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Are Treasurers Losing Millions on Their Investments?

How the World's Largest Corporations Invest

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Chief financial officers, corporate treasurers, assistant treasurers and other finance professionals have difficult jobs and must wear multiple hats. Their first investment duty is to preserve the corporation's capital. Second, they must provide liquidity for business operations. At the same time, they have limited hours in the day to invest, and they constantly face changing regulations, accounting requirements, and financial conditions.

Understandably, in an effort to meet all of these constraints they invest quite conservatively. Among Russell 3000 companies, 72% of their $3 trillion of total investments is currently held in securities with less than one year to maturity. Only 47% is held less than 90 days, much of which currently resides within inefficient government money market funds, or "prime" money market funds whose NAVs will begin to float as of October 14th, 2016, as required by the U.S Securities and Exchange Commission. This paper will outline three techniques treasurers at Russell 3000 companies can use to enjoy a disproportionately large benefit for a small amount of incremental risk. We suggest they focus their efforts on:

1) Building processes that give them enough confidence to invest more often beyond 397 days.
2) Reducing dependence on expensive money market funds (MMFs).
3) Using separate accounts with detailed investment policies designed to meet specific risk return objectives.

BACKGROUND - WHAT YIELD DO RUSSELL 3000 COMPANIES EARN ON THEIR EXCESS CASH?

It is important to recognize that each corporation has unique goals, circumstances, and investments. However, corporate treasurers share common goals. For example, those at large public corporations want their CEOs and CFOs to have smooth earnings calls with Wall Street's analysts. They want to meet earnings guidance. No surprises! Treasurers prefer Wall Street to focus on future earnings, not impaired investments. As a result, corporate treasurers are a conservative bunch, and this is rightfully so. Virtually without exception, their focus is preservation of capital, not total return. After all, who ever bought a stock because they expected a corporation's return on excess cash would blow away the S&P 500 index?

Nevertheless, money is money, and no prudent investor, not even the most frugal corporate treasurer would leave millions sitting on the table, right? Or would they? Before we delve into specifics, **let's start by asking the question, what kind of yields are currently available to Russell 3000 companies** who have Cash & Cash Equivalents, Short Term Investments, and Long Term Investments in marketable securities on their balance sheet?

To simplify our analysis, the following assumptions are made to estimate the current yield potential for each maturity bucket. We assume that corporate treasurers:

- Do not invest beyond 5 years
- Do not invest in prime money market funds (*MMFs*) -- US government institutional MMFs only
- Do not invest in commercial paper rated less than A1/P1
- Do not invest in corporate notes rated less than A3/A-
- Invest 1/3 of their Cash & Cash Equivalents in MMFs to cover cash operating needs
- Invest the rest of their portfolios in securities that yield the same as a portfolio approximated by 50% U.S. Treasuries and 50% AA rated Corporates

These assumptions are conservative. In reality, corporations who manage the largest treasury portfolios often have few liquidity needs and can invest longer than 5 years. They sometimes go further down in credit quality than A3/A- for portions of their portfolios. As a result, the yields on their portfolios may be higher than those shown by the following analysis.

U.S. GAAP accounting standards define three maturity buckets: Cash & Cash Equivalents, Short Term, and Long Term shown in **Table 1**. The pricing data sources for our calculations in Tables 1-5 are Bloomberg and the Merrill Lynch Indices.

Table 1

Typical yields Russell 3000 companies are earning on their Investments

	Cash & CE	Short Term	Long Term
FASB Maturity Bucket in Days	0 - 90	91 - 365	> 365
Estimated Years to Maturity	0.12	0.62	3.00
Top 5 Government Money Market Fund Average Yield	0.23%	n/a	n/a
U.S.Treasuries Yield	0.26%	0.40%	0.70%
Corporates AA Yield (Swaps +10 bp)	0.66%	0.84%	1.33%
Estimated Yield	**0.38%**	**0.62%**	**1.02%**

Table 1 shows a typical example of how non-financial corporate treasurers may think of their operating, tactical, and strategic on-balance sheet investments. Operating cash is vital to operate the business on a week-to-week basis. Tactical investments are used to meet seasonal trends or annual budgets. Strategic investments are used to fund future capital investments, support board actions such as acquisitions, and provide steady investment income that helps support quarterly earnings guidance.

In today's market, typical allocations to Cash & Cash Equivalents (C&CE), Short Term, and Long Term investment earn about 0.38%, 0.62%, and 1.02%, respectively, according to Bloomberg yield data for MMFs, U.S. Treasuries, and corporates.

BACKGROUND - INVESTING JUST BEYOND 397 DAYS IS THE SWEET SPOT

Note how shifting investments from C&CE to Short Term will increase investment income by 63%, and an additional shift from Short Term to Long Term Investments will drive investment income by an additional 64%. While absolute yields fluctuate, the relative advantage of moving "out the curve" to "just beyond one year" is not surprising or atypical. In fact, due perhaps in part to segmentation theory, history has been consistently kind to investors who have chosen to move from cash to just beyond 397 days to maturity. Segmentation theory suggests this is true due to the tremendous demand from MMFs that are legally constrained to maturities of 397 days or less. I remember Bill Gross talking about how PIMCO was built on the back of "riding down the yield curve" in his 1997 book "Everything You've Heard About Investing is Wrong!." It was true then, and it is still true today, there is a disproportionate benefit in terms of risk-adjusted-return when investing in maturities just beyond 397 days, or 13 months. **Tables 2a and 2b** show the remarkable historical evidence how this area of the yield curve has been the sweet spot for risk-adverse investors who are able to generate consistent risk-adjusted returns while avoiding large quarterly losses.

Table 2a

During the past 25 years, even though rates were falling, the 1-Year Treasury consistedly outperformed these other maturities on a risk-adjusted basis. Also, quarterly losses were well-contained.

Rolling Quarterly Total Returns (Jan 1992 to July 2016)

	3 Mo. T-bill	1 Yr Tsy Note	1-3 Yr Tsy Index	3-5 Yr Tsy Index	5-7 Yr Tsy Index	7-10 Yr Tsy Index
Average Annualized Total Return	2.78%	3.30%	3.96%	5.37%	6.19%	6.80%
Volatility	1.11%	1.38%	1.99%	3.86%	4.98%	6.31%
Risk Adjusted Return	2.35	2.40	1.99	1.39	1.24	1.08
# of Quarters in Sample	293	293	293	293	293	293
# of Quarters at a Loss	4	11	29	77	81	88
% Quarters at a Loss	1%	4%	10%	26%	28%	30%
Average Quarterly Loss	0.00%	-0.11%	-0.34%	-0.84%	-1.36%	-1.91%
Worst Quarterly Loss	0.00%	-0.30%	-1.48%	-4.11%	-5.32%	-7.13%
Worst 4 Quarters Loss	0.00%	-0.24%	-2.59%	-9.17%	-11.96%	-16.59%
Cumulative % Return	196%	221%	257%	351%	419%	473%

Table 2b

Since the 2008 recession, while rates were low, the 1-Year part of the Treasury curve continued to outperform most other maturities on a risk-adjusted basis. Quarterly losses remained well-contained.

Rolling Quarterly Total Returns (Jan 2008 to July 2016)

	3 Mo. T-bill	1 Yr Tsy Note	1-3 Yr Tsy Index	3-5 Yr Tsy Index	5-7 Yr Tsy Index	7-10 Yr Tsy Index
Average Annualized Total Return	0.31%	0.91%	1.59%	3.38%	4.56%	5.49%
Volatility	0.32%	0.75%	1.29%	3.36%	4.99%	6.70%
Risk Adjusted Return	0.98	1.21	1.23	1.01	0.91	0.82
# of Quarters in Sample	293	293	293	293	293	293
# of Quarters at a Loss	4	5	13	27	27	31
% Quarters at a Loss	4%	6%	15%	30%	30%	35%
Average Quarterly Loss	0.00%	-0.06%	-0.20%	-0.71%	-1.45%	-1.90%
Worst Quarterly Loss	0.00%	-0.18%	-0.92%	-2.65%	-4.07%	-5.76%
Worst 4 Quarters Loss	0.00%	0.00%	-1.02%	-5.01%	-9.99%	-14.16%
Cumulative % Return	103%	108%	114%	131%	142%	151%

With that background information in mind, we will suggest ways conservative investors can learn from corporate treasurers managing the world's largest corporate portfolios, and techniques they use to maximize their returns, while at the same time giving absolute priority to preservation of capital and liquidity. So what three techniques do they use?

TECHNIQUE 1: BUILD PROCESSES THAT ALLOW FOR BETTER RETURNS BEYOND 397 DAYS.

At larger organizations where more dollars are at risk, rigorous processes are put in place to ensure preservation of capital and liquidity. Managers are far more confident to put money to work in longer maturity investments once they receive detailed and continuous management reporting in numerous areas such as cash flow and "Other Income & Expense" (OI&E) forecasting, changes in purchase and market yield, mark-to-market changes, potential "Other Than Temporarily Impaired" (OTTI) impairments, concentrations, ratings changes, compliance violations, portfolio duration, multiple advice from world class investment managers, etc.

Both historical trends and future forecasts should be used to set the allocation amongst the three buckets: Cash & Cash Equivalents (C&CE), Short Term Investments, and Long Term Investments. Here are some reasonable questions to ask:

- How much C&CE has actually been needed to operate the business each week?
- Could some C&CE or Short Term Investments be shifted to 14 months?
- What acquisitions or unusual expenses are expected this year?

- What liquidity requirements can be expected with regularity? Purchasing securities that mature on or just before regular outflows such as tax payments and dividends is a simple way to improve returns without increasing risk.
- What other payables have (or should have) known dates?

First and foremost, C&CE, and Short Term Investment needs must be met, but after that, new investment purchases should typically be made in the Long Term Bucket (beyond 397 days), if only to invest just beyond 397 days.

According to recent Bloomberg data, five non-financial U.S. corporations with the largest portfolios held $615 billion dollars in Total Investments: Only $64 billion or 10% of this group's Total Investments was kept in C&CE, while $306 billion or 50% was in Long Term investments.

Now in **Table 3** below let's compare these Mega sized treasury portfolios to the rest of the non-financial U.S. companies in the Russell 3000. We define "Excess Cash" as C&CE, plus Short Term Investments, plus Long Term Investments minus Current Liabilities. Unsurprisingly, as treasury portfolio size decreases, the percentage of the Total Investments kept in C&CE increases. Mega Portfolios had only 10% of their Total Investments in C&CE, while Small Portfolios kept 72% in C&CE. Notice the progression going down the table.

Table 3

Corporate Mega Portfolios Go Out the Curve to Yield an Extra .28% on "Excess Cash"

	# of Companies	"Excess Cash" in Billions	Cash & CE	Short Term	Long Term	Total Investments	Estimated Portfolio Yield	Yield Pickup over Small Portfolios
Mega Portfolios	5	Over $50	64.41	244.39	306.30	615.10	**0.79%**	**0.28%**
			10%	*40%*	*50%*	*100%*		
Large Portfolios	10	$10 to 50	84.01	130.14	104.33	318.48	**0.69%**	**0.17%**
			26%	*41%*	*33%*	*100%*		
Midsize Portfolios	96	$1 to $10	275.39	204.51	209.39	689.29	**0.65%**	**0.13%**
			40%	*30%*	*30%*	*100%*		
Small Portfolios	1885	Less than $1	952.45	163.06	211.36	1,326.80	**0.51%**	**-**
			72%	*12%*	*16%*	*100%*		
		All Companies	**1,376.27**	**742.10**	**831.38**	**2,949.67**		
			47%	***25%***	***28%***	***100%***		

The right hand column shows **the yield pickup that Small Portfolios could earn if they managed their portfolio to the same allocation as the bigger portfolios.** If they did, they could earn up to an additional 0.28% in yield, due to nothing else other than a change in asset allocation. In dollar terms, if the average Small, Midsize, or Large Portfolio were to switch to the Mega Portfolio allocation they could earn an additional $2 million, $10.5 million or $33.4 million of investment income annually. Admittedly, treasurers at small and midsize companies are likely constrained by good reasons to keep a higher allocation to cash

in practice, but the point of this analysis is to demonstrate what might be theoretically possible, and even a moderate change in allocation may be very worthwhile.

TECHNIQUE 2: SAY "ENOUGH IS ENOUGH" TO THE AUDACITY OF HIGH FEES

Any Wall Street veteran or seasoned mutual fund portfolio manager will remember their glory days when transaction costs and management fees were much higher. Unfortunately for them, and fortunately for their clients such as corporate treasurers, fees will continue to come down over time. Technological change makes the trend toward lower fees self-evident to virtually anyone in the investment industry. Historically speaking, the banking, insurance, and investment industries have been built on geography. All finance was local and little information was disseminated. But all of that has changed. Just over 20 years ago when Netscape was IPO'd by Marc Andreessen, there were less than 40 million people using the internet. Now over 3.4 billion people on the planet "have a supercomputer in their pocket", as mobile tech expert Benedict Evans likes to say. The relentless exponential advance of digital technologies is radically obliterating the historical pillars of geography and ignorance, and the exponential nature of this historical change has been well documented by technology authors such as Ray Kurzweil, Kevin Kelly, Erik Brynjolfsson, Andrew Mcafee, and Martin Ford.

Most management fees are high, but some are obscene. Take for example government money market funds. A decade ago when the Fed Funds rate was over 5%, it was less noticeable when institutional government money market funds charged an expense ratio of 0.25%, but now with Fed Funds trading close to 0.25% there is less room for these money market funds to hide and yet their fixed costs remain the same. Huge trading desks and fiftieth floor office rents in places like Boston and New York City are not cheap, after all. A comparison of the Top 10 Largest Institutional Government Money Market Funds is shown in **Table 4.** Each fund's Total Operating Expense, according to its last prospectus date, is shown together with its current SEC Yield. These funds generally consist of repurchase agreements, U.S. Agency notes, and U.S Treasuries. The last two columns show the percentage of the total yield kept by the "Helpers" (investment managers, their operating companies, and their sales agents) versus the percentage of the total yield the Helpers passed on to the customer.

Table 4

Does Your Government Money Market Funds Deserve to Exist?

Top 10 U.S. Institutional Gov't Money Market Funds (MMFs)	Fund Manager Fee (%)	Other Operating Expenses (%)	Current Fee Waiver Concession (%)	Total Operating Expense (%)	MMkt 7 Day Yield (%)	Percent of Total Yield Kept by the "Helpers"	Percent of Total Yield Passed on to the Customer
Institutional Gov't MMF # 1	0.08	0.18	-0.05	0.21	0.27	44%	56%
Institutional Gov't MMF # 2	0.14	0.04	-0.04	0.14	0.28	33%	67%
Institutional Gov't MMF # 3	0.21	0.02	-0.05	0.18	0.27	40%	60%
Institutional Gov't MMF # 4	0.20	0.13	-0.13	0.20	0.22	48%	52%
Institutional Gov't MMF # 5	0.20	0.01	-0.04	0.17	0.29	37%	63%
Institutional Gov't MMF # 6	0.20	0.01	-0.03	0.18	0.23	44%	56%
Institutional Gov't MMF # 7	0.31	0.26		0.57	0.01	98%	2%
Institutional Gov't MMF # 8	0.18	0.03	-0.01	0.20	0.23	47%	53%
Institutional Gov't MMF # 9	0.09	0.02		0.11	0.31	26%	74%
Institutional Gov't MMF # 10	0.10	0.25	-0.05	0.30	0.12	71%	29%

The funds take nearly as much in Total Operating Expense from their customer as they pass on to their customers in terms of SEC Yield. Simply amazing! But wait, these are the "institutional class" of the top 10 largest funds—the best of the best. Our analysis, not shown here, searching Bloomberg's database reveals over 340 U.S. Government Money Market funds, and these funds portray a much more dire situation. **On average, all such funds government money market funds are keeping 80% of the total yield to themselves, and they are passing 20% to their customers**.

I recently chastised a large regional U.S. bank when the bank tried to put a client, a Top 50 U.S. city, into the bank's "retail" class of their government money market fund. The fund was earning 0.08% in yield while the bank was earning 0.60% in fees from the underlying securities! I alerted the Mayor and the City Treasurer, and we took swift action to find another fund.

This phenomenon also occurs within the very custody accounts of corporate clients. Banks promote sweep vehicles to clients as a "courtesy" service, but the size of each specific account/entity may subject a client to these very same expensive fund classes. Some corporate treasurers are moving away from prime MMF sweep funds due to the required verification of sweep fund selection driven by the upcoming MMF reform, but they are still being subjected to the same share class phenomena.

Please let me know of other industries where the vendor has the brazen audacity to perform a "service" where the vendor takes their clients' money, then lends it out to others, keeps 88% of the profit for themselves, and finally passes a few crumbs of 12% of the profit to their customers. Yes, I understand that these banks and money market funds are under pressure due to low rates through perhaps no fault of their own. But when middlemen lend out their customers' assets, while keeping most of the profit, we have to wonder if their business models have become obsolete, and if such money market funds deserve to exist. After all, even the often berated and so-called greedy hedge funds take only "2 and 20" percent of their clients' money. Government agency money market funds usage should be kept to a bare minimum. They should be considered a necessary evil. Fortunately, better options exist.

The largest corporations often have in-house investment teams who are accustomed to buying the underlying U.S. agencies and U.S. Treasuries themselves, so they have little motivation to keep significant balances in government agency funds. As such, they are able to keep the entire yield of the underlying securities to themselves. There are no significant barriers to small and midsize companies doing this investing themselves or outsourcing this investment function to a competent investment manager who is willing to work for a low fee.

Having said that, even large corporations have a need to keep at least a small percentage of their total investments in government money market funds to satisfy each week's accounts payables, etc., but my point here is to challenge the notion that these MMFs are a legitimate part of the asset allocation. In my opinion, a more accurate view would be to consider them a waste, and this waste should be reduced through continuous process improvement.

TECHNIQUE 3) INVEST MORE EFFICIENTLY BY USING SEPARATE ACCOUNTS

Separate accounts have numerous advantages over money market funds or other pooled vehicles. As time passes, technology removes the frictional costs of transactions, safekeeping, and accounting, such that smaller accounts can be managed the same way as large accounts. Advantages of separate accounts include the following:

Separate accounts can be less expensive than money market funds – Even the best MMFs will take about ½ of your yield, as discussed in Technique 2 above. Your internal investment staff or a professional external investment manager should be able to invest in the same securities in a separate account for far less.

Customized portfolio management is easy – Corporations have regular funding needs that can be regularly forecasted. These funding needs may be annual taxes, quarterly dividends, or weekly payables. Well-run treasury organizations often pay their accounts payables on a certain day of the week, say for example every Wednesday. This means that investment purchases such as agency discount notes and commercial paper can be tailored to always mature on Wednesdays. Then the portfolio manager's first order of business is to "fill up" all the nearest Wednesdays such that those maturity dates provide adequate operating cash flow that is vital to operate the business on a week-to-week basis. This simple technique goes an amazingly long way to negate the need for MMFs.

Gain/loss harvesting minimizes capital gains tax liability and can reduce earnings risk – A separate account affords the opportunity to offset realized gains with realized losses during a given accounting period. Also, suppose rates suddenly fall due to recession fears about the economy. In this case the CFO may be concerned that the corporation will "miss" its quarterly earnings guidance to Wall Street. The corporation with significant investments in separate accounts can support quarterly earnings guidance and "lock-in" investment gains by selling those longer-duration securities that have risen the most in price.

Separate accounts with U.S. Treasury notes have been a natural hedge to earnings – At risk of stating the obvious, it's probably a worthwhile reminder that very high quality investments such as U.S. Treasuries have historically outperformed during recessions. **Table 5** shows the total return performance of the Merrill Lynch 1-3 Year Treasury Index during the past 4 recessions that started in 1981, 1990, 2001, and 2007:

Table 5

Rolling Quarterly Total Returns of ML 1-3 Yr Treasury Index (Jan 1978 to July 2016)

	During the Last 4 Recessions	Excluding the Last 4 Recessions	Overall
Average Annualized Total Return	11.66%	5.59%	6.29%
Volatility	4.79%	3.06%	3.43%
Risk Adjusted Return Total Return	2.43	1.83	1.84

Table 5 provides evidence that excess cash invested just beyond one year, such as in the 1 to 3 year U.S. Treasury sector performs best when the economy is doing worst. Since most corporations (and municipalities) are correlated to economic cycles, this strategy can help when Treasurers need it most. On the other hand, U.S. Treasury notes tend to underperform when rates rise, but rising rate periods are generally associated with good times when corporations are enjoying improving economic growth, sales, and earnings.

Tailoring the portfolio to avoid certain sectors, geographies, competitors or currencies – Each corporate Treasury has unique circumstances. Separate accounts allow for investment policies that limit or counteract certain idiosyncratic risks. A cyclical corporation such as a bank might want to limit their exposure to the debt of other banks while a counter-cyclical corporation such as a utility might want to increase exposure limits to bank debt. "Exceptions" might be written into the separate account investment policy to avoid investing in competitors or the vendors of competitors. Corporations with large supply chain or currency exposures might write their investment policy to encourage diversification into certain countries or currencies. Last but not least, separate account investment policies can promote socially responsible investing (SRI) that seeks to consider both the financial return and social good. SRI allows corporations to disallow those investments in which their customers, employees, communities, or shareholders believe are unethical, unsustainable, or unconscionable. In recent years the term ESG (environmental, social and governance) has also been used by investors to evaluate corporate behavior to determine the future financial performance of companies.

MMFs can deteriorate into a game of "musical chairs" in a crisis – In September 2007 the Primary Reserve Fund, which was the industry's first ever money market fund, "broke the buck" when its NAV fell to $0.97 due to its holdings of Lehman Brothers paper. When situations like this arise, investors rush to leave the fund, and those who remain suffer additional losses as they are stuck with the losses of those who were first to sell. Alternatively, the remaining investors might suffer from temporary limits on daily withdrawals or even closure of the fund. This perverse incentive encourages stampede behavior. History has shown panics ensued in pooled vehicles. In a separate account the portfolio manager faces less pressure to sell in a panic and instead has the ability to hold their positions if their analysis indicates that un-realized losses are temporary.

MMF rules are changing – The risk in "prime" MMFs, which are those U.S. MMFs whose prospectuses allow investment in non-U.S. government securities, is going up after October 14th, 2016. The NAV of these funds will be allowed to float above or below $1. As such, these funds will inherently become more risky to investors who wish to avoid "breaking the buck". It is likely that these funds will become less popular with treasurers and many other investors. Investors are now turning to Government MMFs because they will remain at a constant NAV of $1.00. The demand for Government MMFs will probably make these funds even more expensive on a relative basis and serve to drive their SEC yields lower.

Many organizations are overly conservative at forecasting cash flows, and selling a Government security prior to its maturity is routine. We often read investment policies that specifically prohibit investment to ANY maturity beyond some arbitrarily forecasted cash flow date. We also see a fair amount of "padding" of cash needs by various layers of management at corporations and municipalities. Understandably, each manager forecasts their portion of a capital project conservatively. As a result, monies are invested extremely short, perhaps even in overnight repos or in MMFs, and then reinvested numerous times over the life of the project. Treasurers would be wise to push back against these layers of institutional conservatism. Investing just beyond 13 months usually produces much better returns and is convenient for several reasons:

1) The yield is much higher beyond 397 days where MMFs cannot legally invest.

2) The security will benefit from "roll down" return when the price of investment increases simply due to the passage of time as the security "rolls down" the curve. (This is true only if the yield curve has an upward slope because shorter securities have lower yields and higher prices.)

3) The cost of selling U.S. government securities, and especially U.S. Treasuries, has remained very small, even during times of major economic stress. This cost is measured as the difference between the "bid" and the "ask" price.

4) U.S. government securities settle the next day (or same day) after they are sold, according to the seller's wishes.

Selling a Treasury security prior to its maturity is more likely to cause an economic gain than an economic loss, statistically speaking. Suppose the yield curve is upwardly sloping and an investor does not have a strong view whether rates will go up or down. These are reasonable assumptions because the yield curve usually is upwardly sloping, and investors never know the future direction of interest rates, even though they might think they know! Given these assumptions, investing in a 14-month Treasury note will often outperform a very short Treasury such as a 3-month T-bill. Consider the four possible outcomes:

1) If rates fall: 14 month T-note outperforms due to price, yield, and roll-down return
2) If rates stay the same: 14 month T-note outperforms due to its better yield and roll-down return
3) If rates rise slightly: 14 month T-note outperforms due to its better yield and roll-down return
4) If rates rise a lot: 3-month T-bill outperforms due to its better price return

FINAL THOUGHTS

While it is understandable why Treasury investment professionals at Russell 3000 companies keep 72% of their investments in cash, MMFs, and other investments less than one year, they can generate millions of dollars of additional income for their corporate coffers without significant incremental effort or risk. Corporate treasurers, government treasurers and other conservative fixed-income investors can benefit by understanding the investment techniques of the world's largest corporations. Among these are:

1. Building processes that give them enough confidence to invest more often beyond 397 days.
2. Reduce dependence on expensive MMFs.
3. Increase their usage of separate accounts, and write thoughtful investment polices designed to protect them.

Disclosure:

Adherence Capital Management is focused serving the investment needs of Corporate and Government Treasurers as buy-side investment managers.

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