

Liquidity Investment Vehicles

Match Your Cash Allocation to Current Liquidity Priorities of Risk Tolerance and Time Horizon



1 Federal Street
Suite 2200
Boston, MA 02110
Main: (617) 630-8100
Email: info@capitaladvisors.com
www.capitaladvisors.com

Investment Options	Characteristics	Considerations
Bank Product (Deposits, MMDA's)	<ul style="list-style-type: none"> Subject to unsecured, single counterparty risk for deposits above the FDIC-insured \$250,000 per depositor limit Term deposits may have restrictions or penalties on redemptions prior to maturity No market-derived rates that automatically reset 	<ul style="list-style-type: none"> Rates offered are subject to bank balance sheet and funding needs and may not be competitive with other debt issued by the bank Need proactive monitoring of central bank interest rate decisions and proactive negotiation of subsequent rate adjustments of overnight investment options Requires extensive in-house security selection and credit risk monitoring expertise to fulfill fiduciary responsibility
Stable NAV Mutual Funds	<ul style="list-style-type: none"> Treasury & Government Money Market Funds are commingled Mutual Funds that offer same-day (T+0) liquidity* and stable NAV (*Cut off times may apply.) 	<ul style="list-style-type: none"> Government MMF's offer price stability, daily liquidity with \$1 NAV per share
Variable NAV Mutual Funds	<ul style="list-style-type: none"> Prime Money Market Funds are commingled Mutual Funds that offer VNAV that MTM and have set NAV strike times throughout the day Short Duration Bond Funds are T+1 Liquidity Commingled vehicles that do not allow for customization or input on specific credit security selection with equity-based accounting 	<ul style="list-style-type: none"> Current Prime Funds VNAV's have MTM, equity-based accounting. Under new money market reforms, there is the potential for imposition of liquidity fees if daily redemptions exceed a certain threshold Short Duration Bond Funds may demonstrate more NAV volatility than Prime Money Market Funds
Direct Securities	<ul style="list-style-type: none"> Liquidity and credit risk can be customized based on cash flow needs and risk tolerance built from investment policy Purchasing direct from broker-dealers/wealth manager's inventory Broker-dealers do not have fiduciary obligation Fully customized solution tailored to clients' liquidity needs, business situation and investment policy 	<ul style="list-style-type: none"> Subject to price risk that may result in realized losses should liquidity be needed prior to securities' maturity Requires extensive in-house security selection and credit risk monitoring expertise to fulfill fiduciary responsibility
Separately Managed Accounts	<ul style="list-style-type: none"> Liquidity and credit risk customization is outsourced to asset manager/investment advisor who have fiduciary oversight Generally, manager charges transparent management fee, which includes accounting and reporting services and may include custody account fee 	<ul style="list-style-type: none"> Price risk may be minimized by leveraging the expertise of an investment manager to position the portfolio appropriately for the market and interest rate environment Oversight of credit risk monitoring and appropriate security selection to fit client's investment policy and cash flow needs

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