IR+M INCOME RESEARCH + MANAGEMENT

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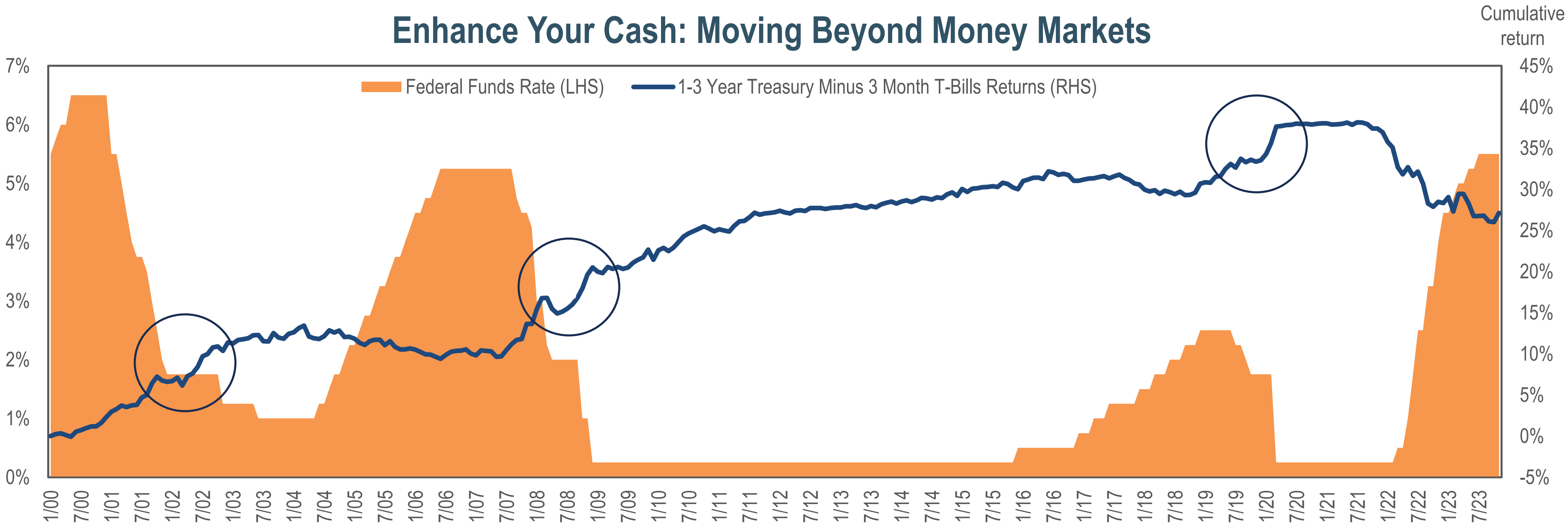
Enhance Your Cash: Moving Beyond Money Markets



- **Record Highs.** Money market funds have hit record levels with inflows continuing to climb, as investors look to take advantage of higher front-end yields.
- **Return Differentials.** Historically, the return difference of 1-3 Year Treasuries versus 3 Month T-bills has been amplified as the Federal Funds Rate declines. The market is currently pricing in rate cuts beginning in 2024.
- **Sector Diversification.** Money market funds are typically dominated by Financials and Treasuries; expanding to include different corporate bond sectors along with high quality, liquid securitized assets helps diversify the portfolio and can increase overall portfolio yield.
- **Yield Cushion.** Front-end rates would need to rise significantly before experiencing negative returns; currently, rates would need to increase by another 250bps for the 1-3 Year Treasury Index to return 0% over a one-year period.
- At IR+M, we believe that today's market environment is providing a unique opportunity to enhance the approach to cash. Strategically extending duration and adding sector diversification beyond a money market fund can provide upside potential while still protecting principal and providing liquidity.

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