

Treasury Strategies' Quarterly Corporate Cash Briefing™ for 2Q 2015

Presented by:

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July 9, 2015



**Treasury
Strategies.**

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Agenda



Corporate Cash Levels

Corporate Treasury Priorities

Game Changers

Roundtable:

- Federated Investors
- Association of Corporate Treasurers (ACT)
- Fitch Ratings



Corporate Cash Levels

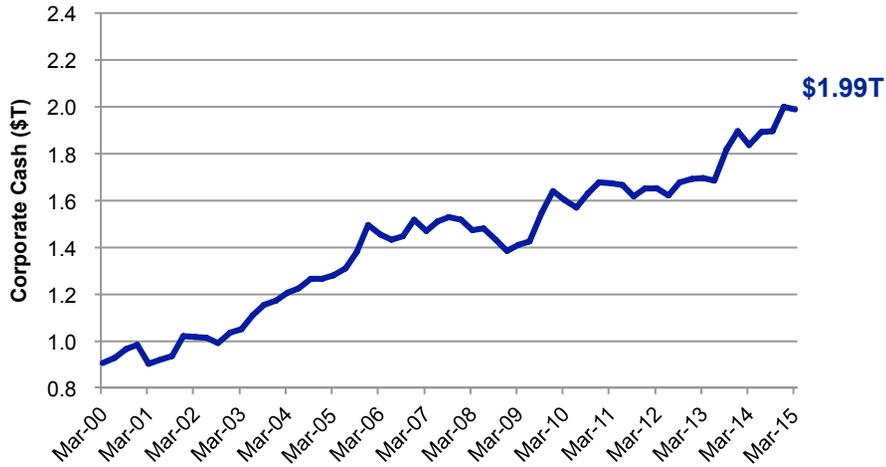


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Corporate Cash Levels

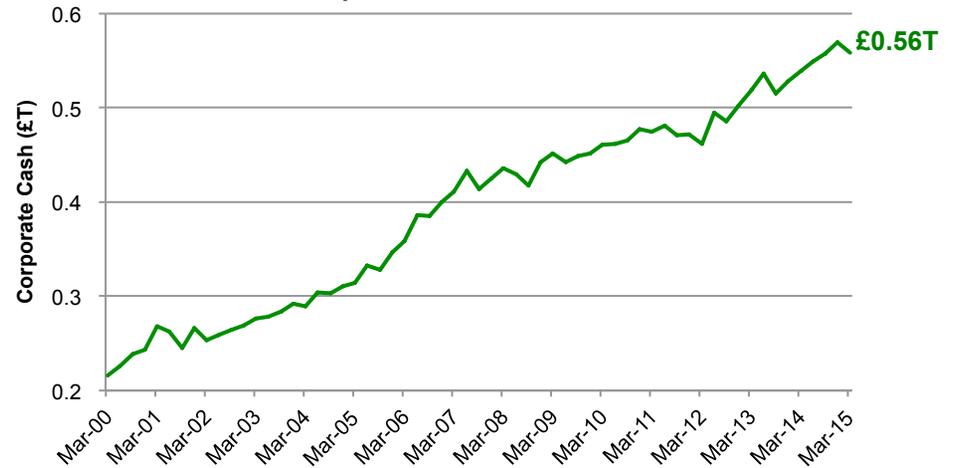


US corporate cash as of March 31, 2015



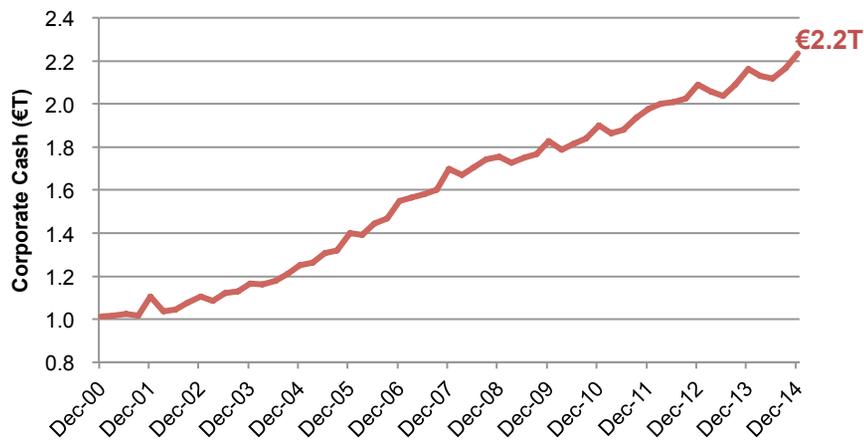
Source: Federal Reserve, Treasury Strategies

UK corporate cash as of March 31, 2015



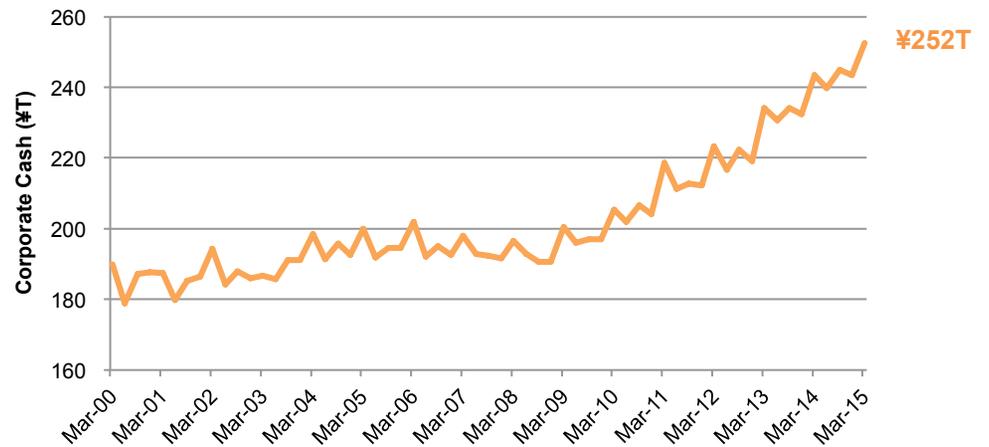
Source: Office of National Statistics, Treasury Strategies

Eurozone corporate cash as of December 31, 2014



Source: European Central Bank, Treasury Strategies

Japanese corporate cash as of March 31, 2015



Source: Bank of Japan, Treasury Strategies



Corporate Cash as % GDP by Region



Country/Region	March 2000	March 2015
United States	9%	11%
Eurozone	14%	23%
United Kingdom	25%	31%
Japan	37%	52%

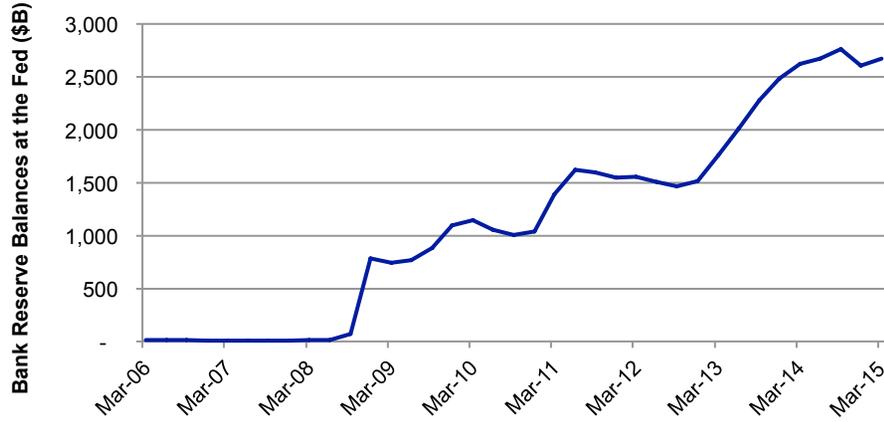
Source: Treasury Strategies' estimate



Reserve Balances

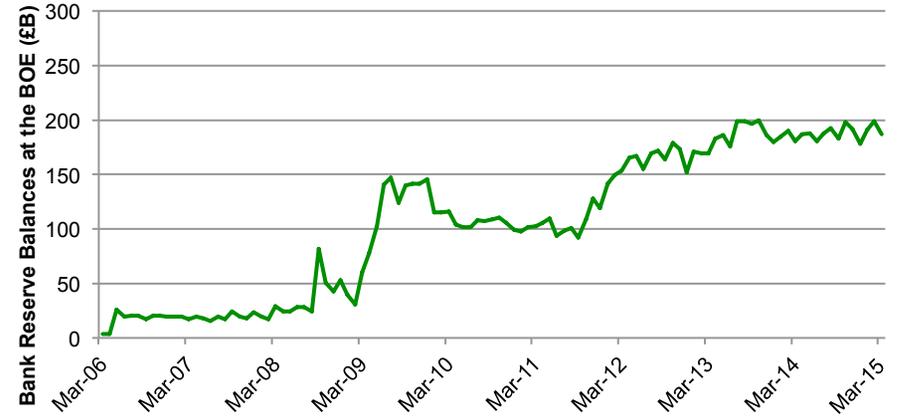


Bank Reserve Balances at the US Federal Reserve



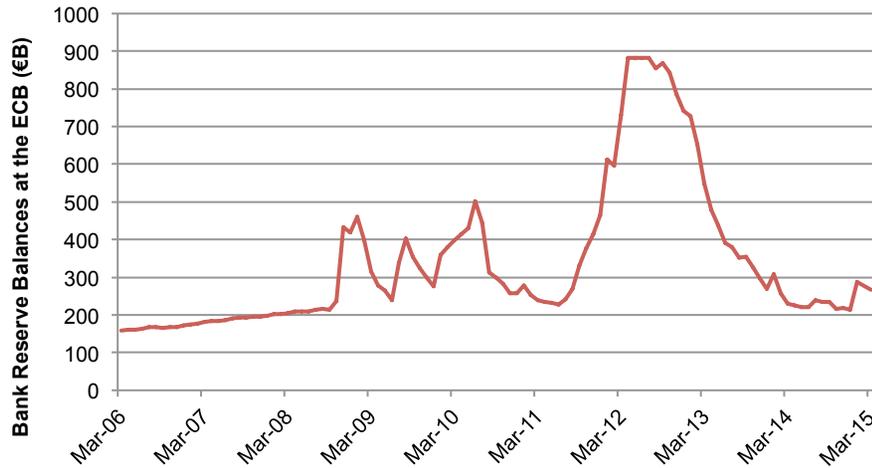
Source: Federal Reserve, Treasury Strategies

Bank Reserve Balances at the BOE



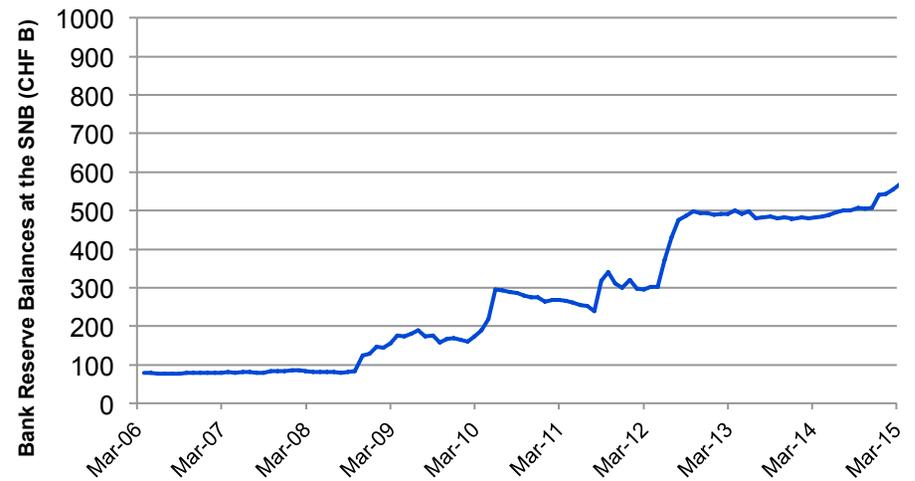
Source: Bank of England, Treasury Strategies

Bank Reserve Balances at the ECB



Source: European Central Bank, Treasury Strategies

Bank Reserve Balances at the Swiss National Bank

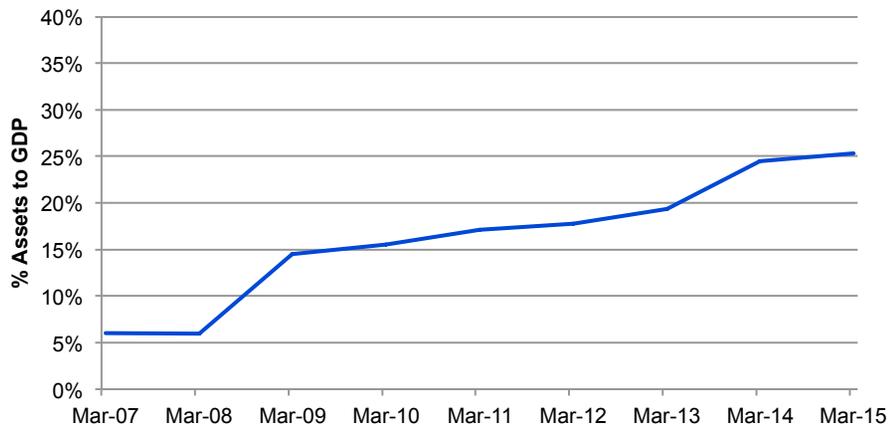


Source: Swiss National Bank, Treasury Strategies

Central Bank Assets as % GDP by Region

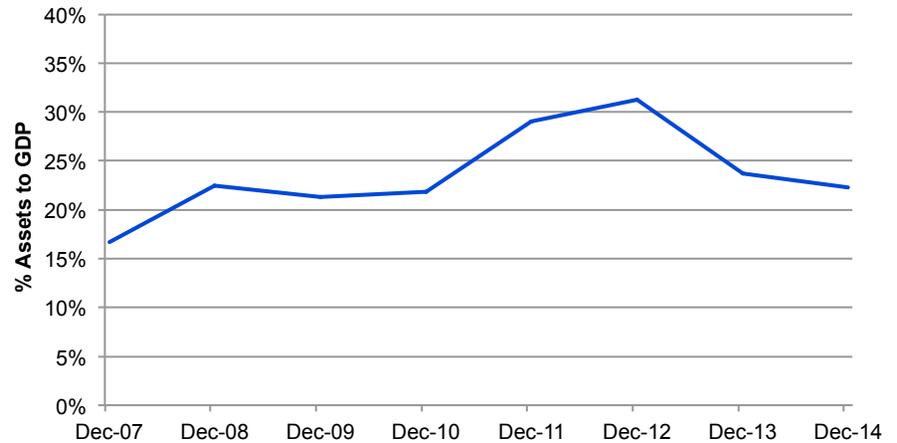


**US Federal Reserve
Total Assets as % of GDP**



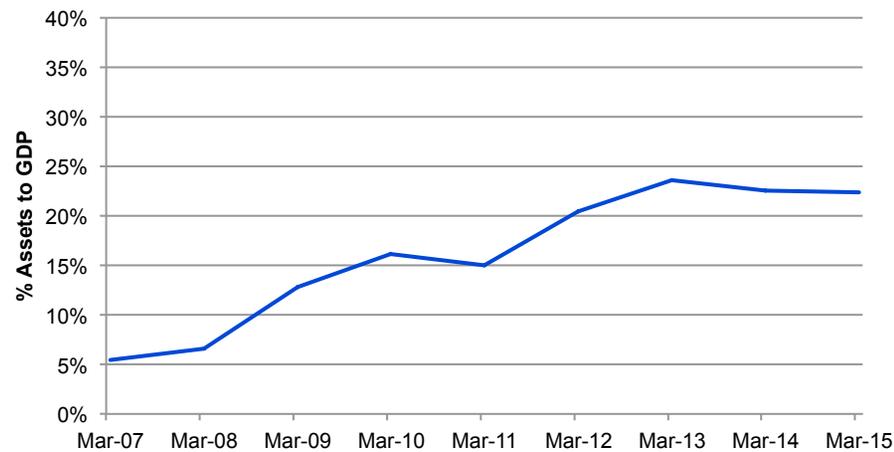
Source: U.S. Bureau of Economic Analysis, St. Louis Federal Reserve, Treasury Strategies

European Central Bank - Total Assets as % of GDP



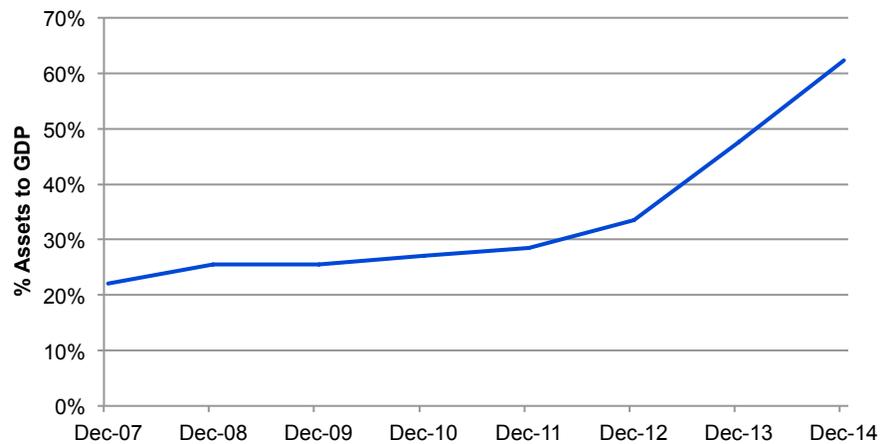
Source: European Central Bank, St. Louis Federal Reserve, Treasury Strategies

BOE - Total Assets as % of GDP



Source: UK Office of National Statistics, Bank of England, Treasury Strategies

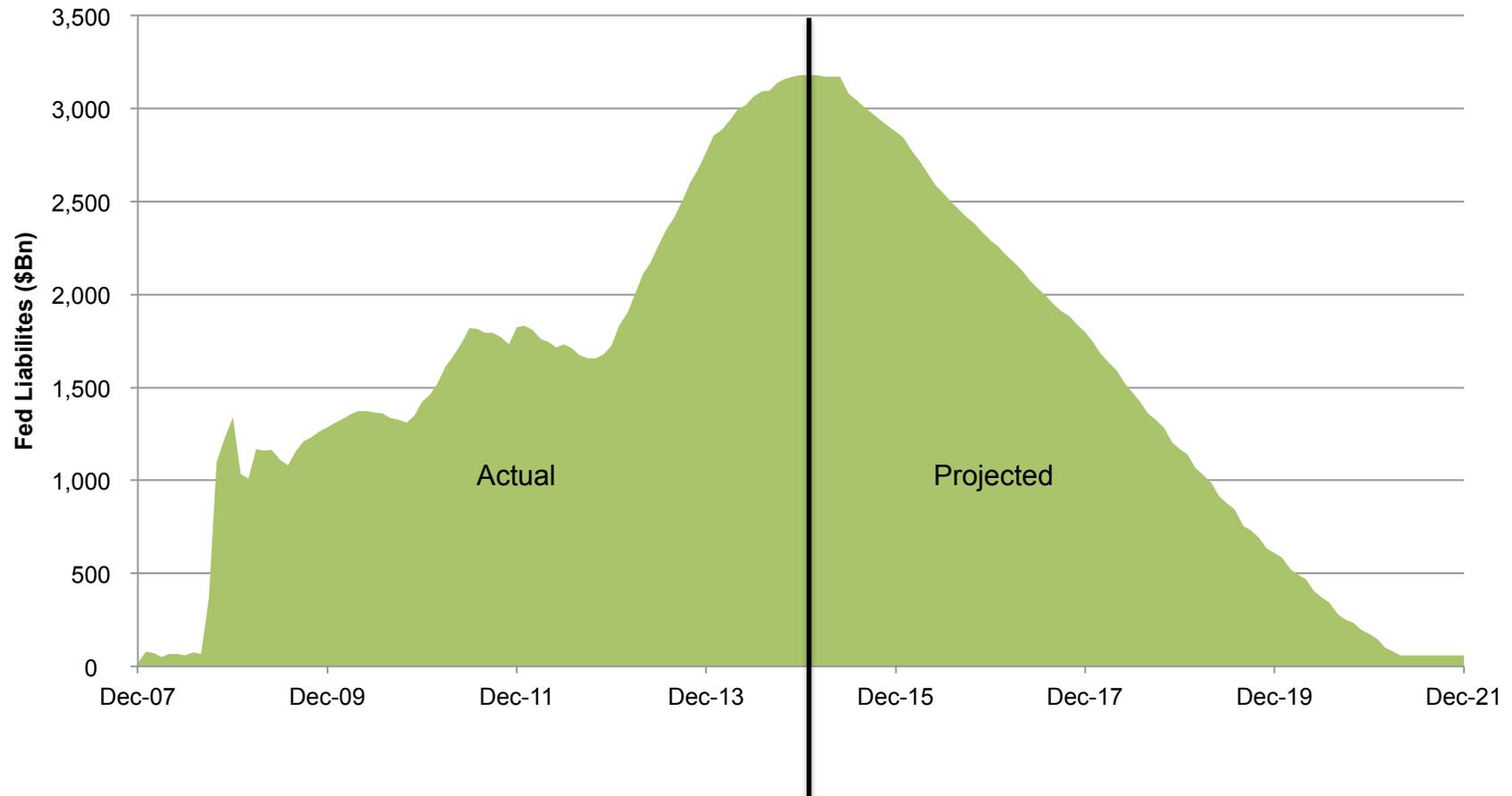
Bank of Japan - Total Assets as % of GDP



Source: Bank of Japan, St. Louis Federal Reserve, Treasury Strategies



Bank Reserves and Other Liabilities at the US Federal Reserve



Source: Treasury Strategies, International Journal of Central Banking



Corporate Treasury Priorities



The Power of Experience®



Treasury Strategies *State Of The Profession 2015 Priorities*

- Financial risk management and FX
- Optimizing/centralizing treasury functions
- Operational efficiency
- Bank relationship management
- Cash visibility and cash forecasting
- Reporting
- Cyber risk
- Access to credit
- Balance sheet optimization

Source: Treasury Strategies *State of The Treasury Profession 2015 Priorities*
<http://www.treasurystrategies.com/content/state-treasury-profession-2015-priorities>





Corporate Treasury Priorities: What Our Clients are Saying



“It took my organization three years to realize that it’s not about *more* controls, it’s about the *right* controls.”

“We’re holding onto cash for future opportunities like mergers and acquisitions, but don’t really know what is coming down the road.”

“Investing short-term cash is still a conundrum for us.”

“I would love to take on more strategic initiatives, but I don’t have the time or resources to even get the nuts and bolts nailed down first.”

“We don’t have full visibility to, or confidence in cash flows so we can’t make long-term decisions or strategic changes.”





Corporate Treasury Priorities



Issues We Are Bringing To Our Clients

- Changing interest rate environment
- Technology consolidation
- Country/political risk
- Changing payments landscape
- Legal and regulatory changes
- Talent and succession planning





Corporate Treasury Priorities



Results Our Clients Expect To Achieve In the Coming Year

- Improved visibility to available cash and working capital
- Improved efficiency, reporting and understanding of their performance and risk environment
- Documented business processes and improved control
- Greater understanding of risks and exposures
- Quantification of liquidity requirements and a plan to meet these requirements
- Freed up time to take on strategic initiatives

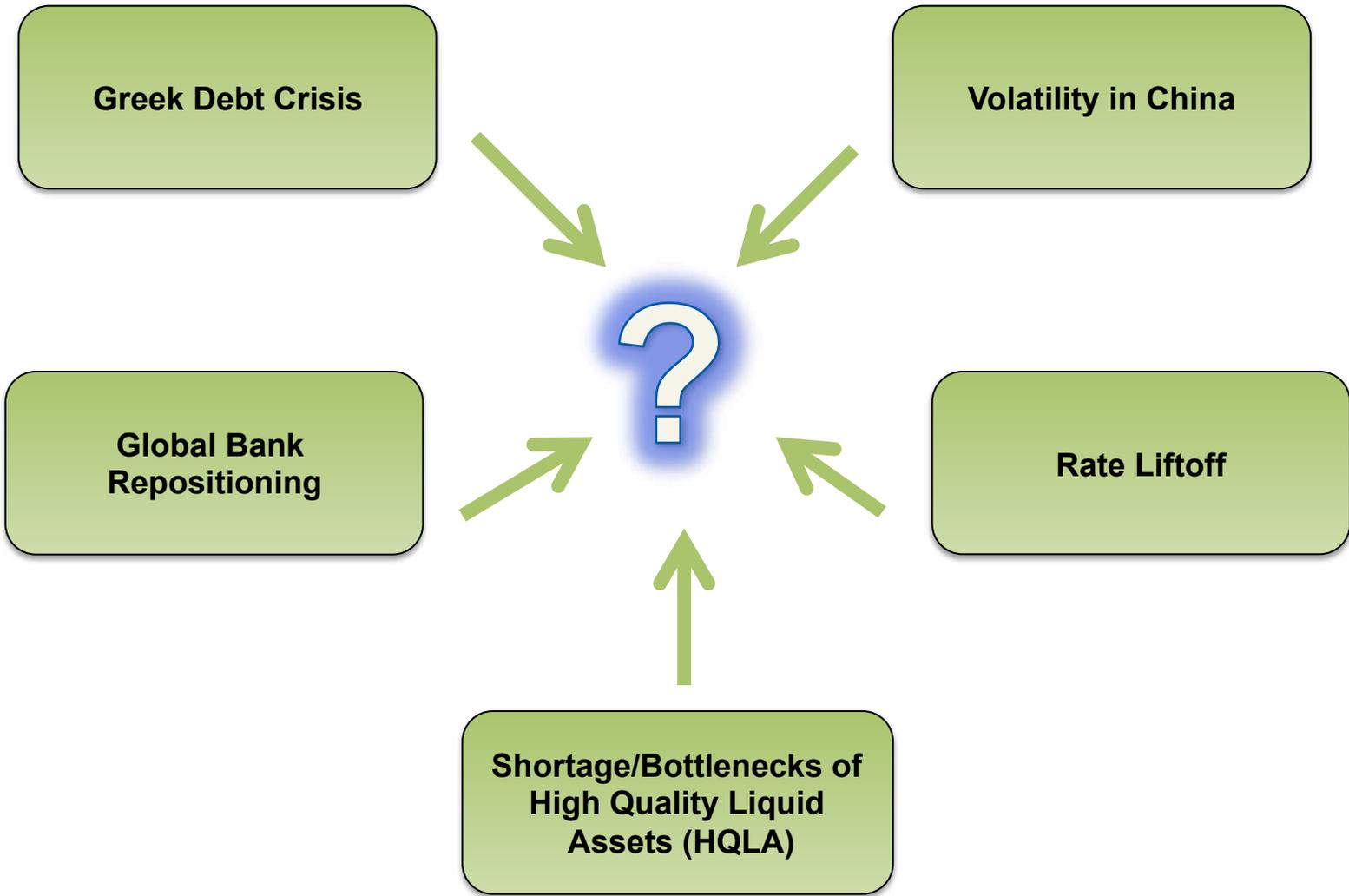


Game Changers



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Potential Game Changers



Speakers



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About Treasury Strategies, Inc.



Who We Are

Treasury Strategies, Inc. is the leading treasury consulting firm working with corporations and financial services providers. Our experience and thought leadership in treasury management, working capital management, liquidity and payments, combined with our comprehensive view of the market, rewards you with a unique perspective, unparalleled insights and actionable solutions.

What We Do

Corporations

We help you maximize worldwide treasury performance and navigate regulatory and payment system changes through a focus on best practices, technology, liquidity and controls.

Treasury Technology

We provide guidance through every step of the technology process – which includes creating a roadmap, selection, implementation and optimization. Our expert approach will uncover opportunities to optimize the value of your treasury through fully integrated technology solutions.

Financial Services

Our experience, analytic approach and benchmarks provide unique consulting solutions to help you strengthen and grow your business.

Accreditations



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treasurystrategiesinconsulting](http://www.youtube.com/c/treasurystrategiesinconsulting)





About the ACT



Who We Are

The Association of Corporate Treasurers (ACT) sets the benchmark for international treasury excellence. As the Chartered body for treasury, we lead the profession through our internationally recognised suite of treasury qualifications, define standards and support continuing professional development. We are the voice of corporate treasury representing the interests of our members.

What We Do

ACT supports the growth and professional development of treasurers and finance professionals. We are an active global network of treasury, risk and finance professionals with members and students in 98 countries.

- We promote treasury as a discipline, as a profession and as a career.
- We provide informed and unbiased technical advice.
- We teach, examine and qualify treasury professionals and offer ongoing CPD.
- We stimulate debate and facilitate the exchange of ideas and information through our events, conferences, webinars and forums.
- We represent the real economy and influence relevant regulation and market practice.



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About Federated Investors, Inc.



Delivering investment solutions since 1955

Founded: 1955

Headquarters: Pittsburgh

Global Operations: New York, Rochester, Boston, Houston, Dublin, Frankfurt, London and Tokyo

AUM: Approximately \$355 billion

Ownership:

- Publicly traded, privately held (NYSE: FII)
- 20% employee ownership

Revenue Distribution	Equity	46%
	Liquidity	32%
	Fixed-income	22%

- Representative Clients**
- Corporate/Public Defined Benefit
 - Defined Contribution
 - Endowment/Foundation
 - Taft-Hartley
 - Insurance
 - Sub-Advisory
 - Local Government Investment Pools (LGIP)
 - Financial Intermediaries

Equity Management

- Independent investment teams each focused on a specific style or approach with commitment to proprietary research
- Portfolio managers average 23 years of experience, nearly 11 with Federated
- Strategies are a result of both carefully cultivated homegrown initiatives as well as key strategic acquisitions
 - Value (Clover)
 - Quantitative (MDT)
 - Balanced/Macro
 - International Equity
 - Growth/Income
 - Alternatives (Prudent Bear)
 - Dividend Oriented
 - Growth (Kaufmann)
 - Managed Risk

Fixed-Income Management

- Experienced, specialized teams with strength across the yield curve
- Portfolio managers average 25 years of experience, nearly 18 with Federated
- Modular process is portable across fixed-income styles and lends itself to portfolio customization
 - Multi-Sector: Active Cash, Short, Intermediate
 - Sector Specific: Corporate, High-Yield, Emerging Markets, Trade Finance, Municipals

Liquidity Management

- Pioneer in liquidity management for more than 40 years and one of the largest institutional money market fund managers in the industry*
- 34 liquidity management professionals with 19 years working together at Federated
- Have never bought a security out of or infused capital into a money market fund to maintain a stable \$1.00 NAV
 - Prime
 - Tax-Free
 - Government
 - Non-U.S Domiciled

All information is as of 3/31/15 unless stated otherwise.
 *Source: iMoneyNet, Inc. February 28, 2015



About Fitch Ratings



FitchRatings

Fitch Ratings is a leading provider of credit ratings, commentary, and research. Dedicated to providing value beyond the rating through independent and prospective credit opinions, Fitch Ratings offers global perspectives shaped by the strong local market experience and credit market expertise. The additional context, perspective and insights we provide help investors to make important credit judgments with confidence.

Fitch Group is a global leader in financial information services with operations in more than 30 countries. In addition to Fitch Ratings, the group includes Fitch Solutions, an industry-leading provider of credit risk products and services, and Fitch Learning, a preeminent training and professional development firm. Fitch Group is jointly owned by Paris-based Fimalac, S.A. and New York-based Hearst Corporation.

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