



Webcast: 2012 Liquidity Risk Survey

2011: “Caution & Conservatism – Retrenching”

2012: “Cautious, But Ready to Act”

June 2012

Agenda

- Introductions
 - Strategic Treasurer
 - Capital Advisors Group

- Survey Findings
 - Census Information
 - Investments
 - Debt & Forecasting

- Q&A

Presenting Companies



- ❑ Consulting firm advising on treasury and risk management technology issues
- ❑ Serves corporate, government, education and not-for-profit institutions
- ❑ Craig Jeffery, Founder & Managing Partner



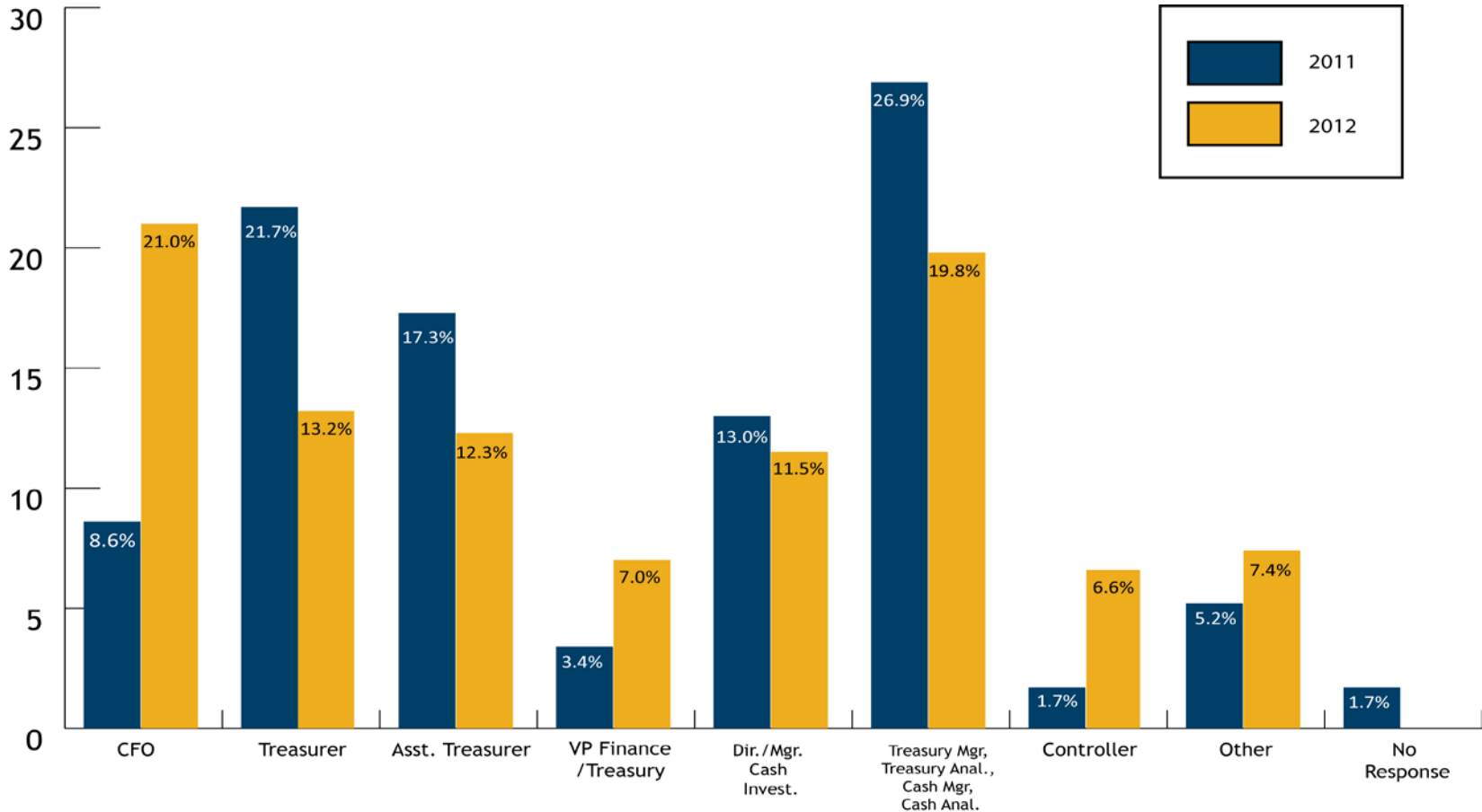
- ❑ Institutional investment advisor focused on short-term cash investments and money market fund due diligence services
- ❑ 21 years in business and approximately 200 clients*
- ❑ Ben Campbell, President & CEO

Survey Goal

To shed light on treasury departments' efforts to mitigate liquidity risk in short-term cash investment, debt and forecasting practices.

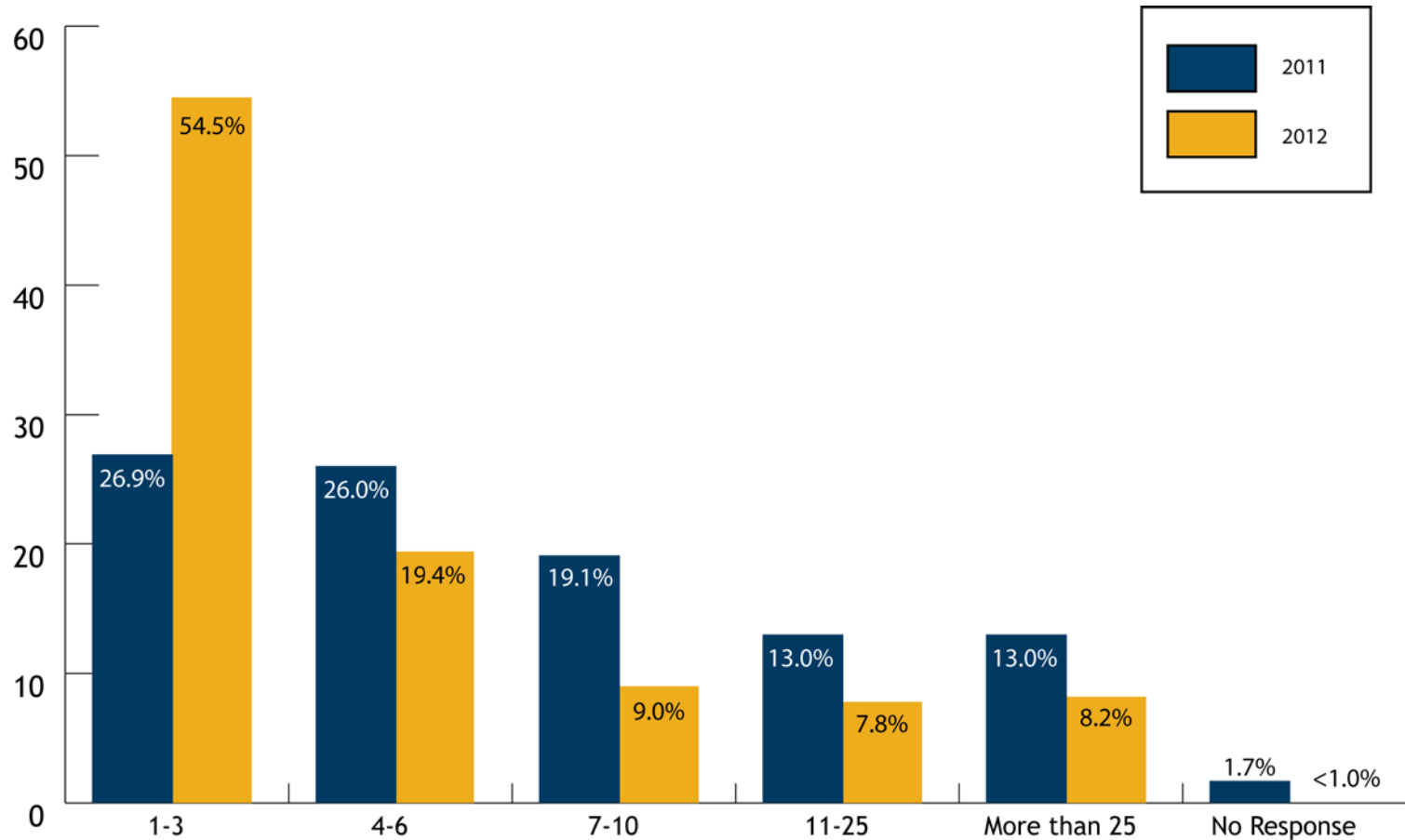
Survey Participant Profile

What is your job title?



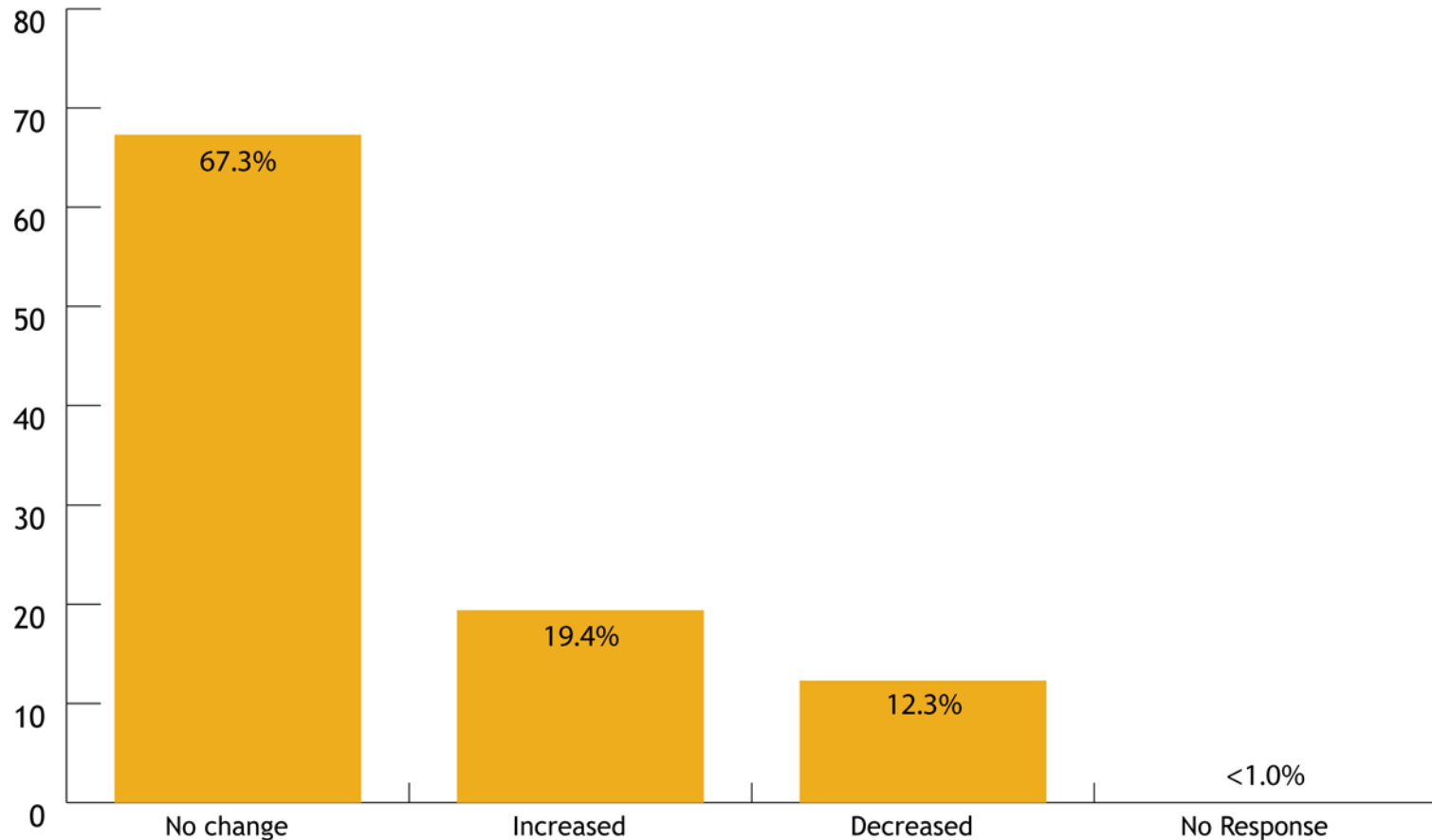
Survey Participant Profile

How many people are in your treasury department?



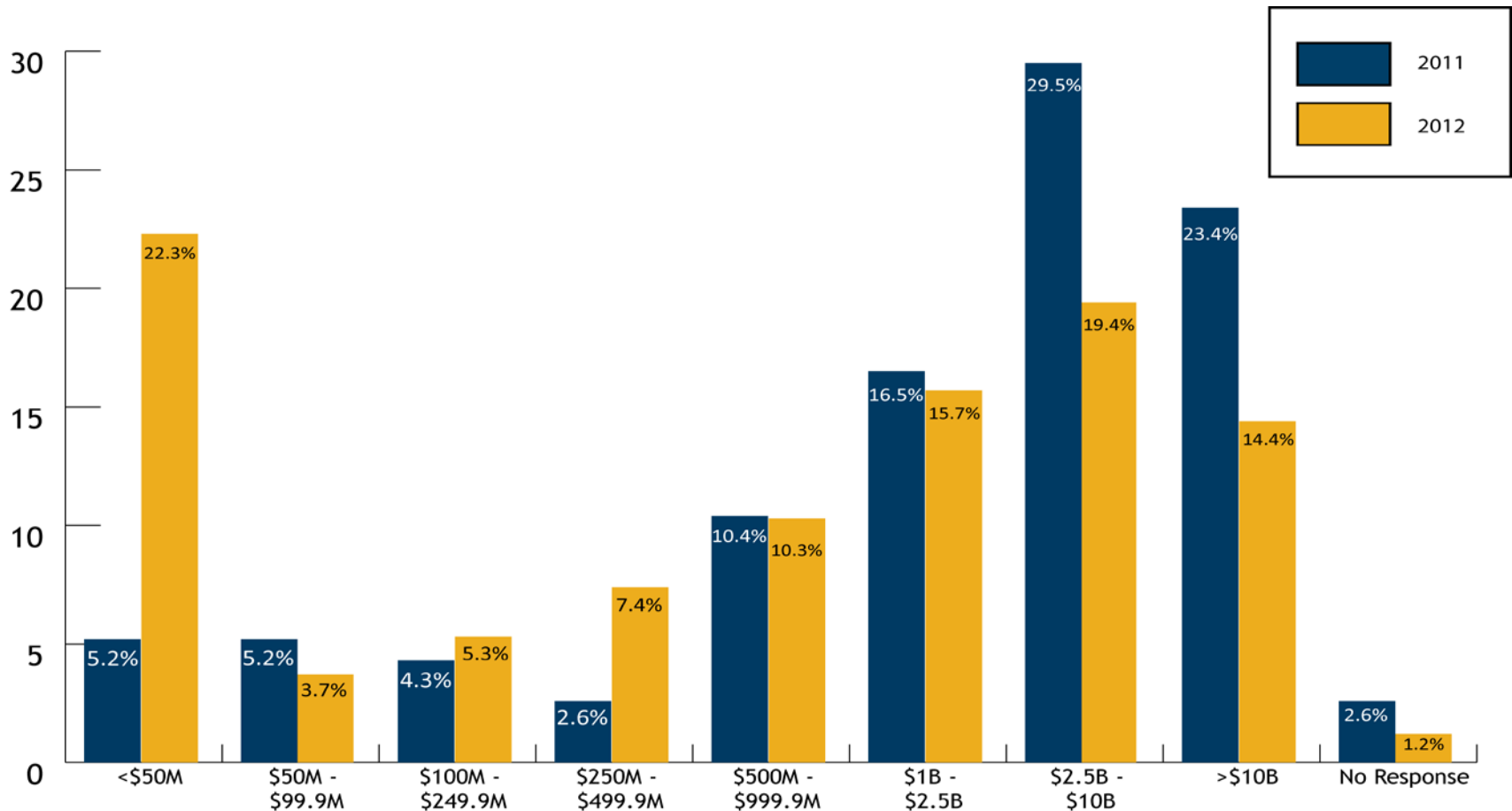
Survey Participant Profile

Has the staffing level in your treasury department changed in the past two years?



Survey Participant Profile

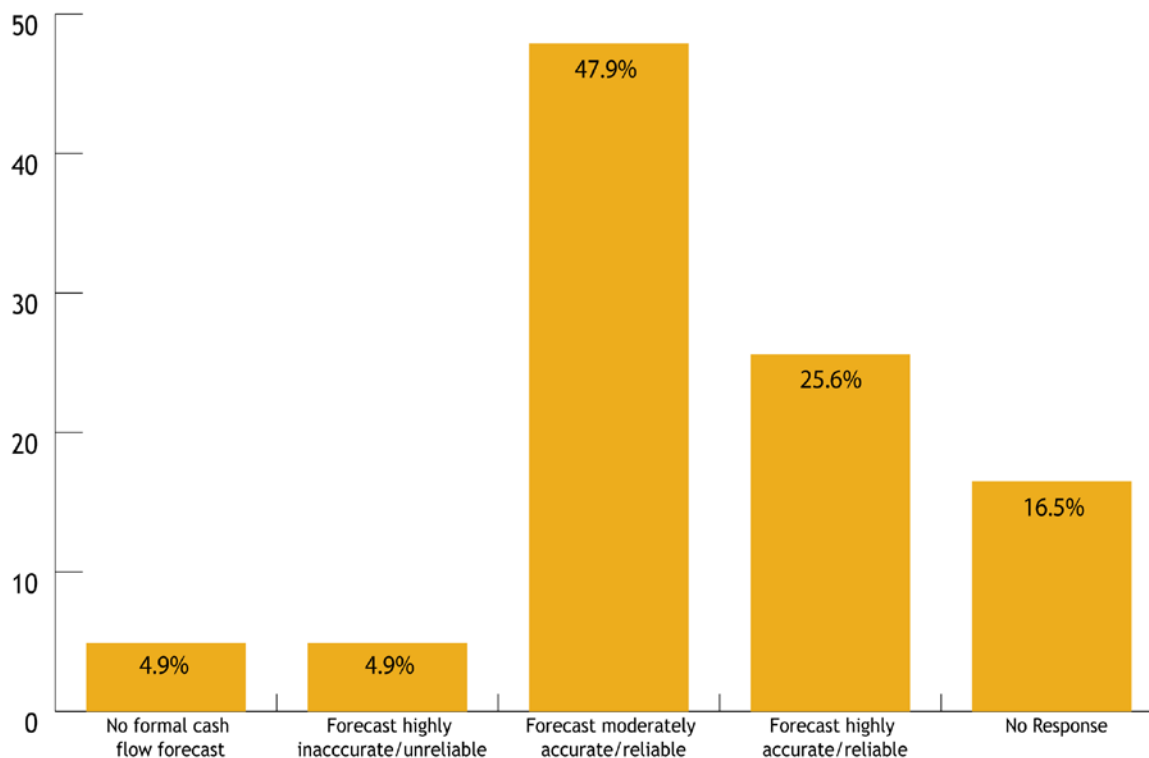
What are your company's annual revenues?



Short-Term Investments

Which answer best describes the ability to forecast short-term cash?

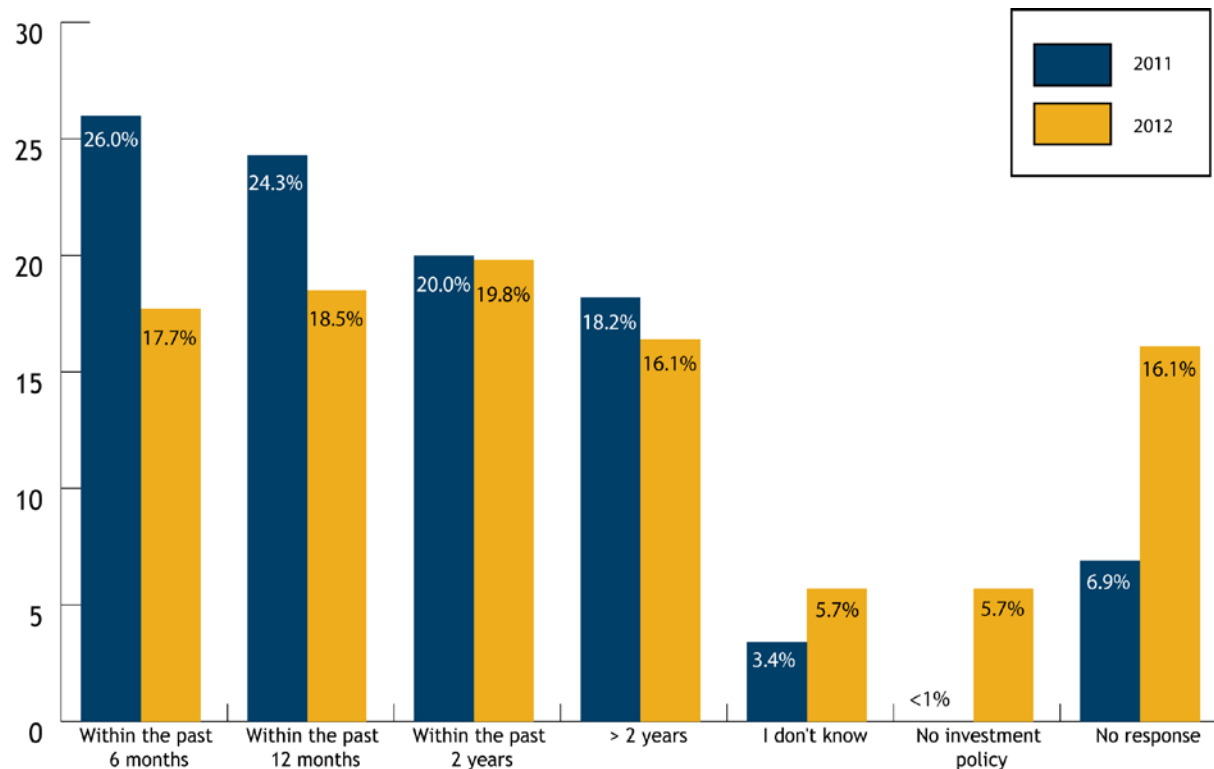
- Only one in four firms report that they have highly accurate and reliable forecasts, which correlates almost exactly to the 2011 responses on short-term forecasting accuracy
- The organizations that have a moderately accurate/reliable forecast decreased slightly from just over 50% in 2011 to just under 48% in 2012



Policy

When did you last update your corporate investment policy?

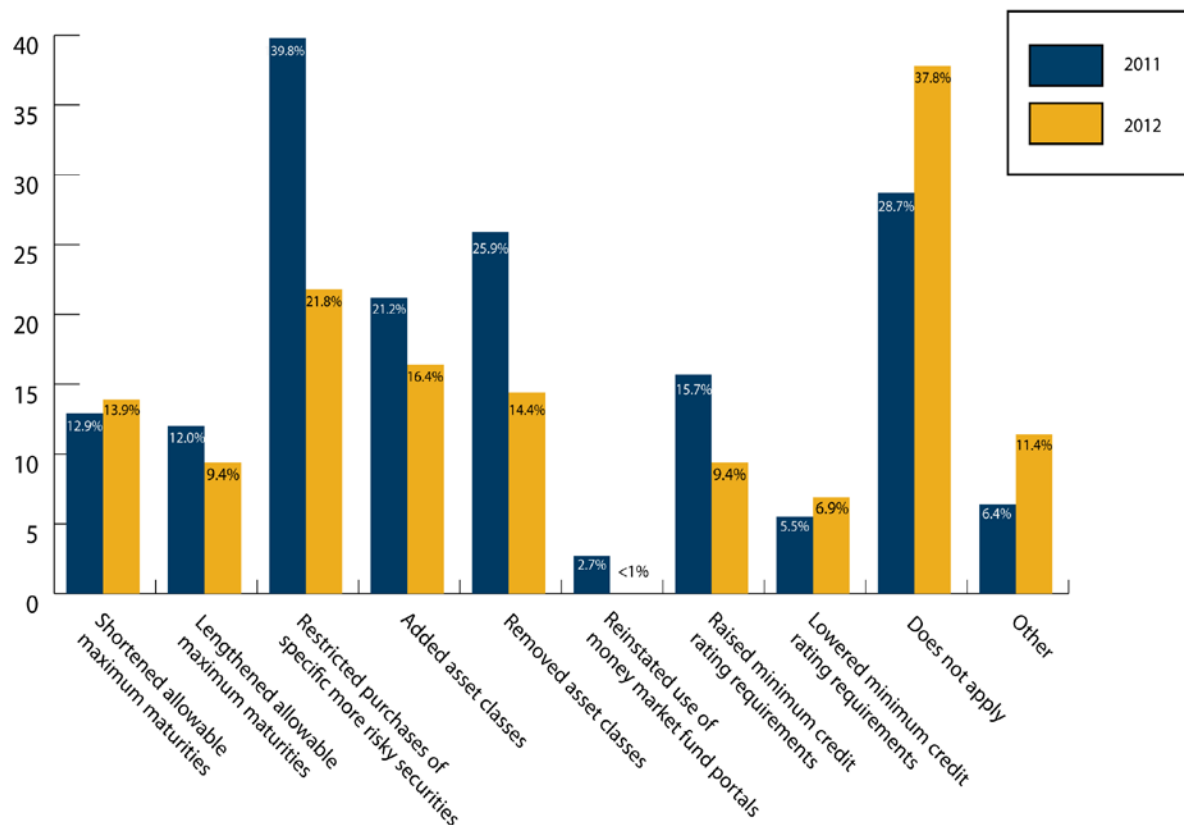
- In 2012, the number of firms that updated their investment policies declined when compared to 2011 responses, as is evident in the first two timeframes



Policy Revisions

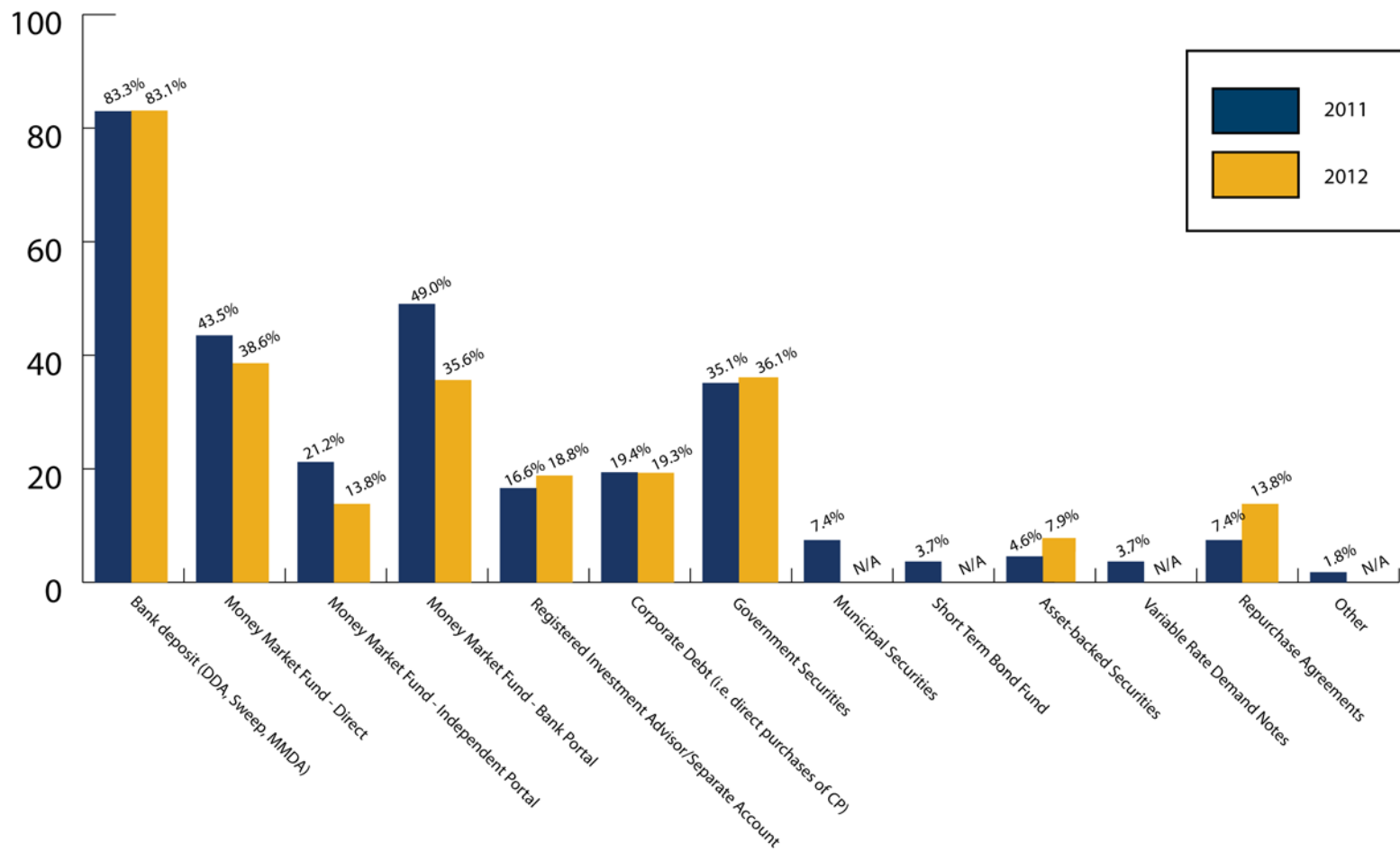
If you have updated your corporate investment policy within the past two years, how did you revise your policy?

- For the firms that made investment policy revisions, three top changes were noted in 2012 survey responses:
 - Nearly 22% restricted purchases of assets deemed more risky
 - 16.4% of firms added asset classes
 - 14.4% removed asset classes
- The change in the number of firms adding (and removing) asset classes remained at significant levels in 2012, alluding to the continued monitoring of investments on an asset class basis



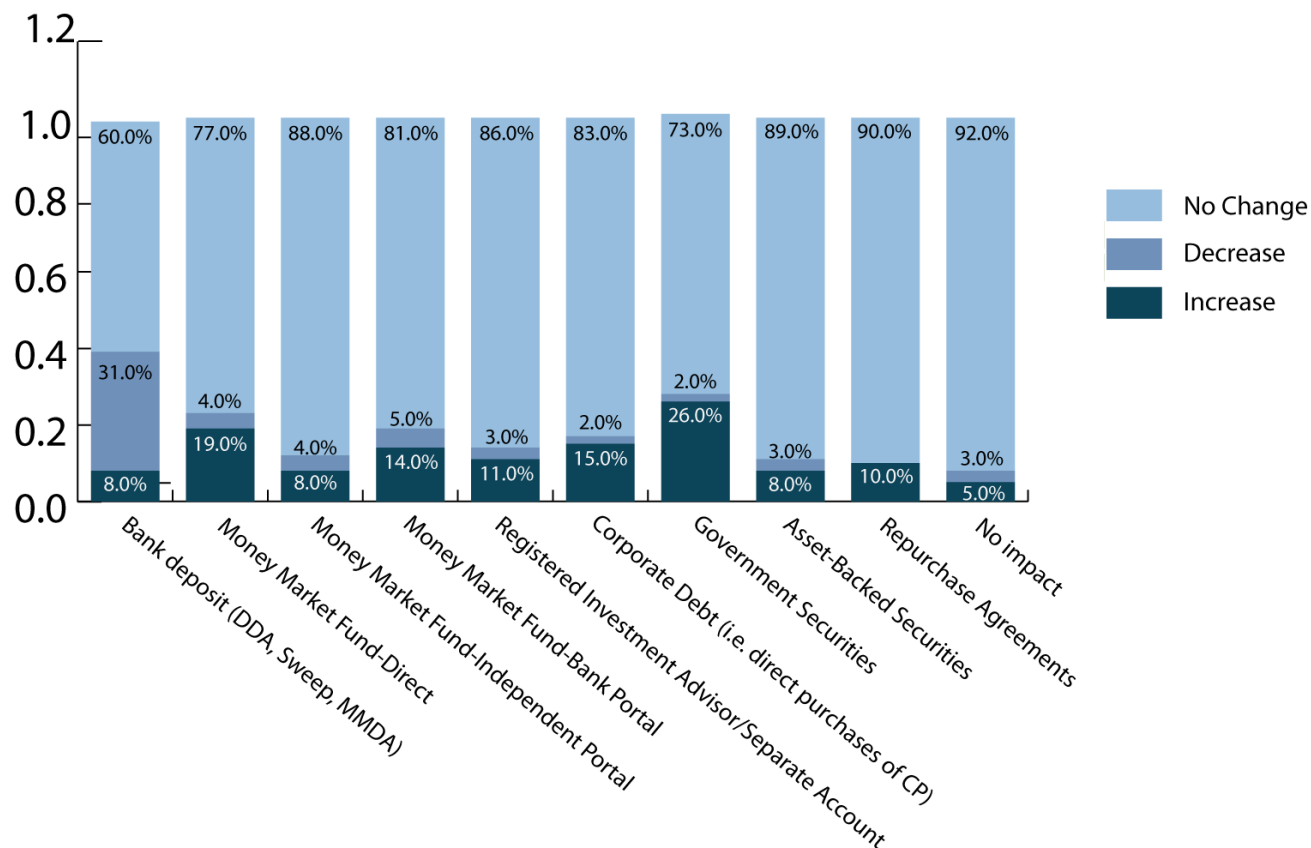
Investment Channel

What investment channels do you use for short-term funds (past year)?



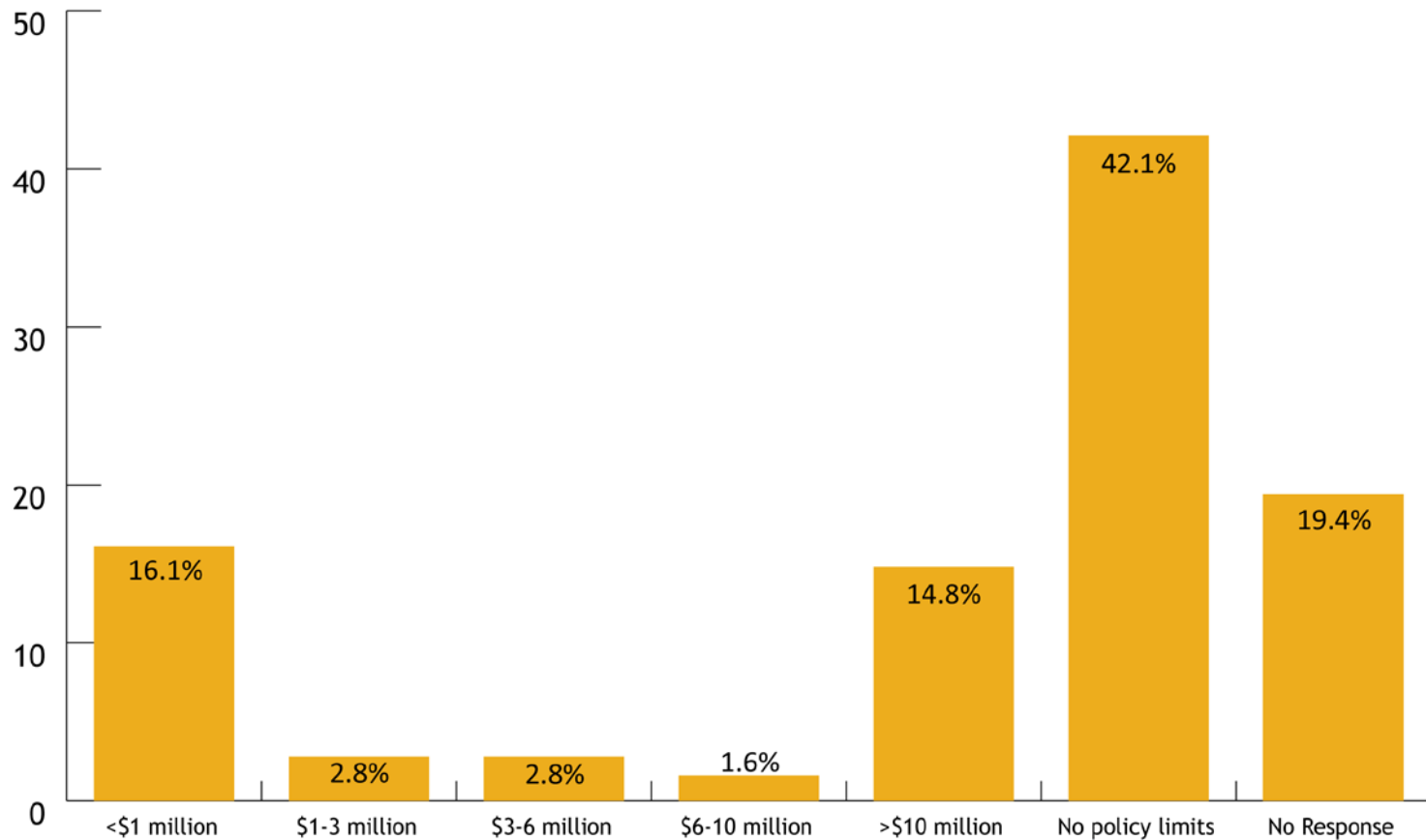
Investment Channel

With FDIC insurance limits for Bank DDA accounts returning to \$250,000^[1] from unlimited coverage, how do you see your investment channels changing? (Select all that apply.)



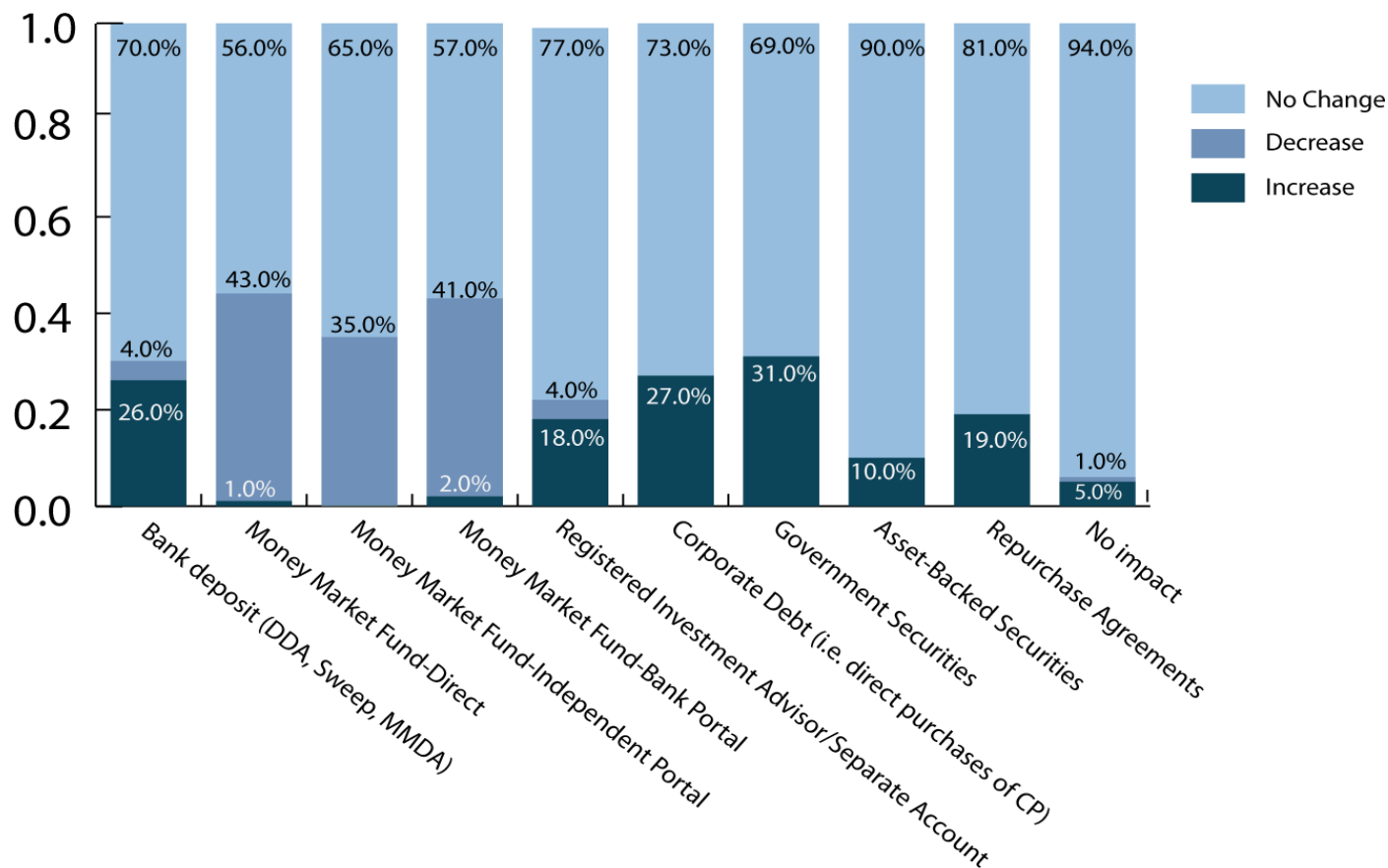
Investment Channel

What is the maximum dollar value exposure your investment policy allows for uninsured bank deposits?



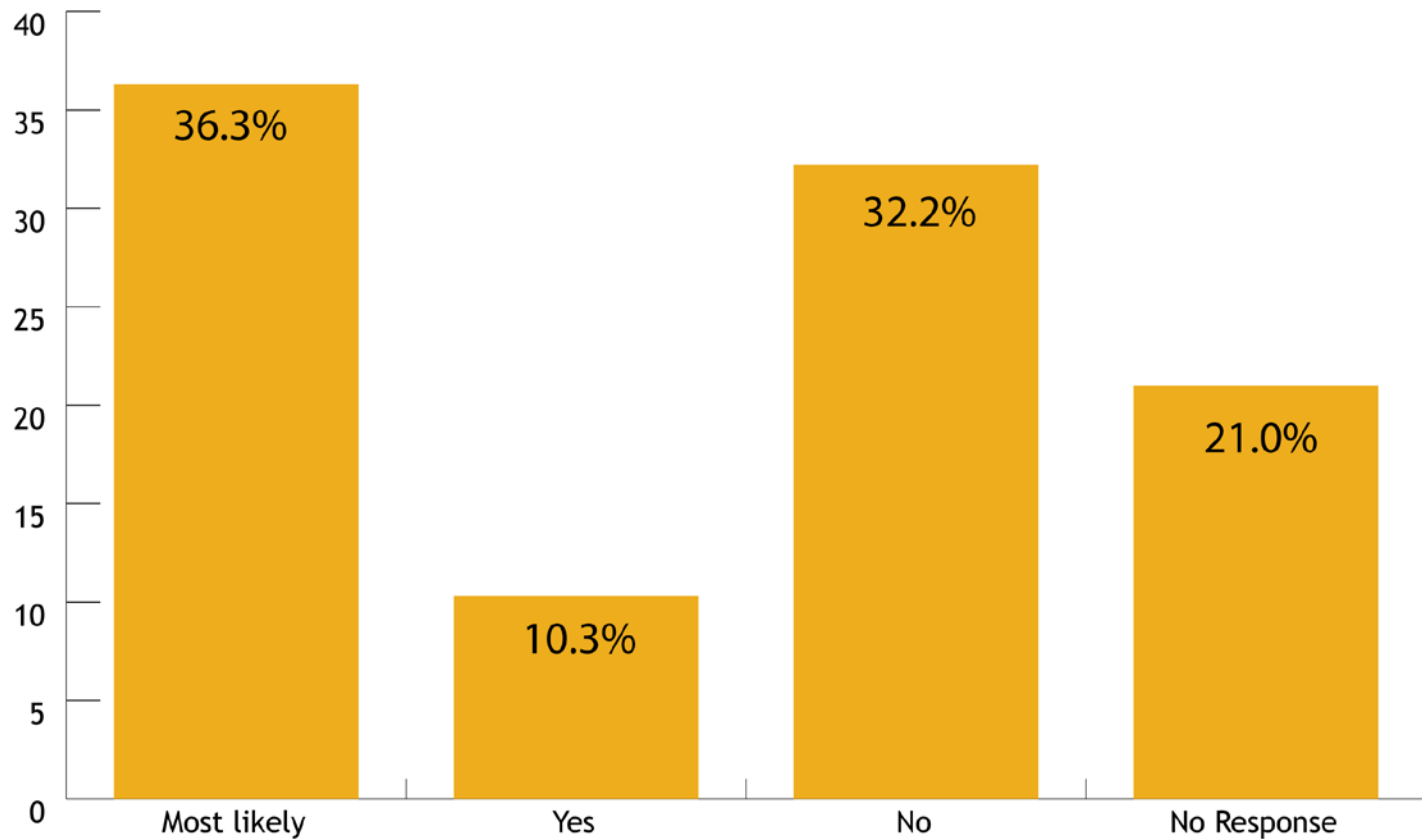
Investment Channel

Media reports indicate that the SEC will be proposing changes to money market fund regulations. If a floating NAV is adopted, how will this impact your investments in money market funds and other investment channels?



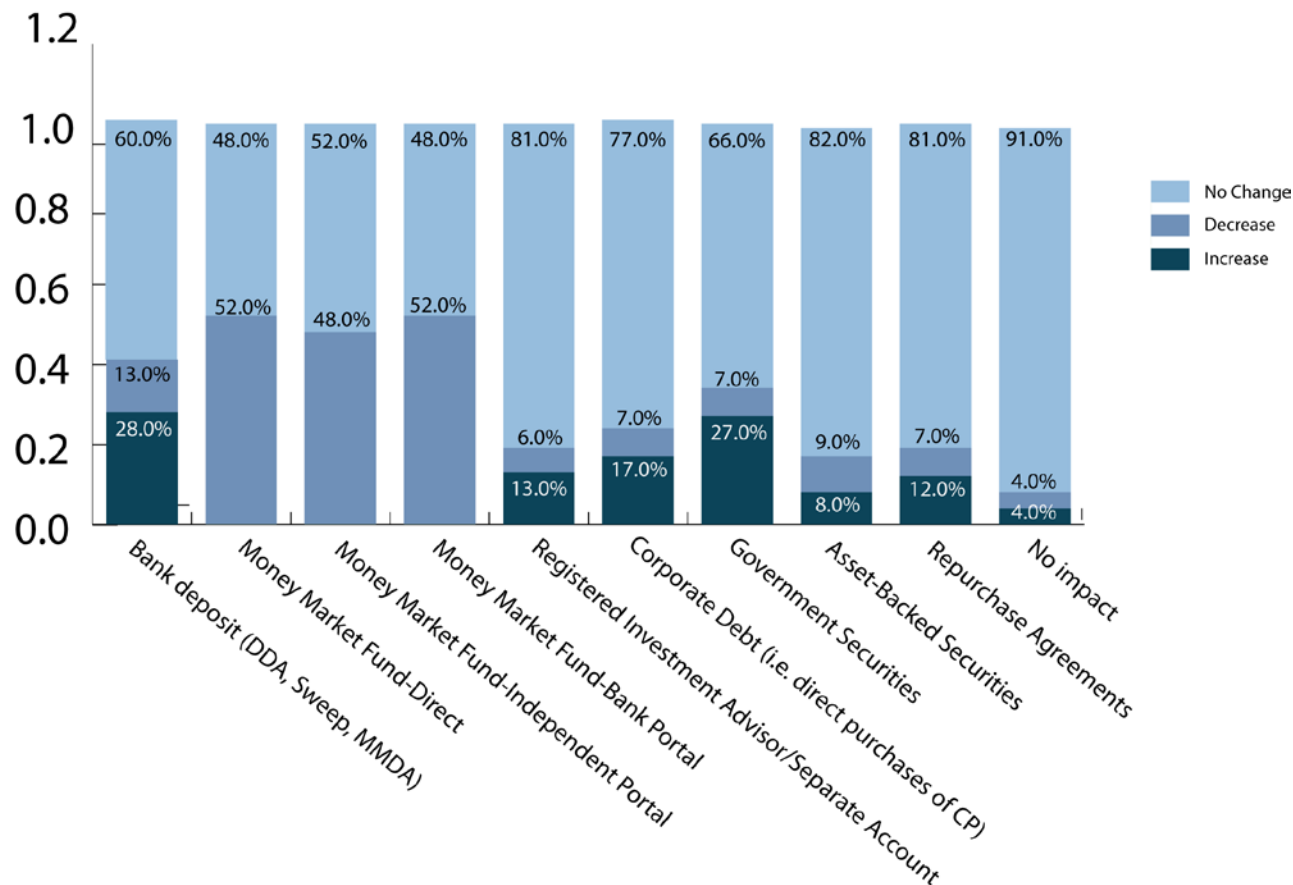
Investment Channel

Media reports indicate that the SEC will be proposing changes to money market fund regulations. If a capital buffer is adopted, will this change your perception of money fund risk?



Investment Channel

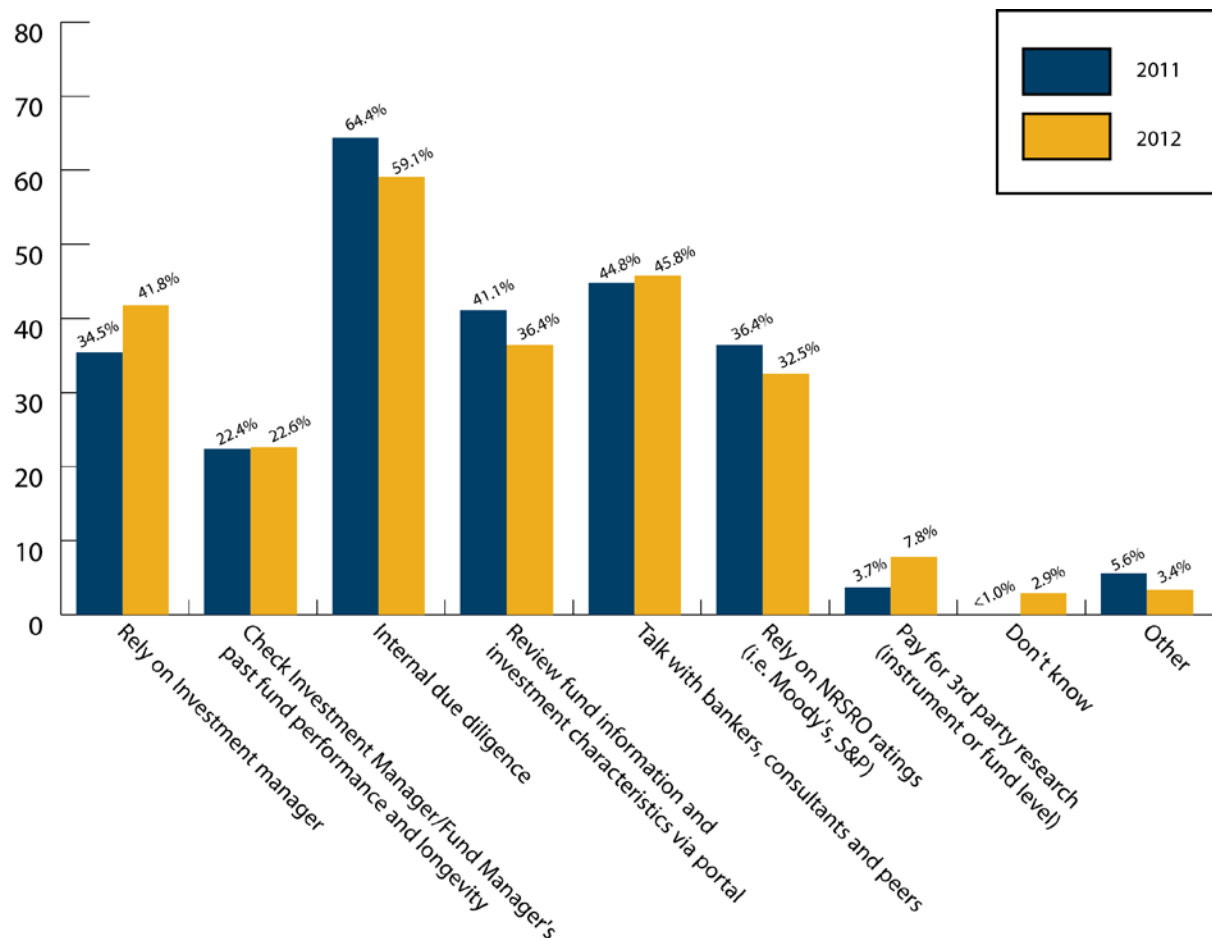
Media reports indicate that the SEC will be proposing changes to money market fund regulations. How would a redemption hold of 5% of assets for 30 days impact your investments in money market funds?



Risk Evaluation

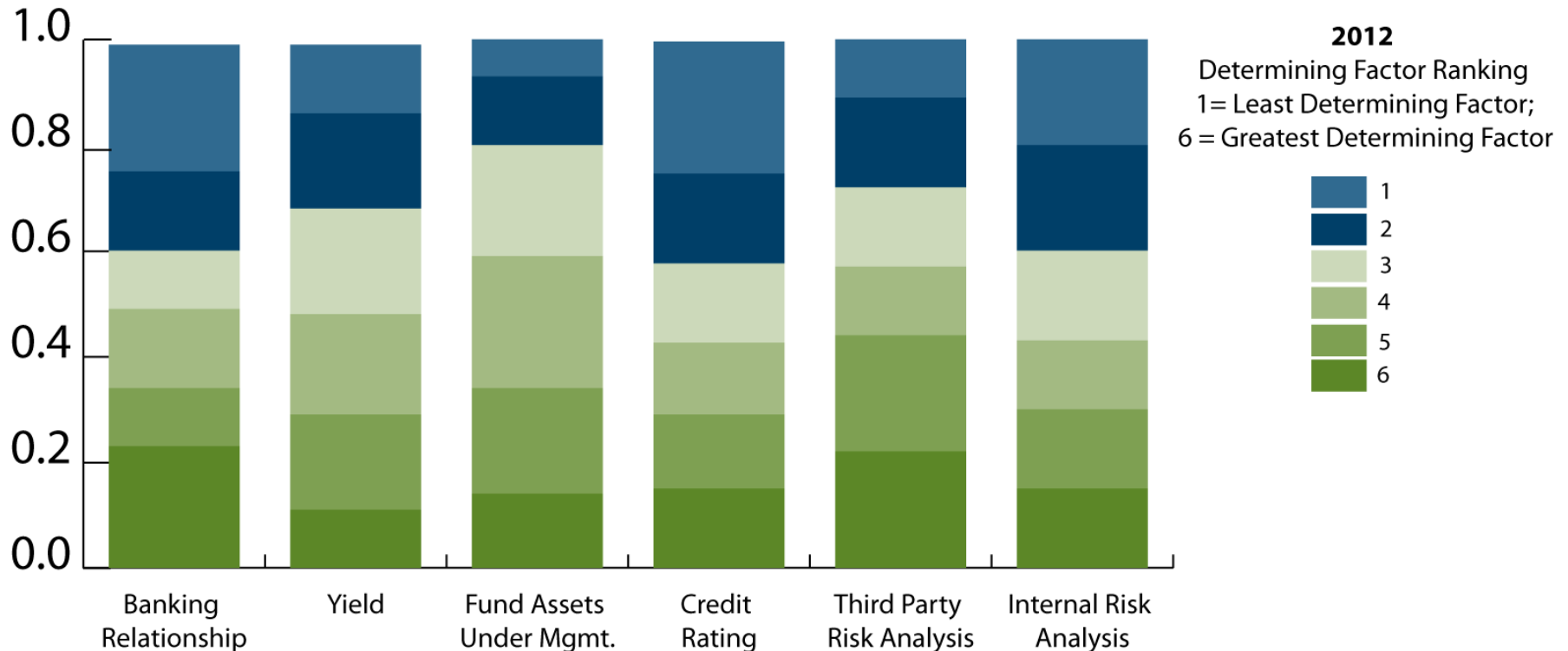
How do you (or your investment manager(s)) research and identify risk prior to making short-term investment decisions?

- The survey results continue to show that internal due diligence is used by nearly 60% of firms (a decline of just over 5% from 2011 survey results)
- Reliance on an investment manager increased in 2012 by just over 6%, as reported by nearly 42% of the respondents
- Reliance on ratings agencies declined in 2012
- Paying for third-party research at the instrument or fund level saw a doubling of usage, now standing at just short of 8% of respondents



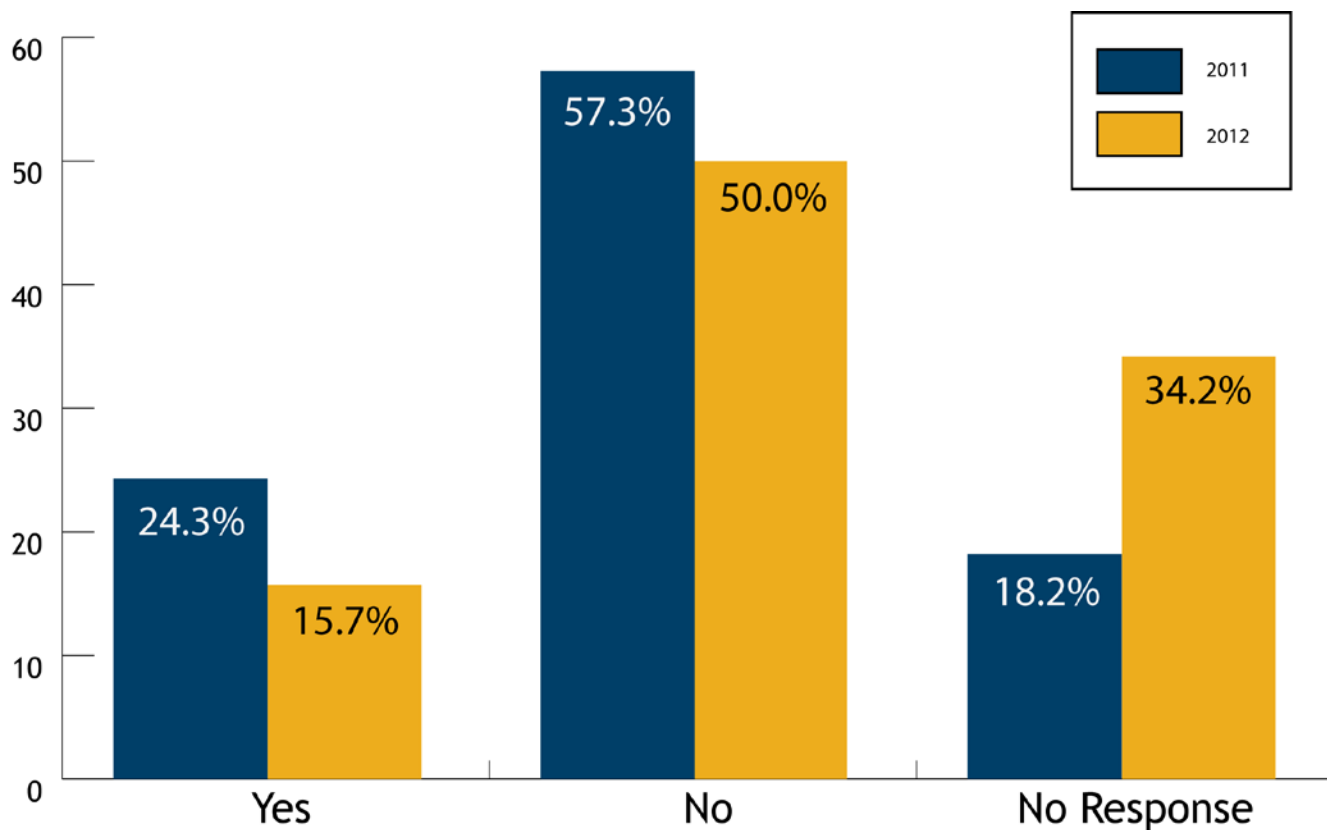
Money Market Fund Risk Evaluations

Money Market Fund Selection. Please rank the following as determining factors when it comes to your (or your company's) money market fund selection process.



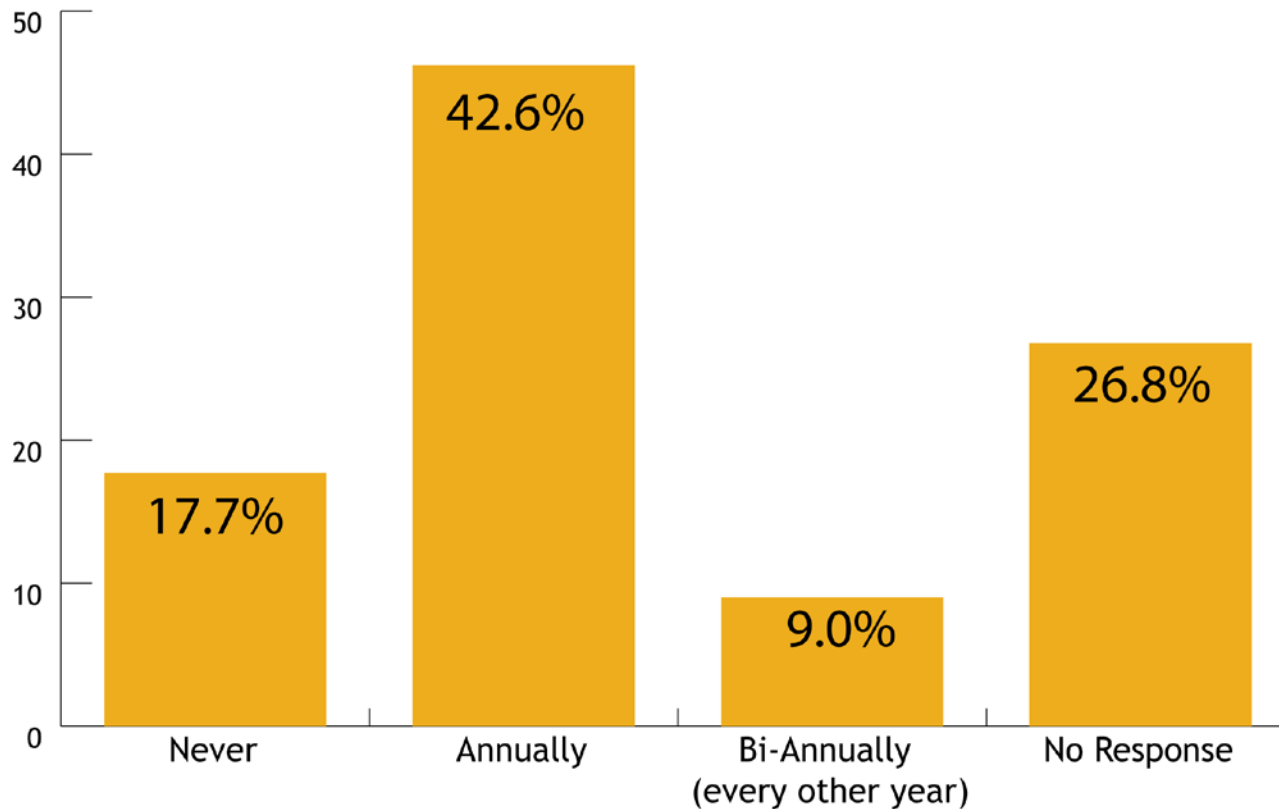
Stress Tests

Do you or does your investment manager run stress tests on the funds in which you invest in an effort to predict their performance under various economic/financial shock scenarios?



Portfolio Review

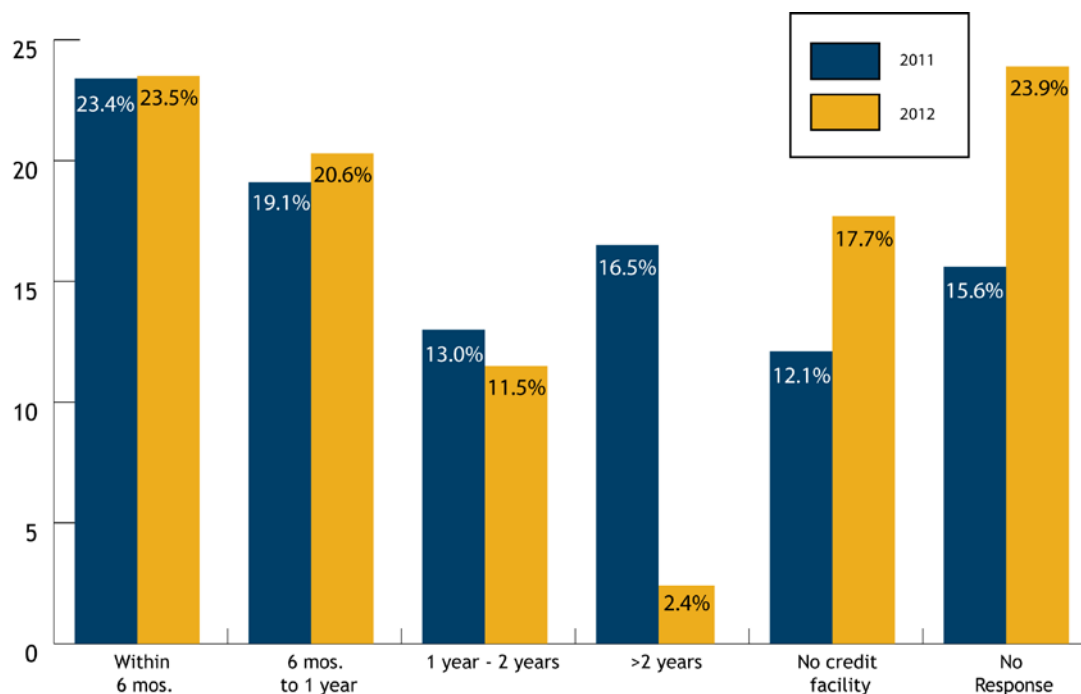
When was the last time you (your fund manager or an independent third party) performed a review of your firm's entire investment portfolio?



Forecasting and Debt

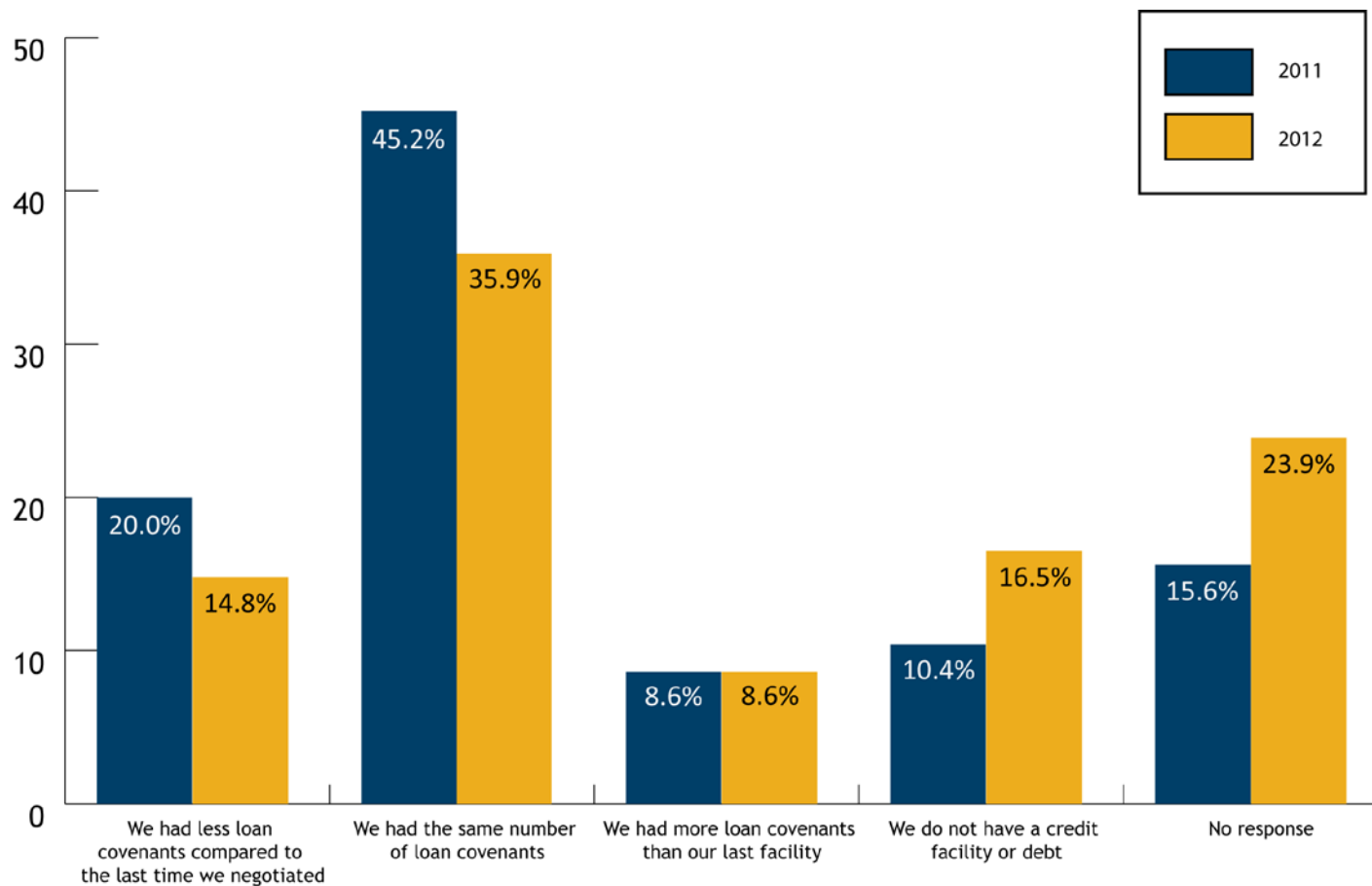
When was your most recent negotiation or renegotiation of your credit facility?

- Between 2011 and 2012 our survey indicated that there was relative consistency in the timeframe since the last credit facility negotiation
 - Almost one in four respondents renegotiated within six months
 - Approximately one in five respondents renegotiated within 6-12 months
 - Nearly one in nine renegotiated in the previous 12-24 months



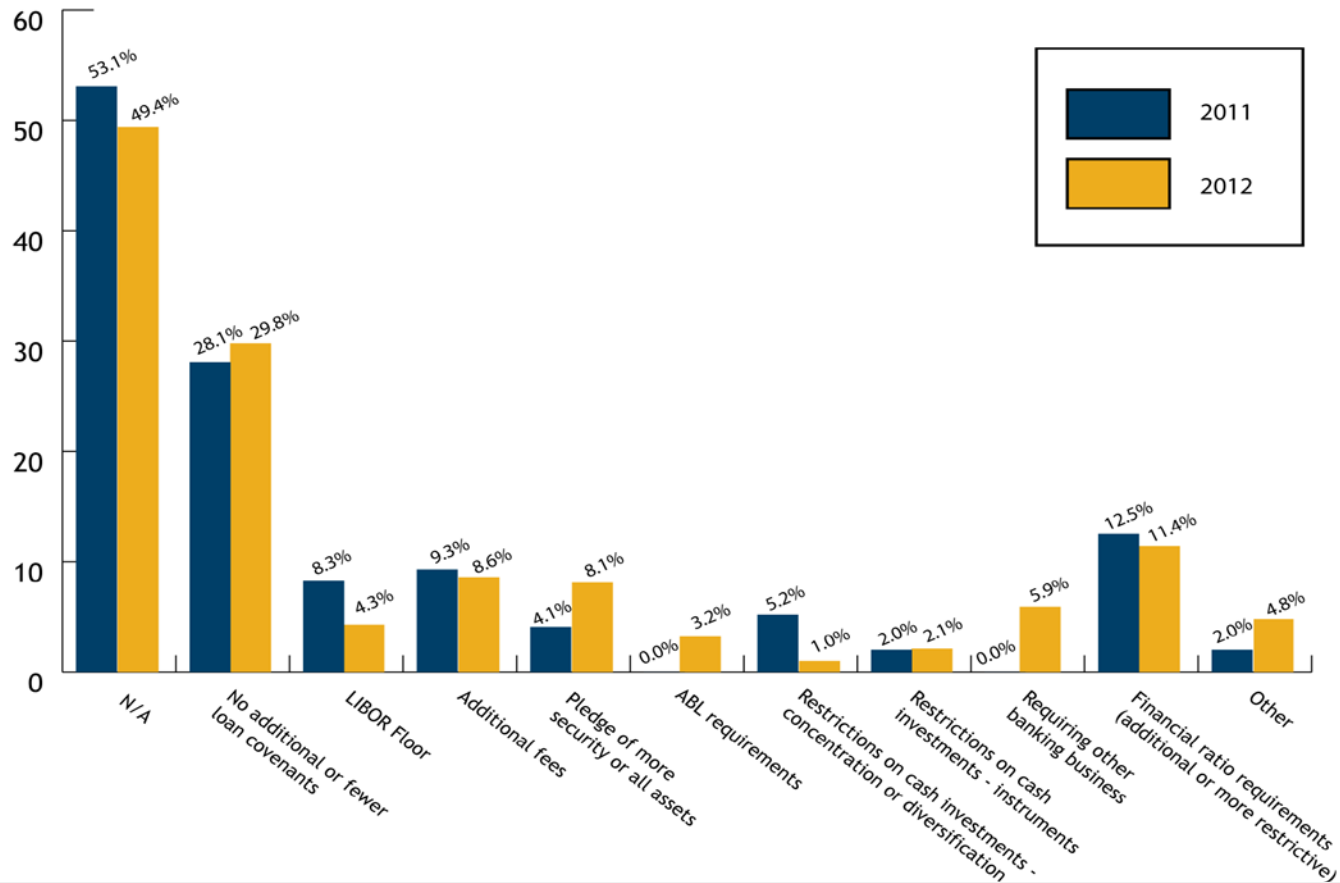
Loan Covenants

With regard to recent loan covenants, would you say ...



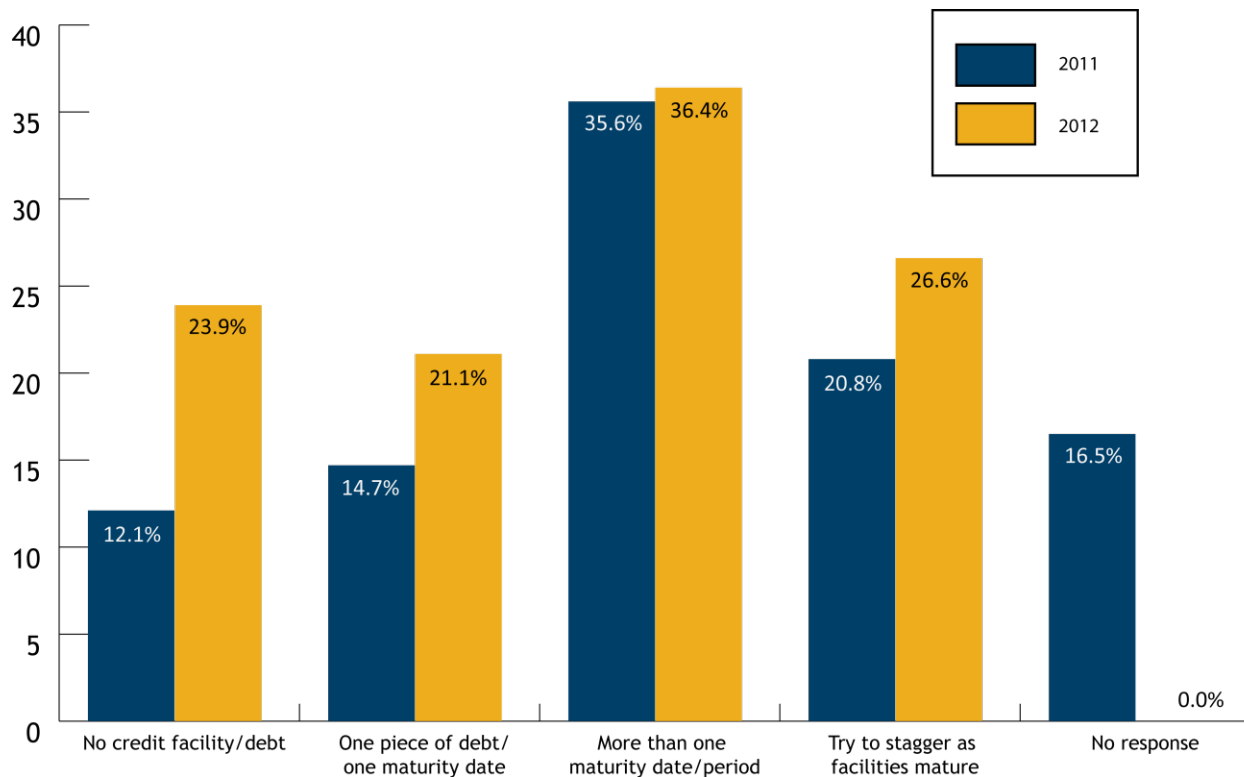
Types of New Loan Covenants or Components

What types of additional loan covenants or components were added or changed on your most recent debt/credit facility?



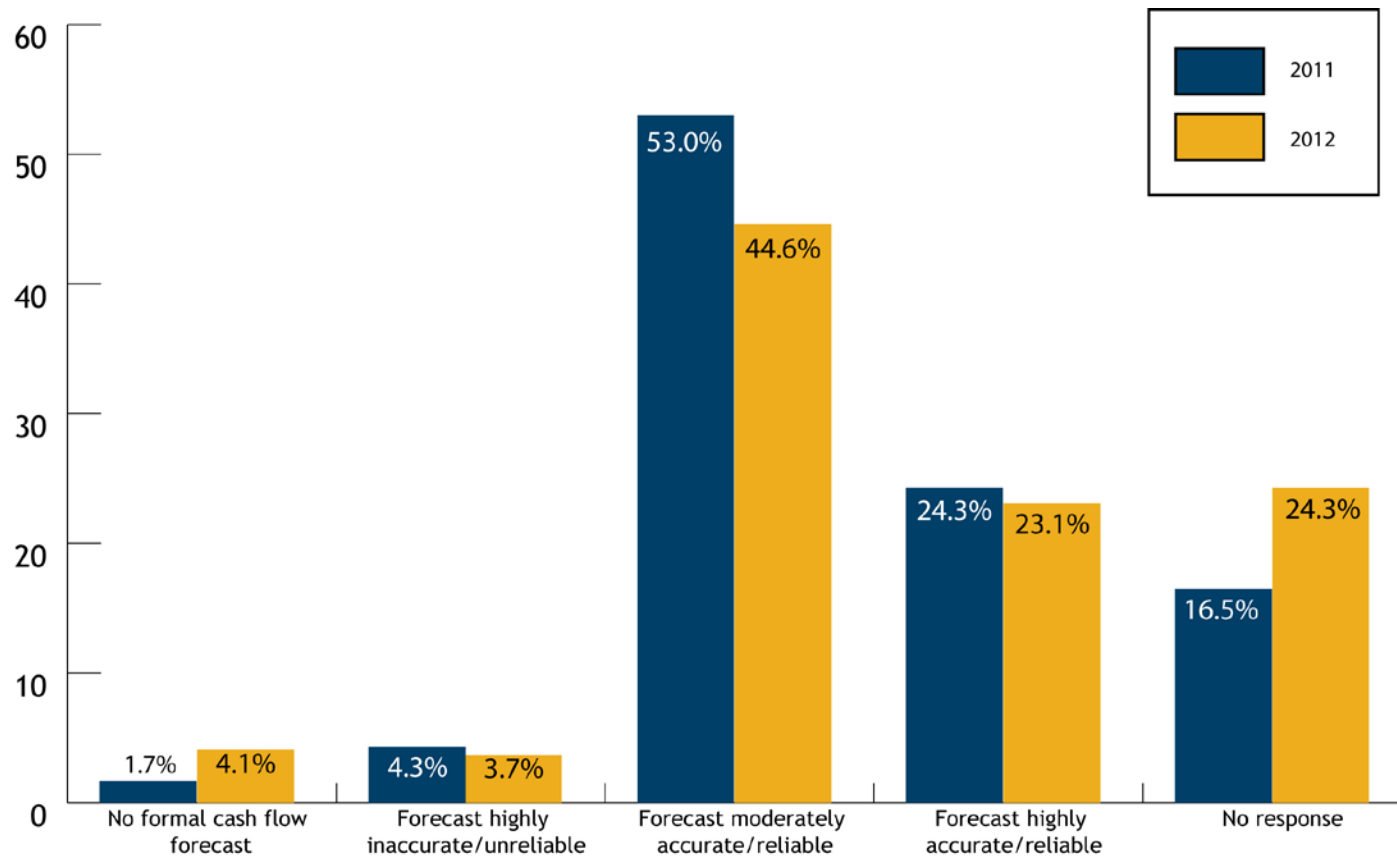
Debt Laddering

Which answer best describes the maturity dates of your credit facilities and other types of debt?



Forecasting

Which answer best describes the ability to forecast short-term cash?



Summary



Q&A

Webcast: 2012 Liquidity Risk Survey “Cautious, But Ready To Act”

Ben Campbell, President & CEO, Capital Advisors Group
bkcampbell@capitaladvisors.com | 617.630.8100

Craig Jeffery, Managing Partner, Strategic Treasurer
craig@strategictreasurer.com | 678.466.2222

Administrative Support: Danielle Frizzi – dfrizzi@capitaladvisors.com
Katie Kearney – kkearney@strategictreasurer.com

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