

Philosophy and Approach

Cash management strategies seek to earn an incremental yield over US Treasury Bills, money-market funds, and bank deposit rates. A short-duration portfolio of high-quality ETFs, mutual funds, and individual bonds targets a modest yield while also maintaining a favorable risk-return profile. Risk, return, liquidity, cash flow, and relative value are important considerations in security selection. Macro-economic conditions and outlook help inform the sector allocation.

Strategy Objectives

Preserve Principal ■ Generate Yield ■ Manage Risk ■ Maintain Liquidity ■ Match Liabilities



Individual Bonds

Investment minimum: \$1,000,000

- ❑ Laddered bonds, short duration (< 3 years)
- ❑ Credit quality: Single A or higher
- ❑ Defined maturities lead to a more certain total-return profile
- ❑ Individual holdings provide transparency
- ❑ Can be liability-matched
- ❑ More rigid maturity schedule makes the strategy less flexible if client circumstances change
- ❑ **Client suitability:**
 - Less permanent, less flexible cash allocations
 - Lower risk tolerance
 - Known liabilities
- ❑ Time horizon: 1 year+
- ❑ Estimated yield to worst (net of fees) : 4.20%



Optimized ETFs / Funds

Investment minimum: \$500,000

- ❑ Low-cost ETFs and mutual funds optimized for risk and return parameters (standard deviation, drawdown, yield)
- ❑ Short duration: <3 years
- ❑ Credit quality: Single A or higher
- ❑ The constant maturity nature of ETFs and mutual funds lead to a less certain total-return profile
- ❑ ETFs and mutual funds afford more flexibility if client circumstances change
- ❑ **Client suitability:**
 - More permanent, more flexible cash allocations
 - Higher risk tolerance
 - Minimal required liabilities
- ❑ Time horizon: 1 year+
- ❑ Estimated yield to worst (net of fees): 4.55%

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