J.P. Morgan Global Liquidity Investment PeerView℠

Changes in 2016 are driving investors to make moves

J.P.Morgan
Asset Management

Contents

Introduction

I am happy to introduce the 2015 J.P. Morgan Global Liquidity Investment PeerView℠ survey results report. More than 400 CIOs, treasurers and other senior decision-makers around the world participated in this online survey, representing more than 400 unique entities from all sectors of the global economy. Our methodology was carefully constructed to ensure that only true decision-makers took part in the survey, which can serve as an industry benchmark.

As you'll see from the results, the strong response rate has helped to identify several critical trends.

As investors continue to navigate shifting interest rate environments globally and face regulatory headwinds — most immediately Basel III and the Securities and Exchange Commission (SEC) money market fund reform in the U.S. — the PeerView findings will help them better understand their cash investment decisions in comparison with those of their peers.

CUSTOMIZED RESULTS

Survey participants will receive customized reports that compare their responses to those of their peer groups by region, cash balance and industry. These tailored reports provide a unique gauge for firms to evaluate their cash investment policies and practices relative to those of their peers.

PARTNERSHIP WITH OUR CLIENTS

We could not have completed the survey report without the generous participation of our clients, and I would like to thank everyone who took the time to participate. Your contributions have helped us produce a report that provides fresh insight into how a firm's investment decision-making resembles and contrasts that of its peers. I hope you find the report informative and useful.

If you require further information, please visit our website: **www.jpmgloballiquidity.com.***

John Donohue

CEO Investment Management Americas
Head of Global Liquidity

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Executive summary

CASH IN MOTION: LAYING THE GROUNDWORK FOR NEW RATES AND REGULATIONS

J.P. Morgan surveyed respondents at a time of transition, as investors prepare for significant changes in both the interest rate and regulatory arenas. As they anticipate the first Federal Reserve (Fed) rate hike in more than nine years and eventual tightening by the Bank of England, investors expect continued stimulus from the European Central Bank (ECB). New SEC rules governing money market funds take effect in October 2016. Basel III regulations, which redefine global standards for bank capital, liquidity and leverage, will continue to impact banks' appetites for non-operating deposits. On all these fronts, liquidity investors are preparing to restructure and reposition their short-term investment portfolios.

As our survey reports, that process has already begun. Many organizations are contemplating changes in their investment policies. Floating net asset value (NAV), the use of repurchase agreements (repo), requirements for money market fund ratings — these are among the subjects that investors may need to reconsider or more precisely define in their investment policies. An evaluation of the relative merits of bank deposits vs. money market funds will be an ongoing process; the spreads between government and prime money market funds will require close attention in a changing rate environment.

Investors will be looking for innovative products and solutions from their providers. A growing number of investors have opted for the individualized approach of separately managed accounts, and that pace of growth may accelerate.

The churn of market and regulatory change presents opportunities, as well as challenges, to investors as they re-assess their cash investment decision-making. That process — essential but never simple — will greatly benefit from a peer comparison as firms consider how their policies and practices resemble, and differ from, those of their peers. In this regard, the J.P. Morgan Global Liquidity Investment PeerView survey can serve as a valuable industry benchmark.

KEY FINDINGS

- **Investment in money market funds still strong** — Based on the market outlook for next year, 63% of respondents will continue with the same allocation to money market funds, while an additional 20% will increase their allocations. In the U.S., of the respondents who are currently invested in a prime money market fund, 70% intend to still use it when SEC 2a-7 money market rules go into effect next year.
- **Regulatory pressures** — Respondents are grappling with a host of regulatory pressures, including SEC Rule 2a-7 reform in the U.S., pending money market fund regulation in Europe and Basel III around the globe. Almost half of respondents report that their banks have encouraged them to move non-operating deposits off the banks' balance sheet. Also, approximately 40% of participants plan to make changes to their investment policies given the current regulatory landscape.
- **Safety and liquidity remain priorities** — As indicated by their choice of investments, survey respondents focus on safety and liquidity: Almost half of global cash assets are still placed in bank deposits. Usage is most prevalent in Asia, where 57% of assets are held in bank deposits vs. 44% in Europe and 42% in the Americas. Money market funds represent roughly one-third of cash assets in the Americas and Europe.
- **Risk is still a focus** — While risk management continues to be critically important, the framework for assessing risk is shifting for many liquidity investors. Negative interest rates in Europe and low rates globally are compelling organizations to re-evaluate their appetite for risk and more precisely calculate their short-term liquidity needs.
- **Search for yield** — Separately managed accounts (SMAs) — customized portfolios that allow investors to define their own risk, security and liquidity parameters — will continue to account for a significant share of cash allocations. Twenty percent of respondents in the Americas and 16% in Europe plan to increase their allocations to cash assets that are invested with SMAs or outside managers. Investor demand for SMAs can be seen as a clear demonstration of the need for yield.

Overview

OBJECTIVE

PeerView is a program that provides a unique opportunity for firms to compare their cash investment practices with those of their peers globally.

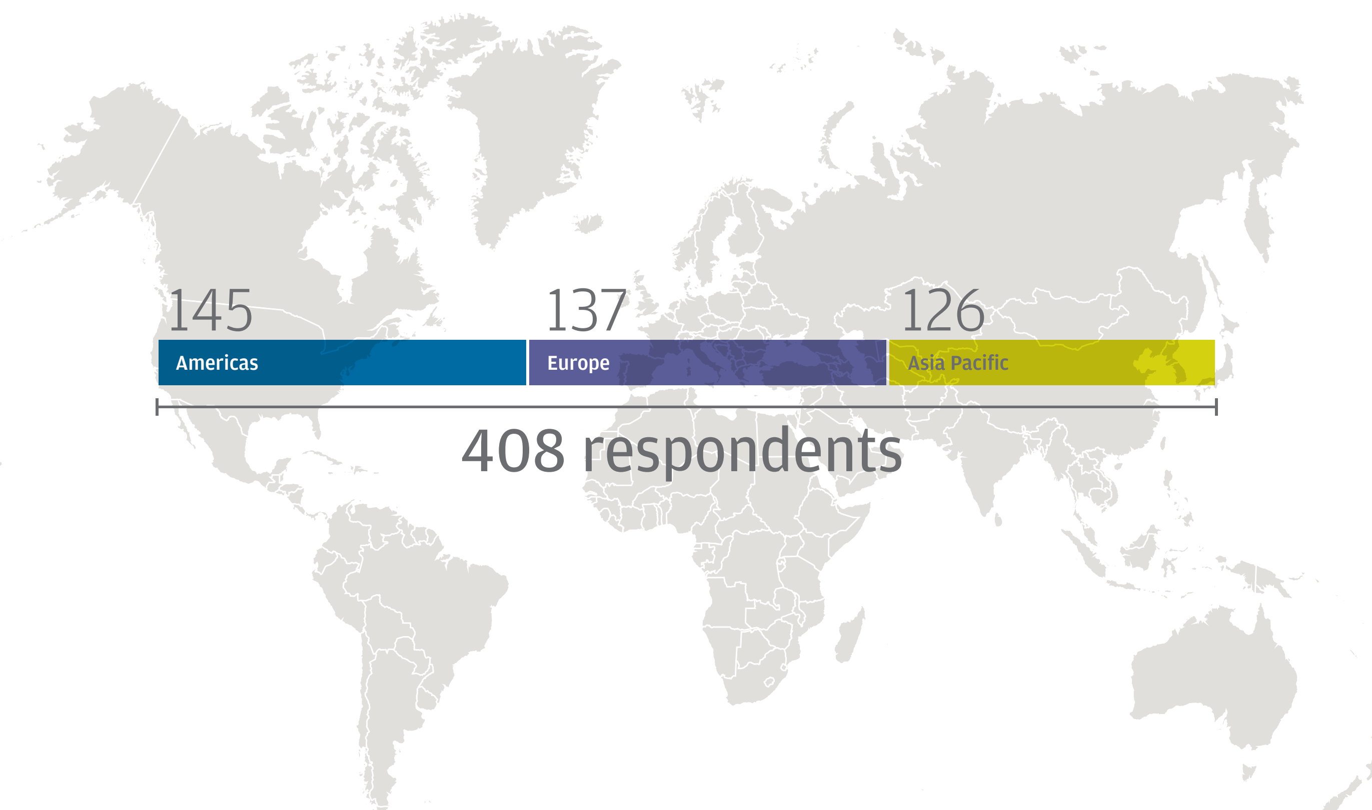
METHODOLOGY

An online survey fielded from June through July 2015, with 408 responses from CIOs, treasurers and other senior cash investment decision-makers around the globe.

GEOGRAPHICAL BREAKDOWN

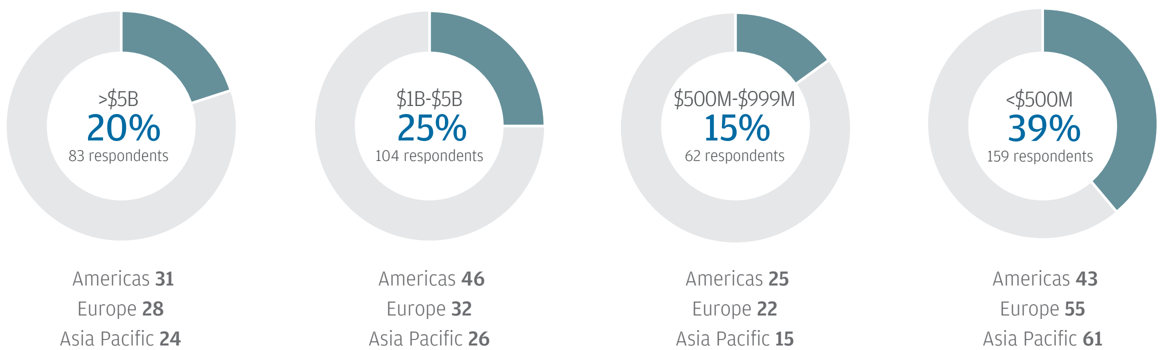
The 2015 survey was truly global in scope, with decision-makers responding on behalf of organizations in a wide range of regions and markets. There was strong participation globally, with each of the three regions representing a third of the respondent population.

Please note that regional breakdowns throughout this report are based on the location of the respondents' company headquarters.



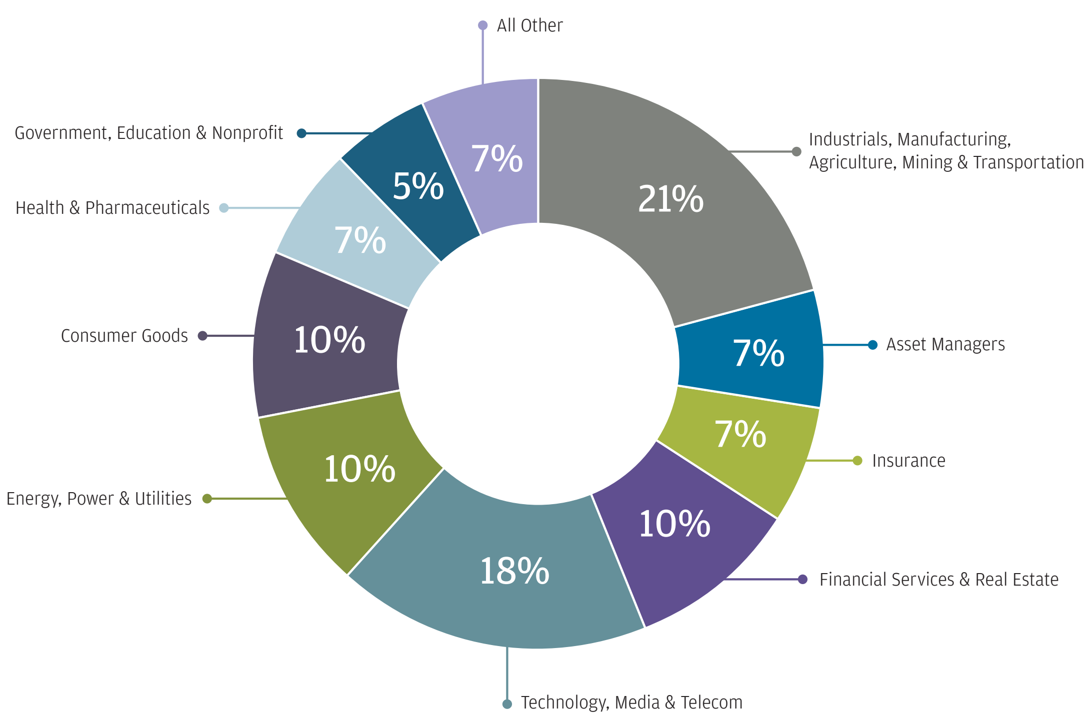
CASH BALANCE

The survey sought to capture the views of liquidity investors from organizations of all sizes, from small regional players to large multinationals. Around 39% of respondents had a cash balance of less than USD 500 million, while 20% had a cash balance of more than USD 5 billion.



INDUSTRY SPREAD

Respondents represented companies and organizations from all sectors of the economy, from industrials and technology to financial services and health care.



Totals do not equal 100% due to rounding.

Investment policy: Permissible investments

Similar to last year, money market funds and bank obligations continue to be the most permissible investments, followed by U.S. Treasuries, commercial paper and U.S. government agencies.

Q: Which of the following cash investments are permissible under your company's investment policy?

EXHIBIT 1: PERMISSIBLE INVESTMENTS ACROSS PEER GROUPS

Investment type	By region				By cash balance			
	Total	Americas	Europe	Asia Pacific	>$5B	$1B-$5B	$500M-$999M	<$500M
U.S. Treasuries	58%	96%	45%	27%	82%	61%	58%	43%
U.S. Government Agencies	42%	83%	23%	15%	58%	45%	48%	30%
Non-U.S. Foreign Agency Securities, Supranationals and Sovereigns	27%	36%	27%	17%	47%	33%	27%	13%
Traditional Repurchase Agreements	39%	56%	32%	26%	65%	40%	40%	23%
Non-traditional Repurchase Agreements	8%	7%	10%	6%	19%	10%	2%	3%
Commercial Paper	51%	74%	41%	36%	67%	59%	55%	36%
Asset-backed Commercial Paper	20%	32%	11%	17%	31%	21%	16%	15%
Corporate Debt Securities	31%	43%	21%	28%	48%	44%	23%	16%
Bank Obligations	77%	79%	70%	82%	81%	84%	84%	68%
Structured Deposits *(Asia Pacific participants only)*	0%	0%	0%	46%	50%	46%	53%	43%

Investment policy:
Permissible investments *(continued)*

EXHIBIT 1: PERMISSIBLE INVESTMENTS ACROSS PEER GROUPS *(continued)*

Investment type	By region: Total	By region: Americas	By region: Europe	By region: Asia Pacific	By cash balance: >$5B	By cash balance: $1B-$5B	By cash balance: $500M-$999M	By cash balance: <$500M
Money Market Funds (Stable NAV)	83%	92%	85%	71%	89%	88%	87%	75%
Money Market Funds (Floating NAV)	32%	29%	44%	22%	31%	28%	40%	31%
Non-rated Money Market Funds	7%	5%	8%	8%	11%	6%	3%	7%
Variable Rate Demand Notes	9%	14%	4%	9%	14%	14%	5%	5%
Floating Rate Notes *(Asia Pacific participants only)*	0%	0%	0%	12%	33%	12%	0%	7%
Asset-backed Securities	14%	21%	9%	10%	23%	20%	10%	6%
Mortgage-backed Securities	11%	15%	10%	7%	22%	13%	10%	4%
Municipal Notes	18%	34%	9%	10%	19%	26%	19%	11%
Ultra-short/Short-term Bond Funds (Floating NAV)	13%	9%	16%	13%	17%	13%	11%	11%
Wealth Management Products *(Asia Pacific participants only)*	0%	0%	0%	40%	42%	23%	47%	46%

As U.S. and international regulatory changes take effect, organizations may need to revise their guidelines to allow for investment in new products that are being developed to meet client needs sparked by money market reform. Only 7% of respondents globally allow non-rated money market funds vs. 93% who require a rating. Few respondents allow for investment in non-traditional repo; use of repo is another subject that may need to be revisited or more clearly defined.

The use of floating NAV products is most permitted in Europe, with 44% of respondents allowing for floating NAV money market funds and 16% allowing for floating NAV bond funds. Globally, 32% of respondents allow for floating NAV money market funds. This percentage may rise or fall as organizations adjust to new U.S. SEC rules that require institutional prime and municipal money market funds to float their market-based NAV.

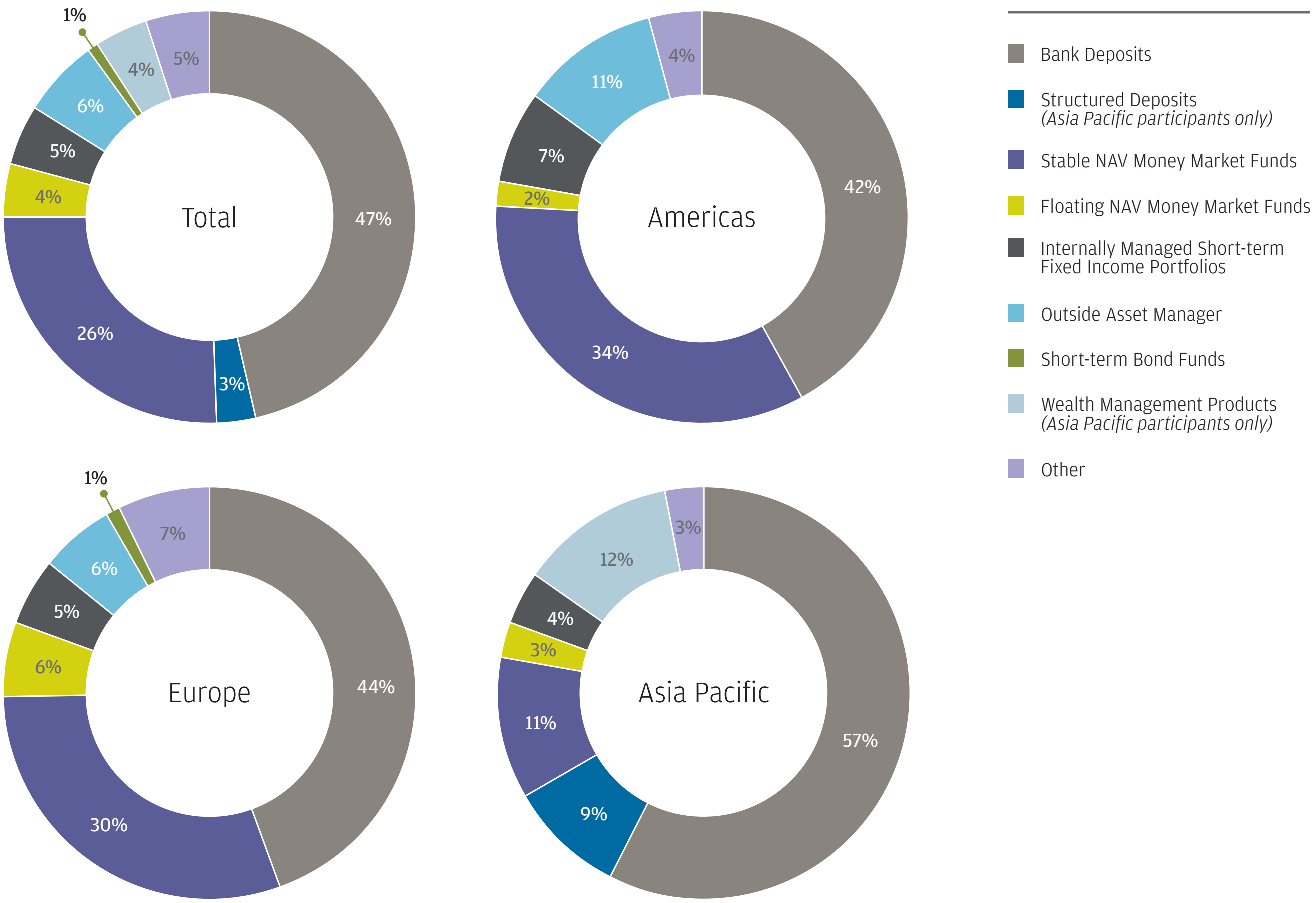
Current investment allocation

BY REGION

Respondents indicated that almost half (47%) of their short-term investment portfolios are currently in bank deposits. This is a slight decrease compared with the 50% that was indicated in our 2014 survey.

Q: Approximately what percentage of your cash is invested in each of the following solutions?

EXHIBIT 2: AVERAGE CASH ALLOCATION ACROSS PEER GROUPS BY REGION



Our survey finds a continued and substantial commitment to money market funds, even as challenging interest rate and regulatory environments require a new focus and a potential shift in strategic approach. Basel III regulations, which redefine global standards for bank capital, have already had an impact on how banks treat deposits. This, in turn, changes the relative attractiveness of money market funds when compared with bank deposits for many liquidity investors. Respondents report a slight (3%) drop in allocations to bank deposits.

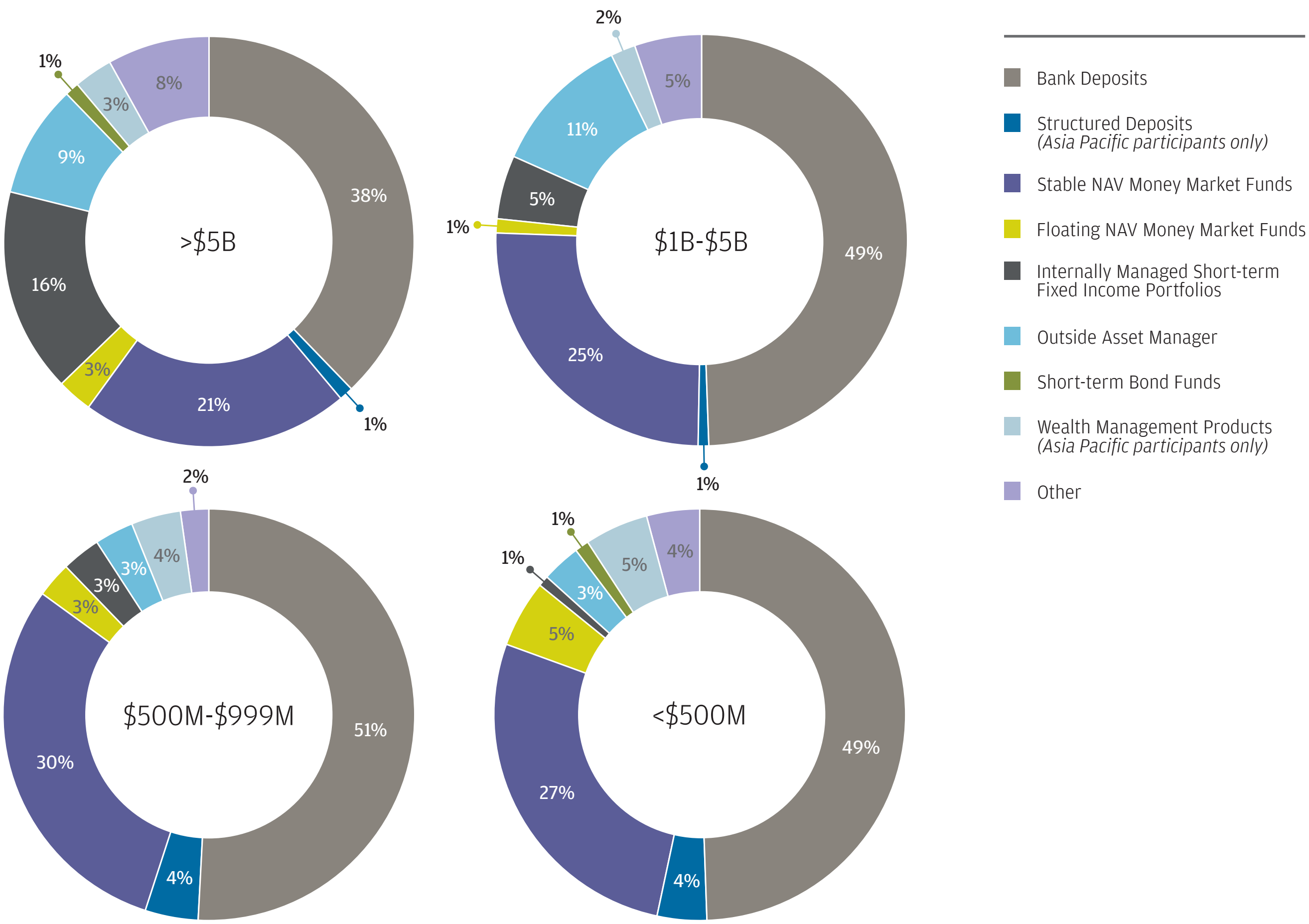
Current investment allocation *(continued)*

BY CASH BALANCE

Firms with more than USD 5 billion in cash balances are more diversified in their investments relative to their peers with smaller balances. They also have a smaller allocation to bank deposits.

Q: Approximately what percentage of your cash is invested in each of the following solutions?

EXHIBIT 3: AVERAGE CASH ALLOCATION ACROSS PEER GROUPS BY CASH BALANCE

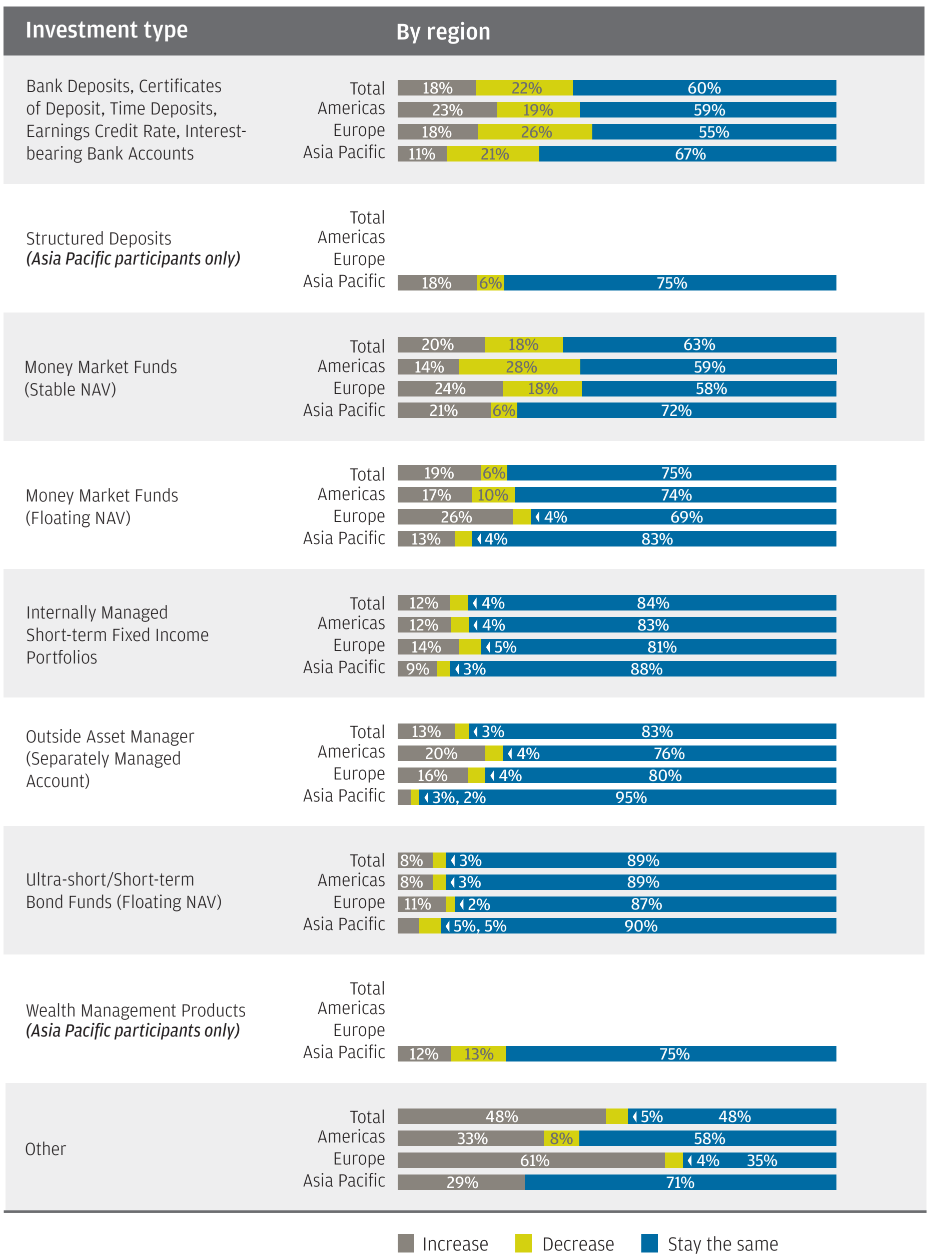


Likely investment portfolio changes

Overall, most firms plan to stay the course with their allocations based on next year's market outlook. However, respondents indicated a net increase to money market funds, both stable and floating, and a significant increase to separately managed accounts.

Q: Based on your market outlook for next year, what changes are you likely to make to your investment portfolio?

EXHIBIT 4A: LIKELIHOOD OF CHANGES TO INVESTMENT PORTFOLIO BASED ON NEXT YEAR'S MARKET OUTLOOK BY REGION



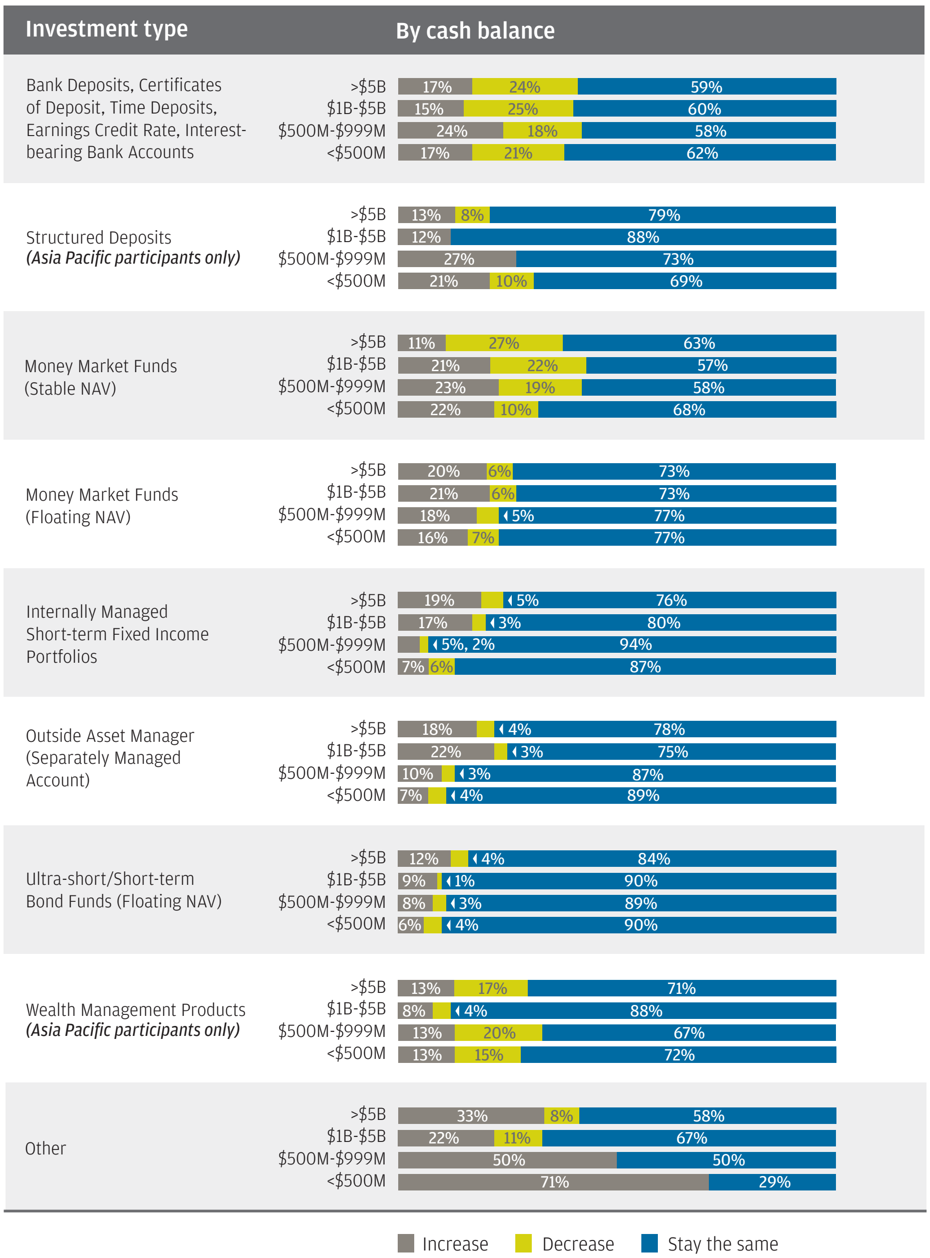
As Basel III pushes non-operating deposits off bank balance sheets, our survey finds a net decrease in allocations to bank deposits. In Asia, the decline is substantial, as is the increase in allocation to money market funds.

As they did last year, respondents globally are moving to floating NAV products. In Europe, 26% said they would increase the use of floating NAV money market funds in 2016.

U.S. respondents report a 20% increase in separately managed accounts, likely a reflection of growing cash balances and, perhaps, a renewed focus on yield potential.

Likely investment portfolio changes *(continued)*

EXHIBIT 4B: LIKELIHOOD OF CHANGES TO INVESTMENT PORTFOLIO BASED ON NEXT YEAR'S MARKET OUTLOOK BY CASH BALANCE

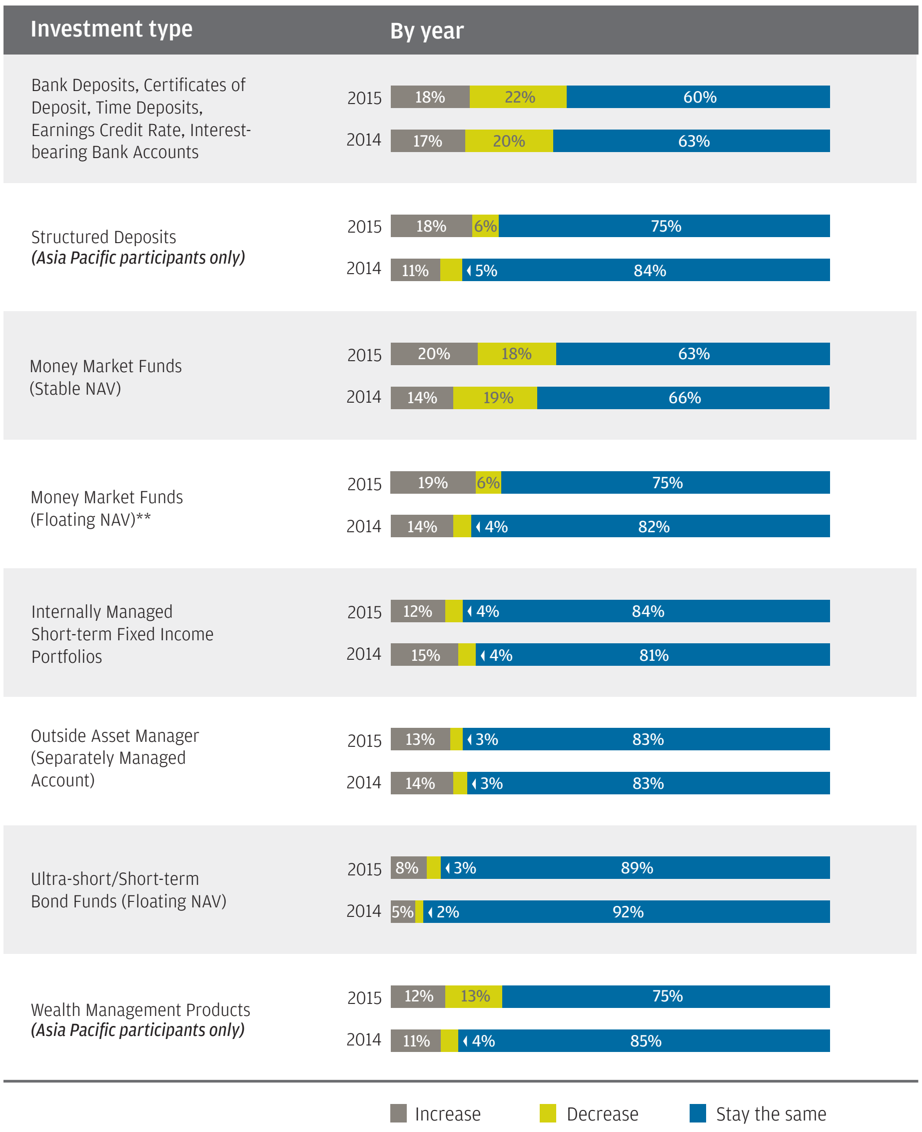


Likely investment portfolio changes: 2014 vs. 2015

Compared with last year, respondents took a similar stance regarding future changes to their investment portfolios.

Q: Based on your market outlook for next year, what changes are you likely to make to your investment portfolio?

EXHIBIT 5: LIKELIHOOD OF CHANGES TO INVESTMENT PORTFOLIO BASED ON NEXT YEAR'S MARKET OUTLOOK*



*"Other" responses are not shown because this was an optional answer choice in 2015; therefore, results are not comparable with the 2014 data.

**In 2014, this investment was asked only of EMEA respondents. In 2015, it was asked of everyone.

Our survey finds a sustained and strong appetite for separately managed accounts. Net increases to these vehicles rose 11% and 10%, respectively, in 2014 and 2015.

Managed accounts

Performance/risk-adjusted returns and investment expertise remain at the top of the list when selecting an asset manager, which is consistent with prior years.

Q: Please rank the Top 5 reasons, in order of importance, when selecting an asset manager and/or fund sponsor.

EXHIBIT 6: MOST IMPORTANT REASONS FOR SELECTING AN ASSET MANAGER AND/OR FUND SPONSOR

Reasons	By region: Total	By region: Americas	By region: Europe	By region: Asia Pacific	By cash balance: >$5B	By cash balance: $1B-$5B	By cash balance: $500M-$999M	By cash balance: <$500M
Performance/Risk-adjusted Returns	50%	40%	52%	61%	54%	47%	50%	51%
Investment Expertise	42%	46%	42%	37%	46%	53%	32%	36%
Firm Relationships	38%	49%	33%	29%	35%	38%	37%	38%
Manager Reputation	23%	26%	23%	20%	18%	23%	23%	26%
Management Fees	19%	16%	26%	15%	18%	15%	26%	19%
Client Service	14%	14%	8%	20%	13%	10%	13%	18%
Access to Investment Resources	10%	6%	12%	12%	10%	9%	13%	10%
Investment Reporting	4%	3%	5%	6%	6%	5%	6%	3%

In the Americas, respondents indicated that a firm relationship is the top consideration when selecting an asset manager, while respondents in Europe and Asia Pacific most frequently ranked performance and risk-adjusted returns at the top of their lists.

Investment policy:
Minimum short-term credit rating

The minimum permissible credit ratings are consistently conservative at A-1/P-1/F1 for short-term securities.

Q: For each of these cash investments, what is the minimum short-term credit rating permissible under your investment policy?

EXHIBIT 7: MEDIAN MINIMUM PERMISSIBLE SHORT-TERM CREDIT RATING ACROSS PEER GROUPS*

Investment type	By region					By cash balance				
	A-1+/P-1/F1+	A-1/P-1/F1	A-2/P-2/F2	Less than or equal to A-3/P-3/F3	Not Rated	A-1+/P-1/F1+	A-1/P-1/F1	A-2/P-2/F2	Less than or equal to A-3/P-3/F3	Not Rated
Commercial Paper		Total, Americas, Europe, Asia Pacific					>$5B, $1B-$5B, $500M-$999M, <$500M			
Bank Obligations (Certificates of Deposit, Time Deposits, Earnings Credit Rate, Interest-bearing Bank Accounts, etc.)		Total, Americas, Europe, Asia Pacific					>$5B, $1B-$5B, $500M-$999M, <$500M			
Structured Deposits *(Asia Pacific participants only)*		Asia Pacific					$1B-$5B, $500M-$999M, <$500M	>$5B		
Variable Rate Demand Notes		Total, Americas, Europe, Asia Pacific					>$5B, $1B-$5B, $500M-$999M, <$500M			
Floating Rate Notes *(Asia Pacific participants only)*		Asia Pacific					$1B-$5B, <$500M	>$5B		

● Total ● Americas ● Europe ● Asia Pacific ● >$5B ● $1B-$5B ● $500M-$999M ● <$500M

*Please note that not all of the companies are using each type of investment. As such, the credit rating shown for each investment represents the median credit rating among companies that are using that investment.

Relative to 2014, the percentage of respondents willing to accept A-1/P-1/F1 counterparties has increased. This may reflect the shrinking universe of A-1+/P-1/F1+ rated counterparties.

Investment policy: Minimum credit rating

Corporate debt securities have the lowest median minimum permissible credit rating, followed by municipal notes, short-term bond funds and asset-backed commercial paper.

Q: For each of these cash investments, what is the minimum credit rating permissible under your investment policy?

EXHIBIT 8A: MEDIAN MINIMUM PERMISSIBLE CREDIT RATING ACROSS PEER GROUPS BY REGION*

Investment type	By region									
	AAA	AA+	AA	AA-	A+	A	A-	BBB+/ BBB/ BBB-	Less than BBB-	Not Rated
Non-U.S. Foreign Agency Securities, Supranationals and Sovereigns				Total, Americas, Europe			Asia Pacific			
Money Market Funds (Stable NAV)	Total, Americas, Europe		Asia Pacific							
Money Market Funds (Floating NAV)	Americas, Europe	Total			Asia Pacific					
Asset-backed Commercial Paper					Total, Americas, Europe		Asia Pacific			
Mortgage-backed Securities			Americas			Europe	Total, Asia Pacific			
Asset-backed Securities	Americas			Total	Europe		Asia Pacific			
Corporate Debt Securities							Total, Americas, Europe, Asia Pacific			
Municipal Notes						Total, Americas	Europe, Asia Pacific			
Ultra-short/Short-term Bond Funds (Floating NAV)						Total, Europe, Asia Pacific	Americas			
Wealth Management Products *(Asia Pacific participants only)*			Asia Pacific							

● Total ● Americas ● Europe ● Asia Pacific

*Please note that not all firms are using each type of investment. As such, the credit rating shown for each investment represents the median credit rating among companies that are using that investment.

Investment policy:
Minimum credit rating *(continued)*

EXHIBIT 8B: MEDIAN MINIMUM PERMISSIBLE CREDIT RATING ACROSS PEER GROUPS BY CASH BALANCE*

Investment type	By cash balance									
	AAA	AA+	AA	AA-	A+	A	A-	BBB+/ BBB/ BBB-	Less than BBB-	Not Rated
Non-U.S. Foreign Agency Securities, Supranationals and Sovereigns			$500M-$999M		$1B-$5B	<$500M	>$5B			
Money Market Funds (Stable NAV)	>$5B, $1B-$5B, $500M-$999M, <$500M									
Money Market Funds (Floating NAV)	>$5B	<$500M	$1B-$5B, $500M-$999M							
Asset-backed Commercial Paper			<$500M		$500M-$999M	$1B-$5B	>$5B			
Mortgage-backed Securities				<$500M		$500M-$999M	>$5B, $1B-$5B			
Asset-backed Securities	$1B-$5B			$500M-$999M, <$500M		>$5B				
Corporate Debt Securities						$500M-$999M	$1B-$5B, <$500M	>$5B		
Municipal Notes						>$5B, $500M-$999M, <$500M	$1B-$5B			
Ultra-short/Short-term Bond Funds (Floating NAV)					<$500M	$500M-$999M	>$5B, $1B-$5B			
Wealth Management Products *(Asia Pacific participants only)*			$1B-$5B, $500M-$999M, <$500M		>$5B					

● >$5B ● $1B-$5B ● $500M-$999M ● <$500M

*Please note that not all firms are using each type of investment. As such, the credit rating shown for each investment represents the median credit rating among companies that are using that investment.

Firms with larger cash balances, especially those with more than USD 5 billion in assets, tend to be comfortable with more credit risk.

Investment policy: Maximum maturity

European and Asia Pacific firms tend to have the highest maximum permissible maturity for many securities. These regions also have the highest maximum permissible maturity for variable rate demand notes, asset-backed securities and mortgage-backed securities.

Q: For each of these cash investments, what is the maximum final maturity permissible under your investment policy?

EXHIBIT 9A: MEDIAN MAXIMUM PERMISSIBLE FINAL MATURITY ACROSS PEER GROUPS BY REGION*

Investment type	By region					
	<1 Year	1-2 Years	2-3 Years	4-5 Years	>5 Years	No Limit
U.S. Treasuries		Americas	Total, Europe	Asia Pacific		
U.S. Government Agencies		Americas	Total	Europe, Asia Pacific		
Non-U.S. Foreign Agency Securities, Supranationals and Sovereigns			Total, Americas	Europe, Asia Pacific		
Traditional Repurchase Agreements	Total, Americas, Europe, Asia Pacific					
Non-traditional Repurchase Agreements	Asia Pacific	Total, Americas, Europe				
Commercial Paper	Total, Americas, Europe	Asia Pacific				
Asset-backed Commercial Paper		Total, Americas, Europe		Asia Pacific		
Corporate Debt Securities			Total, Americas	Europe, Asia Pacific		
Bank Obligations (Certificates of Deposit, Time Deposits, Earnings Credit Rate, Interest-bearing Bank Accounts, etc.)	Total, Americas, Europe, Asia Pacific					
Structured Deposits *(Asia Pacific participants only)*	Asia Pacific					
Variable Rate Demand Notes			Total, Americas	Europe, Asia Pacific		
Floating Rate Notes *(Asia Pacific participants only)*				Asia Pacific		
Asset-backed Securities				Total, Americas	Europe, Asia Pacific	
Mortgage-backed Securities				Total, Americas	Europe, Asia Pacific	
Municipal Notes			Total, Americas	Asia Pacific	Europe	
Wealth Management Products *(Asia Pacific participants only)*	Asia Pacific					

● Total ● Americas ● Europe ● Asia Pacific

*Please note that not all of the companies are using each type of investment. As such, the maximum maturity shown for each investment represents the median among companies that are using that investment. In addition, this question was asked only of survey respondents who have a broader set of permissible investments that extend beyond bank obligations and money market funds.

Investment policy:
Maximum Maturity *(continued)*

EXHIBIT 9B: MEDIAN MAXIMUM PERMISSIBLE FINAL MATURITY ACROSS PEER GROUPS BY CASH BALANCE*

Investment type	By cash balance					
	<1 Year	1-2 Years	2-3 Years	4-5 Years	>5 Years	No Limit
U.S. Treasuries		$500M-$999M, <$500M	$1B-5B	>$5B		
U.S. Government Agencies		$500M-$999M, <$500M	$1B-5B	>$5B		
Non-U.S. Foreign Agency Securities, Supranationals and Sovereigns		<$500M	$500M-$999M	>$5B, $1B-5B		
Traditional Repurchase Agreements	>$5B, $1B-5B, $500M-$999M, <$500M					
Non-traditional Repurchase Agreements	<$500M	>$5B, $1B-5B				$500M-$999M
Commercial Paper	>$5B, $500M-$999M, <$500M	$1B-5B				
Asset-backed Commercial Paper	$500M-$999M, <$500M	>$5B	$1B-5B			
Corporate Debt Securities			$1B-5B, $500M-$999M, <$500M	>$5B		
Bank Obligations (Certificates of Deposit, Time Deposits, Earnings Credit Rate, Interest-bearing Bank Accounts, etc.)	>$5B, $1B-5B, $500M-$999M, <$500M					
Structured Deposits *(Asia Pacific participants only)*	$1B-5B, <$500M	>$5B, $500M-$999M				
Variable Rate Demand Notes		$500M-$999M	<$500M	>$5B, $1B-5B		
Floating Rate Notes *(Asia Pacific participants only)*	<$500M			>$5B	$1B-5B	
Asset-backed Securities			$500M-$999M, <$500M	$1B-5B	>$5B	
Mortgage-backed Securities			$500M-$999M	$1B-5B, <$500M	>$5B	
Municipal Notes		<$500M	$1B-5B, $500M-$999M	>$5B		
Wealth Management Products *(Asia Pacific participants only)*	>$5B, $1B-5B, $500M-$999M, <$500M					

● >$5B ● $1B-5B ● $500M-$999M ● <$500M

*Please note that not all of the companies are using each type of investment. As such, the maximum maturity shown for each investment represents the median among companies that are using that investment. In addition, this question was asked only of survey respondents who have a broader set of permissible investments that extend beyond bank obligations and money market funds.

Investment policy: Maximum portfolio duration

Most firms have a maximum permissible portfolio duration of six months to less than one year.

Q: What is the maximum average portfolio duration permissible under your investment policy?

EXHIBIT 10: MEDIAN MAXIMUM PERMISSIBLE PORTFOLIO DURATION*

By region					By cash balance				
Less than 6 Months	6 Months - <1 Year	1-<2 Years	2-<3 Years	3 Years or More	Less than 6 Months	6 Months - <1 Year	1-<2 Years	2-<3 Years	3 Years or More
	●●●●				●	●●●			

● Total ● Americas ● Europe ● Asia Pacific

● >$5B ● $1B-$5B ● $500M-$999M ● <$500M

*This question was asked only of survey respondents who have a broader set of permissible investments that extend beyond bank obligations and money market funds.

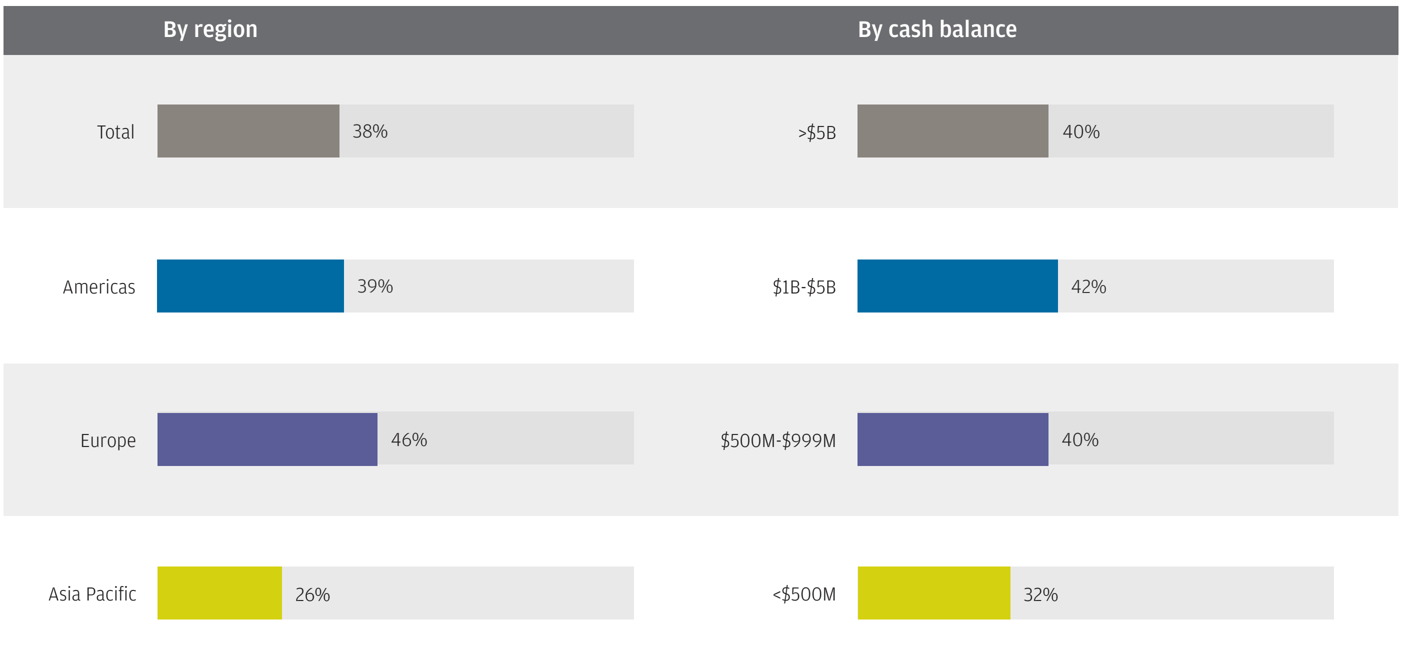
In 2014, the largest firms — those with cash balances greater than USD 5 billion — were the only peer group to have a maximum portfolio duration of one to two years. This year, the group joined the rest of their peers, with a maximum portfolio duration of six months to less than one year.

Plans for investment policy changes

Almost 40% of respondents plan to make changes to their investment policies given the current regulatory and interest rate landscape. Respondents in Asia Pacific are significantly less likely to do so compared with their counterparts in the Americas and Europe.

Q: Do you plan to make changes to your investment policy given the current regulatory and interest rate landscape?

EXHIBIT 11: PERCENTAGE OF RESPONDENTS PLANNING TO MAKE CHANGES TO INVESTMENT POLICY



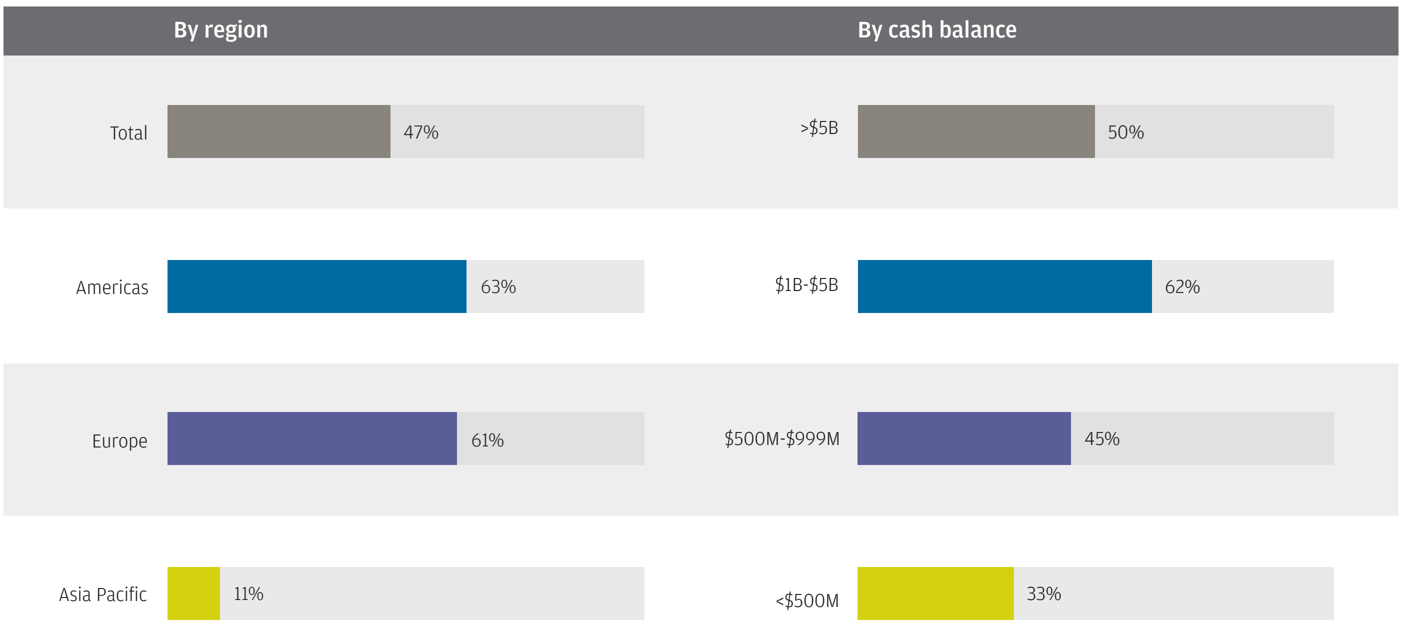
Of those who plan to make investment policy changes, 18% say the changes will require a minimal level of effort, while 82% describe the effort as moderate or significant.

Movement of non-operating deposits

Of those who indicated that they are likely to decrease their investment in bank deposits, almost half (47%) stated that their banks had encouraged them to move non-operating deposits off the banks' balance sheets. Those in Asia Pacific are significantly less likely to report this compared with peers in the Americas and Europe.

Q: Has your bank encouraged you to move non-operating deposits off of its balance sheet (e.g., earnings credit rate, term deposits, etc.) as a result of Basel III regulations or for any other reason?

EXHIBIT 12: OF THOSE LIKELY TO DECREASE BANK DEPOSITS, % ENCOURAGED BY BANK TO MOVE NON-OPERATING DEPOSITS OFF BALANCE SHEET



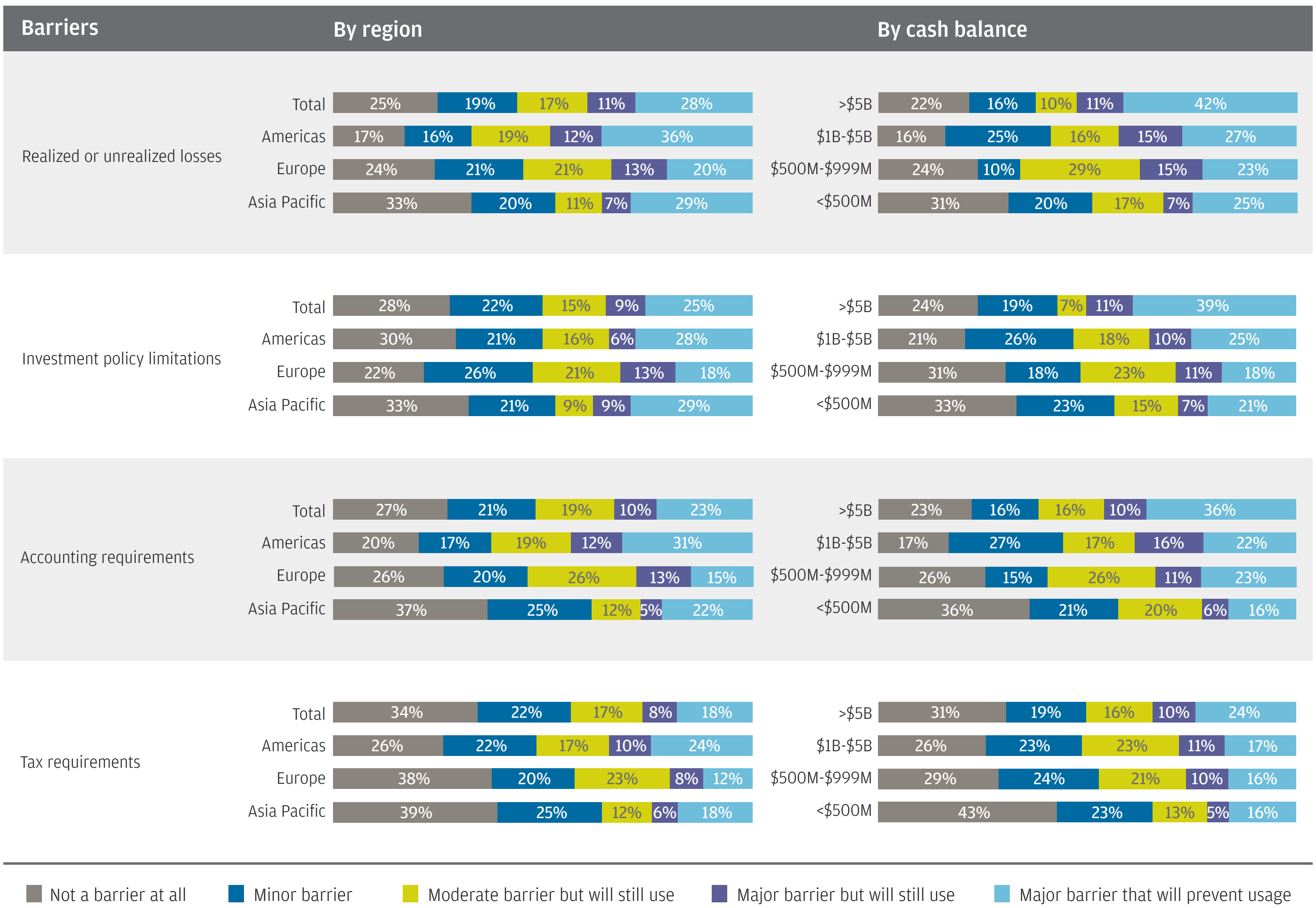
Not surprisingly, 70% of asset managers and 80% of insurers indicated that their banks had encouraged them to move non-operating deposits off the banks' balance sheets. Basel III regulation has identified uninsured wholesale funding from financial institutions as the least stable and, thus, subject to the most severe run-off assumption of 100% (this assumes that 100% of the deposits will leave the bank in 30 days). Of those respondents who received encouragement from their banks to move non-operating deposits, more than three-quarters plan to move this money into money market funds.

Impact of floating NAV structure on likelihood of using money market funds

Pending a possible regulation change in Europe to a floating NAV structure, firms continue to be most concerned with realized or unrealized losses, followed closely by investment policy limitations and accounting requirements.

Q: If regulation in Europe includes a move to a floating NAV structure for money market funds, how would you describe the impact of the following factors on your likelihood of using money market funds?

EXHIBIT 13: IMPACT OF FACTORS ON LIKELIHOOD OF USING MONEY MARKET FUNDS IF REGULATION IN EUROPE INCLUDES A MOVE TO A FLOATING NAV STRUCTURE



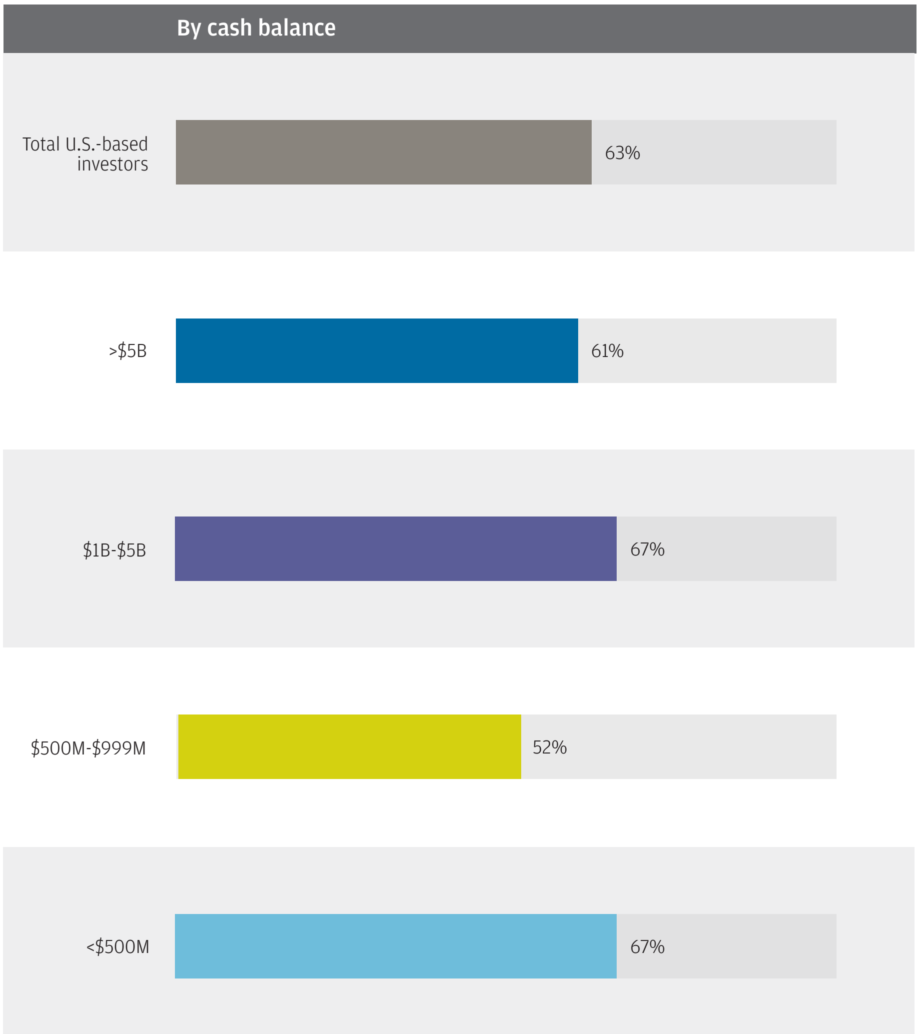
Perceptions of barriers preventing usage of floating NAV money market funds have remained fairly stable since 2013. In 2015, however, these percentages fell (marginally) when compared with the prior year. That decline suggests that organizations are becoming increasingly comfortable with changes to regulations governing floating NAV money market funds.

Prime money market funds: Current usage and impact on future usage

Of U.S.-based respondents currently invested in a prime money market fund, 70% intend to still use them when the SEC 2a-7 money market rules go into effect next fall.

Q: Are you currently invested in a prime money market fund?

EXHIBIT 14: % CURRENTLY INVESTED IN A PRIME MONEY MARKET FUND

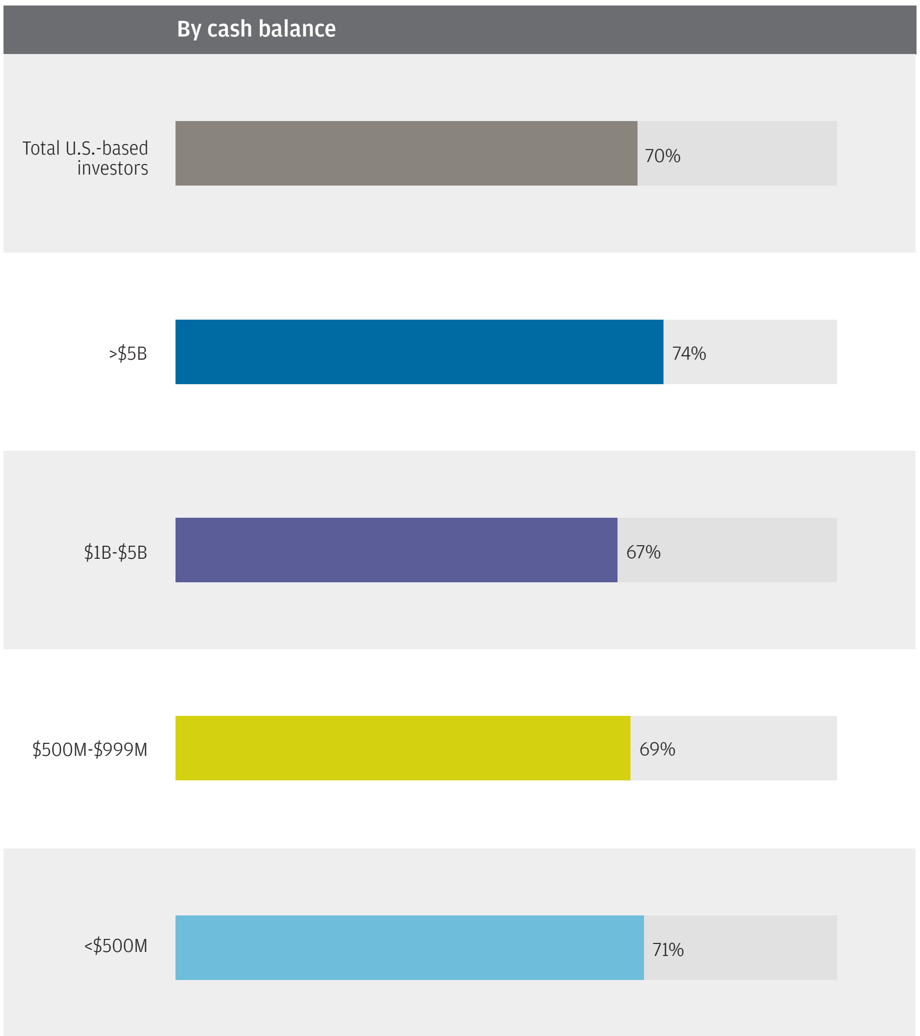


Of those who do not intend to continue using prime money market funds once the SEC 2a-7 rules go into effect, almost three-quarters (74%) indicated that both gates and fees, as well as floating NAV, impacted their decision.

Prime money market funds:
Current usage and impact on future usage *(continued)*

Q: When the SEC 2a-7 money market fund rules go into effect in October 2016, do you intend to still utilize prime money market funds?

EXHIBIT 15: OF THOSE CURRENTLY INVESTED, % WHO INTEND TO STILL UTILIZE PRIME MONEY MARKET FUNDS ONCE NEW RULES GO INTO EFFECT

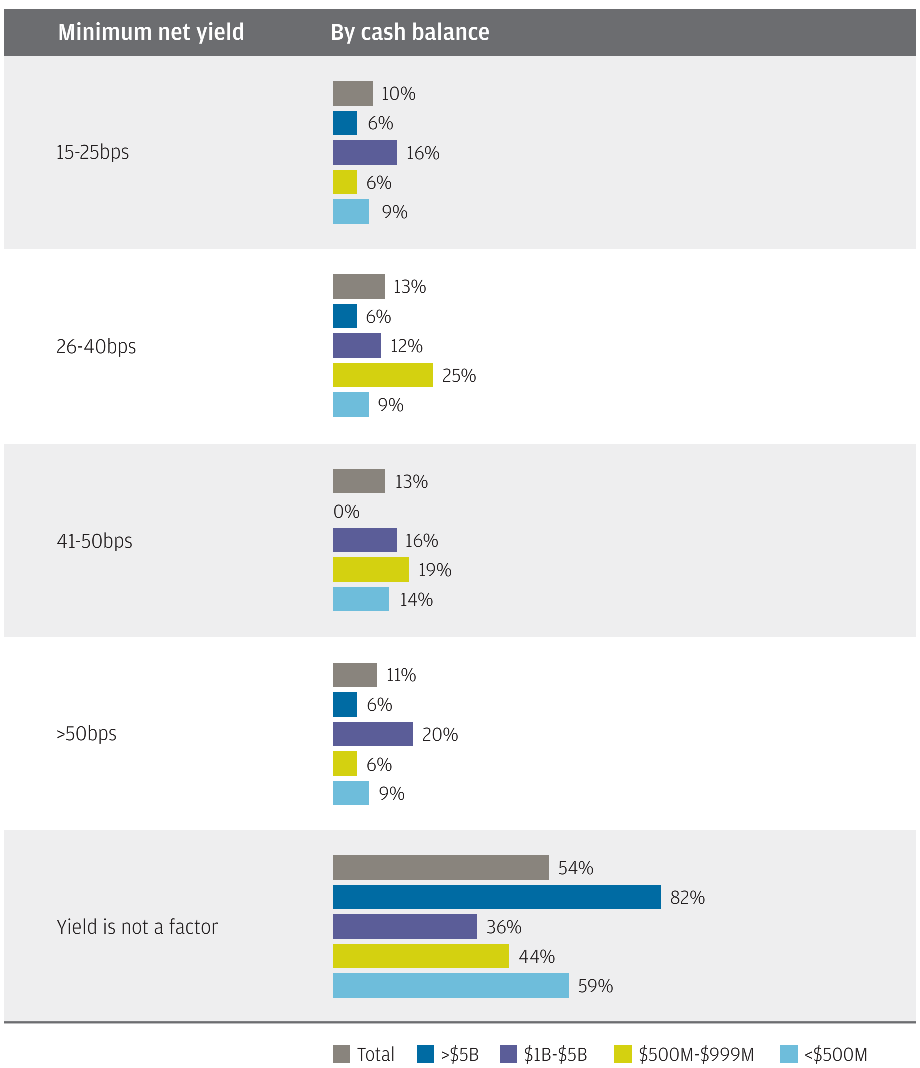


Prime money market funds: Minimum net yield

For respondents who are not currently invested in prime money market funds, or who do not intend to continue using them, when asked how much net yield a prime money market fund must pay over a government money market fund before they would consider investing in one, more than half indicated that yield is not a factor.

Q: Final amendments to the SEC's Rule 2a-7 will be implemented in October 2016. It is anticipated that this will coincide with a different interest rate environment in the U.S. Historically, the spread between a prime money market fund and a government money market fund is typically 12 to 15 basis points (bps). How much net yield must a prime money market fund (with a floating NAV and gates/fees) pay over a government money market fund (stable NAV and no gates/fees) before you would consider investing in a prime money market fund?

EXHIBIT 16: MINIMUM NET YIELD A PRIME MONEY MARKET FUND MUST PAY OVER A GOVERNMENT MONEY MARKET FUND BEFORE RESPONDENT WOULD CONSIDER INVESTING



While a little more than half of respondents stated that yield differential will not compel them to consider investing in a prime money market fund, slightly less than half of respondents indicated otherwise. In a changing interest rate environment, the spread between government and prime money market funds will attract renewed attention and encourage organizations to re-evaluate this product in their suite of solutions.

Prime money market funds: Alternative investment solutions

Among those respondents who are not currently invested in prime money market funds, or who do not intend to continue using them, 46% ranked government money market funds as the most preferred alternative investment solution they would consider to a prime money market fund, followed closely by bank deposits at 43%. The purchase of direct securities was ranked first by only 10%.

Q: What alternative investment solutions would you consider to a prime money market fund? Please rank in order of preference.

EXHIBIT 17: MOST PREFERRED ALTERNATIVE INVESTMENT SOLUTION TO PRIME MONEY MARKET FUNDS

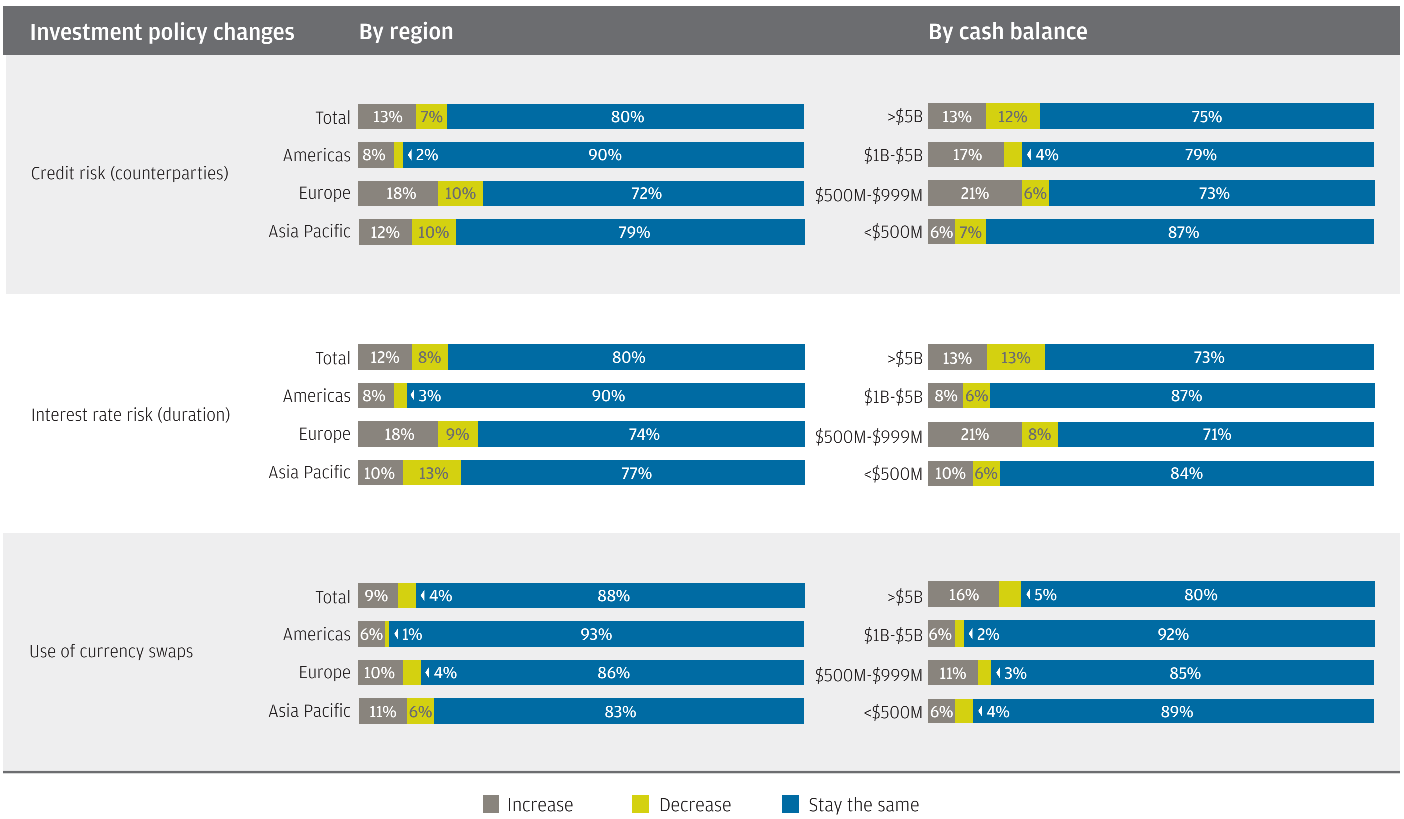
Alternative investment solution	By cash balance				
	Total	>$5B	$1B-$5B	$500M-$999M	<$500M
Government Money Market Funds	46%	35%	48%	44%	55%
Bank Deposit	43%	35%	44%	50%	41%
Purchasing Direct Securities	10%	29%	8%	6%	0%
Other	1%	0%	0%	0%	5%

Interest rates:
Investment policy changes

There is little reported change in firms' investment policies to mitigate the exposure to negative interest rates on euro-denominated investments.

Q: How has your investment policy changed to mitigate the impact of negative interest rates on euro-denominated investments across the following items?

EXHIBIT 18: CHANGES IN INVESTMENT POLICY TO MITIGATE THE IMPACT OF NEGATIVE INTEREST RATES ON EURO-DENOMINATED INVESTMENTS



In the current negative short-term rate environment, almost 20% of our European clients have increased credit and duration risk in the past year, while only 8% of clients in the Americas have done the same.

Interest rates: Solutions to mitigate negative interest rates

Term deposits (selected by 45% of respondents) are the most popular investment solution to mitigate exposure to negative interest rates on euro-denominated investments.

Q: What investment solutions are you utilizing or considering in order to avoid negative interest rates on euro-denominated investments?

EXHIBIT 19: INVESTMENTS BEING USED OR CONSIDERED TO AVOID NEGATIVE INTEREST RATES ON EURO-DENOMINATED INVESTMENTS

Investment solution	By region: Total	Americas	Europe	Asia Pacific	By cash balance: >$5B	$1B-$5B	$500M-$999M	<$500M
Term Deposits	45%	39%	49%	46%	41%	47%	47%	44%
Earnings Credit Rate	22%	39%	15%	10%	20%	25%	32%	17%
Term Repurchase Agreements	15%	8%	18%	18%	23%	17%	13%	9%
Separately Managed Accounts	14%	17%	20%	6%	16%	17%	16%	11%
Ultra-short/Short-term Bond Funds	12%	5%	18%	12%	12%	13%	13%	10%
Non-traditional Repurchase Agreements	4%	2%	4%	6%	4%	7%	5%	1%
Other	12%	8%	14%	13%	13%	13%	11%	9%
Not applicable/Do not have any euro-denominated investments	24%	25%	23%	25%	25%	16%	23%	29%

While 49% of respondents in Europe are utilizing term deposits to mitigate exposure to negative interest rates, a smaller percentage, roughly 20%, are utilizing separately managed accounts and ultra-short/short-term bond funds.

Currencies: Primary currency

In the Americas, primary cash currency is held mainly in U.S. dollars. In Europe, primary cash currency is roughly split among GBP, USD and the euro. Asia Pacific is mixed depending on country.

Q: Rank each of the currencies below by size of cash balance invested in them.

EXHIBIT 20A: PRIMARY CURRENCY BY REGION*

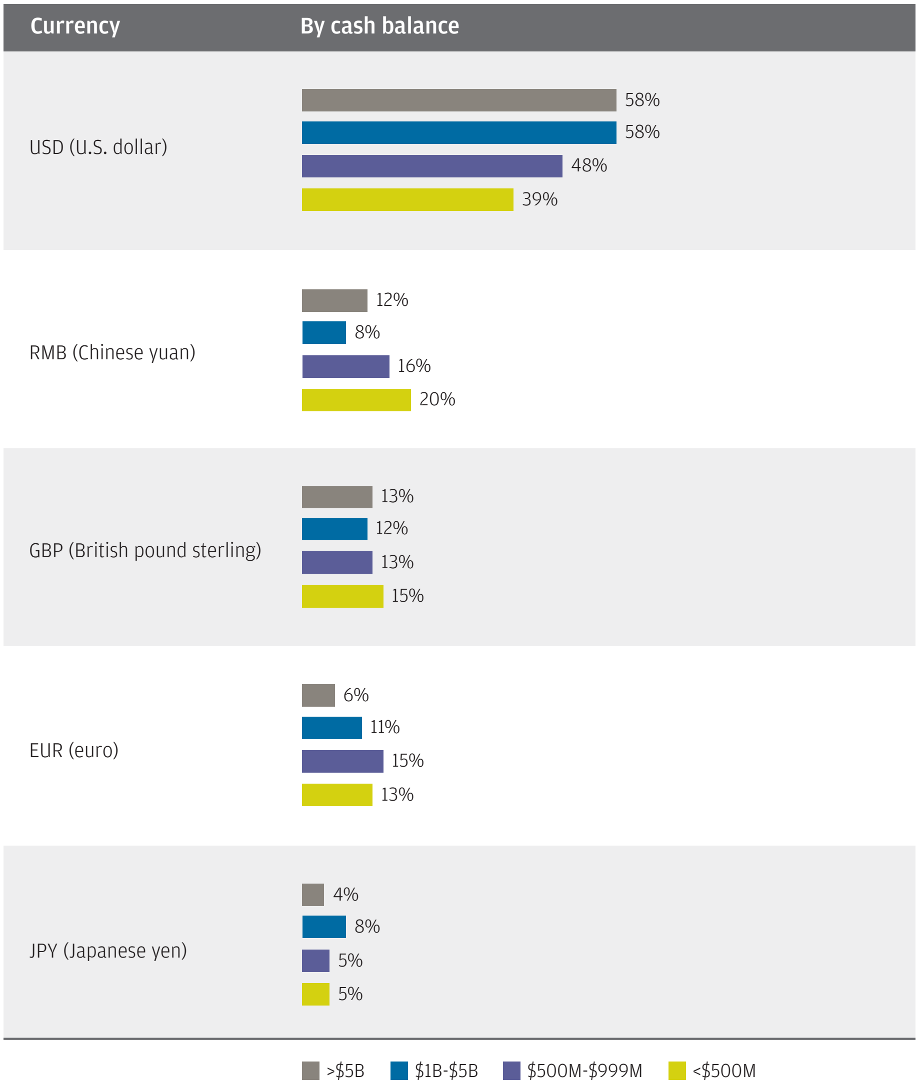
Currency	By region: Total	Americas	Europe	Asia Pacific
USD (U.S. dollar)	49%	92%	31%	20%
RMB (Chinese yuan)	15%	1%	0%	47%
GBP (British pound sterling)	13%	2%	38%	0%
EUR (euro)	11%	1%	30%	2%
JPY (Japanese yen)	5%	0%	0%	17%

Total Americas Europe Asia Pacific

*Only those currencies ranked first by 2% or more of total survey participants are shown.

Currencies: Primary currency *(continued)*

EXHIBIT 20B: PRIMARY CURRENCY BY SIZE OF CASH BALANCE*



*Only those currencies ranked first by 2% or more of total survey participants are shown.

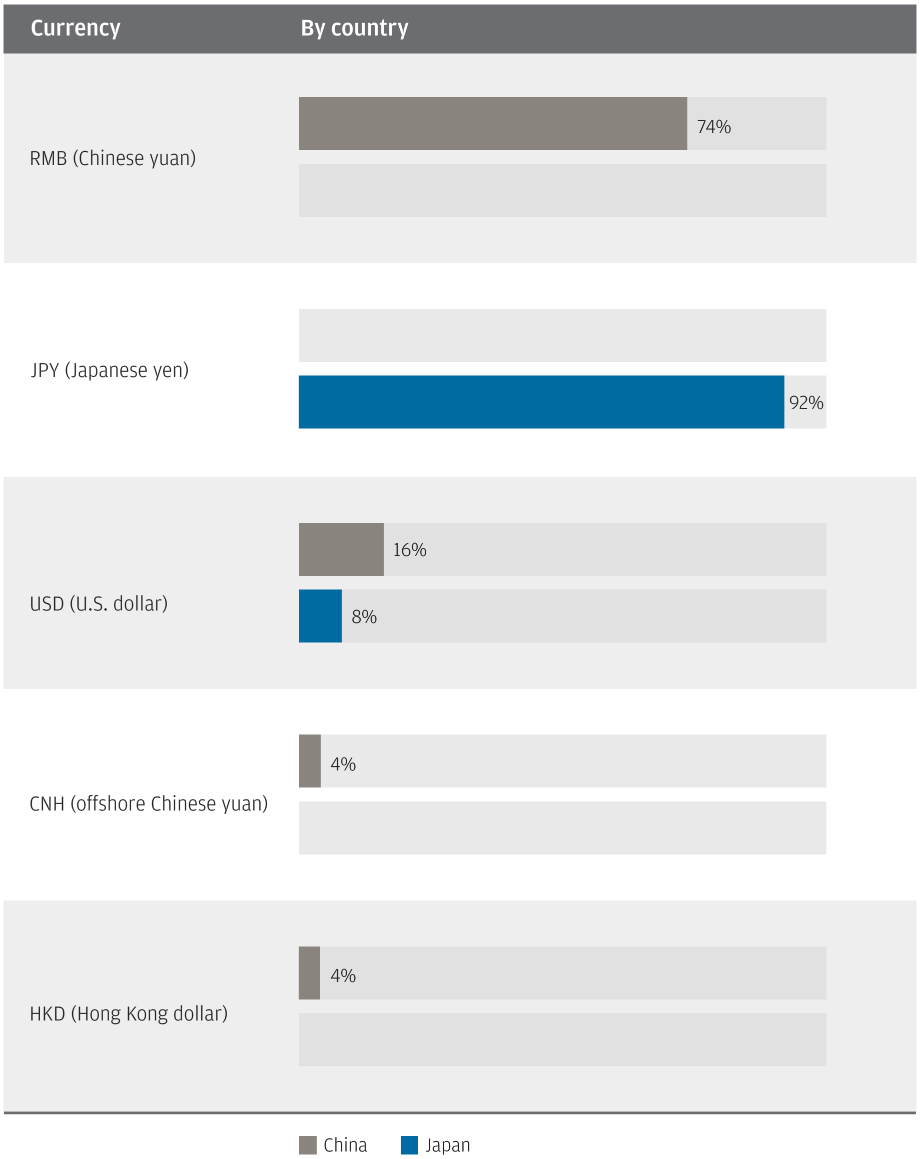
Most respondents indicated that they primarily use their countries' currencies in their cash portfolio. However, as companies continue to expand and globalize, cash balances will continue to grow in new markets outside of the company's headquarters location.

Currencies: Primary currency by Asia Pacific countries

Most Asia Pacific companies primarily use their countries' currencies in their cash portfolio.

Q: Rank each of the currencies below by size of cash balance invested in them.

EXHIBIT 21: PRIMARY CURRENCY BY ASIA PACIFIC COUNTRIES

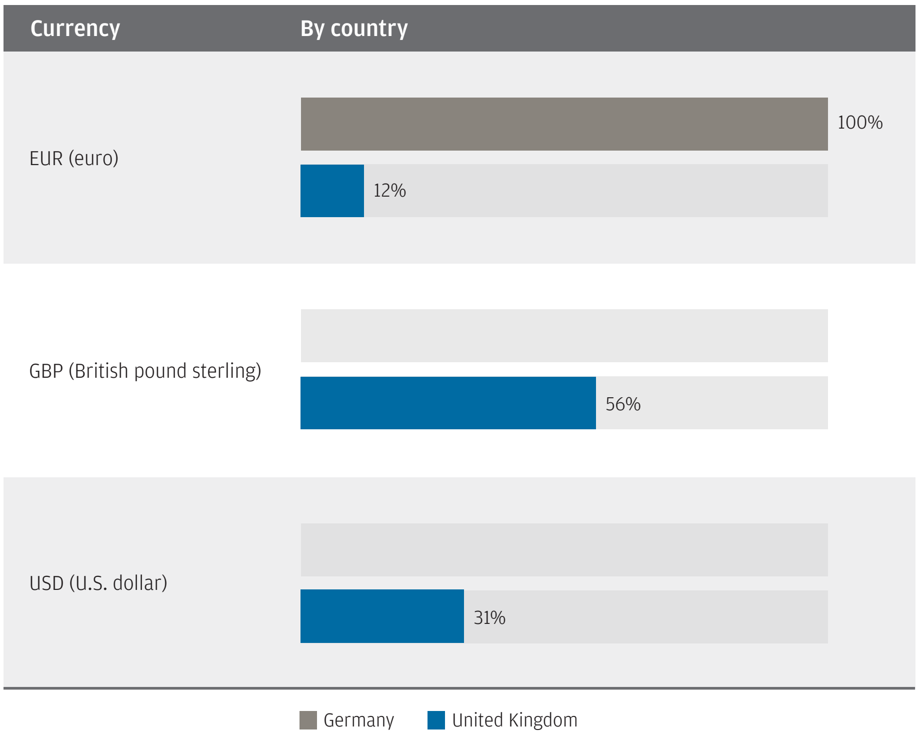


Currencies: Primary currency by European countries

All surveyed firms in Germany use the euro as their primary cash balance currency, while the majority of companies in the UK use the GBP.

Q: Rank each of the currencies below by size of cash balance invested in them.

EXHIBIT 22: PRIMARY CURRENCY BY EUROPEAN COUNTRIES



Conclusion

This year's J.P. Morgan Global Liquidity Investment PeerView survey took place against a backdrop of modest global growth, plunging oil prices, commodities at multi-year lows and a strengthening U.S. dollar. In the U.S., solid growth, a falling unemployment rate and healthier labor markets were mitigated by a surprising absence of wage inflation. The European recovery was slow, but fears of outright deflation abated. In China, a declining pace of growth caused investors to question how it would make its historic transition from an investment-led to consumer-led economy.

Even as investors anticipate a new rate environment, they confront interest rates and yields that are exceptionally low by any historical measure. As a result, many investors are rethinking both their appetite for risk and their need for short-term liquidity. As they do so, many companies and organizations have the ability to be more adept at forecasting cash flow. They are therefore in a better position to segment their cash between short-term working capital requirements, core cash and strategic cash that is not required to support daily cash flow needs.

Liquidity investment is further complicated by a changing regulatory environment. Globally, Basel III regulations change how banks manage their balance sheets and, as our survey results indicate, these rules are already having an impact on how banks evaluate non-operating deposits. In the U.S., investors are preparing for new SEC rules to take effect in October 2016.

Whatever their investment policy allows, liquidity investors must grapple with competing forces – a need for yield on the one hand, and a mandate to control risk on the other. (Risk control covers both liquidity risk and preservation of principal risk.) As investors re-evaluate their decision-making, the peer comparison provided by the J.P. Morgan Global Liquidity Investment PeerView survey can provide an especially useful perspective.

If you have any questions about the survey or would like additional information, please contact your J.P. Morgan Global Liquidity client advisor.

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