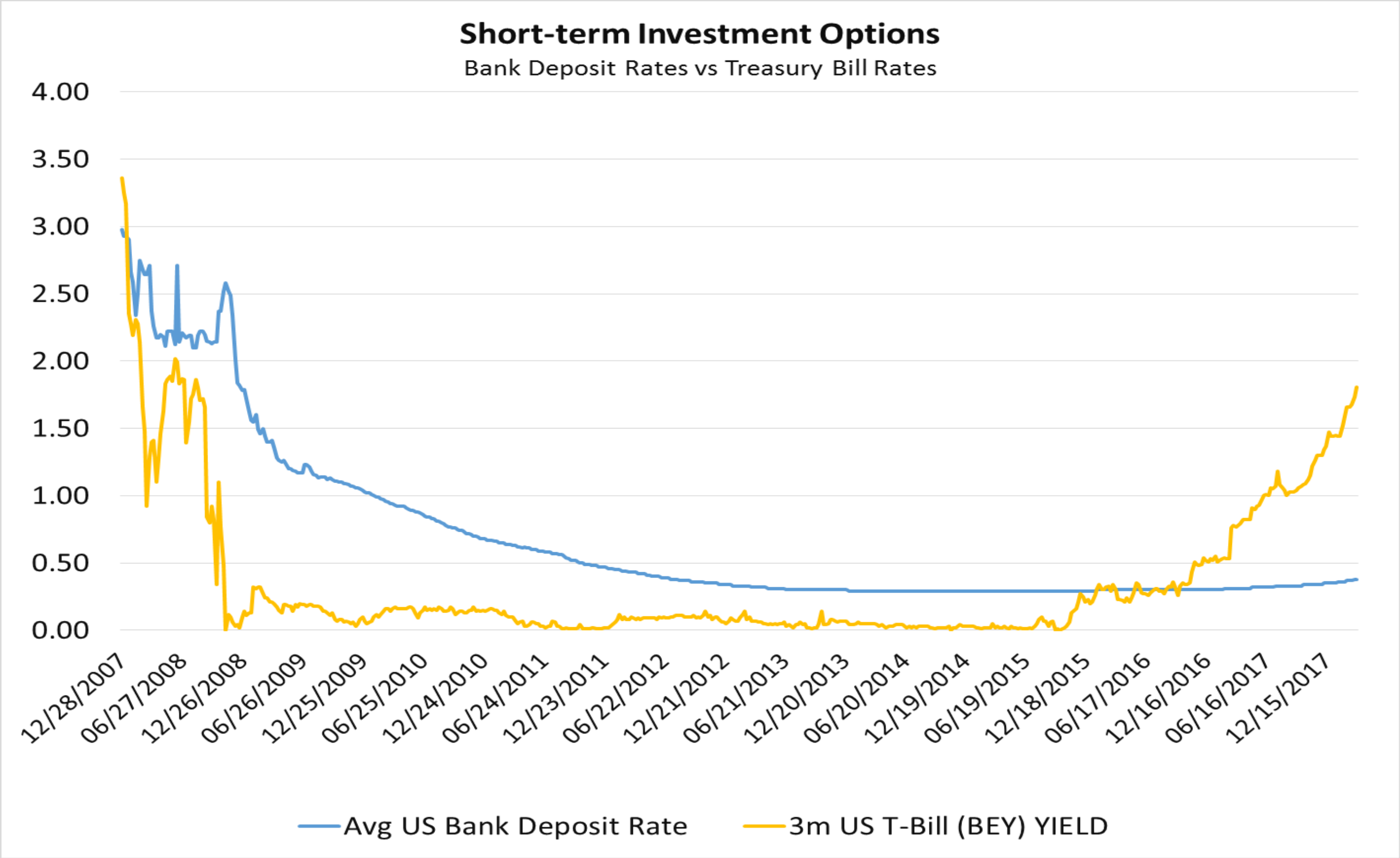
HOW ONE GRAPH MAY CHANGE YOUR COMPANY'S NET INCOME



As interest rates ebb and flow various products tend to offer the best return based on the current cycle.

Source: S&P Global Market Intelligence

Large corporations dedicate tremendous resources to managing cash and short-term investments. Companies with full time treasury and cash management staff are able to reposition cash to take advantage of investment opportunities that are opaque to middle market companies. Fortunately, you don't have to have a dedicated treasury staff to take advantage of increased earnings on cash. You simply have to understand one graph.

Generally, cash investors rely on products that fall into one of two broad categories: bank deposits (money market accounts, certificates of deposit, repurchase agreements, etc.) and the money markets (U.S. Treasury bills, money market funds, commercial paper, etc.) Both categories offer similar investment characteristics of stability and liquidity, but their yields are established through different dynamics. As a result, yields on these products to move in longer-term cycles with bank deposits providing a yield benefit in periods of falling interest rates and money market products out-yielding in rising interest rate environments. This one important graph shows that relationship over time.

The graph tells a story of current opportunity lost for middle market companies, schools, hospitals, etc. that rely solely on their bank partners for cash management and investment products. For the last 18 months, money market products have responded in lock step to the Federal Reserve's six interest rate increases while bank deposit rates have barely moved. U.S. Treasury bills now offer a 143 basis point advantage over the average U.S. bank deposit rate. By investing in short-term U.S. Treasury bills a company with $5 – 7mm in operating capital could potentially realize $100,000 incremental annual revenue by capturing some of the returns lost through bank inefficiencies. And this is simply the tip of the iceberg. Most investors understand that U.S. Treasury bills are generally the lowest returning investment available because of their stability. Other cash-type investments (i.e. government agencies) typically offer even higher returns and greater opportunity.

Strategies designed to capture excess returns are surprisingly easy when you rely on a cash management advisor like Wellspring Financial Solutions. Wellspring has helped cash investors for almost 25 years capture earnings lost in the banking system. Our clients include corporations, hospitals, insurance companies, schools, endowments, family offices, etc. If you are wondering if this fits for you, please contact us and we can assess your situation over the phone.

US government bonds and treasury bills are guaranteed by the US government and, if held to maturity, offer a fixed rate of return and guaranteed principal value. US government bonds are issued and guaranteed as to the timely payment of principal and interest by the federal government. Treasury bills are certificates reflecting short-term (less than one year) obligations of the US government. There is an inverse relationship between interest rate movements and bond prices. Generally, when interest rates rise, bond prices fall and when interest rates fall, bond prices rise. A basis point is a unit that is equal to 1/100th of 1%, and is used to denote the change in a financial instrument.

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