

Treasury Strategies' Quarterly Corporate Cash Briefing™ for 1Q 2016

Presented by:

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January 14, 2016



**Treasury
Strategies.**

The Power of Experience®



Corporate Cash Levels

Review of the 2015 Game Changers

Game Changers

- Diverging Central Bank Interest Rate Policies
- Regulatory Landscape Affecting Corporate Treasury
- Widening Credit Spreads and High-Yield Debt
- FX Volatility

Roundtable

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





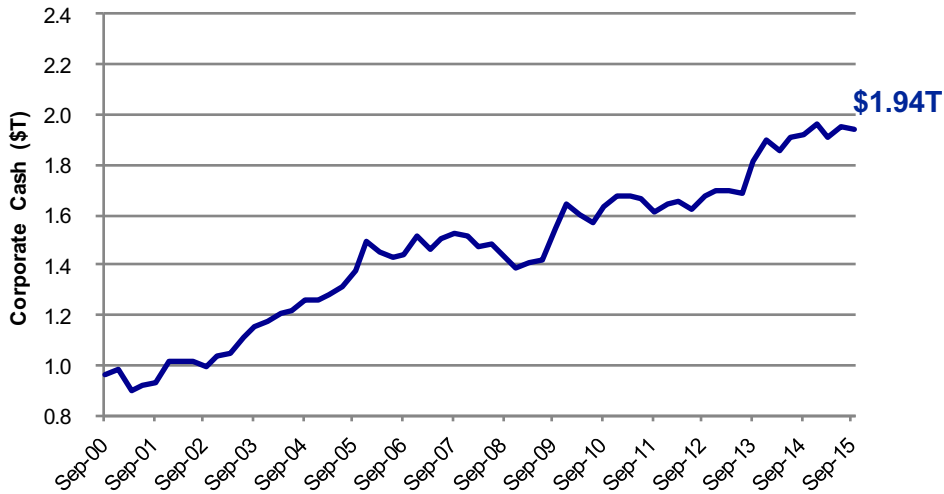
Corporate Cash Levels



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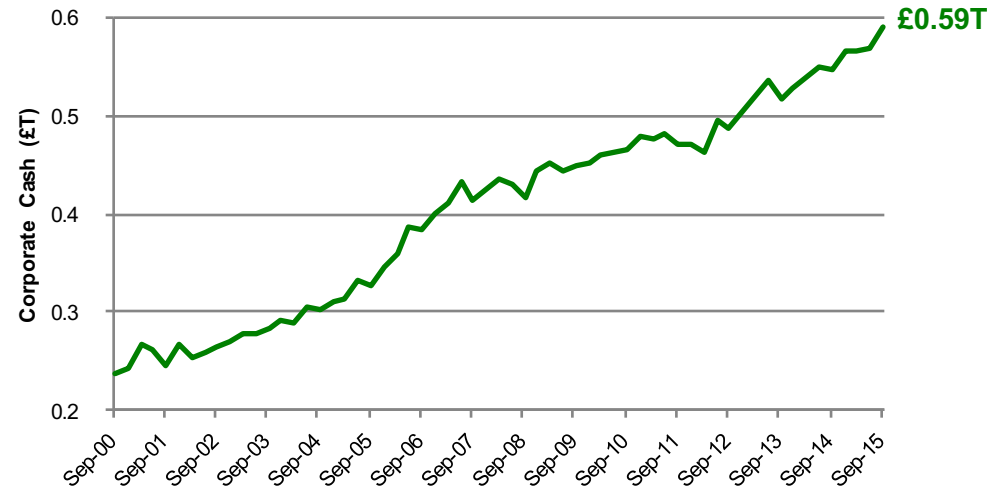
Corporate Cash Levels

US Corporate Cash



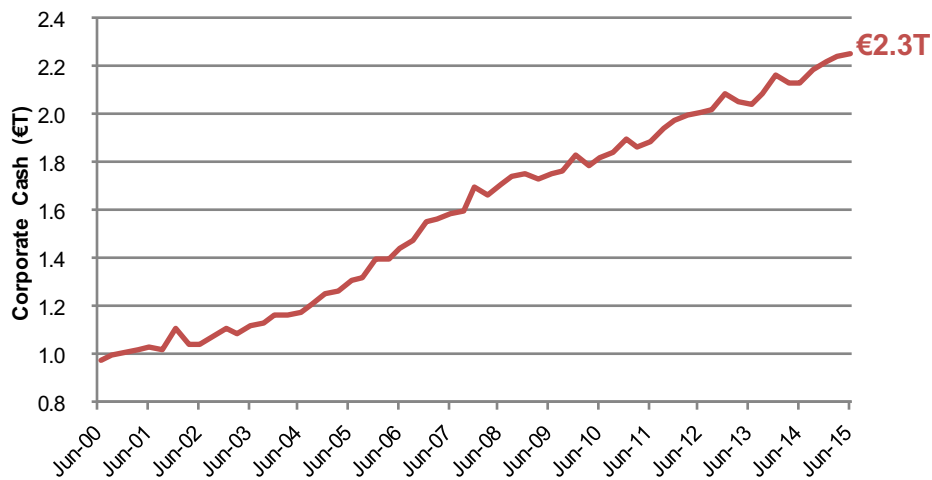
Source: Federal Reserve, Treasury Strategies

UK Corporate Cash



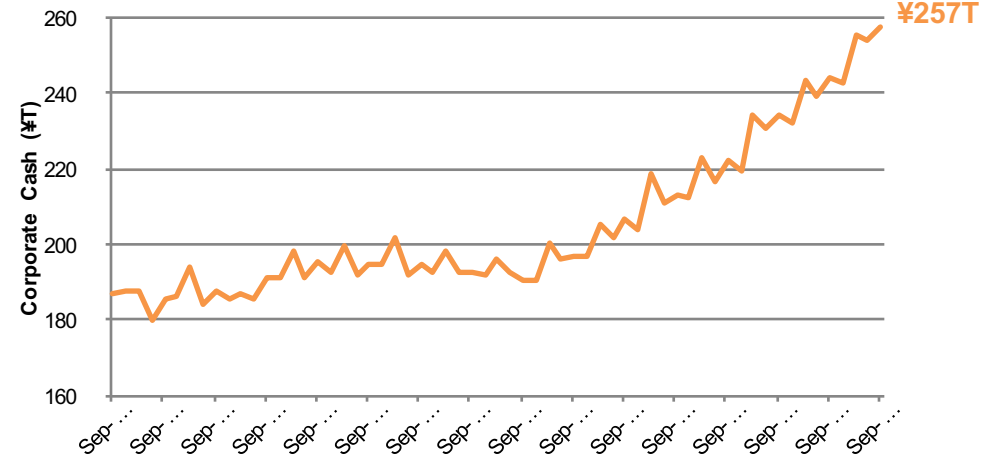
Source: Office of National Statistics, Treasury Strategies

Eurozone Corporate Cash



Source: European Central Bank, Treasury Strategies

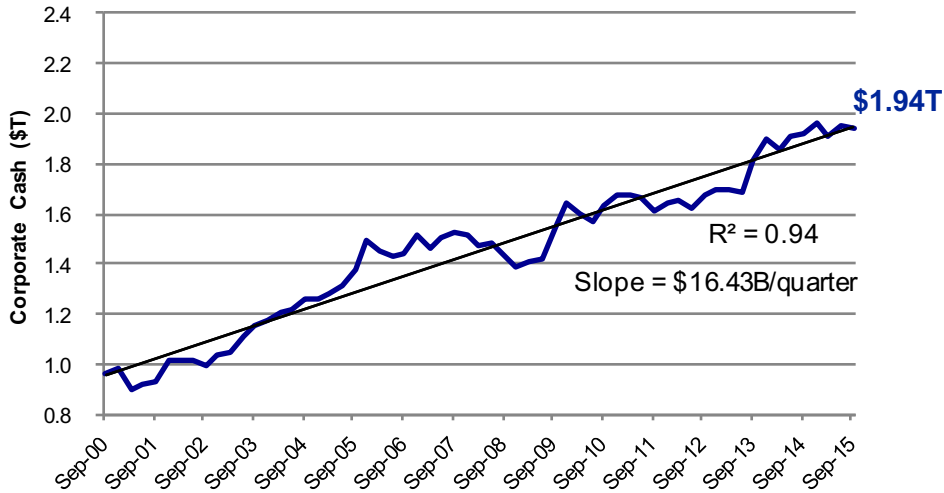
Japanese Corporate Cash



Source: Bank of Japan, Treasury Strategies

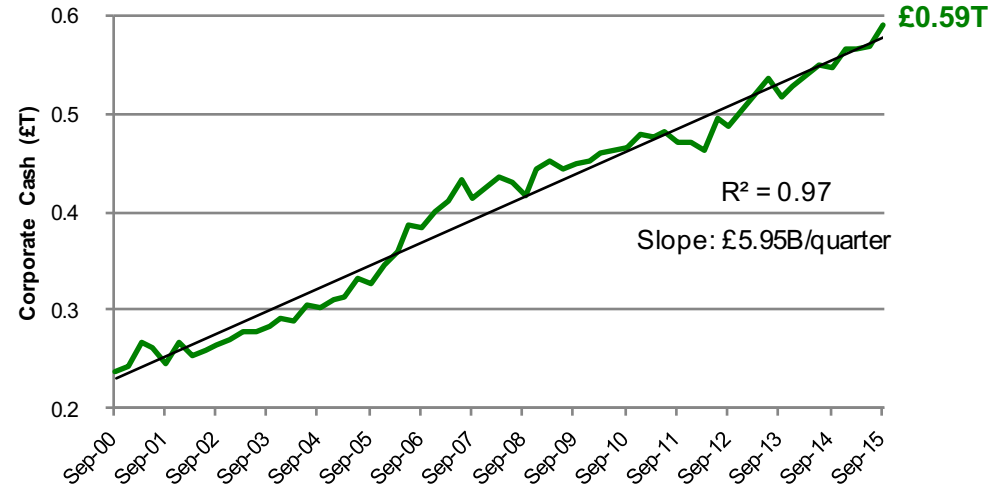
Corporate Cash Levels

US Corporate Cash



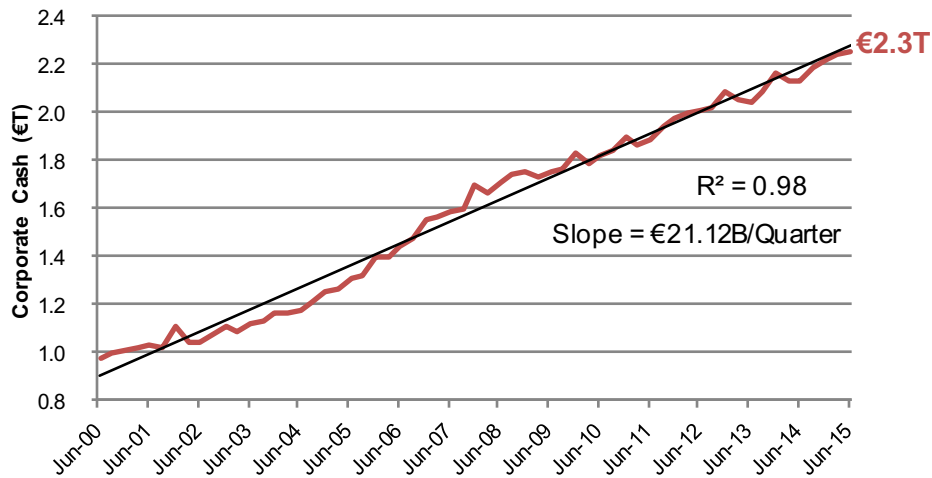
Source: Federal Reserve, Treasury Strategies

UK Corporate Cash



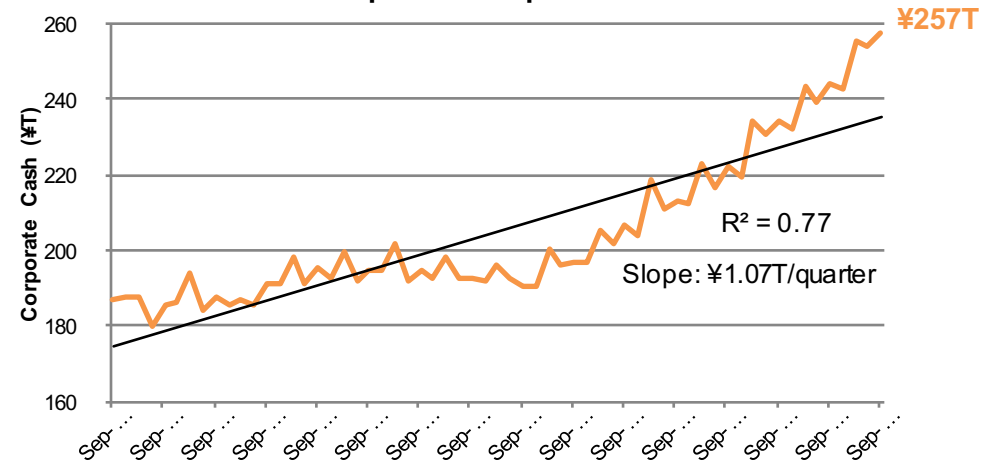
Source: Office of National Statistics, Treasury Strategies

Eurozone Corporate Cash



Source: European Central Bank, Treasury Strategies

Japanese Corporate Cash



Source: Bank of Japan, Treasury Strategies

Corporate Cash as % GDP by Region

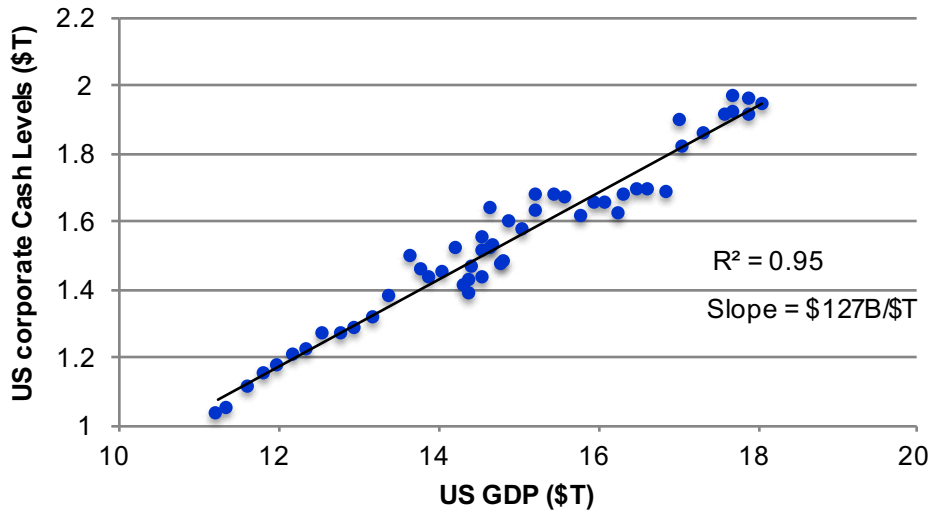
Country/Region	September 2000	September 2015
United States	9%	11%
Eurozone	14%	22%
United Kingdom	24%	32%
Japan	37%	51%

Source: Treasury Strategies' estimate

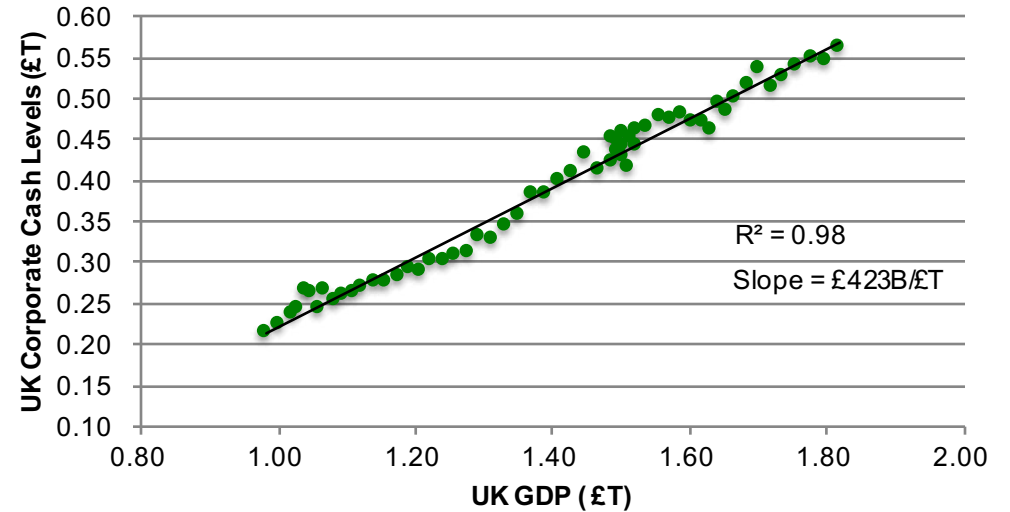
Corporate Cash Relative to Nominal GDP



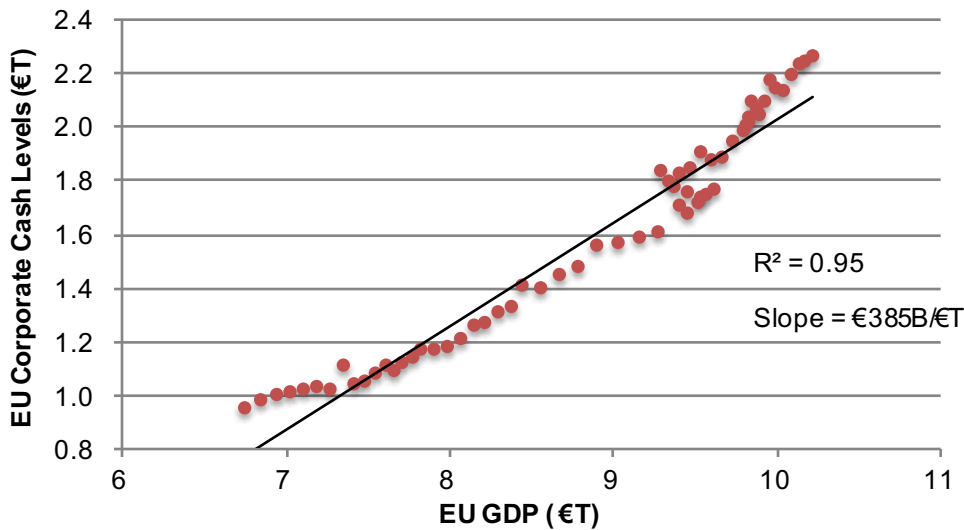
US Corporate Cash Level Relative to US Nominal GDP



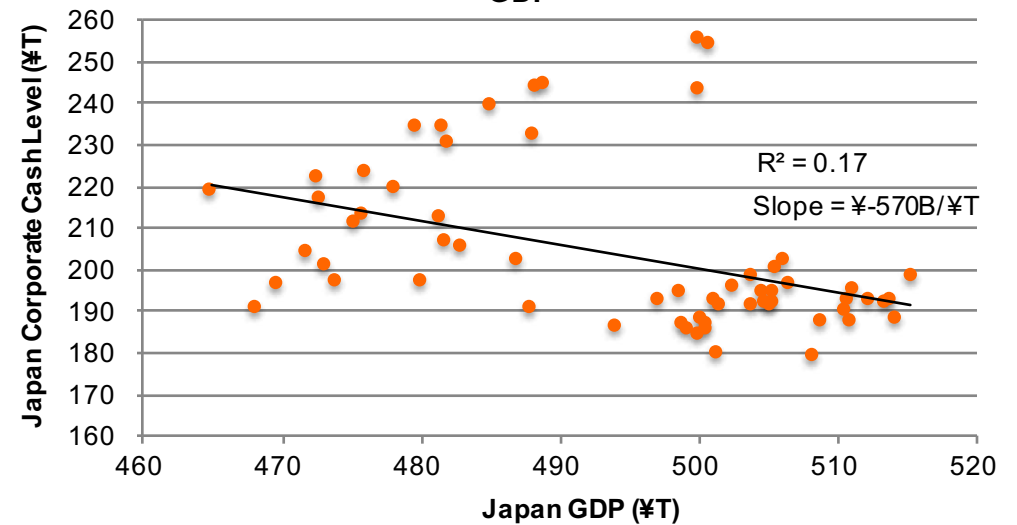
UK Corporate Cash Level Relative to UK Nominal GDP



EU Corporate Cash Level Relative to EU Nominal GDP

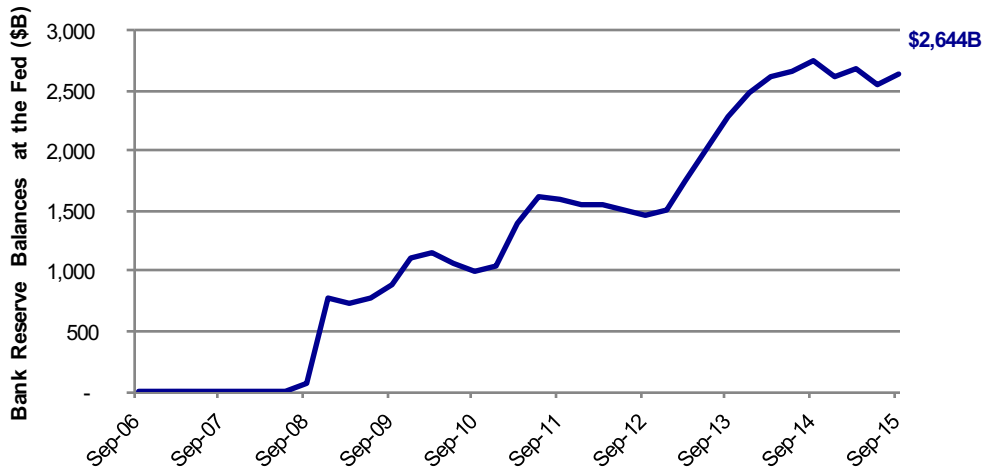


Japan Corporate Cash Level Relative to Japan Nominal GDP



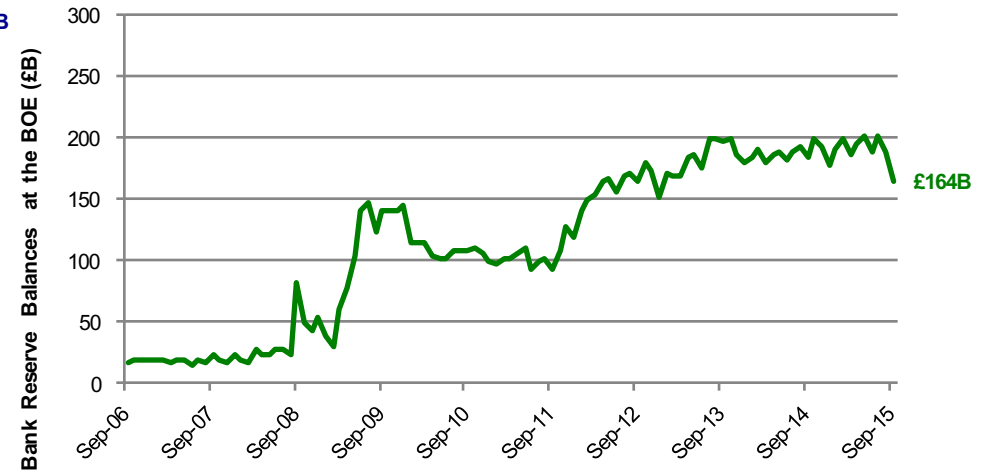
Reserve Balances

Bank Reserve Balances at the US Federal Reserve



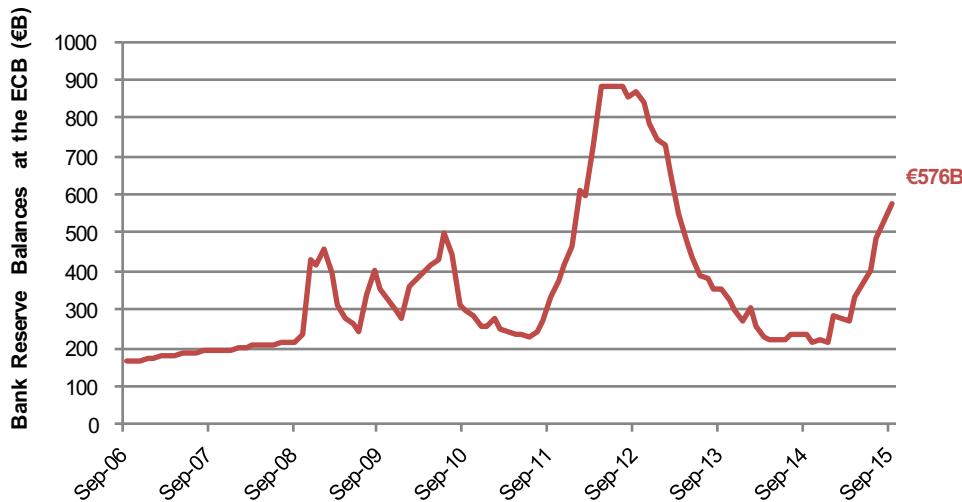
Source: Federal Reserve, Treasury Strategies

Bank Reserve Balances at the BOE



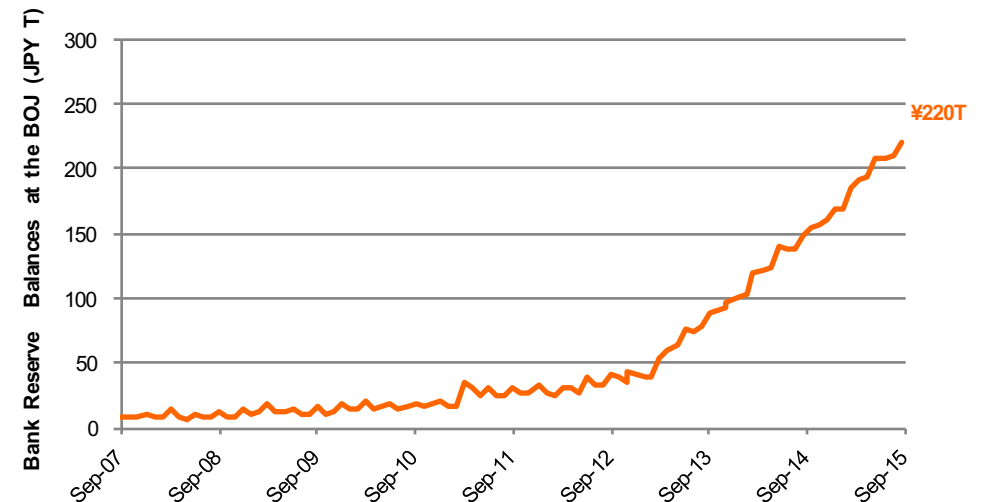
Source: Bank of England, Treasury Strategies

Bank Reserve Balances at the ECB



Source: European Central Bank, Treasury Strategies

Bank Reserve Balances at the BOJ



Source: Bank of Japan, Treasury Strategies



Review of the 2015 Game Changers



The Power of Experience®

Q1 2015: January 8

Euro/Dollar Disconnect

LCR and Basel III Implementation

New Round of Cash Bashing

GRExit

Oil

Watch it again:

Q115: Grexit, Oil's Impact on Cash, Euro/Dollar Disconnect, LCR and Basel III Implementation

<https://youtu.be/YEgK33mvNRc>

Q2 2015: April 9

Operationalizing Ring-Fencing

EU MMF Regulations/Variations/Alternatives

Banks Trimming Deposits and Lines of Business

Diverging Central Bank Policies/Exchange Rate Volatility

Taxing Excess Corporate Cash

Watch it again:

Q215: EU Money Fund Regulations, Taxing Corporate Cash, Exchange Rate Volatility

<https://youtu.be/F0ZDHO2alvc>

Q3 2015: July 9

Greek Debt Crisis

Volatility in China

HQLA Shortage

Global Bank Repositioning

Watch it again:

Q315: Greek Debt/Grexit, Volatility in China, Interest Rate Liftoff, Scarcity of T-Bills/Treasuries

<https://youtu.be/xSz782cjJNY>

Q4 2015: October 8

Central Bank Credibility

QE Dislocations

Bond Market Liquidity

Global Market Volatility

Watch it again:

Q4 2015 Corporate Cash Briefing on Central Bank Credibility, Rates, Liquidity, Trade Agreements, Volatility and more

<https://youtu.be/o-DG3jKEitk>

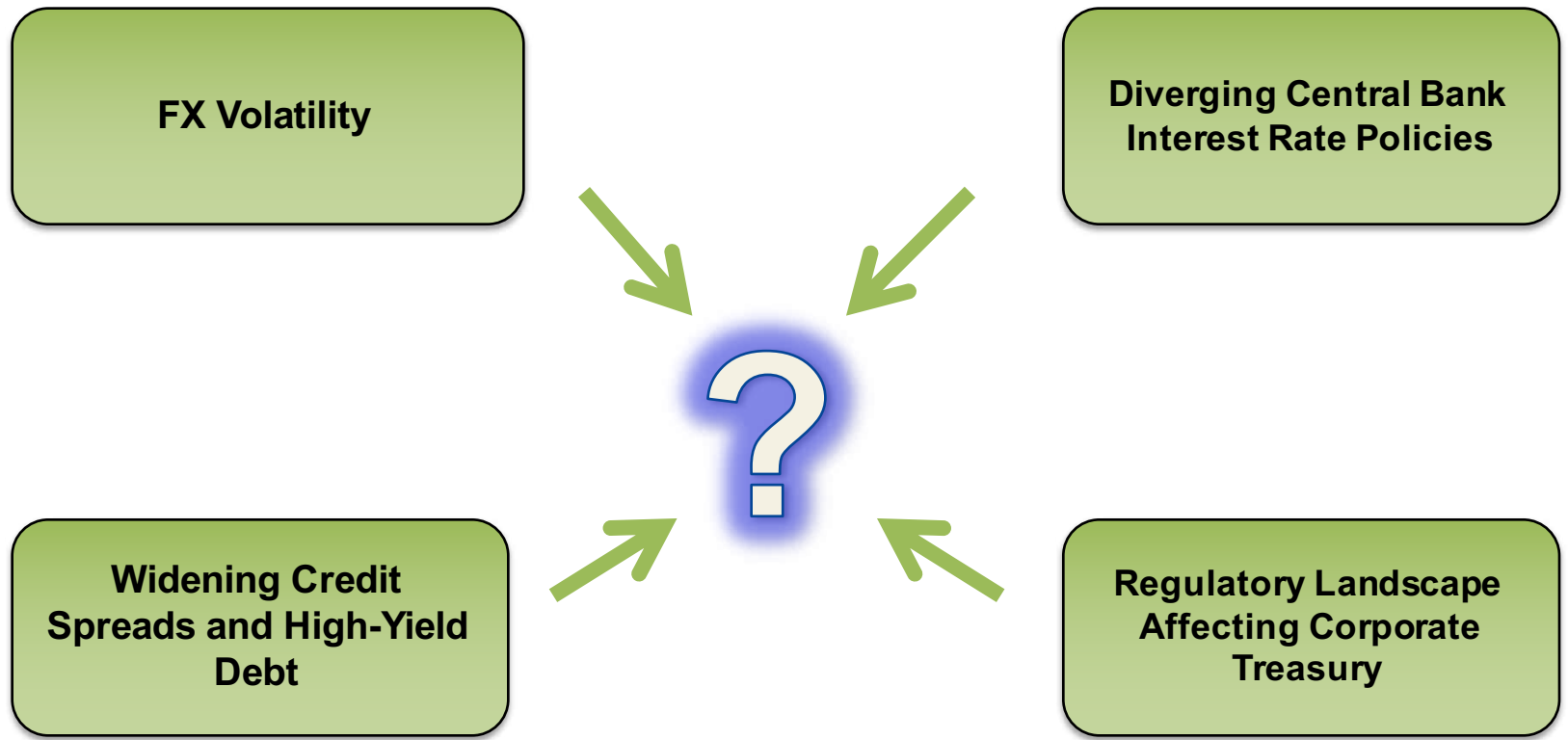


Game Changers



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Potential Game Changers



Speakers



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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.

Locations

Chicago


Accreditations



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 www.youtube.com/c/treasurystrategiesinconsulting



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

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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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.

For additional information, please visit www.fitchratings.com.

