



ARE YOU OPTIMIZING YOUR CASH?

OVERVIEW

- ▶ Increased investment income may be realized by organizations through tailored cash management that incorporates a segmentation framework.
- ▶ Liquidity and safety of principal are paramount when managing cash.
- ▶ Understanding cash segmentation can help organizations properly balance risk, return, and liquidity.
- ▶ Active cash management requires effective and regular communication with clients, a core tenet of Fort Washington’s approach to cash management.

ACTIVE MANAGEMENT OF CASH HOLDINGS

Many organizations—universities, health care institutions, non-profits—are not optimizing their cash balances and are failing to benefit from additional income that may be earned with a cash segmentation strategy. As organizations grow and needs become more complex, cash and liquidity management are often overlooked. Partnering with an experienced active asset manager can help organizations navigate market alternatives and optimize cash holdings.

Using current yield levels for various cash instruments, we have demonstrated how a basic cash segmentation strategy could result in additional interest income in the following example:

Hypothetical as of July 2024

Basic Cash Strategy	Purpose	Assets	Yield	Income
Prime Money Market Fund	Sweep	\$50,000,000.00	5.35%	\$2,675,000.00
Cash Segmentation Strategy	Purpose	Assets	Yield	Income
Prime Money Market Fund	Operating Cash: Daily Liquidity	\$10,000,000.00	5.35%	\$535,000.00
Enhanced Cash	Tactical Cash: Monthly Liquidity	\$20,000,000.00	5.60%	\$1,120,000.00
Ultra Short Duration	Strategic Cash: 6-12+ months	\$20,000,000.00	6.25%	\$1,250,000.00
Total	Optimized Cash Strategy	\$50,000,000.00	5.81%	\$2,905,000.00
Difference			0.46%	\$230,000.00

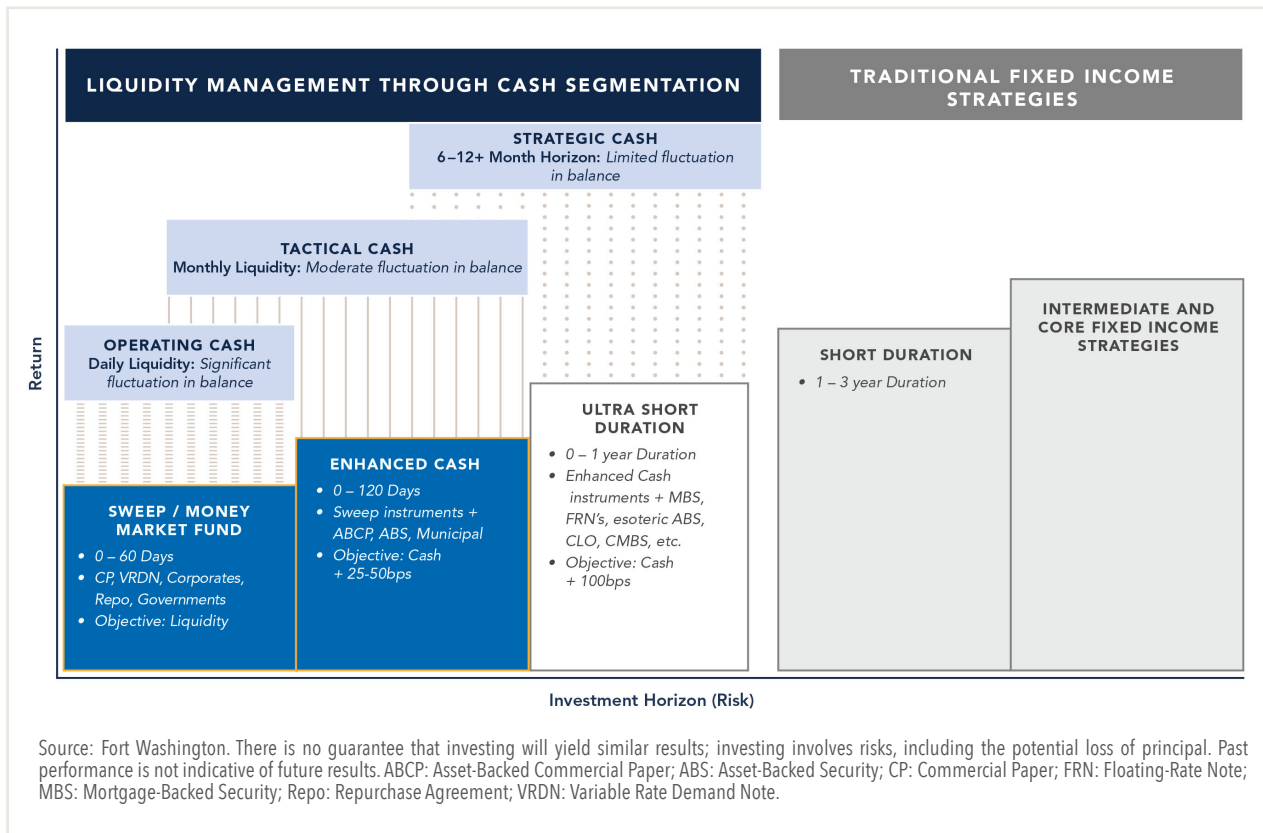
Source: Fort Washington. The above hypothetical is being presented for illustrative purposes only and represents an example of cash management strategies and allocations. Actual allocations, yield, and income will be different from those shown, depending on current market and economic conditions, and client-specific needs. The yield shown do not reflect a single source but was approximated using a variety of average yield calculations and representative portfolio holdings as of July 2024. The income shown does not take into consideration any account fees and expenses that may be incurred with the management of a similar strategy. Past performance is not indicative of future results.

A STAIR-STEP APPROACH TO CASH SEGMENTATION

Cash segmentation involves dividing cash holdings into different segments based on their intended use and time horizon.

In this example, we show three typical segments of cash, each with their own unique objective: **Operating Cash, Tactical Cash, & Strategic Cash.**

A tailored liquidity management solution that incorporates active investment management can optimize each segment by stepping up and down the return-risk spectrum of short-term market instruments.



PARTNERING WITH CLIENTS

Each investor's needs and objectives are unique. A prudent investor understands all investment objectives, keeps current with the market environment, and stays abreast of dynamic and changing investment options. By having a thorough understanding of a client's liquidity needs and properly segmenting cash, significant value may be added through a tailored cash management solution.

A core tenet of Fort Washington's approach to cash management is effective and regular communication with clients. This allows us to gain a thorough understanding of clients' cash needs and how these needs may change on a real-time basis. We work to go beyond what is typically expected of investment managers to help organizations realize the benefits of a tailored cash segmentation solution.

Learn More About How Fort Washington Can Help

By leveraging Fort Washington's deep organizational experience, clients can spend less time worrying about cash balances and devote more time to managing their business and critical projects. For more information – visit <https://www.westernsouthern.com/fortwashington/investment-strategies/cash-management-solutions>.

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