MONTAUK | BANKING RELATIONSHIP MANAGEMENT

How Montauk delivered a $2.85M per year net gain for a global corporate client.

Client: XYZ (client names are not disclosed per Montauk's confidentiality policy) is a global investment management company with a portfolio of approximately $12.7 billion.

Banking Profile: XYZ had long standing relationships with five major financial institutions to fulfill the cash management and investment needs of its corporate and funds under management. The company operates approximately 350 bank accounts with average daily balances ranging from $250M to $400M depending upon investment activity.

Pre-Montauk Baseline: Prior to engaging Montauk and across its five bank relationships, XYZ's earnings credits and interest had averaged 19.4bps (.194%) which was sufficient enough to offset the company's bank fees which had averaged $28K per month.

Expectations: Since yield was conveniently offsetting fees, XYZ presumed it was getting its banking services for 'free' so it never scrutinized its bank relationships. XYZ engaged Montauk mostly out of curiosity and had little or no expectations for improvement.

Engagement Parameters: XYZ and its principals had been with certain of their existing banks for decades. These banks were also major lenders into XYZ's various funds. Thus, it was made clear by XYZ that any improvements would be limited to existing banks and that alternative banks would not be considered. Further, the treasury team was maximized and would only be able to devote a minimum of time to the engagement. Montauk compensation would be substantially based upon its ability to monetize results on behalf of XYZ.

Process: Montauk conducted a thorough assessment of the XYZ's treasury function, including banking relationships, systems, and business processes. Using its BankScore™ Global Bank Fees & Rates Index, Montauk produced a comprehensive analysis that rationalized account analysis information into a consistent format, enabling XYZ to see a true comparison of its rates and fees across its existing banks and alternative banks. The analysis revealed the potential for significant gains in their overall liquidity performance. Accordingly, Montauk was authorized by XYZ to lead negotiations with existing and alternative banks. The impact on XYZ's treasury team was minimal as all bank correspondence was prepared by Montauk personnel and, as authorized by XYZ, relevant discussions, bank transitions, and services adjustments were led by Montauk personnel.

Outcome: Over a 12 month period, XYZ systematically calibrated its overall banking relationship management structure in accordance with Montauk's recommendations. Despite its initial sentiments to the contrary, XYZ did establish relationships with alternative banks that offered yield and services at rates far more competitive than the improved rates of the legacy banks.

Post-Montauk Baseline:
Across all of its bank relationships, Montauk delivered a 469% increase in XYZ's earnings credits and interest which now average 91.0bps (.91%) and a 46% reduction in bank fees which now average $15K per month for a total upside of over $237,500 per month.

Today: XYZ now continuously benefits from the ideal combination of bank services at the most competitive rates. Montauk proactively manages bank relationships each month ensuring that overall liquidity performance and service utilization optimized. Lending relationships have been preserved as evidenced by active legacy and new bank participation in XYZ's funds. The impact on XYZ's treasury personnel continues to be minimal. As Montauk's market data and leverage improves with each new customer, XYZ benefits from incremental gains that Montauk achieves as a result of its overall client base.

Reference: XYZ is available as a reference for qualified prospective customers of Montauk.

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www.themontaukgroup.com