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Group Treasury Manager,
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SEEK is a diverse group of companies that have a unified purpose to help people live more fulfilling and productive working lives and help organisations succeed. The company is listed on the Australian Securities Exchange where it is a top 100 company employing over 6,000 people and with a market capitalisation close to AU\$6bn.

Rapid international growth and the build up of surplus cash in complex markets has created short-term investment challenges for SEEK's treasury team. How did J.P. Morgan Asset Management's liquidity solutions help solve these problems?

Problem...

Over the past decade, Melbourne headquartered employment marketplace, SEEK, has experienced rapid domestic and international growth. Today, the company is present in 18 markets across Asia Pacific, Africa and South America.

Whilst this growth is fantastic for the company, it has created some interesting challenges for SEEK's centralised treasury team in Australia. As Malcolm Andrews, Group Treasury Manager at SEEK, explains: "Many of the markets we are present in, such as Brazil, China and South East Asia, operate strict currency controls that make it difficult for us to bring any profits home. This leaves us with significant levels of surplus cash trapped in these countries."

The issue is especially acute in China, SEEK's largest overseas market. "Traditionally our business in China has invested most of our surplus cash with domestic Chinese banks in term deposits," explains Andrews. "However, as our revenues in China have grown, we have looked to strategically diversify our investment portfolio and ensure compliance with our treasury policy, mitigate concentration risk and optimise yield pick-up."

...Solved

After an evaluation of the investment landscape in China, SEEK's treasury team selected China International Fund Management Co., Ltd. (CIFM), which is the joint venture between J.P. Morgan Asset Management Limited and Shanghai International Trust Co., Ltd. in China, to be its main provider of short-term investment solutions. "It was a fairly easy decision," says Jeff Dart, Group Assistant Treasurer at SEEK. "The investment solution provided by CIFM was very conservative, but still delivers a very competitive yield rate, which is in line with our investment policy."

While yield rate is not guaranteed, CIFM's solution targets an even more competitive investment return because of a tax advantage. "When we invest in bank deposits, there is a tax that is applied to any yield made on deposits in China," says Dart. "This reduces the return on investments and adds additional complexity because of the need to account for the tax and work with the Chinese tax authorities. There are no income taxes applied to any fund in China which means higher effective returns and fewer complexities, which is a big bonus for us."

Solidifying SEEK's decision to work with CIFM in China is the ability to access liquidity when needed. "SEEK is very active in the mergers and acquisitions space and because of this, often needs access to liquidity quickly, which CIFM's solution provides," says Dart.

This is also a reason that SEEK uses J.P. Morgan Asset Management's AUD denominated local liquidity product in Australia. "The big-four banks in Australia dominate the short-term deposit landscape, but they are mainly focused on term deposits of two, three and six months," explains Dart. "This doesn't work for us because of our cash requirements and this is where J.P. Morgan Asset Management step in, providing competitive yield and same-day or next-day access to cash."

With SEEK enjoying the benefits offered by J.P. Morgan Asset Management's liquidity solutions in some of its key markets, there is a desire to extend this relationship further. "We are keen to work with J.P. Morgan Asset Management in every market they are present where we have trapped cash," says Dart. "They are an obvious choice because they provide great diversification and are competitive when it comes to yield."

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