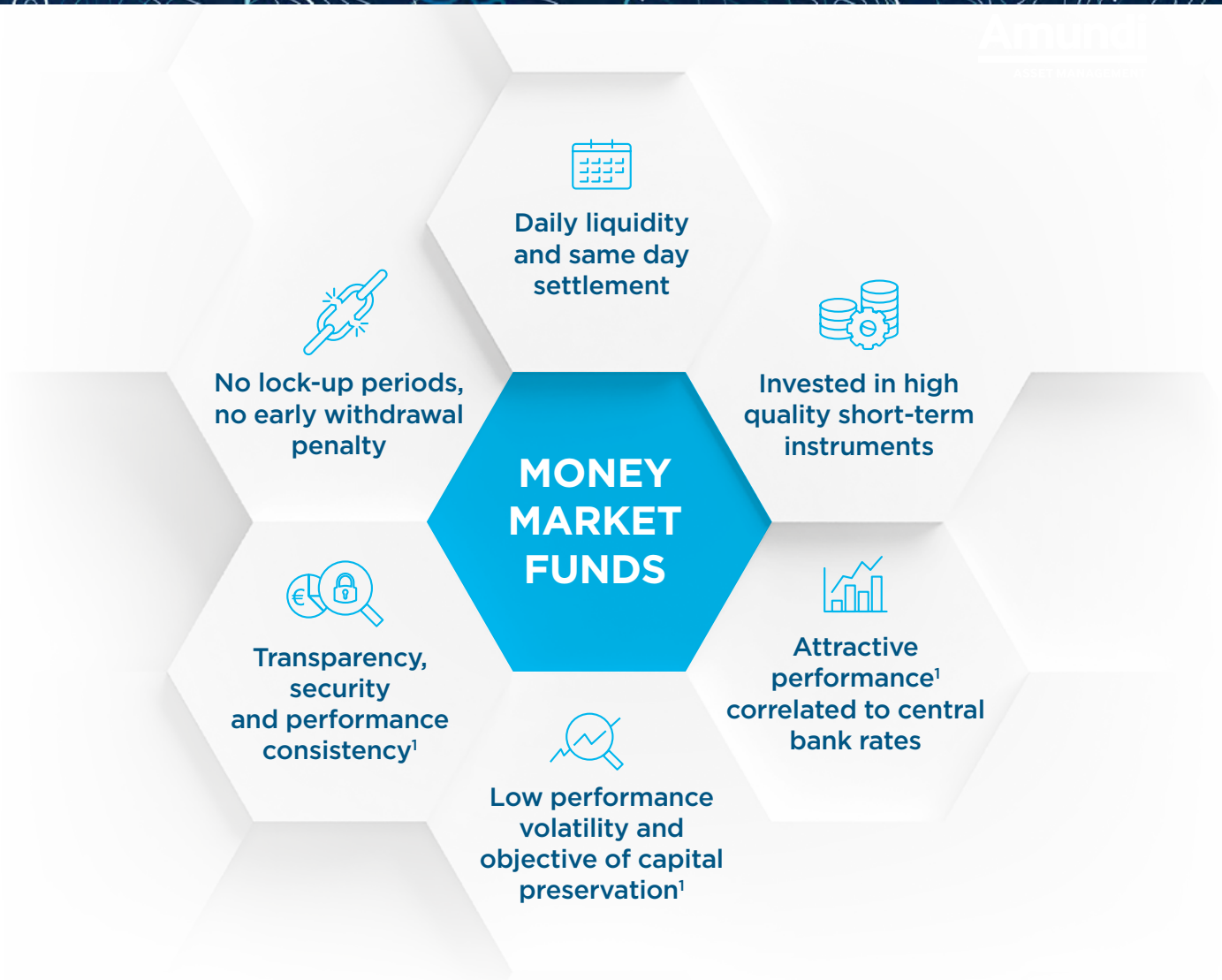


Explorer

MONEY MARKET FUNDSAmundi
AMUNDI
MONEY MARKET FUNDS**TABLE OF CONTENTS**

- 1. What is a money market fund?**
- 2. What do money market funds invest in?**
- 3. What are the key benefits for investors when investing in money market funds?**
- 4. What are the main risks when investing in money market funds?**
- 5. Why invest with Amundi?**
- 6. Glossary**

¹ This commitment does not imply a capital or performance guarantee. Capital preservation may be subject to money markets conditions and short term rates evolution. Past performance does not prejudice future performance.



1. What is a money market fund?

A money market fund is a type of mutual fund that primarily invests in low-risk, high-grade, short-term securities. They provide the benefits of pooled investments, allowing investors to invest in a diverse portfolio of high-quality assets.



A **strict regulatory framework** within the EU Money Market Fund Regulation published by the European Commission.



Money market funds are managed within **strict credit quality, diversification² and maturity guidelines** to seek **preservation of capital³, liquidity and security.**



The authorised instruments include **commercial papers (CP), certificates of deposit (CD), short-term bonds and reverse repos.** These instruments are **actively managed** to offer **regular yield and daily liquidity.**



There is **no requirement** to commit cash for a specific period, there are **no lock-up periods and no early withdrawal penalty.**



Money market funds' performance target is usually to **outperform money market benchmarks** such as **€STR, Euribor or Fed Funds.**



There are **two categories** of money market funds: **short-term** and **standard money market funds.** They follow EU 2017/1131 Money Market Fund Regulation and each category complies with specific investment guidelines.

“ Money Market Funds are short-term cash management tools characterized by a high degree of liquidity, diversification and stability of value of the principal invested, combined with a market-based yield. They represent a crucial link bringing together demand for and supply of short-term funding. ”

European Securities and Markets Authority

<https://www.esma.europa.eu/>

2. Diversification does not guarantee a profit or protect against a loss.

3. This commitment does not imply a capital or performance guarantee. Capital preservation may be subject to money markets conditions and short term rates evolution. Past performance does not prejudice future performance.

2. What do money market funds invest in?

Money market funds only invest in high-grade, short-term money market instruments, with a maximum term to maturity of 24 months.



Money market fund portfolio example:

	Commercial paper (CP)	Government paper (T-bills)	Floating-rate notes (FRNs)	Repurchase agreements (Reverse repos)
Summary	Tradable papers issued by corporates, financial institutions and public agencies	Short-term fixed interest securities often known as treasury bills	Short-term bonds issued by corporates, financial institutions and public agencies	Agreement between two parties to lend cash and receive securities as collateral
Features	<ul style="list-style-type: none"> - Highly liquid - Allows fund to diversify across sectors & geographical areas - Spread investments across all maturities 	<ul style="list-style-type: none"> - Liquid and highly active secondary market - Sovereign issuers - Spread investments across all maturities 	<ul style="list-style-type: none"> - Variable rate protects against interest rate risks - Coupons are usually indexed on revised rates 	<ul style="list-style-type: none"> - Mainly based on government debt as collateral - Embedded 1 or 2 days call - Used for liquidity purpose
Maturity	Overnight – 1 year	Overnight – 1 year	Up to 2 years	Overnight – 1 month
Issued by	Corporates & financial institutions	Government and public entities	Corporates & banks	Contract with financial institutions
Interest rate	Fixed or floating	Fixed	Floating	Fixed or floating

3. What are the key benefits for investors when investing in money market funds?

Why use money market funds for your short-term cash investment needs?

1 Liquidity

- Money market funds offer **daily liquidity** and **same day settlement** (cash equivalent)
- They benefit from **all maturities** available on the market which re-inforces their liquidity profile
- They invest in **highly liquid underlying assets**

2 Diversification

- Money market funds invest in a **wide range of issuers, sectors and geographical areas**
- Diversification⁴ of portfolios allows **an efficient management of in- and out-flows**
- Their significant size of assets favours **good access to the market**

3 High secured credit investment universe

- An independent credit research department assesses all money market funds' investment universe to **ensure the high quality of each underlying asset**
- This investment universe is **actively reviewed** taking into account market events and evolution

4 Simplicity and flexibility

- Money market funds are a **turnkey solution** to invest cash
- They offer **flexibility** in cash forecasting as there is **no requirement to commit cash** for a specific period, and there are **no penalties for redemptions**

5 Consistency

- They offer **low volatility** and **performance consistency** to meet a short investment horizon, from 1 day to 6 months
- Active management of risk factors **protect investors against interest rate risks**

6 Ring-fencing of asset

- Most European money market funds are UCITS compliant and structured as standalone entities
- Their investments are **entirely ring fenced from the investment manager** and from **the custodian**

“ Money Market Funds play a crucial role in the financial system by providing short-term finance to financial institutions, corporations and governments, contributing to the financing of the economy in the European Union. ”

European Securities and Markets Authority

<https://www.esma.europa.eu/>

4. Diversification does not guarantee a profit or protect against a loss.

4. What are the main risks when investing in money market funds?

Main risks related to investment in money market funds are⁵:

- **Interest rate risk**

The value of interest rate instruments may fall due to changes in interest rates. This is measured by the Weighted Average Maturity. In periods when interest rates are rising, the net asset value may fall marginally.

- **Credit risk**

The risk of a fall in value of the securities of a private or public issuer or the default of the latter, which could lead to a fall in the net asset value.

- **Capital risk**

Investors are warned that their capital invested is not guaranteed and may not be recovered.

- **Counterparty risk**

The UCITS engages in temporary purchases and sales of securities and/or OTC derivatives transactions. These transactions, entered into with a counterparty, expose the UCITS to a risk of default and/or non-execution of the counterparty's swap, which may have a significant impact on the UCITS' net asset value. This risk may not necessarily be offset by the collateral received.

- **Liquidity risk linked to temporary purchases and sales of securities**

The UCITS may be exposed to trading difficulties or a temporary inability to trade certain securities in which the UCITS invests or in those received as collateral, in the event of a counterparty defaulting on temporary purchases and sales of securities.

- **Legal risk**

The use of temporary purchase and sales of securities may lead to a legal risk, particularly relating to contracts.

- **Sustainability risk**

The risk relating to an event or situation in the environmental, social or governance domain that, if it occurs, could cause an actual or a potential negative material impact on the value of the investment.



5. Source: Amundi money market funds Key Investor Information document.



5. Why invest with Amundi?

Amundi Liquidity Solutions is a dedicated platform offering liquidity and short-term investment solutions.

Amundi offers a **global range of money market solutions** denominated in euro and US dollar.

Amundi provides solutions **for each cash segment** to enable investors to manage their risk and optimise their returns by choosing the most appropriate investment solution.

Amundi's open-ended funds' size allow investors to **place large amounts of cash**. All our funds comply with SFDR Article 8 (SFDR Regulation (EU) 2019/2088) and are labeled by independent organizations.



SHORT-TERM MONEY MARKET

Our short-term range is entirely **AAA rated**

Solutions designed to manage your daily cash

Investment horizon: > 1 day

To support daily operations

Alternative to traditional current account

Daily liquidity

STANDARD MONEY MARKET

Part of our standard range is **A or AA rated**

Solutions designed for investors seeking a return over ST MMFs and providing strong diversification

Investment horizon: > 1 month

To support daily and strategic operations

Alternative to bank deposits

Daily liquidity

Discover Amundi's full range of liquidity solutions:

<https://www.amundi.com/institutional/treasury>

6. Glossary

Common terms and abbreviations used in the money market industry:

CD⁹ CD stands for 'Certificate of deposit', a bank deposit with a set maturity date and pre-determined, fixed interest rate.

CP⁹ CP stands for 'Commercial paper' an unsecured promissory note with a fixed maturity usually between 1 day and 1 year.

Credit rating⁹ Typically credit ratings are undertaken for corporates and governments when they borrow money. Money market funds may also have a fund rating. The credit rating agency will examine the fund's credit process and impose requirements as to asset quality.

Credit rating agency⁹ A company that assesses the creditworthiness of borrowers and assigns a grading to reflect that assessment. In Europe, credit rating agencies are regulated entities

European Securities and Markets Authority (ESMA)¹⁰ An independent EU authority whose purpose is to improve investor protection and promote stable, orderly financial markets.

Euribor⁸ It is the Euro money market reference rate which measures the rate at which wholesale funds in euro could be obtained by credit institutions in current and former European Union and European Free Trade Association countries in the unsecured money market.

Euro short-term rate (€STR)⁷ Euro short-term rate (€STR)⁷ : The euro short-term rate (€STR) reflects the wholesale euro unsecured overnight borrowing costs of banks located in the euro area. The €STR is published on each TARGET2 business day based on transactions conducted and settled on the previous TARGET2 business day (the reporting date "T") with a maturity date of T+1 which are deemed to have been executed at arm's length and thus reflect market rates in an unbiased way.

Repo⁹ A transaction in which assets are transferred in exchange for cash for a pre-agreed period, often overnight. It is used to manage short term funding needs.

Reverse-Repo⁹ A transaction in which cash is lent in exchange for assets for a pre-agreed period, often overnight. The assets are held as security against a failure to return the cash.

TD⁹ TD stands for 'Time deposit'. It is a generic term for a bank deposit where funds cannot be withdrawn for a fixed period of time.

Treasury bills⁹ Treasury bills are short-term Government debt, usually with a maturity of one year or less.

WAL⁶ This is the weighted average residual life of each asset held by the UCITS, i.e. the term left to run until the initial principal repayments on the security (without taking into account interest payments and reductions in the principle value). WAL is used to measure credit risk and liquidity risk.

WAM⁶ WAM stands for 'Weighted Average Maturity'. It is used to measure the average term until the maturity of all assets held by the UCITS, weighted to reflect the relative weight of each instrument, and considering the maturity of an adjustable-rate security as the remaining period before the next money-market rate revision rather than the remaining term until the initial principal repayments on the instrument. In practice, the WAM is used to measure the sensitivity of a monetary fund to changes in money market interest rates.

6. Source: Amundi money market funds Key Investor Information document.

7. European Central Bank https://www.ecb.europa.eu/stats/financial_markets_and_interest_rates/euro_short-term_rate/html/eurostr_overview.en.html

8. The European Money Market Institute (<https://www.emmi-benchmarks.eu/benchmarks/euribor/>)

9. Source: <https://www.immfa.org/about-mmfs/glossary.html>

10. Source: <https://european-union.europa.eu/>



Explorer

Welcome to Explorer, a compelling series of papers designed to serve as a guide to the multifaceted world of asset management. Delve into these insightful works as we navigate through key concepts, strategies, and evolving trends, providing you with a comprehensive understanding of this dynamic field.

IMPORTANT INFORMATION

This material is for information purposes only, is not a recommendation, financial analysis or advice, and does not constitute a solicitation, invitation or offer to purchase or sell a financial product in any jurisdiction where such offer, solicitation or invitation would be unlawful. References to individual securities should not be taken as investment recommendations to buy or sell any security. This document is not intended for citizens or residents of the United States of America or to any U.S. Person. Accordingly, this material is for distribution and to be used solely in jurisdictions where it is permitted and to persons who may receive it without breaching applicable legal or regulatory requirements, or that would require the registration of Amundi or its affiliates in these countries. No offer will be made in any jurisdiction in which the offer, solicitation or sale of the specific promoted service is not authorised, or to any person to whom it is unlawful to make such an offer solicitation or sale. Investment involves risk. There can be no assurances that countries, markets or sectors will perform as expected. Investments involve certain risks, including political and currency risks. Investment return and the principal value of an investment may go up or down and may result in the loss of the amount originally invested. Past performance does not predict future results. All investors should seek professional advice prior to any investment decision, in order to determine the risks associated with the investment and its suitability. The information in this document is as at October 2023 except where otherwise stated. This material, is based on sources that Amundi considers to be reliable at the time of publication. Data, opinions and analysis are subject to change at any time based on market and other conditions and there can be no assurances that countries, markets or sectors will perform as expected. Amundi accepts no liability whatsoever, whether direct or indirect, that may arise from the use of information contained in this material. Amundi can in no way be held responsible for any decision or investment made on the basis of information contained in this material. The information contained shall not be copied, reproduced, modified, translated or distributed without the prior written approval of Amundi. This document is not intended for and no reliance can be placed on this document by retail clients, to whom the document should not be provided. This document and any subsequent information (whether written or verbal) provided by Amundi are private and confidential and are for the sole use of the recipient. Such documentation and information is not to be distributed to the public or to other third parties and the use of the documentation and/or information provided by anyone other than the recipient is not authorized. The recipient will notify Amundi immediately upon the discovery of any unauthorized use or redistribution of the materials contained in this submission or information subsequently provided in connection with this submission. For the use of the recipient only. Not for Use With the Public. The content of this document is approved by Amundi Asset Management, a French société par actions simplifiée, a portfolio management company approved by the "Autorité des marchés financiers" or "AMF" under the number GP 04000036 whose registered office is located 91-93 boulevard Pasteur, 75015 Paris - France -, under the Paris trade register number 437 574 452 RCS.

Date of first use: November 2023. Doc ID: 3192076.