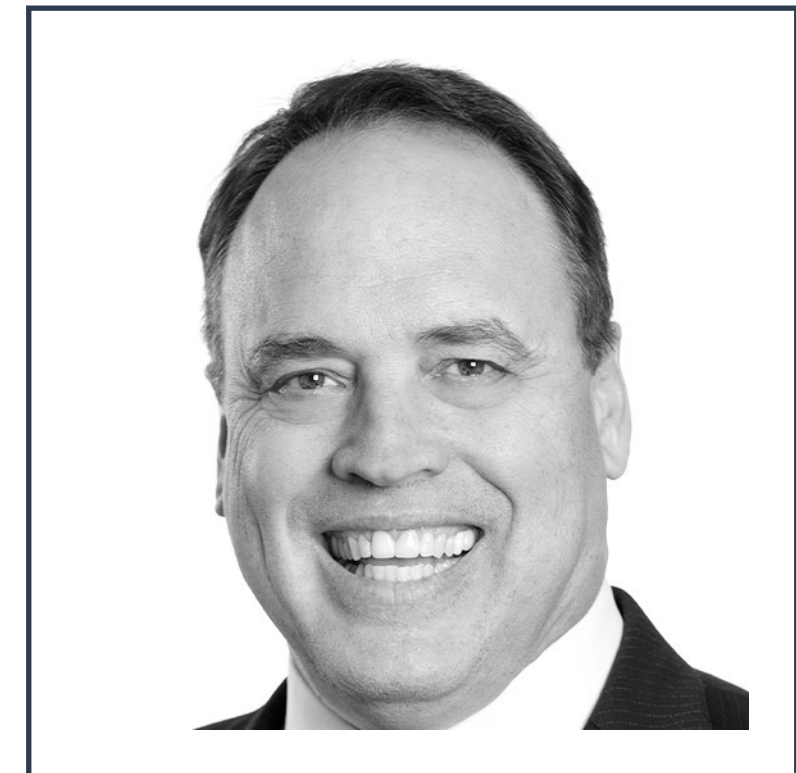
GET TO KNOW TODAY'S SUBJECT MATTER EXPERTS



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Chief Investment Officer, Global
Liquidity Markets



SUSAN HILL
Head of Government
Liquidity Group



JOHN MOSKO
Senior Vice President,
Liquidity Management Division,
Federated Securities Corp.

TOPICS OF DISCUSSION

KEY AREAS OF FOCUS &
ANALYSIS



SITUATION

MACROECONOMIC FACTORS



FED'S DECISION

AND ITS IMPLICATIONS



HOW TO RESPOND

INVESTMENT OPTIONS



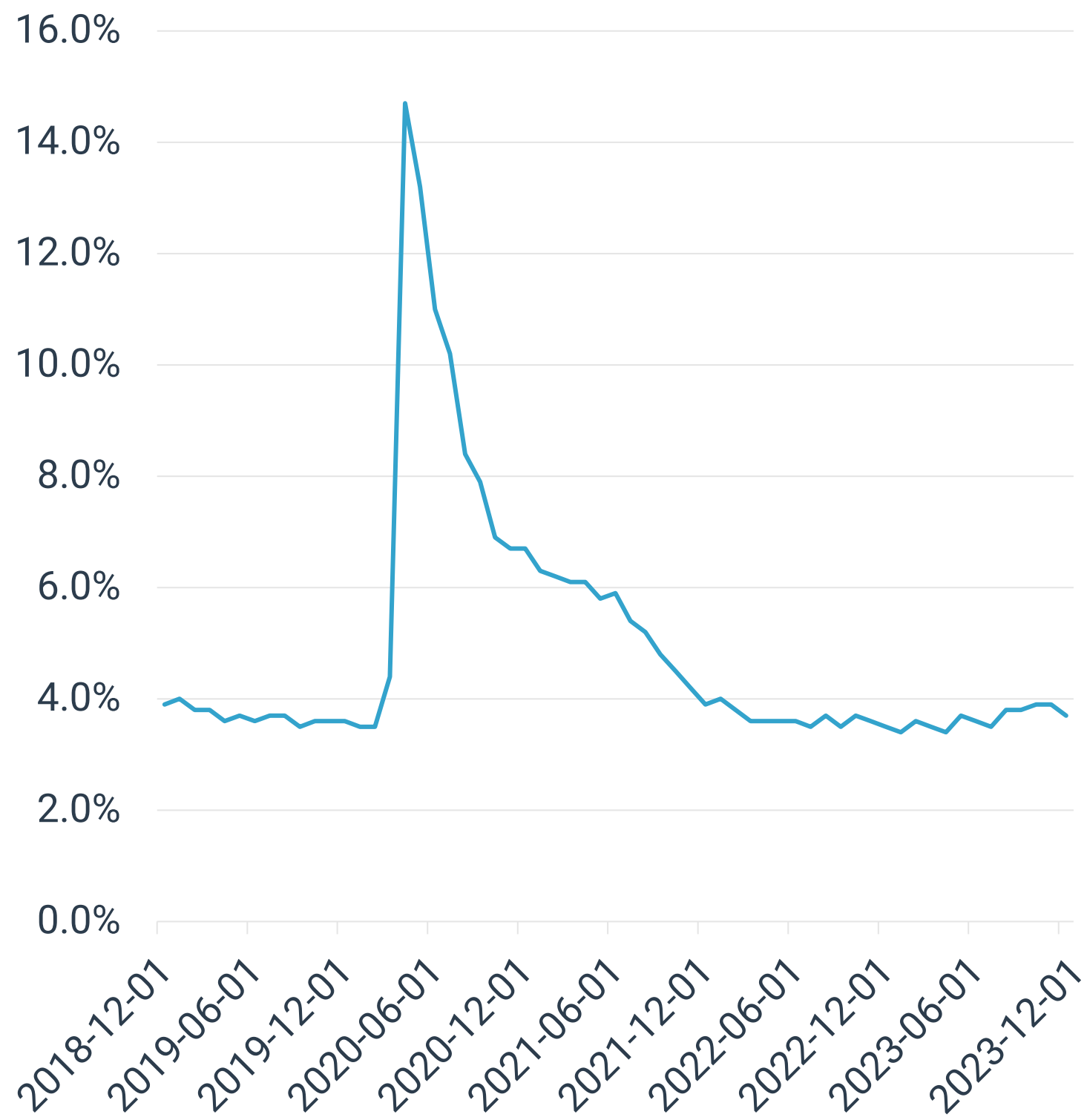
KEY TAKEAWAYS

AND FINAL THOUGHTS

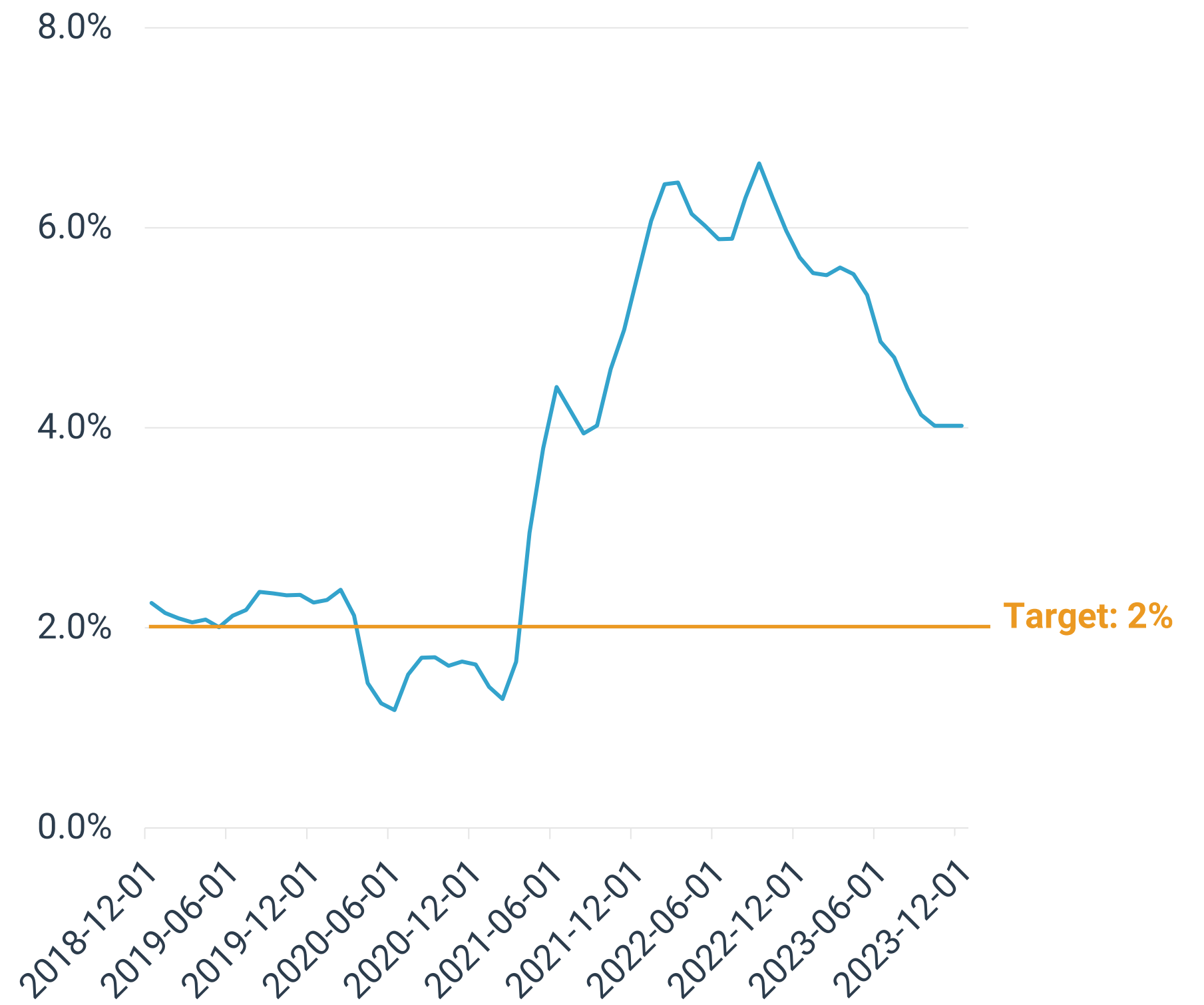
MACROECONOMIC BACKDROP

THE SITUATION

Unemployment



Core inflation



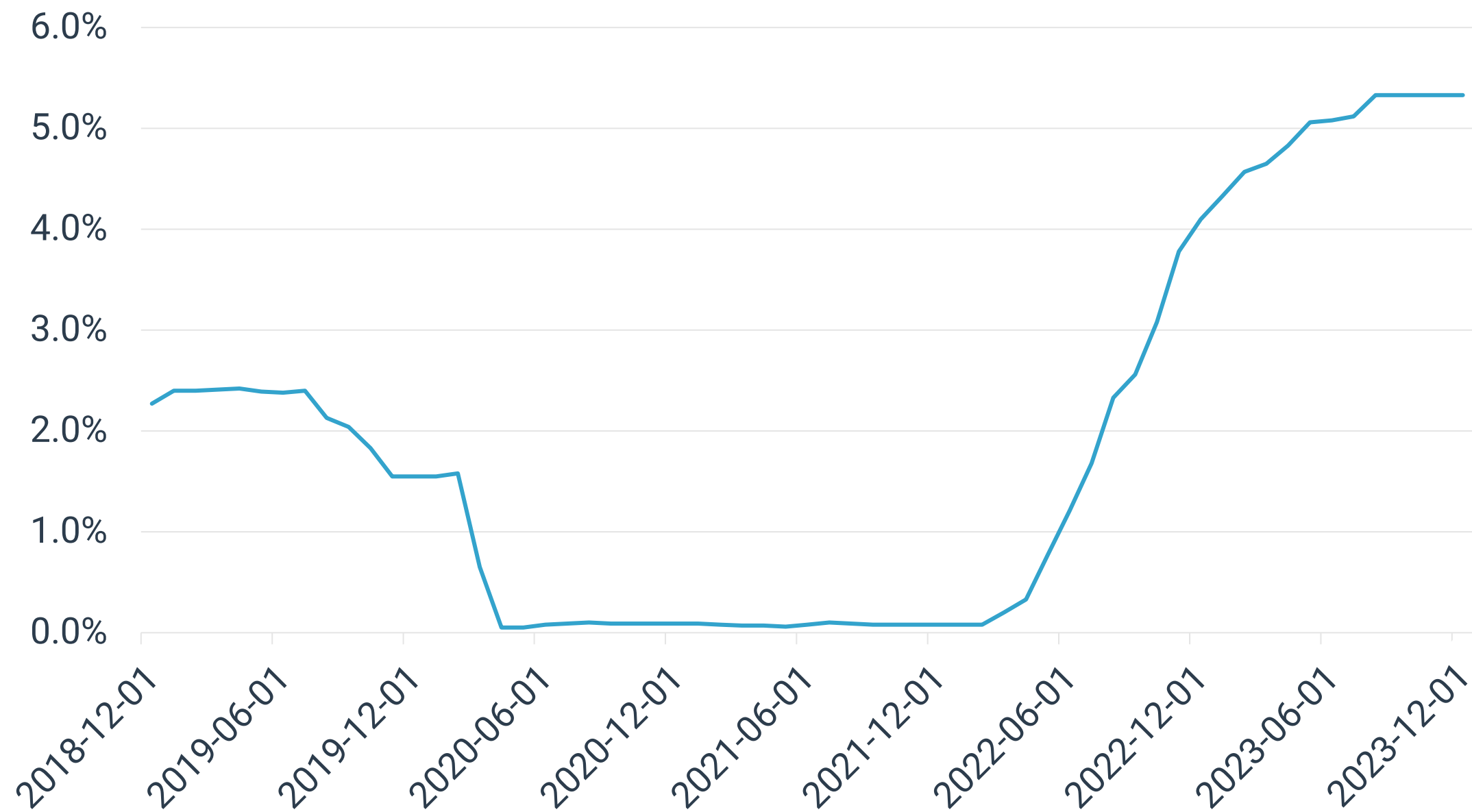
FED'S MOST RECENT MEETING

THE DECISION



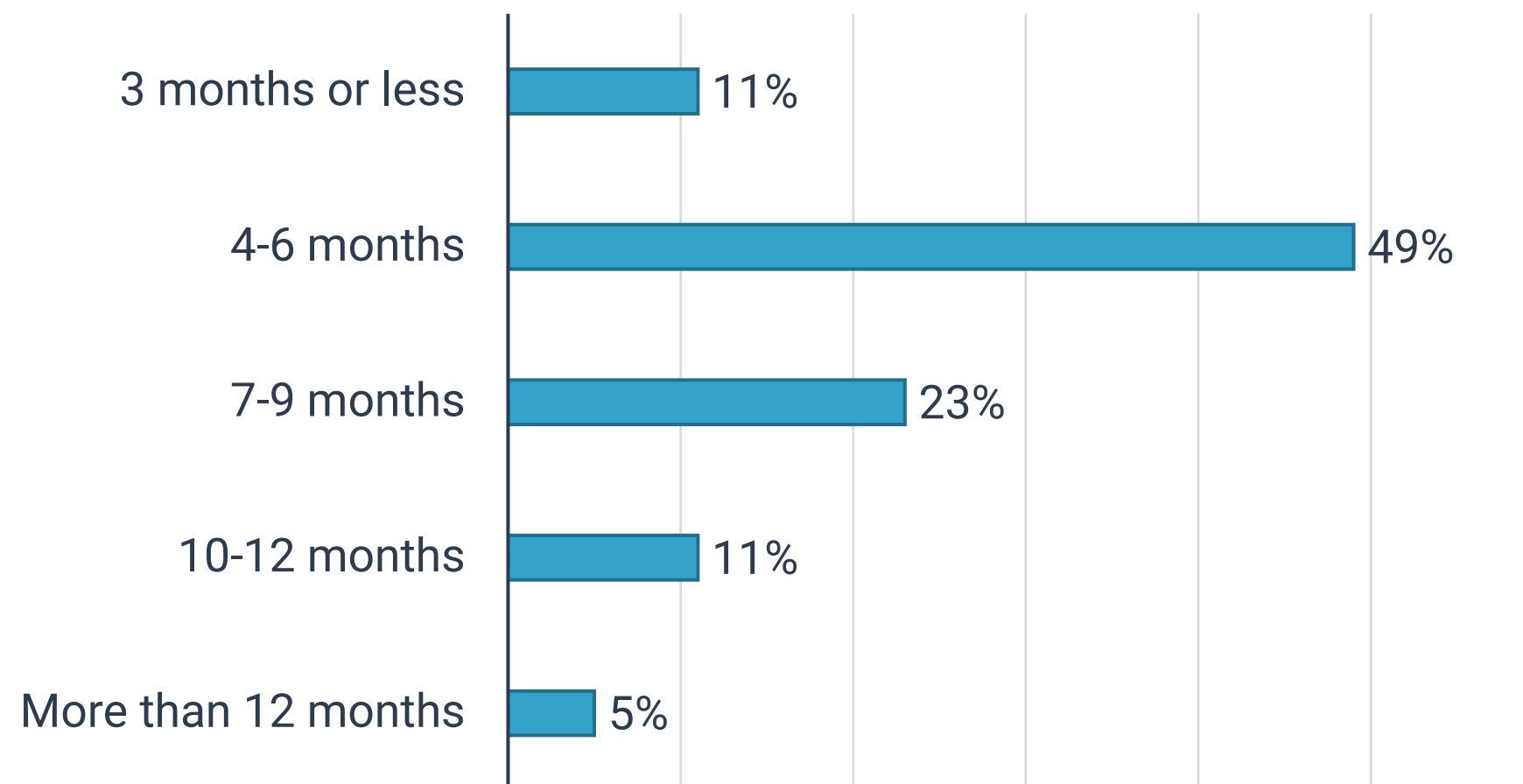
Fed's December 2023 decision: Hold

Fed fund rates



POLL QUESTION

Poll 1 - When do you expect the Fed to begin reducing interest rates (single choice)



MARKET INSIGHTS

OVERALL OUTLOOK



Geopolitical uncertainty

- Russia–Ukraine war: 659 days
- Israel– Hamas war: 68 days
- Typical response:
 - Flight to quality
 - However, only a small amount of flight since Israeli conflict



Market liquidity

- Lots of activity in 3-month to 4-month part of curve
- Markets are reacting quickly to new data
- More opportunistic approach warranted for longer end of curve

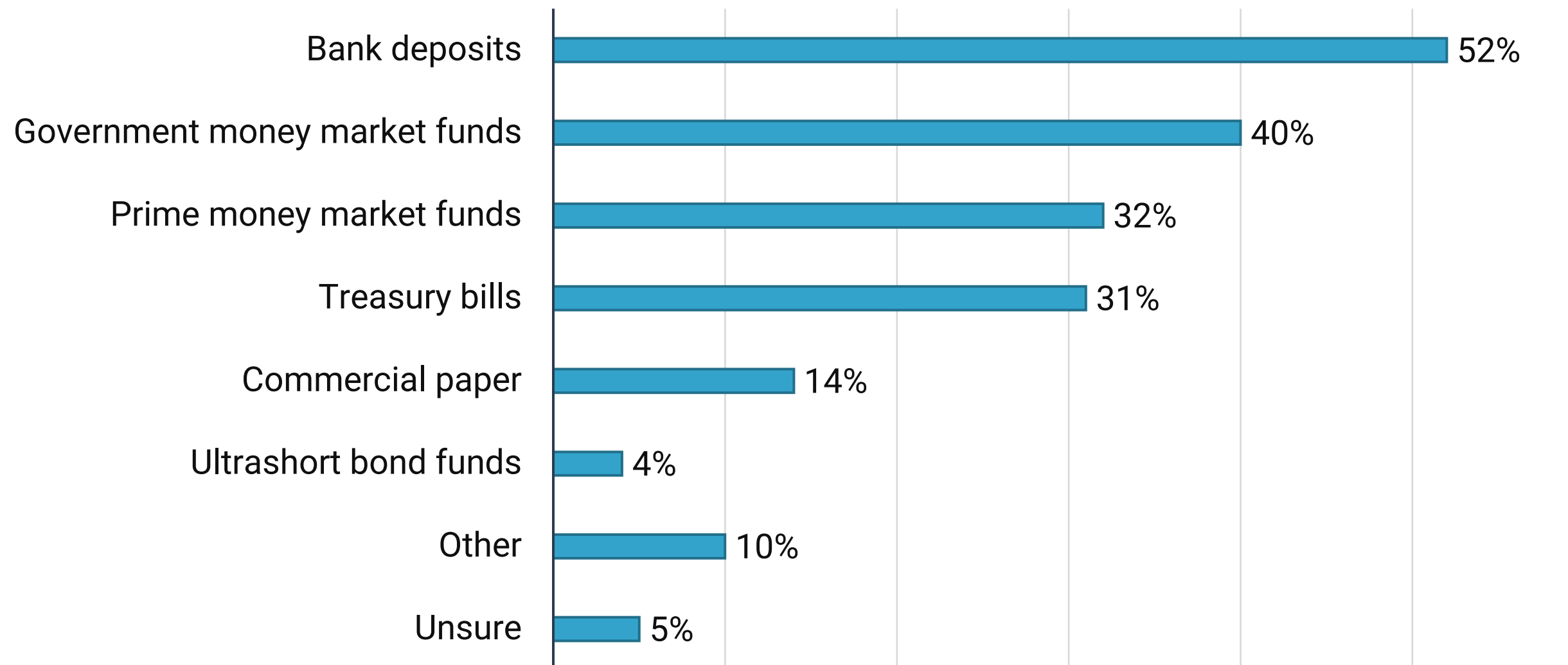


Credit

- Ultra-short portfolios finding attractive securitized auto loans
- Relatively short performance history
- Strong credit analysis and due diligence are vital

POLL QUESTION

Poll 2 - How do you typically invest your short-term cash? (0-to-3-month time frame) (select all that apply)



IMPLICATIONS

QUESTIONS TO CONSIDER



Where are we in the cycle of rate hikes?

- Middle of the end?
- End of the end?

What are the implications for:



Safety



Liquidity



Yield

LIQUIDITY STRATEGIES

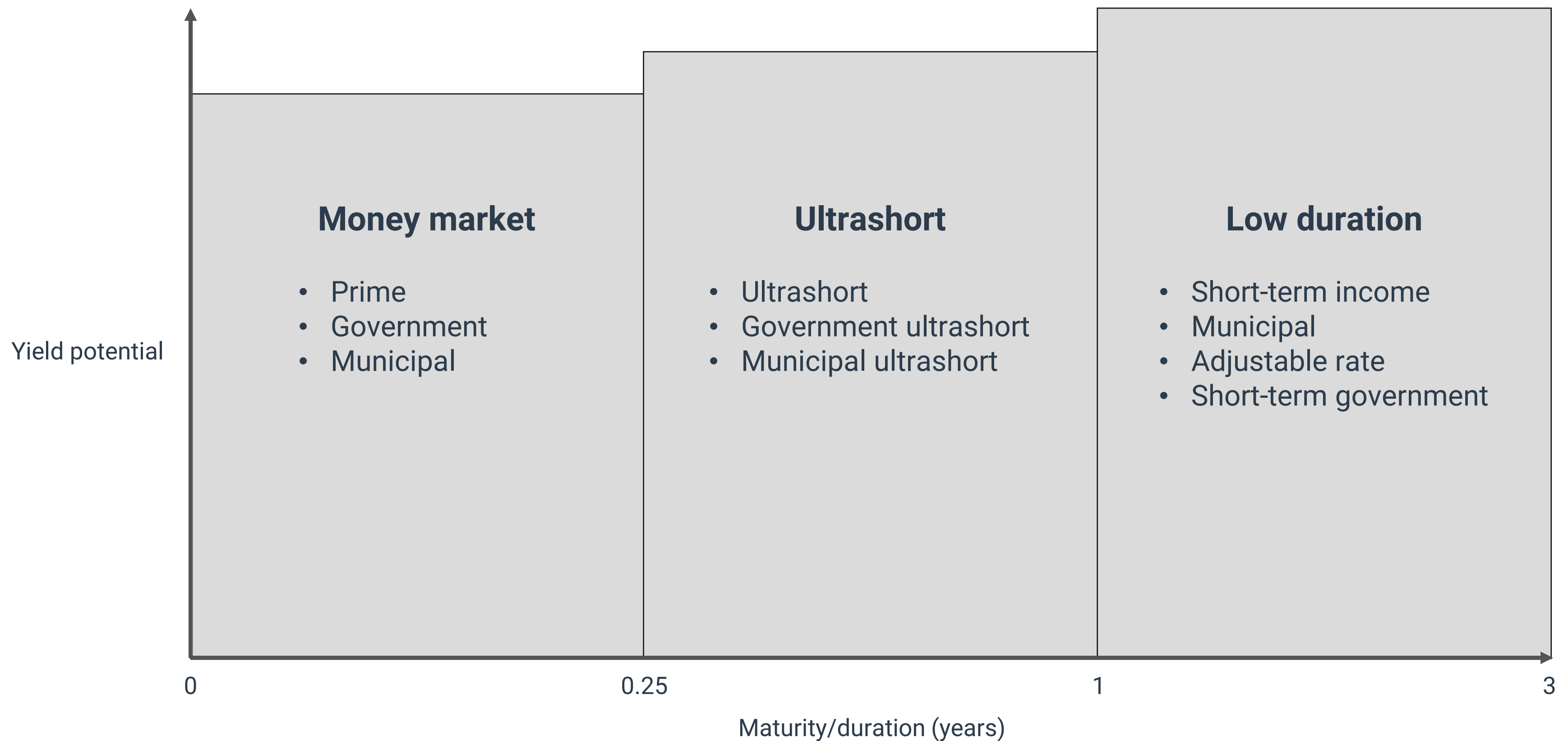
CHARACTERISTICS OF VARIOUS OPTIONS

	Liquid	Reserve	Strategic
Time frame	Daily to 3 months	3 to 6 months	6 months to a year
Types			
Government money market funds	✓		
Municipal money market funds	✓		
Prime money market funds	✓	✓	
Cash SMAs	✓	✓	✓
Ultrashort funds		✓	✓
Checking accounts	✓		
MMDAs	✓		
Earnings credit rates	✓		
Deposit aggregators	✓	✓	
Savings accounts	✓	✓	✓
Certificates of deposit (CDs)	✓	✓	✓

HOW TO RESPOND

RANKING THE INVESTMENT OPTIONS

These relative value rankings reflect Federated Hermes' current market views of a Fed nearing the end of its rate hike cycle but not yet done fighting an inflation battle.



Note: This is provided solely for informational purposes. It does not represent specific investment advice and should not be construed as an investment recommendation.

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Episode 279

Short-Term Investing Series by Federated
Hermes – Part 1: Money Market Reforms



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DISCLOSURE

Ultrashort bond funds are not “money market” mutual funds. Some money market mutual funds attempt to maintain a stable net asset value through compliance with relevant Securities and Exchange Commission (SEC) rules. Ultrashort funds are not governed by those rules, and their shares will fluctuate in value.

Bond prices are sensitive to changes in interest rates, and a rise in interest rates can cause a decline in their prices.

You could lose money by investing in a money market fund. Although some money market funds seek to preserve the value of your investment at \$1.00 per share, they cannot guarantee they will do so. An investment in money market funds is not a bank account and is not insured or guaranteed by the Federal Deposit Insurance Company or any other government agency. Money market fund sponsors are not required to reimburse the funds for losses, and you should not expect that the sponsors will provide financial support to the funds at any time, including during periods of market stress.

The value of some asset-backed securities may be particularly sensitive to changes in prevailing interest rates.

Unlike mutual funds and other investments, CDs and other bank products are FDIC insured and may offer fixed rates of return.

Views are as of December 14, 2023, and are subject to change based on market conditions and other factors. These views should not be construed as a recommendation for any specific security or sector.

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