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LIQUIDITY RISK SURVEY RESULTS



JEFF WEAVER

Senior Portfolio Manager, Allspring

CRAIG JEFFERY

Founder & Managing Partner, Strategic Treasurer



WHAT

Discussing highlights from the Liquidity Risk Survey.



WHEN

Tuesday, January 23, 2024
2:00 PM - 3:00 PM EST



WHERE

Live online presentation
Replays at StrategicTreasurer.com



FP&A

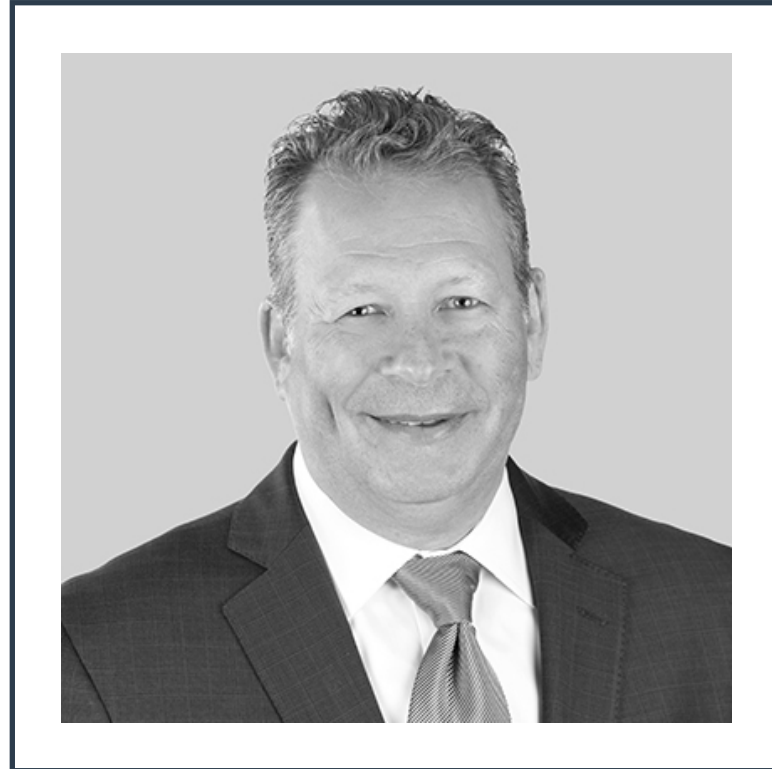
Certified Corporate
Financial Planning &
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This presentation is provided by Strategic Treasurer and Allspring.

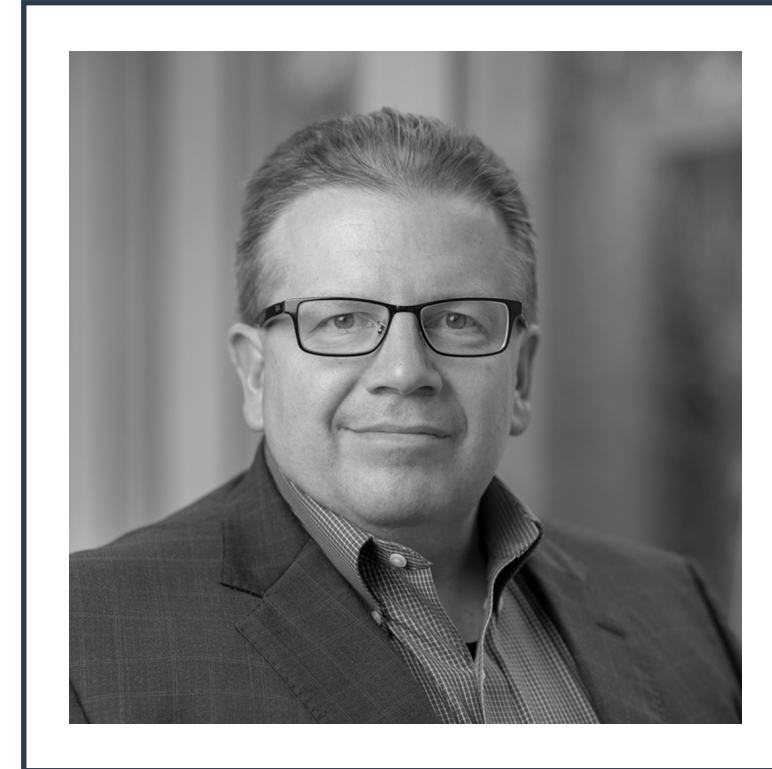
ABOUT THE SPEAKERS

GET TO KNOW TODAY'S SUBJECT MATTER EXPERTS



JEFF WEAVER

Jeff Weaver is a senior portfolio manager and head of Global Liquidity Solutions at Allspring Global Investments. In this capacity, he is responsible for managing and overseeing portfolio teams focused on managing short duration and money market strategies, including funds and separate accounts. Jeff provides strategic oversight that enables an integrated approach to the broad range of liquidity products. Jeff earned a bachelor's degree in economics from the University of Colorado, Boulder.



CRAIG JEFFERY

Craig Jeffery formed Strategic Treasurer in 2004 to provide corporate, educational and government entities direct access to comprehensive and current assistance with their treasury and financial process needs.

His 30+ years of financial and treasury experience as a practitioner and as a consultant have uniquely qualified him to help organizations craft realistic goals and achieve significant benefits quickly.

TOPICS OF DISCUSSION

KEY AREAS OF FOCUS & ANALYSIS



ABOUT THE SURVEY
KEY POINTS OF INTEREST



SAFETY, LIQUIDITY & YIELD
PRIORITIES



INVESTING
WHERE, HOW, LIMITING EXPOSURE



COUNTERPARTY RISK
EVALUATING & MONITORING



ESG, LOANS & BANK RELATIONSHIPS
SHIFTS & POSITIONS



KEY TAKEAWAYS
FROM THE RESEARCH

SURVEY QUICK STATS

2023 LIQUIDITY RISK

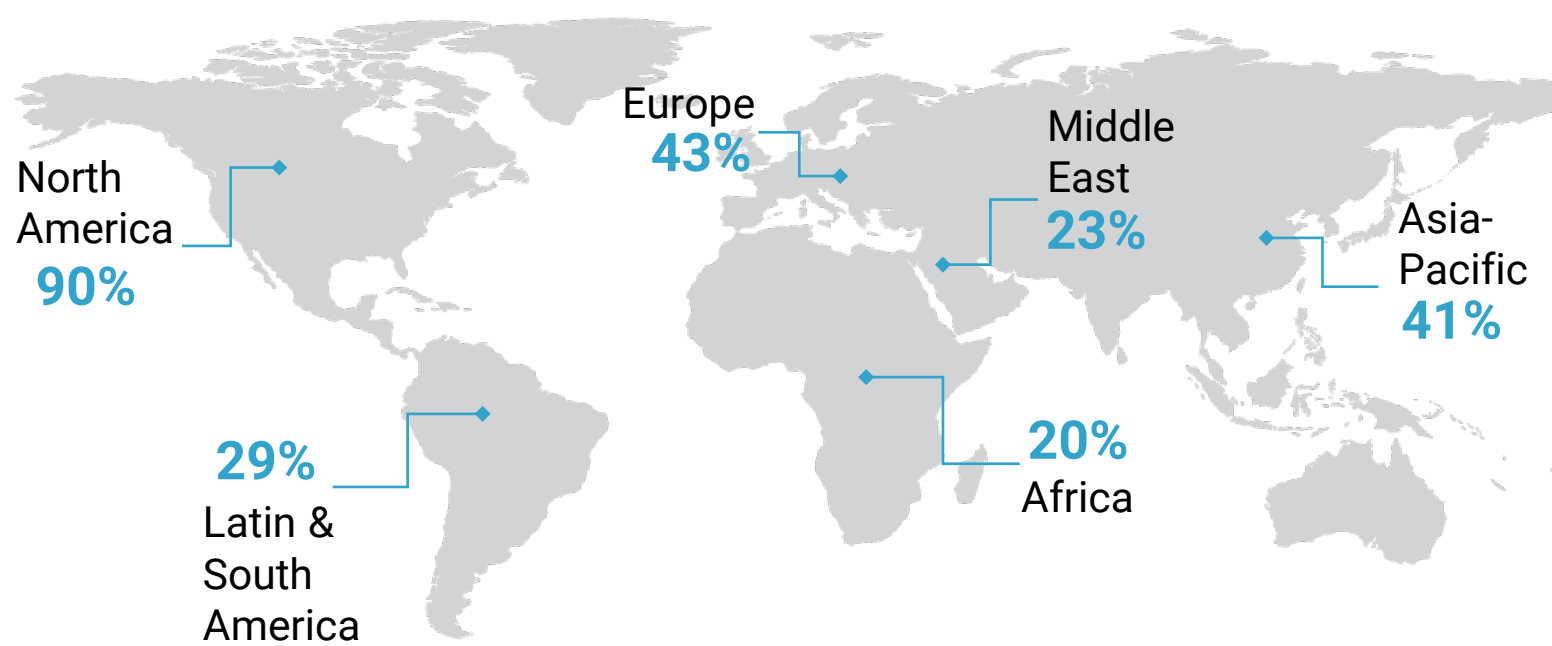
160+
Respondents

11th
Year of Research

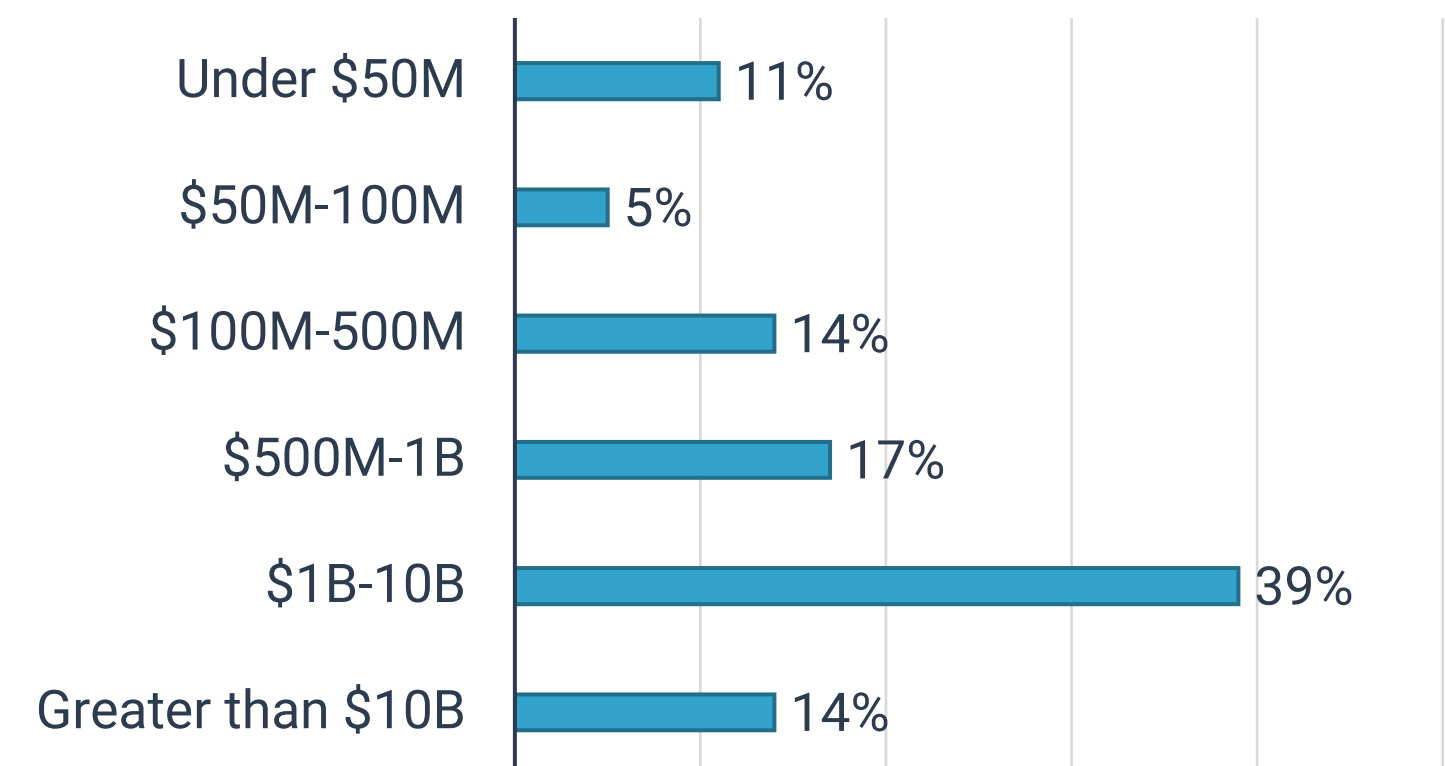
4 week
Survey Run-Time

50+
Questions

Regions of Operations



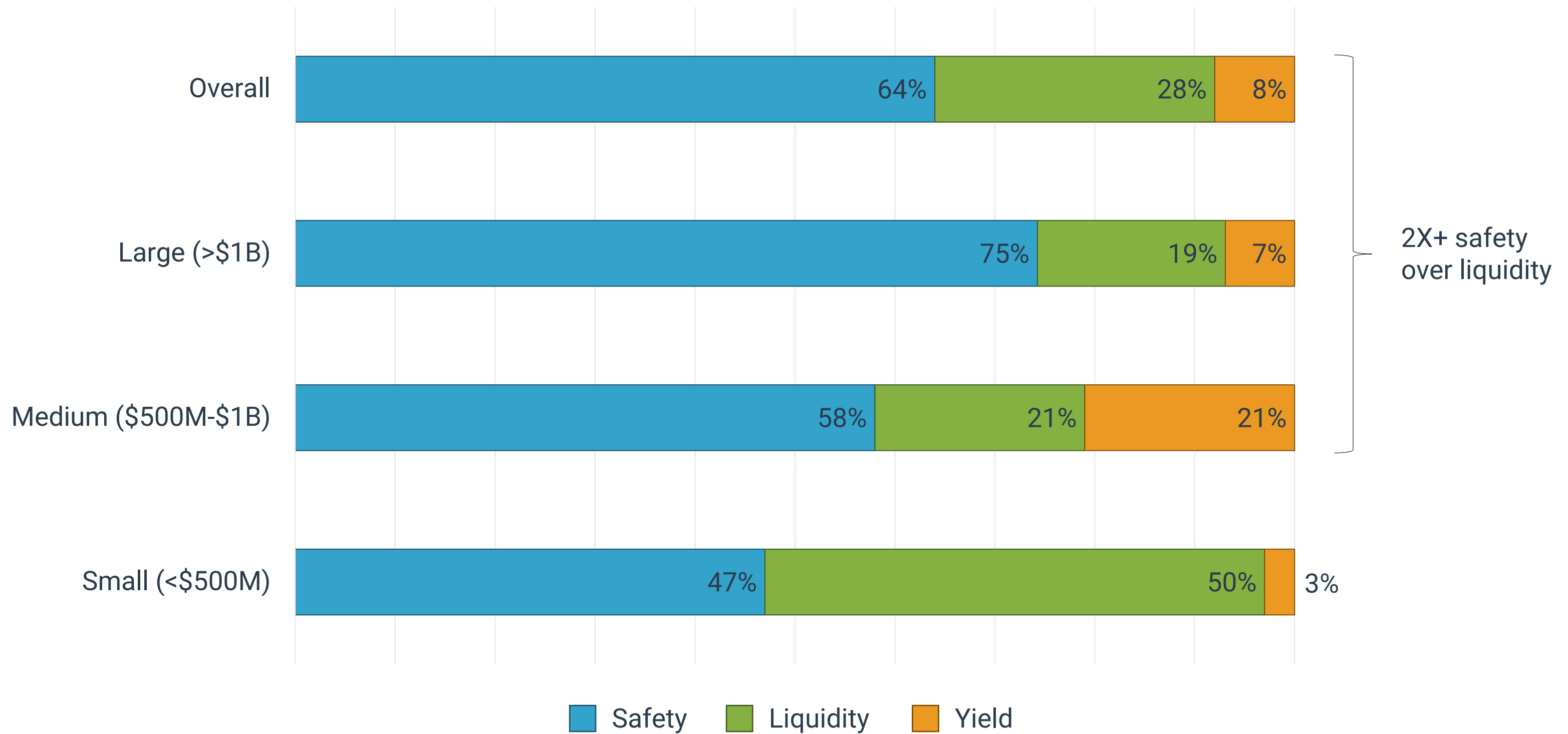
Corporate annual revenue



SAFETY TOP PRIORITY OVERALL

SMALL BUSINESSES PRIORITIZE LIQUIDITY

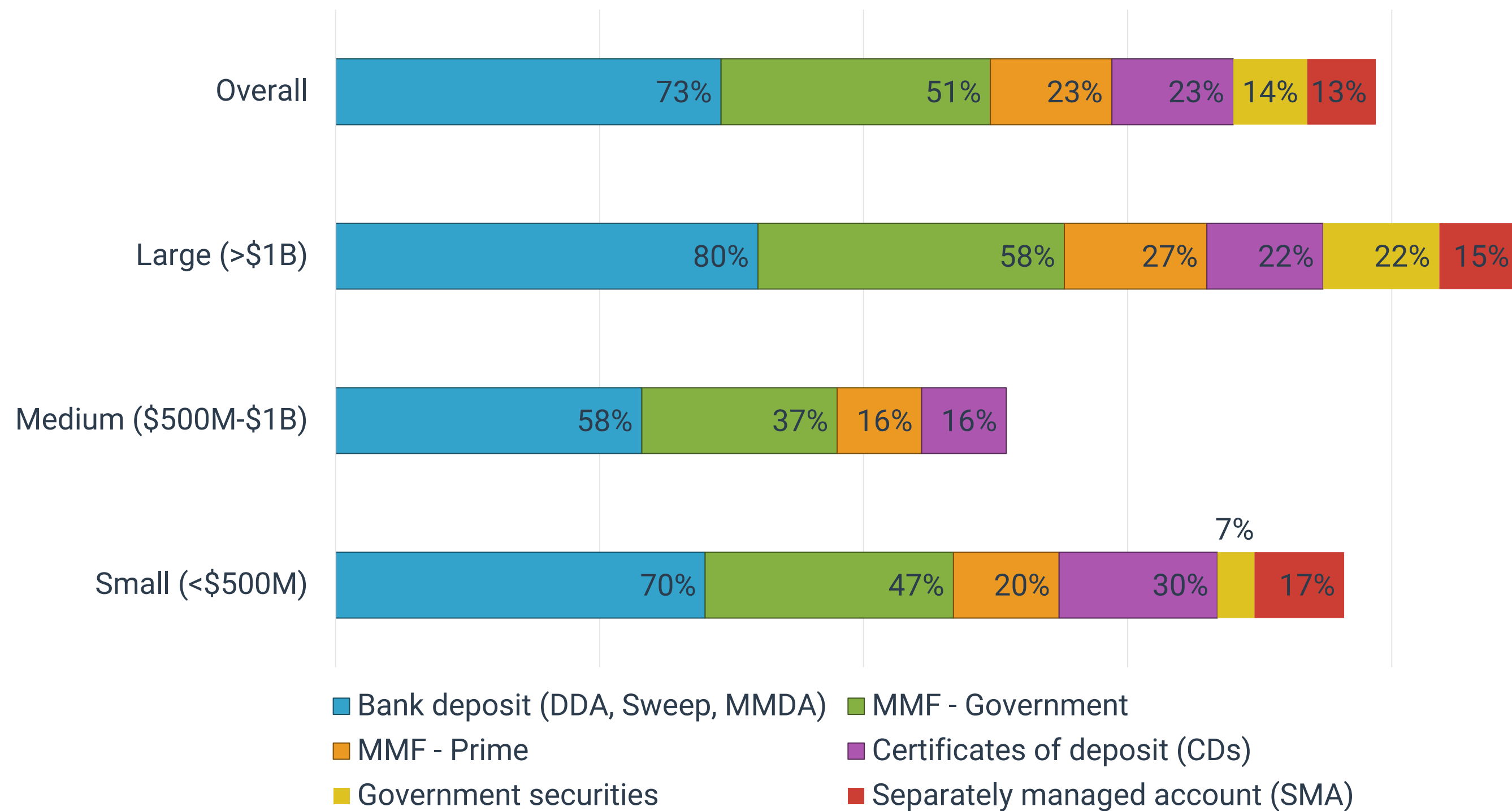
Priorities for short-term investments



SHORT-TERM INVESTMENTS

WHERE COMPANIES PUT THEIR CASH

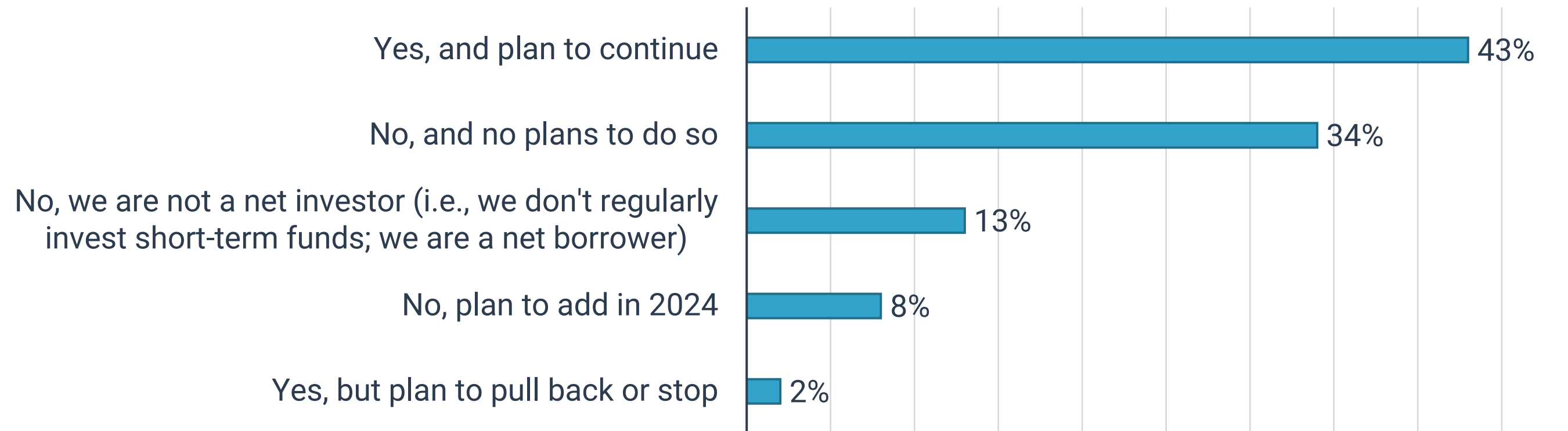
» In the past year, what US (domestic) investment vehicles did you use for short-term funds? (Select all that apply)



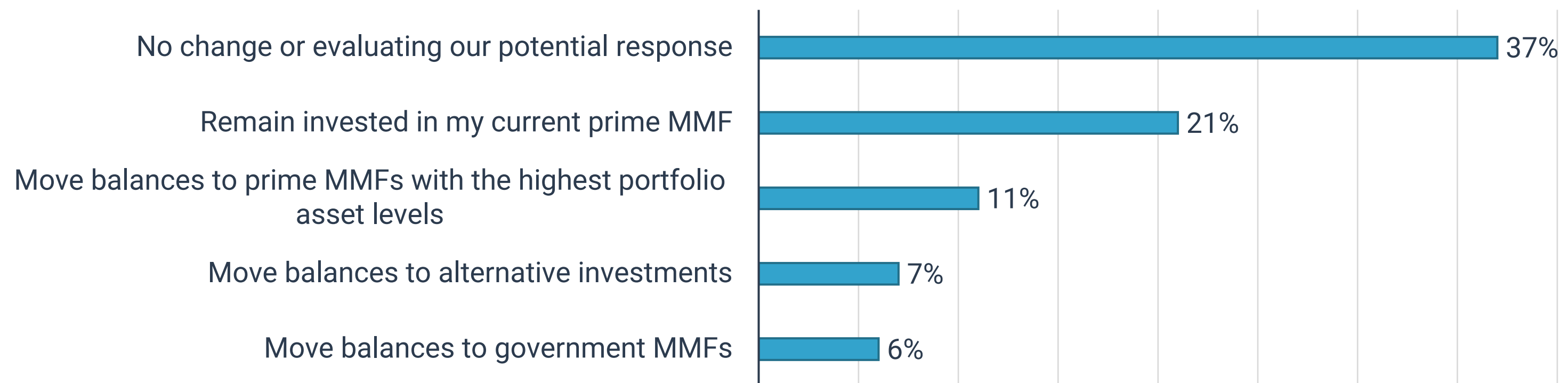
52% started using bank deposit (DDA, sweep, MMDA), and money market fund (fixed/gov) in the prior 12 months

POLL QUESTION

Poll 1 - Does your organization invest in prime MMF? (single choice)

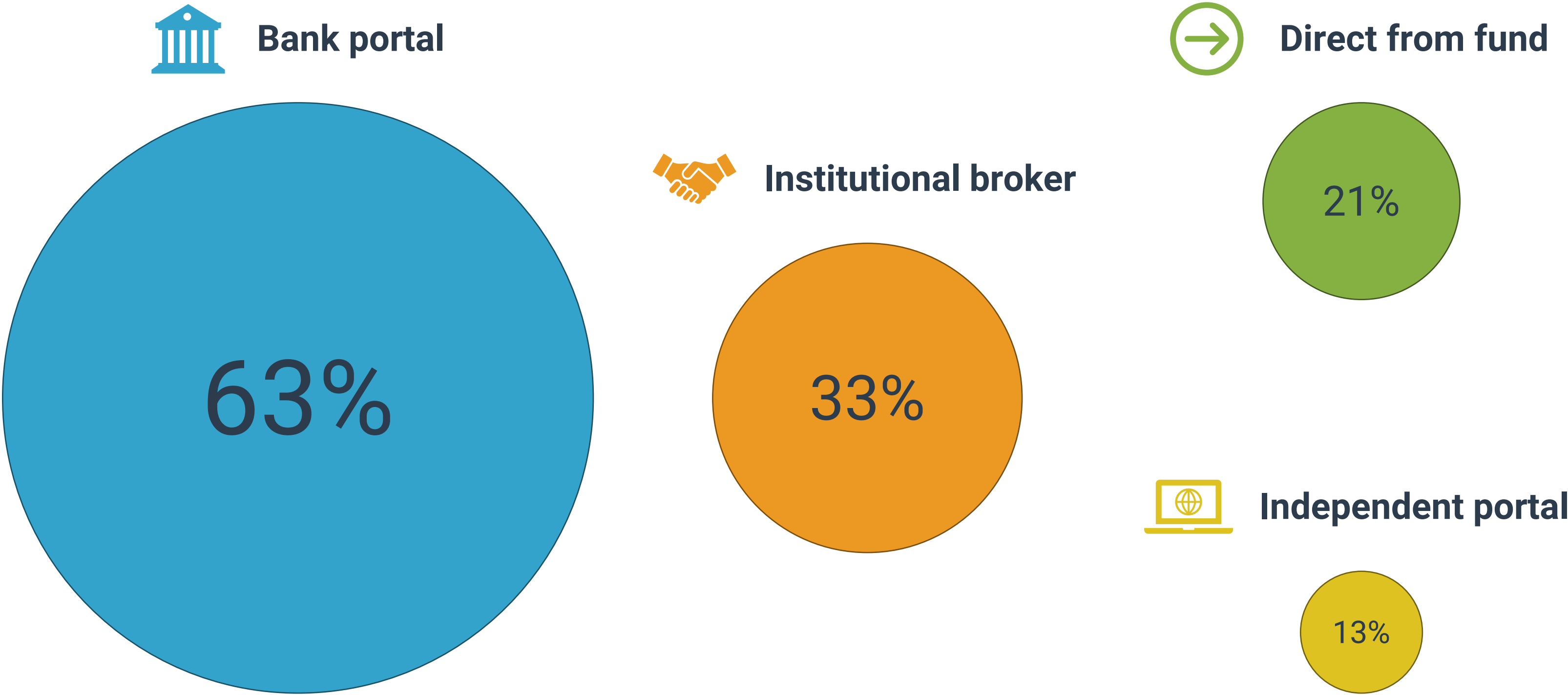


Poll 2 - For prime MMF investors, what do you intend to do with your prime MMF investments in light of the pending SEC regulations requiring mandatory liquidity fees (effective October 2024)? (single choice)



MEANS OF INVESTING

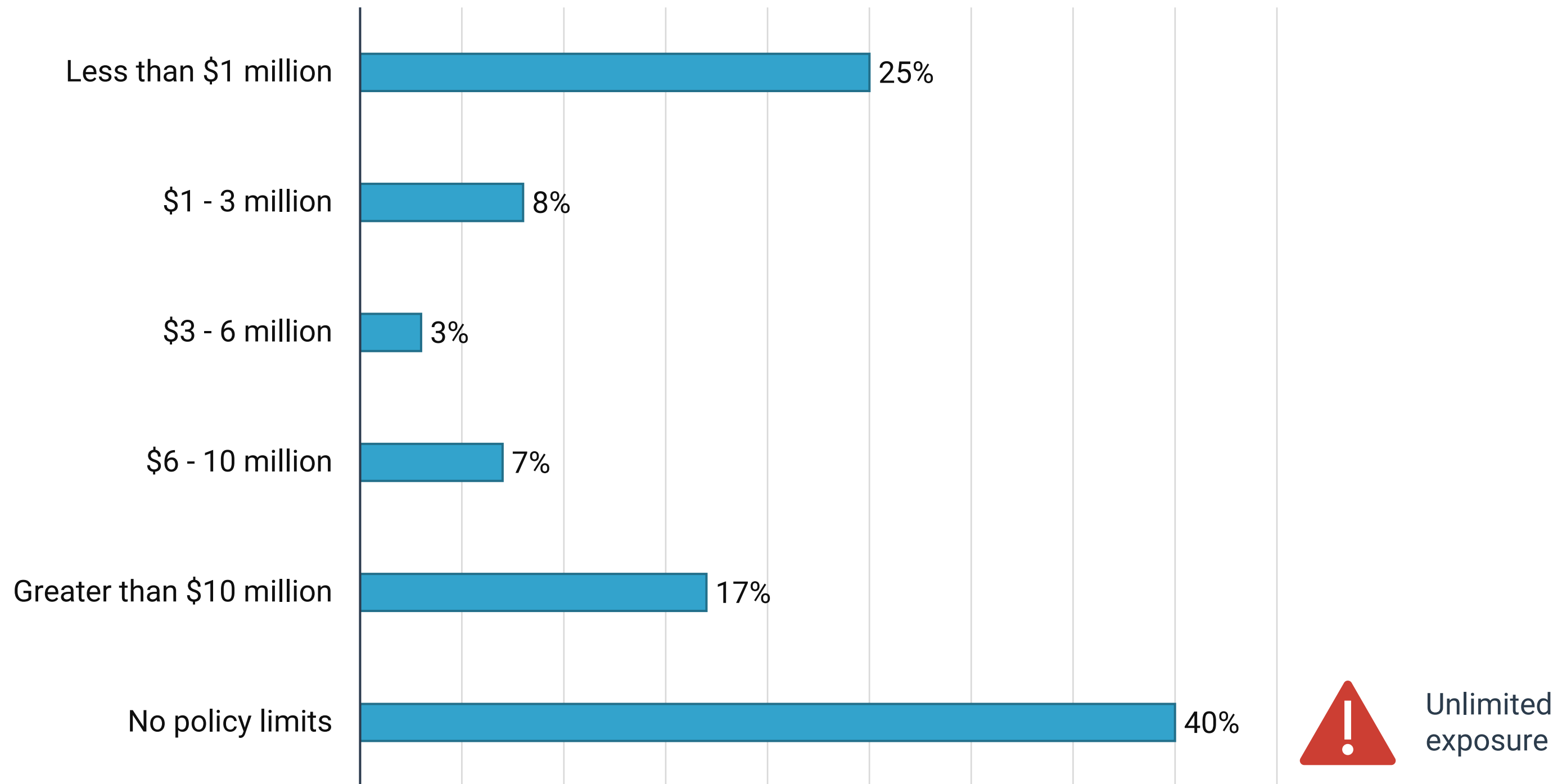
HOW COMPANIES ARE INVESTING IN MONEY MARKET FUNDS



INVESTMENT LIMITS

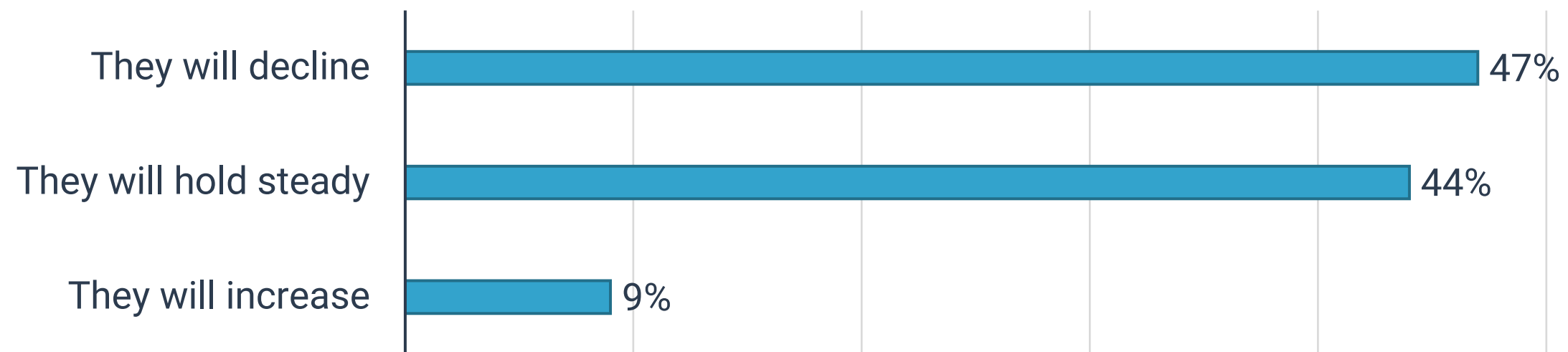
FOR UNINSURED BANK DEPOSITS

» *What is the maximum dollar value exposure to uninsured bank deposits allowed by your investment policy?*

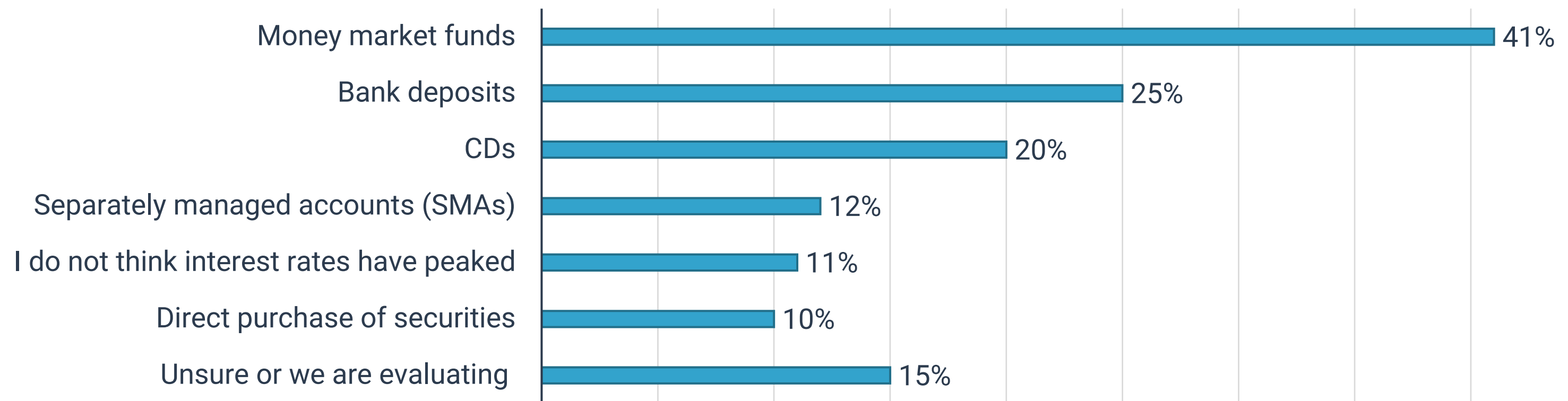


POLL QUESTION

Poll 3 - What is your view on short-term interest rates for 2024? (single choice)



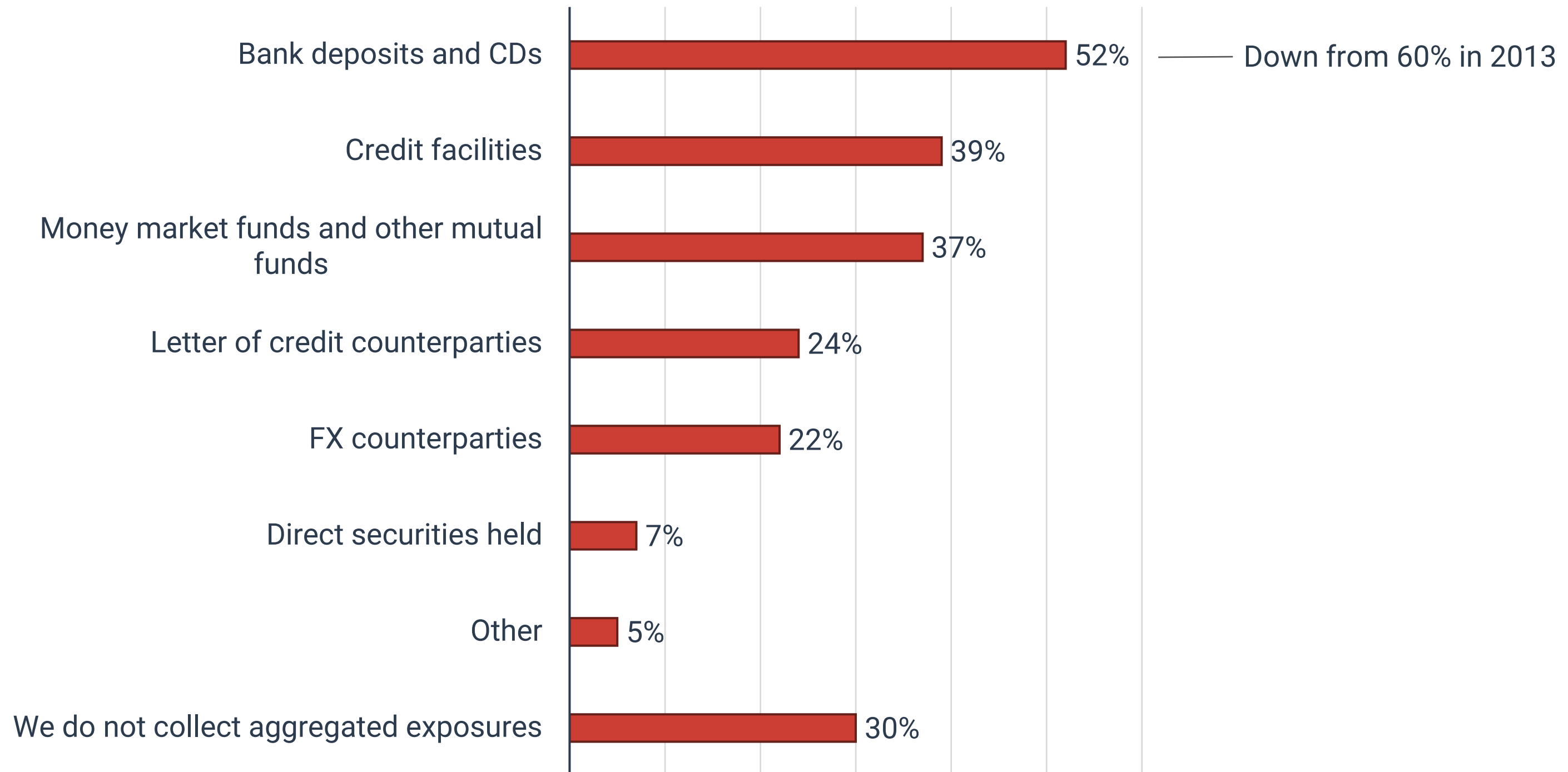
Poll 4 - If your view is that short-term interest rates have peaked, what investment vehicles are more compelling to your organization? (all that apply)



MEASURING RISK

GATHERING COUNTERPARTY EXPOSURES

» From which of the following investment vehicles does your company collect and review total counterparty exposures in aggregate?
(Select all that apply)

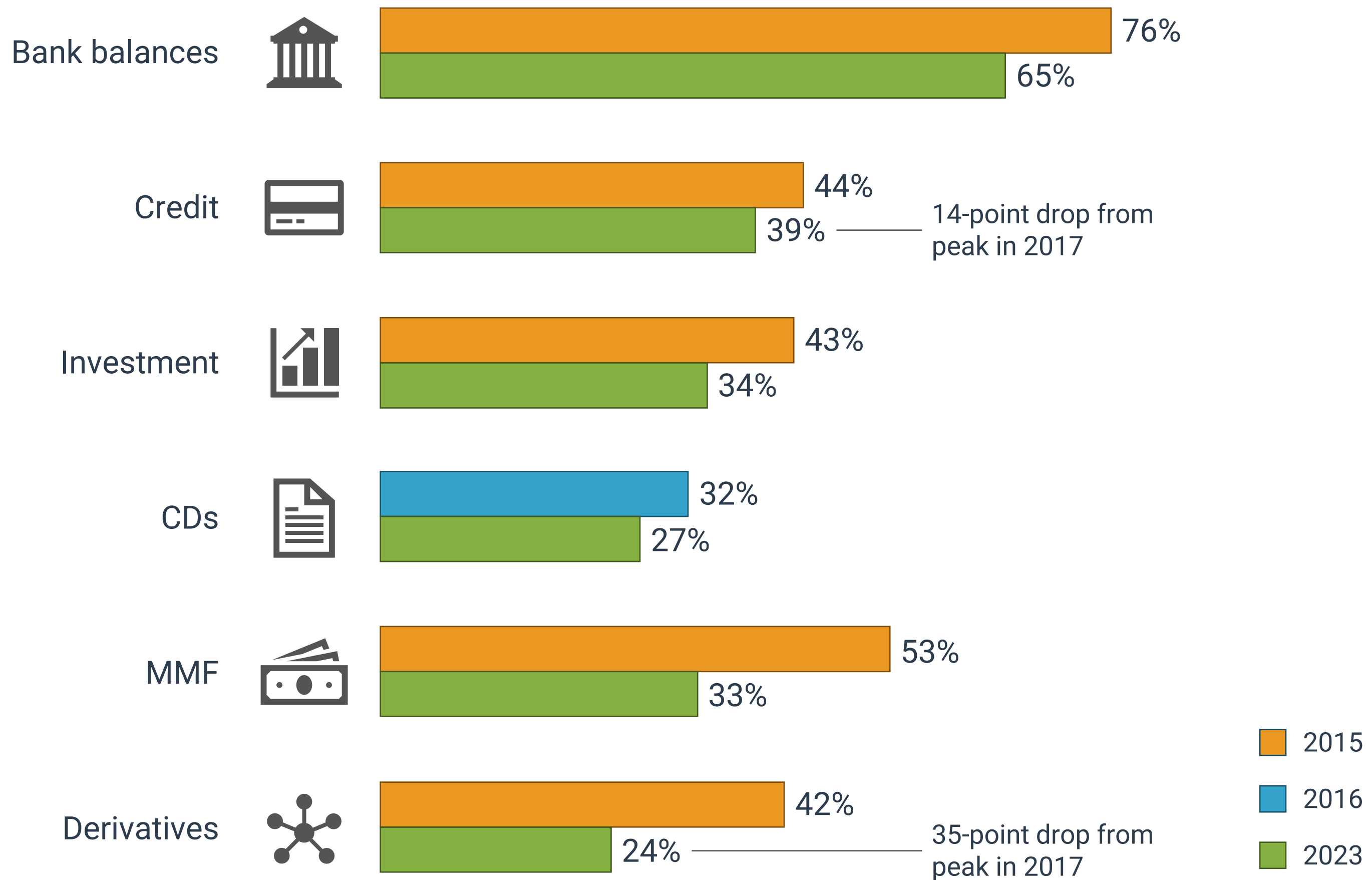


Large firms moved from 76% monitoring in 2013 to 59% in 2023.

COUNTERPARTY EXPOSURE

MULTI-YEAR DECLINE IN MONITORING

» For which of the following do you monitor counterparty exposure? (Select all that apply)

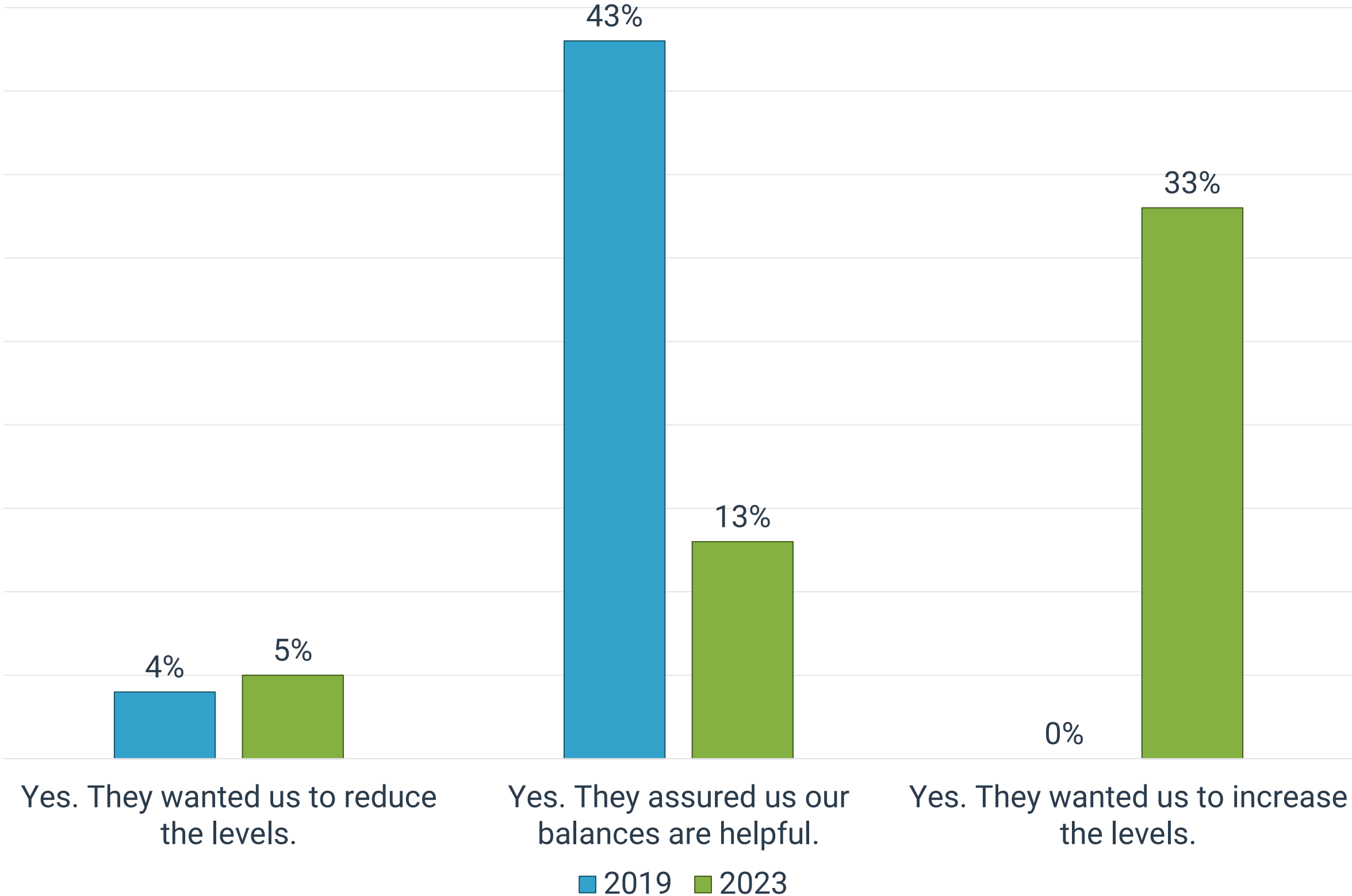


Note: Not all responses shown.

DEPOSIT BALANCES

REQUESTS AND FEEDBACK FROM BANKS

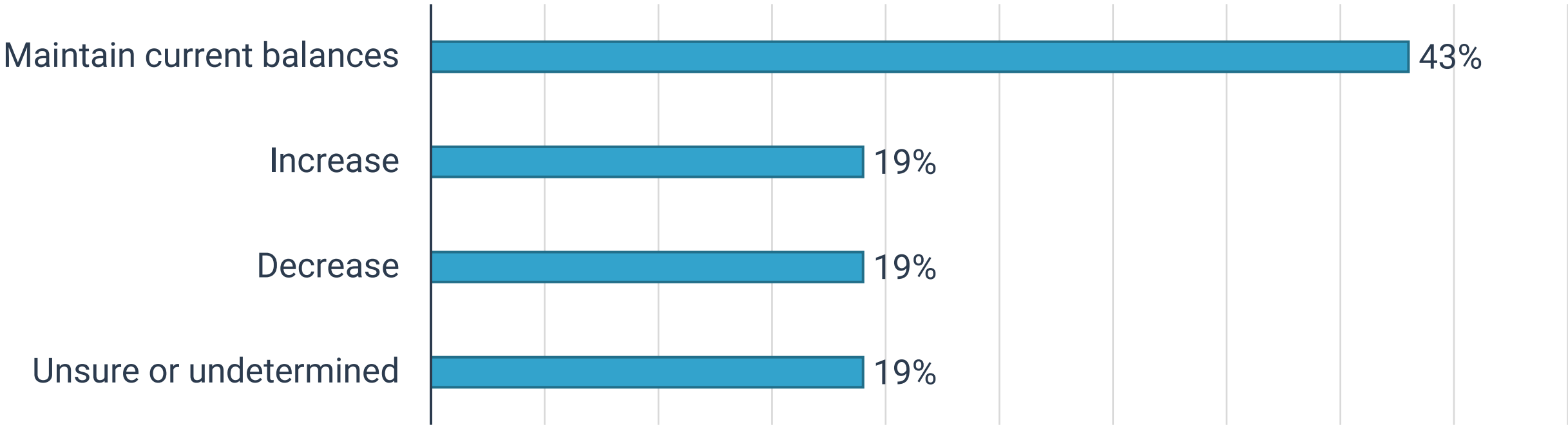
» Has your bank(s) talked to you about your deposit balances?



Note: Not all responses shown.

POLL QUESTION

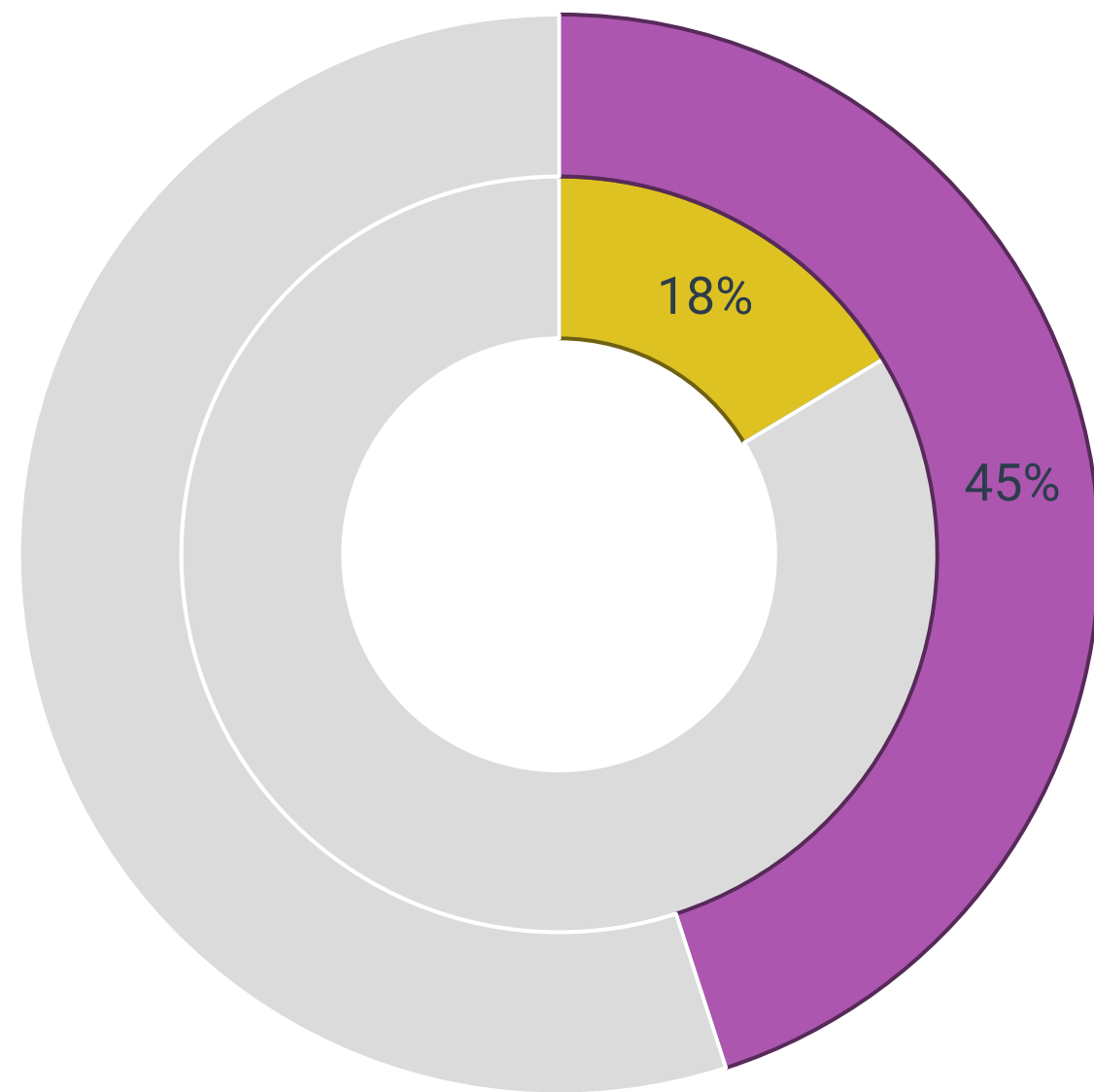
Poll 5 - Over the next year, do you anticipate increasing or decreasing bank deposit balances? (single choice)



ESG PROGRAMS

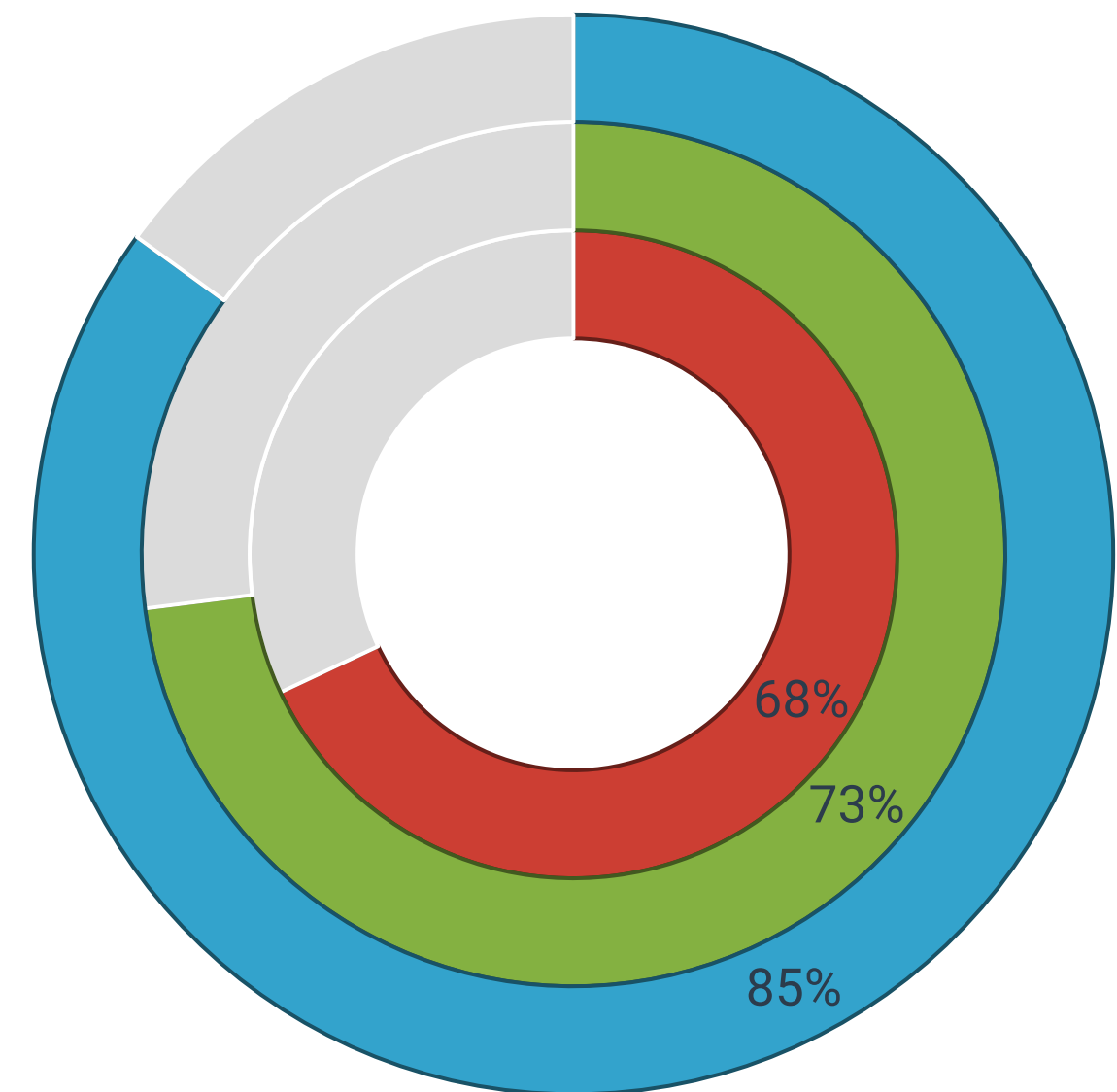
GROWING IN IMPORTANCE FOR CORPORATES

ESG program status



- Have a program in place
- Actively working on implementing a program

Significant components of the program

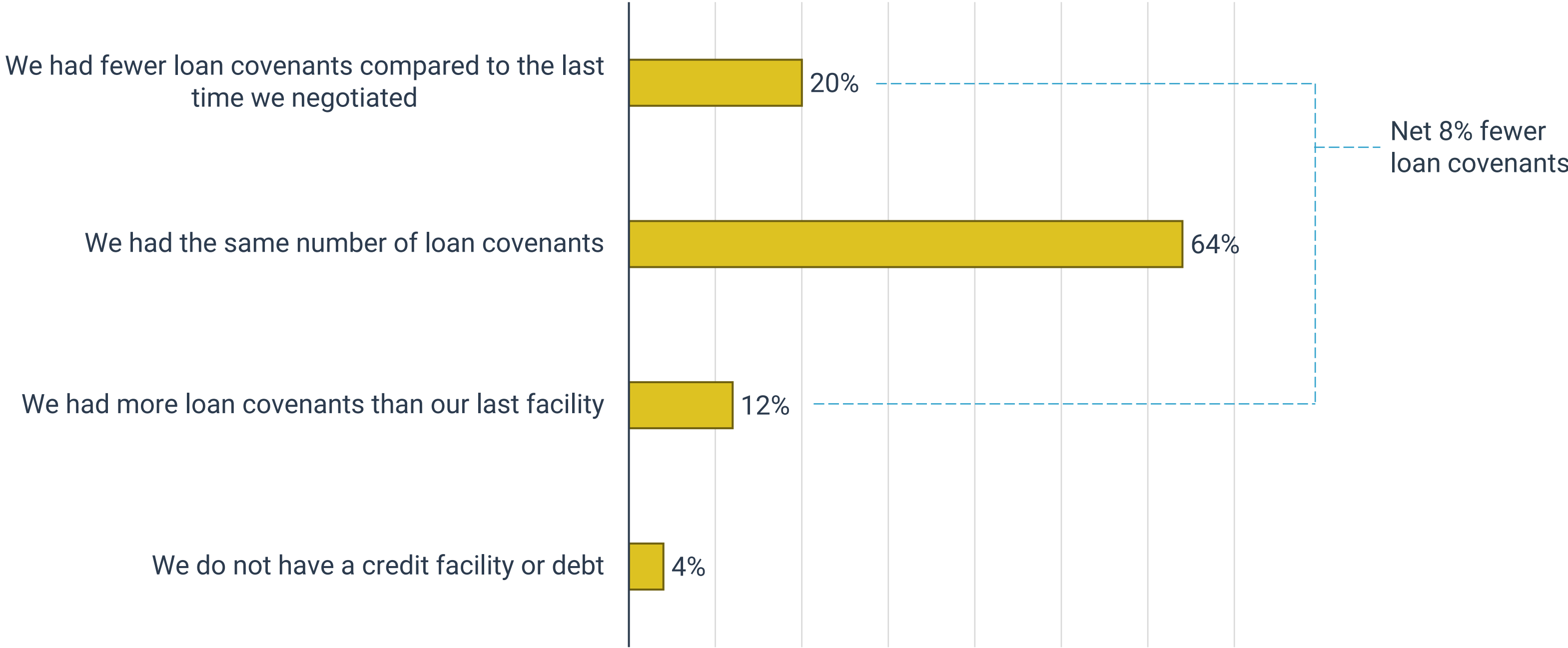


- Environmental
- Social
- Governance

LOAN COVENANTS

COMPANIES INDICATE A NET REDUCTION

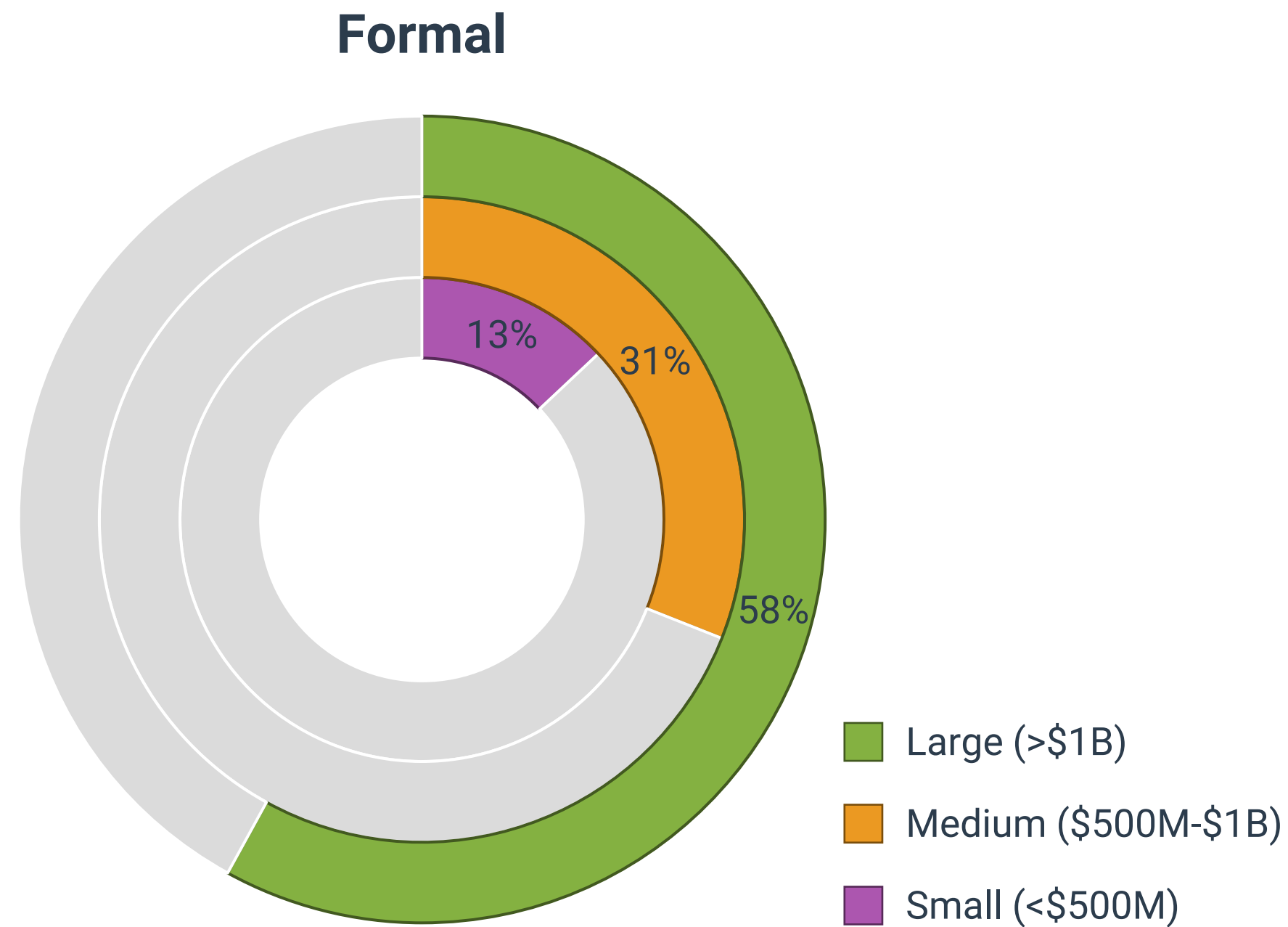
» With regard to loan covenants, which of the following is the most accurate of your organization?



MANAGING BANK RELATIONSHIPS

MOST COMPANIES ARE INFORMAL IN THEIR REVIEW PROCESSES

» How formal is your bank relationship management review?



Factors playing into determining their processes as formal:

- Update senior management: 59%
- Create a formal scorecard: 56%
- Share-of-wallet exercise: 37%
- Document all bank meetings: 26%

FINAL THOUGHTS

HOW TO PROCEED



CASH IS ATTRACTIVE

- Yields of 5%
- 525bps of Fed rate hikes over the past 2 years
- 10 of past 15 years at 0%



THE FED IS DONE RAISING RATES

- Rates have likely peaked
- Next move expected to be a rate cut
- Expect lower short-term rates by the end of 2024
- Consider locking in higher rates now



MONEY FUND REFORM IS BEING IMPLEMENTED

- Mandatory liquidity fees for institutional prime funds go into effect on October 2, 2024
- Create a plan



MANAGING/ MONITORING COUNTERPARTY RISK

- Risky to not monitor exposures
- Determine level of formality
- Do it now

LET'S CONNECT

DON'T LET THE LEARNING END HERE...
CONTACT US WITH ANY FUTURE QUESTIONS

Thank you for your interest in this presentation and for allowing us to support you in your professional development. Strategic Treasurer and our partners believe in the value of continued education and are committed to providing quality resources that keep you well informed.



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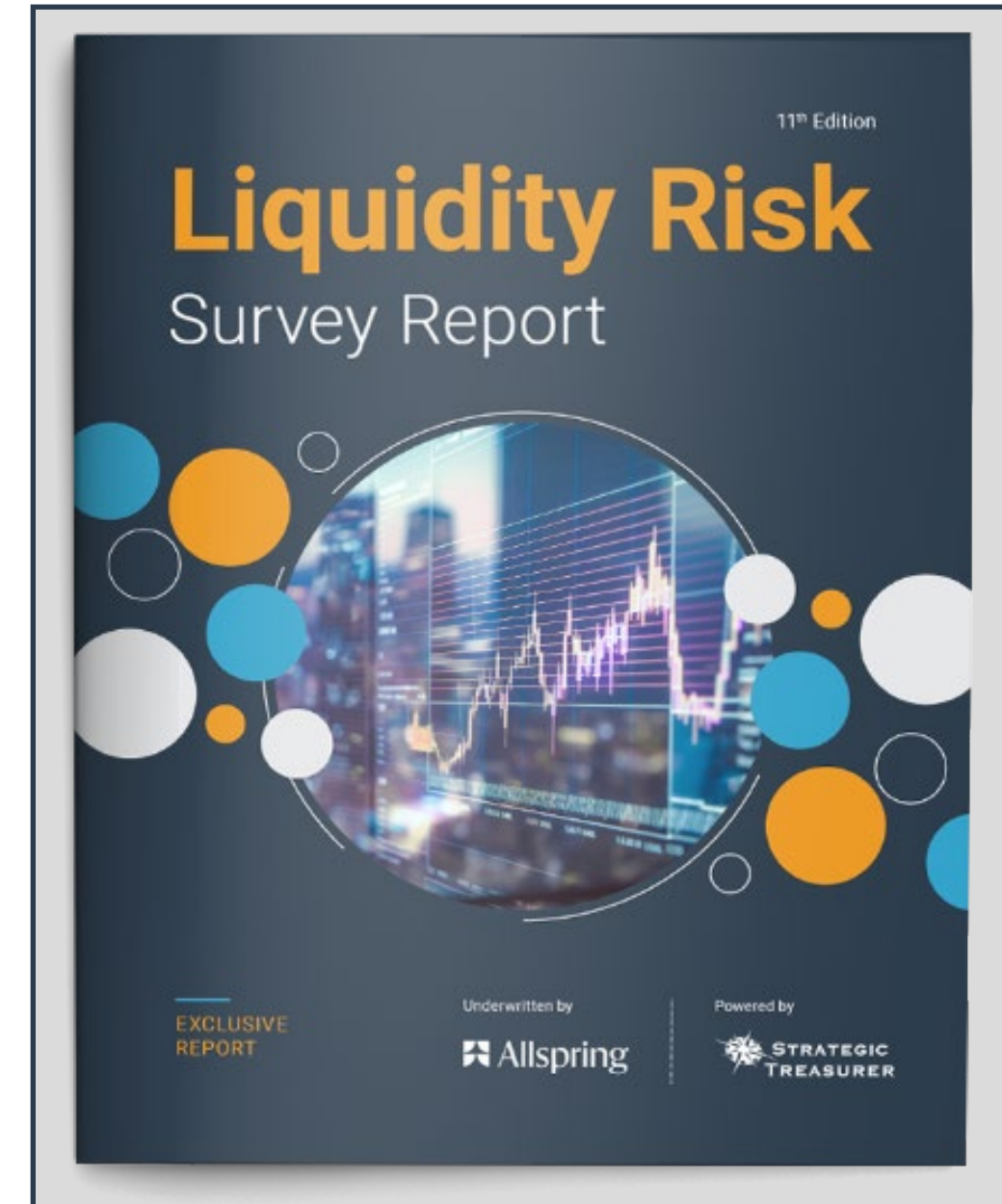


ALLSPRING

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SURVEY REPORT

Download the Liquidity Risk Survey Report for in-depth commentary. Survey respondents will be sent the exclusive, detailed report.



[Download Report](#)

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