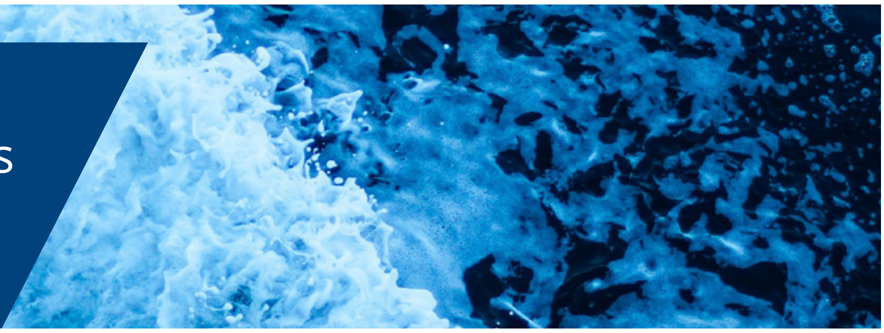


July 2020

Are your cash investments diversified, accessible and earning interest?

Where do you house your short-term cash investments – your working capital? Traditional bank deposit accounts are an obvious solution. But what if you want to increase the diversification of your cash investments, to help further manage risk on bigger balances? And what if you want to earn more interest? Money market funds, also known as liquidity funds, could help.

These funds aim to preserve the value of your capital by investing in a diversified portfolio of highly rated instruments. Their structure also means they can earn interest above the rates you might find with traditional bank deposit accounts.

Many institutions find that money market funds, alongside bank deposit accounts, help them to efficiently manage their working capital – especially in the current environment.

An attractive home for your cash investments in an uncertain environment

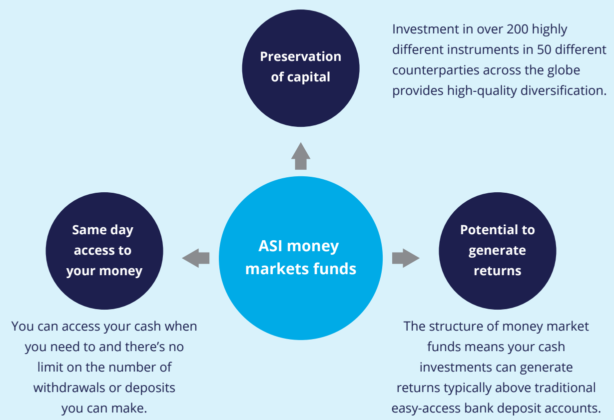
Universities, like every other institution, company and individual, are feeling the unprecedented effects of Covid-19:

- huge economic uncertainty – no one knows the future path of the virus.
- uncertainty over student enrolment numbers for 2020/21 and what this means for funding.
- a continuation of historically low savings rates.

In such uncertain times, how do you ensure every penny is working to achieve the best risk-adjusted return possible and make a difference to ongoing funding?

Here we look at how the characteristics of liquidity solutions can help you do this, supporting your treasury policy approach alongside traditional bank accounts.

The characteristics of money market funds



Is your working capital diversified enough to help preserve it?

Your university will almost certainly have a bank deposit account with a global bank that has a good credit rating. But what if, at some point in the future, the bank faces financial distress?

As any investor knows, diversification is crucial when it comes to effectively managing risk. You could consider holding multiple bank accounts to reduce the risk of a single counterparty. However, due to capitalisation requirements on deposit accounts, providers are unable to provide returns above base rate on same-day access accounts. So, reducing counterparty concentration risk this way presents a new challenge of getting a reasonable return.

A potential solution: using money market funds alongside bank deposit accounts

By holding cash in a bank deposit account, alongside one of ASI's money market funds, you can help to reduce concentration risk while also having the potential to earn interest.

Our money market funds aim to reduce risk and preserve capital by:

- investing in over 200 instruments in 50 different counterparties across the globe.
- selecting only highly rated investments such as government securities, commercial paper and term deposits – all of which have a minimum short-term rating of A1 and a long-term rating of A.

Despite the short-term nature of the funds, creditworthiness is a crucial element in ensuring the safety and capital preservation of our clients' capital.

How accessible are your cash investments?

In a fast-paced and uncertain environment, you may need to access to your cash investments at a moment's notice. Money market funds offer the convenience of same-day dealing, meaning that you can access money when you need it.

- Trades placed before the funds' cut-off time* will be deposited with your bank on the same day.
- Since several payment runs are made throughout the working day, money is often deposited back with you within a matter of hours of you giving the instruction.
- There's no maximum number of deposits and withdrawals you can make. In fact, many of our clients often trade daily to manage their cash effectively and capitalise on the yield we can offer.

* Redemptions are priced and paid out at 13:30 BST with hourly payments run from 10:00 BST to 13:30 BST.

AberdeenStandard Investments

Maintaining healthy liquidity

To ensure you have access to your cash when you need it most, regulators require money market funds to maintain a good balance of liquidity, holding a minimum of 10% maturing overnight and 30% maturing over the course of a week.

At ASI, we ensure healthy liquidity through our diverse investor base. A range of institutions invest in our money market funds: pension funds, local authorities, universities, corporates and charities, all with varying cashflow requirements. So when one is redeeming money, others will be depositing it, which maintains a balance of activity, and therefore liquidity in the funds.

How much interest are your cash investments earning?

If you hold your cash in a bank deposit account, the likely answer is "not very much". The structure of bank deposit accounts means the interest earned is determined by market overnight interest rates, which are historically low. So how do money market funds aim to do better?

Our money market funds can hold various investments, up to a maximum security of 397 days. This enables the portfolio managers to offer a level of return, or yield, commensurate to the level of risk. Being allowed to hold high-quality investments over a longer period of time means that we can achieve greater yield, while also providing the overnight and one-week liquidity required by regulations.

The key difference between bank deposit accounts and a money market fund in this instance is the pooled nature of the investment. While we're required to hold a large percentage of short-term investments to meet daily liquidity needs, not all investors need their money back on the same day. For that reason, the investment team can look to invest a proportion for a slightly longer time or tenor.

The table below shows the difference between the yield you would get from a range of cash products and the returns offered by the Aberdeen Standard Investments Sterling Liquidity Fund.

Deposit type	Yield (%) as of 07/08/2020
ASI Sterling 1 day Net[1]	0.16*
IMMFA average 1 day Net[2]	0.07*
1 day LIBOR[3]	0.05
Easy access deposit account[4]	0.01

* expressed as an average of the previous 7 days.

At ASI we've waived minimum investment amounts for Universities so you're not constrained by the amount you can invest. This, plus the easy access, makes money market funds one of the most flexible investment vehicles for cash investments.

Summary of the potential benefits of money market funds

If you manage your university's working capital, you face the challenge of balancing accessibility to money with the potential for that money to earn interest. Money market funds can be a way for you to achieve both those requirements, while also helping to protect your university's capital.

In short, they aim to achieve three main potential benefits:

- Capital preservation: investment in a diversified portfolio of highly rated investments.
- Accessibility: same-day access.
- Returns: above those of typical easy-access bank deposit accounts.

Aberdeen Standard Liquidity Fund (Lux) GBP

Net Discrete Annual Returns (%) – year to 30/6	2020	2019	2018	2017	2016
Aberdeen Standard Liquidity Fund (Lux) – Sterling Fund (%)	0.63	0.71	0.33	0.33	0.51
Benchmark (%)	0.38	0.56	0.28	0.14	0.36

Past performance is not a guide to future returns and future returns are not guaranteed.
Benchmark is for comparison purpose only.
Performance Data: Share Class L - 1 Inc.
Source: Lipper. Basis: Total Return, NAV to NAV, net of annual charges, gross Income reinvested. Benchmark: 7 Day GBP LIBID.

[1] Source: Aberdeen Standard Investments, 30 August 2020.
[2] Source: IMMFA, August 2020.
[3] Source: LIBOR, August 2020.
[4] Source: HSBC Easy Access Accounts, August 2020.

Important information

For professional investors only – not for use by retail investors.

The value of investments and the income from them can go down as well as up and your investor may get back less than the amount invested.

Objective: The Fund's investment objective is to preserve capital whilst aiming to provide a return in line with prevailing short term money market rates.

Portfolio Securities: The Fund invests in sterling cash deposits and high quality short term fixed and variable income securities.

Please consider the below risk factors:

- The Fund invests in money market instruments and changing market conditions and interest rate levels may affect the value of your investment. Generally, the value of money market instruments is likely to fall when interest rates rise and increase in value when interest rates fall. Money market instruments that produce a higher level of income usually also carry greater risk as issuers may not be able to pay the income as promised or could fail to repay the capital amount used to purchase the investment.
- The Money Market Fund (MMF) is not a guaranteed investment.
- An investment in MMFs is different from an investment in deposits, with particular reference to the risk that the principal invested in an MMF is capable of fluctuation.
- The MMF does not rely on external support for guaranteeing the liquidity of the MMF or stabilising the NAV per unit or share.
- The risk of loss of the principal is to be borne by the investor.

Aberdeen Standard Liquidity Fund (Lux) is a Luxembourg-domiciled UCITS fund, incorporated as a Société Anonyme and organized as a Société d'Invetissement á Capital Variable (a "SICAV"). The information contained in this marketing document is intended to be of general interest only and should not be considered as an offer, or solicitation, to deal in the shares of any securities or financial instruments. Aberdeen Standard Liquidity Fund (Lux) has been authorized for public sale in certain jurisdictions and private placement exemptions may be available in others. It is not intended for distribution or use by any person or entity that is a citizen or resident of or located in any jurisdiction where such distribution, publication or use would be prohibited.

This document is strictly for information purposes and should not be considered as an offer, investment recommendation or solicitation to deal in any of the investments mentioned herein. This document does not constitute investment research. The issuing entities listed below (together 'Aberdeen Standard Investments') do not warrant the accuracy, adequacy or completeness of the information and materials contained in this document and expressly disclaims liability for errors or omissions in such information and materials. Any research or analysis used in the preparation of this document has been procured by Aberdeen Standard Investments for its own use and may have been acted on for its own purpose The results thus obtained are made available only coincidentally and the information is not guaranteed as to its accuracy. Some of the information in this document may contain projections or other forward looking statements regarding future events or future financial performance of countries, markets or companies.

These statements are only predictions and actual events or results may differ materially. Readers must make their own assessment of the relevance, accuracy and adequacy of the information contained in this document and such independent investigations as they consider necessary or appropriate for the purpose of such assessment. Any opinion or estimate contained in this document is made on a general basis and is not to be relied on by the reader as advice. Neither Aberdeen Standard Investments nor any of its employees, associated group companies or agents have given any consideration to, or made any investigation of, the investment objectives, financial situation or particular need of the reader, any specific person or group of persons. Accordingly, no warranty is given and no liability is accepted for any loss arising, whether directly or indirectly, as a result of the reader or any person or group of persons acting on any information, opinion or estimate contained in this document.

Aberdeen Standard Investments reserves the right to make changes and corrections to any information in this document at any time, without notice.

Tax treatment depends on the individual circumstances of each investor and may be subject to change in the future. Professional advice should be obtained before making any investment decision.

This content is available in the following countries/regions and issued by the respective entities detailed below:

United Kingdom (UK): Aberdeen Asset Managers Limited, registered in Scotland (SC108419) at 10 Queen's Terrace, Aberdeen, AB10 1XL. Standard Life Investments Limited registered in Scotland (SC123321) at 1 George Street, Edinburgh EH2 2LL. Both companies are authorised and regulated in the UK by the Financial Conduct Authority.

Visit us online
aberdeenstandard.com

Aberdeen Standard Investments

121042576 07/20 | DH: GB-270720-122142-1