

# How Money Market Funds Assist Treasury Functions

## What Are Money Market Funds?

A money market fund (MMF) is a type of regulated, AAA-rated, professionally managed fund that invests in high-quality, short-term money market and cash & cash equivalent instruments. MMFs are used by finance and treasury teams as a cash management solution, providing security, portfolio diversification, liquidity and operational ease.

### Diversification

Money market funds focus on preserving capital and investing in low-risk instruments, such as government securities and highly rated deposits.

### Liquidity

Money market funds allow finance functions to subscribe and redeem cash balances quickly and efficiently on a same or next day basis.

### Return

Money market funds offer competitive risk-adjusted returns on cash balances compared to traditional call accounts and term deposits.

## Why Organisations Use Money Market Funds

Organisations use money market funds as a key component of their cash management strategy to optimise liquidity. Accessing these funds via a platform allows finance teams to manage cash flow efficiently, meet short-term funding needs, enhance security, and diversify investments. This approach strengthens financial stability and frees treasurers and finance teams to focus on strategic priorities rather than day-to-day liquidity concerns.

## What is a Money Market Fund Platform?

A money market fund platform is an online portal that facilitates access to a variety of money market funds from different providers. It allows treasurers to easily compare, select, and invest in funds that align with their specific cash management strategies.

## Why Use a Money Market Fund Platform?

### Convenience

Centralise multiple investment options, enabling treasurers to manage their investments efficiently from one location.

### Time Savings

Reduce the time spent on research and execution, allowing finance teams to focus on higher-value activities.

### Transparency

Platforms provide detailed information on fund performance, fees, and risk profiles, helping treasurers make informed decisions.

### Flexibility

With access to a diverse range of funds, treasurers can tailor investment strategies to meet their unique liquidity needs.

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## Enhancing Treasury Operations with Money Market Funds

Money market funds offer same or next day access to cash balances, simplifying the management of liquidity and enhancing day-to-day cash flow processes. This access enables organisations to make better use of their cash resources and maintain financial agility.

By investing in high-quality, short-term instruments, money market funds offer protection against market volatility and fluctuations in interest rates. Diversifying cash holdings across different instruments allows treasurers to further minimise single counterparty risk exposure.

Money market funds comply with standards set by EU Money Market Fund Regulation (EU 2017/1131), ensuring consistency, transparency, and adherence to defined liquidity, diversification, and risk management practices.

## Money Fund Market Platform Benefits

Feature	Money Fund Market	Manual Dealing
Settlement	One payment to all counterparties	Multiple manual wire settlements
Integration	Data automatically flows into TMS	Manual data entry into systems
Reporting	One consolidated statement	Multiple reports from different sources
Risk Management	Multiple exposure reports with comprehensive insights	Manual risk management reporting with limited data integration
Research	Compare and screen hundreds of investment options in one portal	Multiple websites to search through for fund and investment information
Application Process	Single streamlined application for multiple accounts	Multiple forms and processes for opening new accounts
Trades	One screen for all trades	Multiple trade execution channels required (calls, manual entries)
Compliance	Integrated compliance monitoring and rules for treasury policies	No automated compliance monitoring, increased risks

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## Important information

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**Key Risks:** A Money Market Fund (MMF) is not a guaranteed investment vehicle. An investment in MMFs is different from an investment in deposits; the principal invested in an MMF is capable of fluctuation and the risk of loss of the principal is to be borne by the investor. The MMF does not rely on external support for guaranteeing the liquidity of the MMF or stabilising the NAV per share. Short Term Money Market Funds cannot guarantee stability. Changes in interest rates will impact the Fund.

**Counterparty Risk:** The insolvency of any institutions providing services such as safekeeping of assets or acting as counterparty to derivatives or other instruments, may expose the Fund to financial loss.

**Credit Risk:** The issuer of a financial asset held within the Fund may not pay income or repay capital to the Fund when due.

**Capital at Risk:** All financial investments involve an element of risk. Therefore, the value of your investment and the income from it will vary and your initial investment amount cannot be guaranteed.

Investors should refer to the relevant fund prospectus for a full list of risks.

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