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J.P.Morgan
Asset Management

THOUGHT FOR THE MONTH

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Put cash in its place

In the depths of the credit crunch, corporate treasurers fought to preserve capital and maintain the right amount of liquidity for their organisations. Now, with money markets back on a more even keel, but short-term interest rates still close to zero, many treasurers are shifting their focus to analysing cash flow to identify surplus cash – and proactive strategies to make that cash work harder for their organisations.

When it comes to surplus cash, every business has different needs, and different timeframes. For example, an organisation might consistently hold a core of cash on its balance sheet – year in, year out. It might need access to another pool of cash every six months to pay tax bills or dividends. And it might need to tap into other pools of cash for investment, but for much shorter timeframes.

Categorising – or segmenting – each of these different pools of cash can help organisations to rank their priorities in terms of access, security and yield for cash across the whole business. Formally allocating cash in this way enables treasurers to set out a crystal clear investment strategy for each different segment. This can help ensure that the business has access to cash whenever it needs it, while still having the power to make the most of investment opportunities.

But treasurers don't just want to maximise returns; they also strive to minimise the volatility of those returns. This is where our range of Managed Reserves Strategies comes in. Launched in August 2016, our Sterling Managed Reserves Strategy – the latest addition to the range – is aimed at investors with longer-term investment horizons who are looking for additional returns above AAA-rated money market funds, while carefully managing risk.

We can help you maximise opportunity by segmenting cash and leveraging solutions across the full ultra-short spectrum.

Visit www.jpmgloballiquidity.com to learn more about how we can help optimise your cash strategy.