

# Safety? Liquidity? Yield? Best Practices for Today's Corporate Cash Investor

# Today's panelists



**Bill Hoppe**  
Vice President  
Institutional Cash Distributors



**Sara Flour, CTP**  
Director, Institutional Liquidity  
Management  
RBC Global Asset Management



**Kim Kelly-Lippert, CTP**  
Treasury Manager  
American Honda Motor Company



**Susan Davis, CFA, CTP**  
Corporate Treasurer  
Riot Games



# Institutional Cash Distributors

**ICD was founded in 2003 with a singular focus:**

To empower treasury professionals with innovative products and extraordinary service for making short-term investments. Simply, safely and efficiently

**\$4T**

Traded annually  
through ICD

**\$240B+**

Average Daily balance

**450+**

Active Clients

**99%**

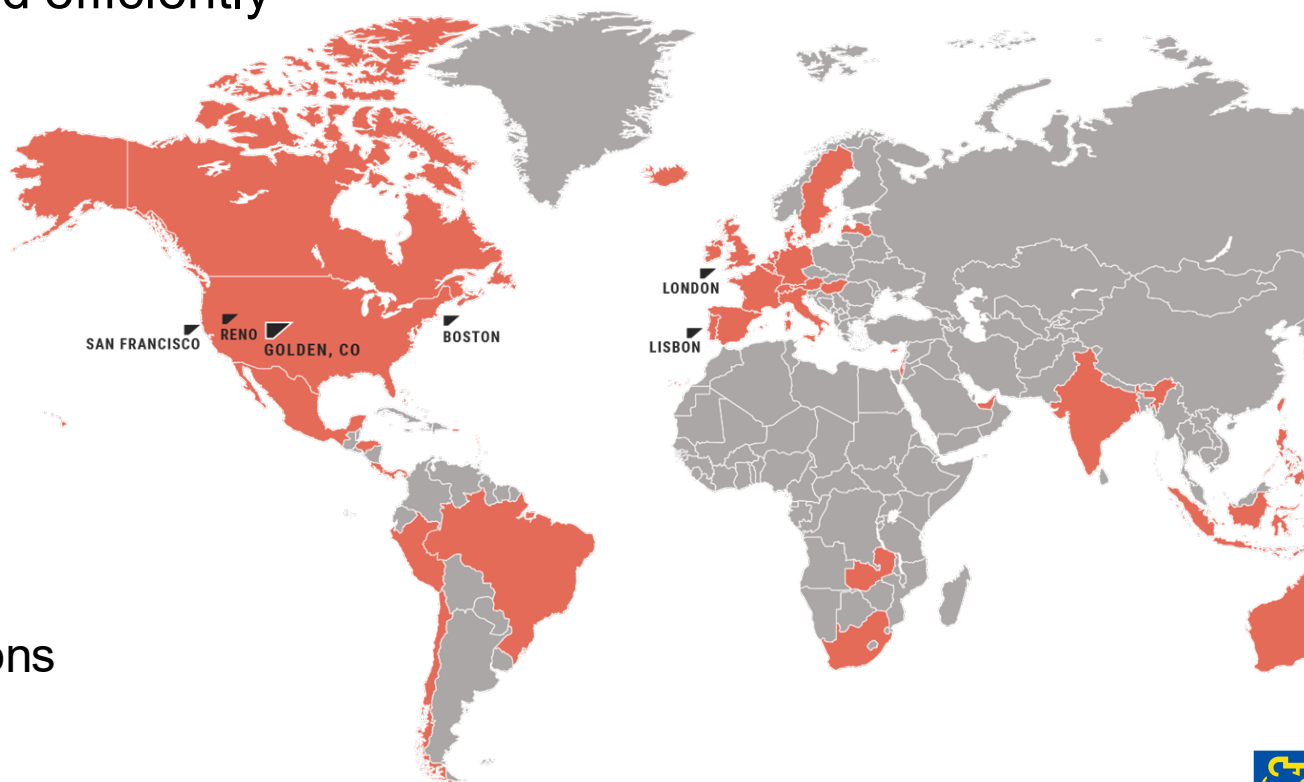
Customer Service Rated  
Excellent / Above Average

**83%**

Corporate clients with  
integration

**400+**

Short-term investment options



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# RBC Global Asset Management

## Specialized teams around the globe

**387** Investment professionals

**18** Specialist teams

**\$418B+** Total AUM <sup>1</sup>



### Global Office Locations and Specialized Teams

<p><b>Vancouver</b> Canadian Equities Canadian Fixed Income High Yield Bonds</p>	<p><b>Minneapolis</b> US Fixed Income Impact Investing</p> <p><b>Chicago</b> US Equities</p>	<p><b>Toronto</b> Canadian Equities Global Resources/ Precious Metals</p>	<p><b>Boston</b> US Equities</p> <p><b>Stamford</b> Global Credit US Fixed Income</p>	<p><b>London</b> Emerging Markets Equities Global Equities European Equities Global Credit Alternatives</p>	<p><b>Hong Kong</b> Asia Equities</p>
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As of 6.30.23

<sup>1</sup> AUM includes US\$4.5B+ in portfolio assets managed by unaffiliated investment advisers based on models provided by RBC Global Asset Management (RBC GAM) entities.

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# American Honda Motor Company

## Fast Facts:

- \$20+ billion in investments in manufacturing, R&D, parts centers, marketing, sales, service and finance
- 10+ Manufacturing plants and 30k+ Associates in U.S.
- Honda products include Automobiles, Motorcycles, ATV's, Aircraft, Power Equipment and Engines

## Company Overview:

American Honda Motor Co., Inc. is a subsidiary of Honda Motor Co., Ltd. The company combines product sales, service, distribution and coordination of functions across Honda in North America.

## Team Structure:

Director, Treasury Operations, (B) Manager, Treasury Operations, (C) two Treasury Analysts

## Team Responsibilities:

Lead the Operational and Strategic Treasury functions including Daily Cash Positioning, Cash Forecasting, Foreign Exchange, Short-Term Cash Investments, Bank Account Management, In-House Cash Management, and Bank and Investment Relationship Management

# Riot Games

## Fast Facts:

20+ Offices Globally; HQ in Los Angeles  
5 Publishers: NA, Ireland, Korea, Japan, Singapore  
2 R&D centers: NA & China  
3 Broadcast centers: NA & Ireland  
4500+ Employees  
5B+ cash flow/investments  
10+ operating currencies

## Highlights:

600+ Million Players world-wide  
100M + concurrent monthly players  
Largest Esports League (LoL)  
Arcane Series: 5 Emmy awards, including Best Animated Series

## Company Overview:

Riot Games is a private company owned by Tencent, Ltd.

## Products:

PC, mobile & console video games, TV & film content, Esports League mgmt. & broadcasting

## Treasury Team:

Treasurer, 2 Treasury Managers, 1 Insurance Risk Manager  
Dual Reporting to CFO & SVP Tax

## Treasury Responsibilities:

Global Cash Management, Cash Forecasting, Cash Investments, Foreign Exchange Risk Mgmt., In-House Banking, Strategic Financing, Bank Relationship Mgmt., Global Insurance





# AFP Liquidity Survey: Current Investment Allocations

## Percent of Organization's Short-Term Investments Allocated to Specific Investment Vehicles (Mean Percentage Distribution of Cash and Short-Term Investment Holdings)

	2023	ANNUAL REVENUE LESS THAN \$1 BILLION	ANNUAL REVENUE AT LEAST \$1 BILLION	NET BORROWER	NET INVESTOR	INVESTMENT GRADE	NON-INVESTMENT GRADE	PUBLICLY OWNED	PRIVATELY HELD	2022
Bank deposits (DDAs, Time Deposits, CDs, etc.)	47%	45%	48%	59%	37%	41%	57%	46%	59%	55%
Govt/Treasury money market mutual funds	18%	15%	21%	17%	19%	18%	17%	22%	13%	14%
Treasury bills	9%	13%	8%	6%	13%	11%	4%	6%	8%	7%
Prime/Diversified money market mutual funds	5%	5%	2%	2%	4%	4%	3%	2%	4%	5%
Agency securities	4%	4%	4%	4%	3%	5%	2%	3%	—	2%
Commercial paper	3%	2%	5%	2%	5%	5%	1%	4%	2%	3%
Eurodollar deposits (U.S. dollar-denominated time deposits at banks outside the U.S.)	2%	3%	1%	2%	2%	2%	3%	3%	2%	3%
Municipal securities	2%	3%	1%	1%	3%	3%	—	2%	1%	1%
Separately managed accounts **	2%	3%	1%	—	3%	1%	5%	2%	3%	3%
Repurchase agreements	1%	1%	—	—	1%	1%	—	1%	—	1%
Asset-backed securities	1%	2%	1%	—	2%	2%	—	2%	1%	2%
SSA Securities (Sovereigns, Supranationals and Agencies)	1%	2%	—	—	1%	1%	—	1%	1%	1%
Enhanced cash/Conservative income/Ultrashort Bond funds (e.g., cash plus)	1%	—	1%	2%	—	1%	—	—	—	1%
Variable rate demand notes	—	—	—	—	—	—	—	—	—	1%
Muni/Tax Exempt money market funds	—	—	1%	—	1%	1%	—	—	1%	1%
ETF bond or cash strategies	—	—	1%	—	1%	1%	—	—	1%	*
2a7-like funds with stable NAV (pre-money fund reform basis)	—	—	1%	—	1%	1%	—	—	—	*
Other	4%	4%	4%	3%	4%	3%	6%	6%	2%	2%
MEAN NUMBER OF VEHICLES USED	2.7	2.4	2.8	2.0	3.3	3.3	2.0	2.9	2.2	2.5

\*Not asked in 2022

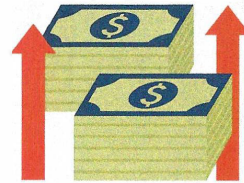
\*\*Of those organizations that invest in separately managed accounts, two-thirds manage these accounts with the assistance of an account manager.

Source: Association for Financial Professionals, 2023 AFP Liquidity Survey Report

# AFP Liquidity Survey: Key Findings

Cash and short-term allocation to bank deposits is **47 percent, an 8-percentage point decline from the 55 percent reported last year.**

The current share in bank deposits is one of the lowest recorded in five years. **This decline is being driven by the bank failures that occurred in March 2023.** In response to the banking crisis, organizations began moving their cash and short-term investments from banks into Government/Treasury money market funds (increasing by four percentage points from a year ago), Treasury bills (increasing by two percentage points) and Agencies (increasing by two percentage points). Patterns of cash allocated outside the U.S. are similar as seen in the U.S., i.e., shifting of cash and short-term investments from bank deposits to money funds.



**Organizations continue to consider the overall relationship with their banks a primary determinant when choosing where to maintain deposits**



(cited by 83 percent of survey respondents). However, that result is lower than the 93 percent who reported the same last year. The 10-percentage-point decline this year is perhaps a reflection of the banking failures and treasurers choosing to be more cautious in their approach to relationships with banking partners. This shift is offset by the importance placed on earnings credit rates, earnings credit transparency and application of earnings credits.

Despite a tumultuous environment, the three primary investment objectives reported by treasury professionals remain consistent with those of 2022: **safety (cited by 63 percent of respondents), liquidity (33 percent) and yield (4 percent).**



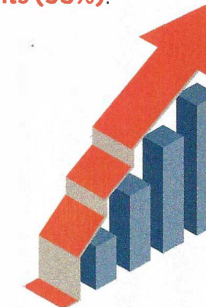
**Thirty-eight percent** of treasury professionals report that their organizations plan to continue increasing their cash allocations to Government/Treasury money market funds into the next year, while only 8 percent indicate their companies plan to decrease allocations to these funds. Twenty-seven percent of respondents report that their organizations plan to increase allocations in bank deposits, while 25 percent indicate their firms are looking to decrease their deposits in banks.



Environmental, social and governance (ESG) parameters are influencing almost half of organizations' investment policy revisions; **with 27% adding ESG parameters/mandates and 21% adding ESG Money Funds in their investment policy.**



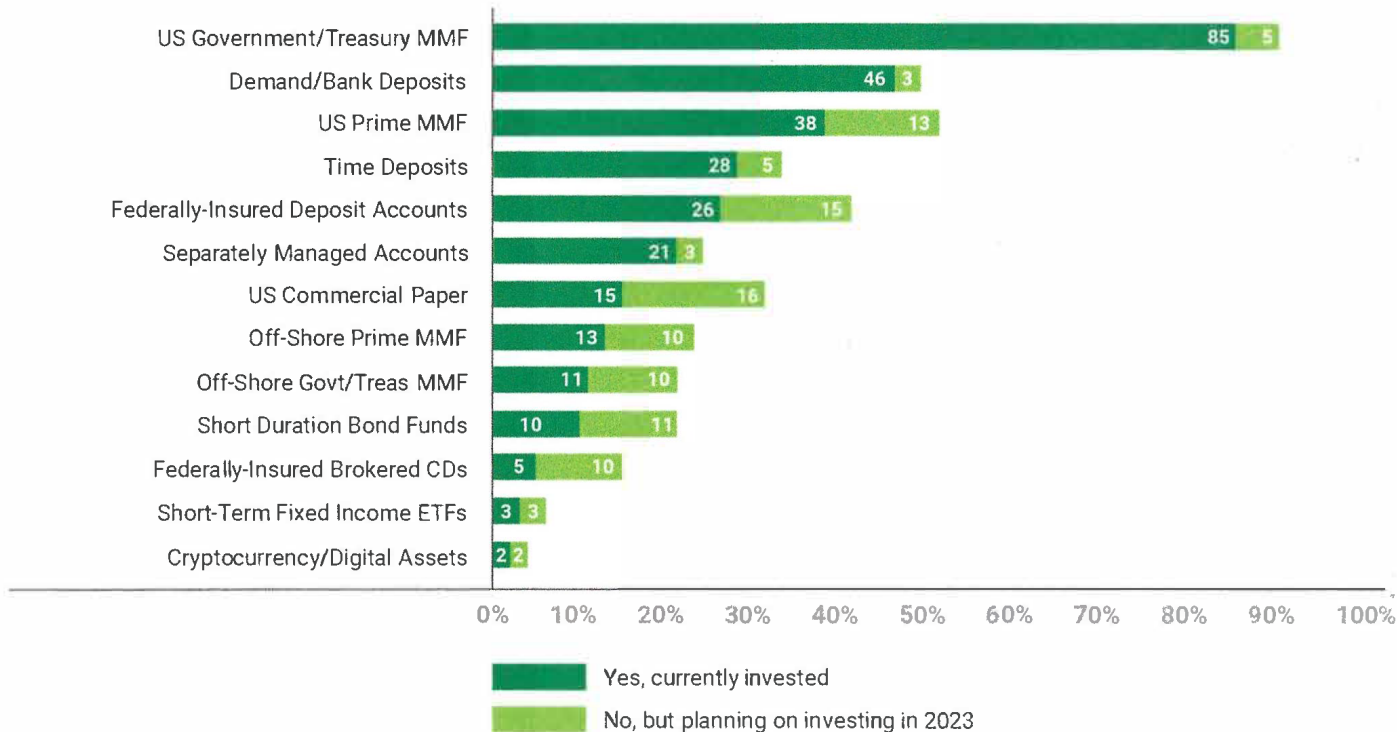
When choosing a U.S. domestic Prime/Floating NAV Fund, yield **(cited by 50% of respondents)** continues to be the primary selection criteria. However, this figure is down from the 68% reported in 2022. In turn, the share of respondents who select a fund based on the ease of transaction process **rose 17 percentage points (38%).**





# ICD Survey: Current and Future Strategy

Please indicate your current or future plans for the below investment products. (Americas)



**90%**

Most respondents in the Americas are invested in or are planning on investing in US Government MMFs.

**51%**

Treasury organizations in the Americas are invested in or are planning on investing in US Prime MMFs in 2023, down 9% from last year.

**21%**

Americas respondents are invested in or are planning on investing in Short Duration Bond Funds.

**33%**

Respondents in the Americas are invested in or are planning on investing in Time Deposits in 2023, down 31% from last year.



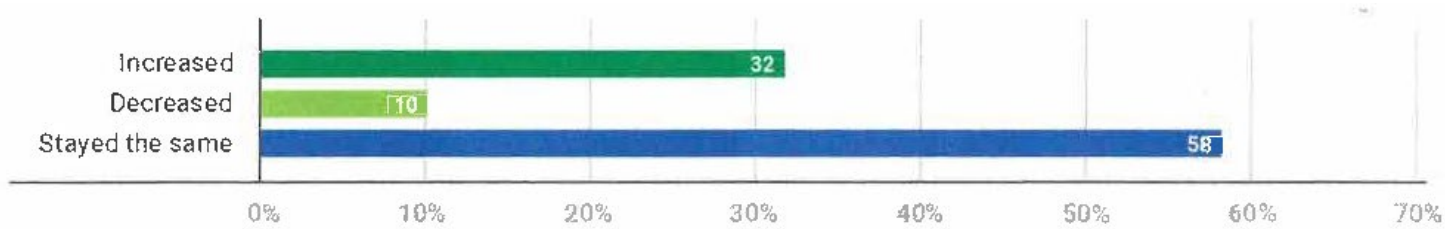
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Source: Institutional Cash Distributors, LLC, 2023 Client Survey.



# ICD Survey: Challenges in Treasury

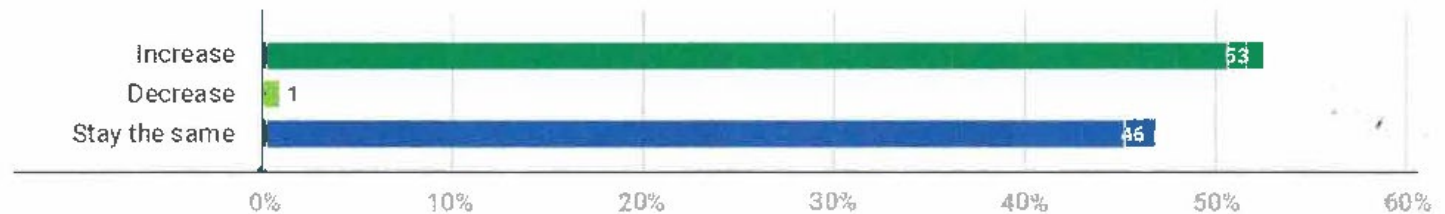
In the last year, the number of people in your treasury organization has:



**68%**

Respondents indicate the number of professionals in their treasury organizations has decreased or remained the same in the last year.

In 2023, the roles and responsibilities of your treasury organization will:



**99%**

Treasury teams expect their responsibilities to increase or remain the same in 2023.



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Source: Institutional Cash Distributors, LLC, 2023 Client Survey.



# Best practices for today's corporate cash investor



Evaluating your investment options



Developing your investment policy



Determining your priorities among safety, liquidity, and yield



Executing your strategy



Managing your exposure and reporting on your outcomes

Q&A





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