

THE ADVANTAGES OF MONEY MARKET FUNDS

BLACKROCK®

What is a money market fund?

Money market funds are mutual funds that invest in short term debt instruments. They provide the benefits of pooled investment, allowing investors to invest in a diverse and high quality portfolio. Like other mutual funds, each investor in a money market fund is considered a shareholder of the investment pool. Money market funds are managed within rigid and transparent guidelines to seek preservation of capital, liquidity and competitive yields.

What are the types of money market funds?

Money market funds are available in two types of share classes:

DISTRIBUTING	ACCUMULATING
<ul style="list-style-type: none">▶ Stable NAV (€1.00, £1.00, \$1.00)▶ Daily income accrual▶ Monthly income distribution	<ul style="list-style-type: none">▶ No income distribution▶ Income is rolled up into the share price per share on a daily basis▶ Income is only realised when investors come to sell the shares at a higher share price

Why use a money market fund for your short term cash investment needs?

For a number of reasons, a money market fund is an excellent short term investment option.

DIVERSIFICATION

- ▶ Money market funds invest in a wide range of issuers and money market sectors holding to one of the basic tenants of a conservative investment approach – proper diversification.

CREDIT RISK

- ▶ An IMMFA money market fund is triple-A rated and is required to adhere to rigid credit standards to ensure the portfolio represents an acceptable level of risk.

RING-FENCING OF ASSETS

- ▶ Most European money market funds are UCITS compliant and structured as standalone entities. Their investments (excluding physical cash) are entirely ring fenced from the investment manager and from the fund's custodian. In the event of any solvency problem with these parties the assets within the money market fund would not be impacted.

INDEPENDENT SCRUTINY OF PORTFOLIO

- ▶ The rating agencies scrutinise a money fund's portfolio on a frequent basis to ensure the mark-to-market value of all securities is close to 'par'. They also ensure that other investment requirements to attain a triple-A rating are being followed.

SIMPLICITY AND FLEXIBILITY

- ▶ Money market funds offer flexibility in cash forecasting as there is no requirement to commit cash for a specific period, and there are no penalties for redemptions.

LIQUIDITY

- ▶ Money market funds are managed with very high levels of liquidity in order to offer investors same day or next day liquidity.

FEES

- ▶ The fees charged by a money market fund are transparent; there are no fees to subscribe or redeem from money market funds thus allowing you the freedom to move your assets in or out of the fund as and when you need them.



Why choose a money market fund from BlackRock?

The recent challenging markets have highlighted the importance of using a money market fund that is managed by a capable and highly experienced investment manager.

- ▶ BlackRock has managed cash portfolios for over 35 years and has \$264* billion of liquidity assets under management, making us one of the largest cash management providers globally.
- ▶ BlackRock has successfully demonstrated both performance and safety through many interest rate and credit cycles.
- ▶ Experienced portfolio managers and credit analysts collaborate via a credit committee forum to determine sectors and issuers that represent stability and value to our money market funds.
- ▶ Through a rigorous credit review process, BlackRock Global Credit teams create internal 'approved lists' of suitable securities. These list instruments that have received appropriate ratings from the credit rating agencies and meet our high standards.
- ▶ The BlackRock credit team has an excellent record of anticipating ratings downgrades, and withdrawing securities from the approved list, on average, eight months ahead of rating agency downgrades, over the last ten years*.

* 31 December 2012.



BlackRock's money market funds are recognised as secure, efficient and competitive vehicles for investing cash

- ▶ BlackRock's money market funds are triple-A rated by both Standard & Poor's (S&P) and Moody's.
- ▶ BlackRock's money market funds are managed within extremely tight investment guidelines governing diversification, duration, credit quality and security types.
- ▶ To attain triple-A rating at least 50% of the Fund has to be invested in A1 or P1 rated paper and the remainder in A1 or P1 with a maximum maturity of any one security of 13 months and maximum weighted average maturity (WAM) of 60 days.
- ▶ The Funds are UCITS compliant and are required to comply with diversification restrictions which limit holdings to a maximum of 10% of the fund with any one issuer. Furthermore UCITS ensures that the aggregate value of any fund holdings of over 5% per issuer do not exceed 40% of the Fund.
- ▶ BlackRock's money market funds are managed on BlackRock's state-of-the-art risk management systems, assuring realtime compliance with all stated guidelines and regulatory requirements for our shareholders.

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