



Differences between Money Market Funds and Investment Solutions Superior Yield

DIFFERENCES BETWEEN MONEY MARKET FUNDS AND INVESTMENT SOLUTIONS SUPERIOR YIELD

A number of questions have come through to Investment Solutions regarding the Investment Solutions Superior Yield and how it compares to general Money Market Fund. This bulletin aims to address this question with reference to the following factors: ASISA fund classification, liquidity, investable assets, benchmark, income distribution and tax implications for an individual investor. IS Superior Yield Money Market Fund

| | IS Superior Yield | Money Market Fund |
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| ASISA Fund Classification Category* | Fixed Interest – Varied Specialist | Fixed Interest – Money Market |
| Duration | Average duration 180 days | Average duration 90 days |
| Objective* | Seek to maximise income with either preservation and stability of capital, or an offer of potential growth of capital | Seek to maximise interest income, preserve the portfolio's capital and provide immediate liquidity |
| Liquidity | Daily | Daily |
| Investment Instruments* | Invests in longer dated instrument, fixed deposits, structured money market instruments, , listed debentures and other high yielding securities. | Investing in money market instruments with a maturity of less than one year while the average maturity of the underlying assets may not exceed 90 days |
| Benchmark | SteFI Call (Short-term Fixed Interest Call Index). | Alexander Forbes money market index* |
| Income Distribution | Monthly | Monthly |
| Income Distribution Reinvestment | First working day following the income distribution date (client earns interest for days not falling on a working day but this will only be reflected on the first working day) | First working day following the income distribution date (client earns interest for days not falling on a working day but this will only be reflected on the first working day) |
| Pricing | Mark to market (value based on most current market valuation). Price fluctuates and value may drop when price is reset to 100 and distribution reinvested | Book value plus accrues interest. Constant price of 100 |
| Tax Implication for Individual | <ul style="list-style-type: none">• Interest distributed is taxable subject to the interest exemption as provided for by the Income Tax Act from time to time• Proceeds are subject to CGT if the disposal is made in part or full before declaration date. | <ul style="list-style-type: none">• Interest distributed is taxable subject to the interest exemption as provided for by the Income Tax Act from time to time• Proceeds not subject subject to Capital Gains Tax |
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