

# Credit/Risk Management Oversight

## Getting a Second Opinion on Your Risk Exposure in Cash Investments



Most medical experts recommend getting an annual checkup to evaluate your health, screen for risk factors and provide preventative intervention. An annual checkup, however, should not be limited to health. Annual check-ups also are recommended for pets, automobiles, home heating and cooling systems ... and now, companies' cash portfolios.

If it has been some time since your last portfolio checkup, we recommend you call an expert to review and evaluate your investment portfolio. Capital Advisors Group can provide independent oversight for your organization to help make sure that your cash portfolio is in tip-top shape.

**As a corporate treasury professional, you are responsible for managing the financial health** of your organization's investments. To accomplish this, guidelines and internal controls are established in an effort to ensure that the firm is on target to reach its treasury goals and is operating in compliance with treasury policies. While internal audits are accepted practices, using a third party to evaluate your investment exposures and measure the risks in your cash investment portfolio (or portfolios) can provide you with an independent and expert assessment of your holdings. If your cash is managed by multiple managers with different philosophies and strategies, obtaining a third-party evaluation is highly recommended.

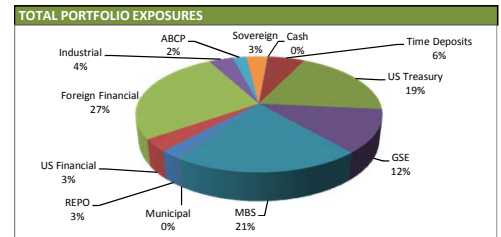
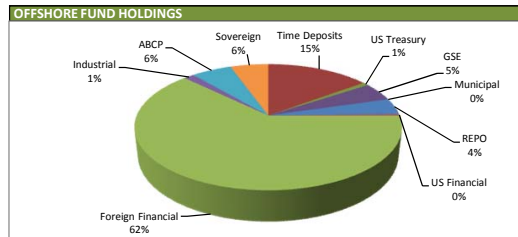
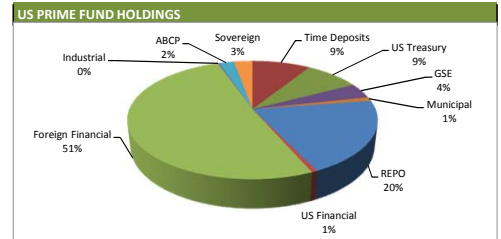
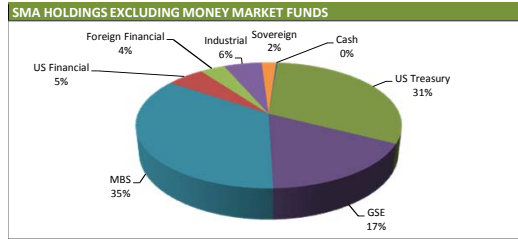
As a registered investment advisor, Capital Advisors Group maintains a strict fiduciary obligation to work in our clients' best interests, and our more than 20 years of experience managing corporate cash portfolios provides us with the knowledge base and research capabilities to offer a bottom-up assessment of whether your portfolio is achieving the optimal risk/reward balance for your organization. Treasury consultants may focus on investment policy compliance with an outsider's view on managing cash. Capital Advisors Group, on the other hand, will review your portfolio in the same manner that we would review one of our own managed accounts.

Cash investments are unlike other investments. There are no standardized benchmarks or set parameters available to compare and measure your portfolio and its risk/reward characteristics. Utilizing our extensive research and the risk management tools that we have developed over the years, Capital Advisors Group will review and evaluate your investment portfolio to identify strengths and weaknesses and make recommendations to help you reduce risk and enhance liquidity. Our Credit/Risk Management Oversight service offering provides a deep, comprehensive review of your cash portfolio or combined portfolios, including:

- ▶ **Risk attribution** The portfolio's risk will be evaluated and rated on a numerical risk scale.
- ▶ **Credit selection.** Each security will be reviewed. Security holdings not receiving a clean bill of health will be placed on a "Watch List." The specific reasons for placement of each security on the Watch List will be given, such as troubling credit characteristics or secondary market liquidity issues. A likely scenario and actionable recommendation for each of these securities also will be provided.
- ▶ **Aggregate exposure.** Individual portfolio holdings and the underlying money market fund holdings will be combined to provide a clear view of total exposure by asset class. Asset class exposures will be compared to those of a representative sample of U.S. institutional prime money market funds.\*

► **Portfolio sensitivity.** Sensitivity analyses will be performed to test portfolio market value losses in multiple scenarios of interest rate shifts and credit market deterioration.

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\* Based on Capital Advisors Group, Inc.'s proprietary research of 15 of the largest AAA-rated institutional prime money market funds. Funds are not necessarily the largest funds within this category, but rather are the funds that Capital Advisors Group, Inc., believes are representative of the AAA-rated institutional prime money fund market.

## About Capital Advisors Group

Founded in 1991, Capital Advisors Group, Inc., is among the nation's most experienced, independent investment advisors with a primary focus on institutional cash management services. With more than 20 years of portfolio management experience through varied interest rate cycles, the firm has built its legacy upon deep, research-driven investment strategies for its clientele. As an SEC-registered investment advisor, Capital Advisors Group's mandate is to work in the best interest of its clients, which we aim to accomplish by working to maximize risk-adjusted returns and provide customized accounting reports that suit specific client needs. Capital Advisors Group also provides independent debt sourcing advisory services through its Debt Advisors Group consulting arm. Headquartered in metropolitan Boston, Capital Advisors Group maintains several U.S. regional offices.