

THOUGHT FOR THE MONTH

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June 2017

J.P. Morgan PeerView Survey: see how your cash strategy compares

In the early months of 2017, nearly 400 CIOs, treasurers and other senior decision-makers—each representing a unique entity and from all sectors of the global economy—responded to the J.P. Morgan Global Liquidity Investment PeerViewSM survey.

Here are some key findings from the survey:

Investment in money market funds still strong

Nearly 40% of respondents cited money market funds (MMFs) as their chosen vehicle for money moved off a bank balance sheet—by far the most popular placement.

Regulatory pressures

Respondents are grappling with the implementation of money market reform in the U.S. and the approach of reform in Europe, as well as the effects of Basel III around the globe. In Europe, 44% of respondents said they need more time and/or information before deciding on a preferred MMF structure.

Investment policy changes

More respondents are updating their investment policies. Notably, 48% of respondent policies now permit floating NAV funds, up from 32% in 2015.

Shifting rate environment, search for yield

Nearly two-thirds of respondents said they will select money market funds for their cash investments if bank deposit rates lag.

Keener need for cash segmentation

Cash segmentation is increasingly important. More than 70% of respondents can forecast their cash flows out for a month or longer.

Moving back into prime funds

Only 37% of U.S.-based respondents are currently invested in a prime money market fund, down from 63% in 2015. A majority transitioned assets to a government money market fund in the wake of new SEC 2a-7 rules. Over 50% of U.S. investors who transitioned assets from a prime to a government MMF cited comfort level with floating NAV and gates/fees as the primary factor in reconsidering prime. Among respondents who transitioned assets out of prime MMFs, nearly half would consider moving back if prime offered an excess yield of between 15 basis points and 50 basis points.

Conclusion: Partnership and PeerView

In today's challenging rate and regulatory environment, investors will be looking for strong investment partners who can help them understand the implications of new regulations and fund structures, offer guidance on cash segmentation, and provide insights into the global rate outlook. Never has it been more important for financial decision-makers to understand how their peers are positioning portfolios for the coming changes.

To find out more, visit www.jpmgloballiquidity.com/PeerView