



The Impact of Active Management on Cash

Actively managing cash can generate excess returns

Summary

Many studies have tried to determine whether active management of equities can generate outsized returns relative to a stock market index. But what about cash? **Can a more active approach to managing bank accounts generate higher returns?**

We conducted research to back-test the performance of Max, our award-winning cash management platform, to see whether dynamic reallocation of cash to higher-yielding accounts could generate true alpha. The research revealed that active cash management *delivers real 'alpha' on cash*.

For investors holding cash, Max delivers not only its long-known benefits — higher interest rates, broader FDIC coverage, and streamlined account opening — but also Max's monthly optimization (or rebalancing) of funds delivers measurable incremental alpha on cash.

Methodology

With more than 10 years of operating history, we wanted to answer a simple question. It's obvious that Max, with its market-leading rates, can easily beat the yields offered by traditional bank and brokerage accounts or money market funds. But how would Max's cash optimization algorithm (which helps you allocate your cash to the highest-yielding banks) compare to the historical practice of opening a single account at a nationally advertised online bank?

We studied how Max performed relative to a basket of nationally advertised online banks (Marcus, American Express, Ally Bank, and Barclays) over the past 1, 3, 5, and 10-year periods, starting with a principal balance of \$100,000.¹

Results

Over the past year, Max outperformed the leading online banks by 101 basis points (1.01%). As of 12/31/2023, Max was beating the online banks by 97 basis points (0.97%) and exceeding the FDIC's national savings average by a staggering 490 basis points (4.90%). Max's outperformance can be attributed to a combination of preferential rates offered exclusively to Max members and the incremental yield generated by active rate following / optimization of accounts.

Annualized Return on \$100,000 of Cash	Current (12/31/2023)	1 Year	3 Years	5 Years	Since Inception (1/1/2014)
Max	5.36%	4.93%	2.47%	2.21%	1.71%
Online Banks					
Marcus	4.50%	3.98%	1.95%	1.81%	1.49%
American Express	4.35%	3.86%	1.86%	1.74%	1.40%
Ally Bank	4.35%	3.85%	1.90%	1.76%	1.44%
Barclays	4.35%	3.97%	1.93%	1.78%	1.46%
Average	4.39%	3.92%	1.91%	1.77%	1.45%
Max Advantage vs. Online Banks	+0.97%	+1.01%	+0.56%	+0.44%	+0.26%
FDIC National Savings Average	0.46%	0.40%	0.19%	0.15%	0.12%
Max Advantage vs. National Savings Average	+4.90%	+4.53%	+2.28%	+2.06%	+1.59%

Conclusions

The data demonstrate that actively managing cash can generate real alpha. In a study covering multiple time periods, **Max far outperformed the leading U.S. online banks individually, and as a group, by a wide margin.** Max has helped individual investors generate more yield than they could have earned on their own, even net of Max's annual cost of 0.16%, all while keeping funds FDIC-insured and same-day liquid in their own bank accounts.

With inflation emerging as a topic of greater discussion and concern these days, it's even more important for investors to protect their assets from the risks of inflation. Keeping on top of the best savings rates can help.

Get Started Today

Given the compelling evidence of the benefits of active cash management, it makes sense to look at what you could be earning on cash.

Get started today at [MaxMyInterest.com](https://www.MaxMyInterest.com)

¹ Note: Gross returns for 1-, 3-, 5-, and 10-year periods calculated through 12/31/2023.