

## Alternatives To Deposits

We have seen a rise in the number of requests for **money market funds** as the yields on these types of funds have increased. This yield increase can be largely attributed to the ECB deposit rate going from 0% in July 2022 to 3.5% in early June 2023.

**In response to this, we have sourced the JPMorgan Standard Money Market Variable Net Interest Asset Value Funds through the Davy Select platform.**

There are 3 fund options Euro, GBP, and USD which can be dealt daily. The yields (one day current yield as of 19<sup>th</sup> June) are:

- **Euro:** 3.30% - More info on the fund can be found [here](#).
- **GBP:** 4.53% - More info on the fund can be found [here](#).
- **USD:** 5.32% - More info on the fund can be found [here](#).

	JPM EUR Standard Money Market (acc.)	JPM GBP Standard Money Market (acc.)	JPM USD Standard Money Market (acc.)
<b>Currency</b>	EUR	GBP	USD
<b>Ongoing charges *</b>	1%**	1.01%	1.01%
<b>Credit quality</b>	AA	AA	AA

Please note that the funds are only available to **Republic of Ireland resident clients**.

### What is a Money Market Fund:

J.P. Morgan's Money Market funds seek to achieve a return in excess of Euro money markets whilst aiming to preserve capital, consistent with prevailing money market rates, and maintain a high degree of liquidity:

- Money market funds invest in short-term debt from governments, banks, and companies with strong balance sheets, high credit ratings along with other deposits.
- They offer diversification of investments, liquidity and relative stability of value.

Recent months have seen a significant flow out of deposits and into money market funds globally, which you can read more about [here](#).

## Product Details

These Funds seek to achieve a return in the Reference Currency in excess of the applicable [Euro/GBP/USD] money markets whilst aiming to preserve capital, consistent with prevailing money market rates, and maintain a high degree of liquidity.

- Daily dealing which allows for no fixed term
- Withdrawals from this product are permitted. The product is dealt daily, and as a result there are no penalties incurred for redemptions.
- Minimum opening balance €100,000

## Reasons you might consider Money Market Funds:

- Yields on money market funds have increased in line with Euro short-term rates and therefore offer a more attractive rate of return than cash deposits.
- A Money Market Fund can be coupled with an Equity / Multi Asset Portfolio to help diversify or offer growth potential.
- Also available to corporate clients with significant company funds on deposit.

## Risks of Investing in Money Market Funds:

- **Interest rate risk**
  - In adverse market conditions, the Fund(s) may invest in zero or negative yielding securities which will have an impact on the return of the Funds.
  - The value of Debt Securities may change significantly depending on economic and interest rate conditions as well as the credit worthiness of the issuer.
  - Issuers of Debt Securities may fail to meet payment obligations, or the credit rating of Debt Securities may be downgraded.
- **Credit risk**
  - The credit worthiness of unrated Debt Securities is not measured by reference to an independent credit rating agency.
- **Exchange rate risk (for USD or GBP)**
  - If investing in a foreign currency movements in exchange rates can adversely affect the return of your investment.

## Charges

Ongoing charges figures refers to the charge on the policy. Total Ongoing Charges Figure 1% which is made up of - Fund charge 0.1% on Euro fund, Oakwood and platform fee 0.9% (0.5% and 0.4% respectively). If the Gross return is 3.30% (as of the 19<sup>th</sup> June) less 1% OCF giving a net return of 2.30% on the Euro fund.

## Taxation Treatment

The taxation treatment which typically applies is known as 'Exit Tax' or 'Gross Roll Up'. Gains under on the JP Morgan Money Market Fund are taxed (at a rate of 41%) when realised or on each 8<sup>th</sup> anniversary.

## **Risks**

Please note the following:

- Investment assets such as equities, bonds, property, cash, currencies, commodities, interest rates, etc and derivatives of these and other investments can be volatile high-risk investments that can significantly fall as well as rise in value.
- The value of an investment is not secure and an investment may be worth less than the original values invested.
- Investment gains and losses are determined by a range of factors, including currency rate movements. Past performance is not a reliable guide to future performance.
- In extreme circumstances, an investment provider (e.g. a country, a bank, an insurance company, other financial institutions, etc) may not be in a position to meet their obligations to investors, and in such extreme circumstance, investors may lose some or all of their original capital and/or returns on capital secure investments.
- The payment of any benefit from an investment with a third-party provider is subject to the provider's ability to make such payments.
- Tax changes and other changes in law and in practice may adversely affect the benefits payable from an investment.

## **Warnings:**

**Past performance is no guide to future performance, they are not a reliable guide to the future performance of your funds.**

**The funds outlined are not guaranteed.**

**If you invest in these funds you may lose some or all of the money you invest.**

**The value of your investment may go down as well as up.**

*The opinions expressed in this report are based on our best-efforts assessment of financial markets, products, and product providers. Opinions in relation to performance, volatility and correlation have been formed on the basis of data provided by third parties.*

*The portfolio rationale is framed in the context of investments, pensions and other medium/long-term investment instruments.*