

# The Public Sector Deposit Fund

UK domiciled short-term LVNAV Qualifying Money Market Fund rated AA+mmf  
Fact Sheet – 31 March 2020

## Investment objective

To maximise the current income consistent with the preservation of capital and liquidity.

## Investment policy

The Fund will be invested in a diversified portfolio of high quality sterling denominated deposits and securities. All investments purchased will have the highest available short term credit rating and a correspondingly strong long term rating.

The weighted average maturity of the investments will not exceed 60 days. There will be no exposure to derivatives or to other collective investment schemes.

## Target investors

The Fund is aimed at local authorities and public sector investors seeking a high level of capital security and a competitive rate of interest for their short-term investments.

## Who can invest?

The Fund is open to all public sector investors.

## Responsible investment policy

We monitor our counterparties' environmental, social and governance risk management on a regular basis. Our research utilises external data resources and our in-house Ethical and Responsible Investment Team.

## Key risks

Investors should consider the following risk factors before investing: Issuer/Credit Risk (issuer/financial institution may not pay), Market Risk (investment value affected by market conditions), Operational Risk (general operational risks), Maturity Profile (timings of investment maturity), Liquidity Risk (investment in non-readily realisable assets), Concentration Risk (need for diversification and suitability of investment) and Interest Rate Risk (changes to interest rate affecting income). Please see the Fund Prospectus for further details.

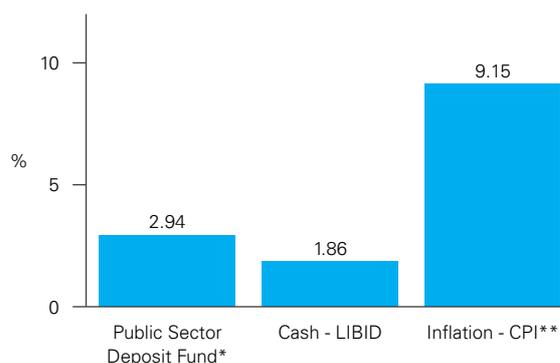
## Top 10 counterparty exposures (%)

9.8%	DBS Bank Limited
9.5%	Mizuho Bank
9.3%	Landesbank Baden-Wuerttemberg
7.0%	National Bank of Canada
4.2%	Santander UK plc
4.2%	Barclays Bank plc
4.2%	Commonwealth Bank of Australia
4.2%	Toronto Dominion Bank (The)
3.9%	Leeds Building Society
3.3%	Handelsbanken plc

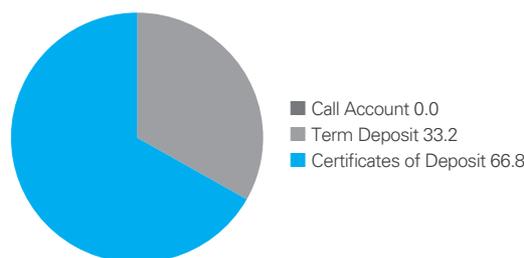
## Share class 4 yield as at 31 March 2020

**0.4804%**

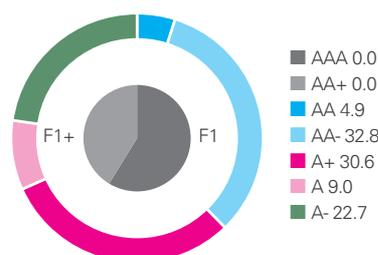
## 5 years cumulative performance



## Asset type (%)



## Credit rating† (%)



## Top 10 country exposures (%)

22.9%	UK
18.5%	Canada
14.1%	Japan
11.6%	Singapore
10.0%	Germany
5.2%	France
4.2%	Australia
4.2%	Sweden
2.5%	Finland
1.9%	United States

\*Source: CCLA - Net performance shown after management fees and other expenses with gross income reinvested. The yield on the Fund will fluctuate and past performance is not a reliable indicator of future results. Holders of the Fund are not covered by the Financial Services Compensation Scheme. \*\*CPI is lagged one month. †Using Fitch Ratings methodology.

## Income - period to end March

Average yield over the month	0.5695%
Yield at the month end	0.4804%

## Discrete year total return performance

12 months to 31 March	2020	2019	2018	2017	2016
The Public Sector Deposit Fund	+0.83%	+0.76%	+0.35%	0.43%	0.53%
Benchmark	+0.55%	+0.52%	+0.22%	0.20%	0.37%
Relative	+0.28%	+0.24%	+0.14%	+0.23%	+0.17%

## Annualised total return performance

Performance to 31 March	1 year	3 years	5 years
The Public Sector Deposit Fund	+0.83%	+0.65%	+0.58%
Benchmark	+0.55%	+0.43%	+0.37%
Relative	+0.28%	+0.22%	+0.21%

Net performance shown after management fees and other expenses with gross income reinvested. Benchmark – London Interbank Sterling 7 Day Bid Rate. Past performance is not a reliable indicator of future results. Source: CCLA

## Market update

In the wake of the COVID-19 pandemic, the Bank of England enacted two emergency interest rate cuts and reintroduced quantitative easing on a substantial scale, reflecting a need for conspicuous action to support UK assets. Monetary easing was supported by a fiscal package with a potential value of over £300bn, although how much is actually spent will depend on demand for the various programmes on offer. Recognising the importance of the consumer, the government has made available income support, helpful to those off work through illness as statutory sickness pay is just 17% of mean incomes, and to the self-employed, who account for some 15% of the total workforce. Taken all together the rise in spending could increase the government deficit back up to 10%, the level reached at the end of the 2008/09 financial crisis.

On more day to day issues, employment rose again in February, by 2.3%. A sharp rise in the work force however meant that despite the growth of those in jobs, the unemployment rate rose too, up to 3.9%. Wage growth remained solid, a little above 3%. Inflation dipped slightly, to 1.7% (RPI 2.5%). The trend in price increases over the next month or so is uncertain, partly because of Sterling's volatility and partly because historically about 50% of the data has been gathered from shop visits, clearly not possible now. Beyond that however the rate will fall, under the influence of tumbling oil prices. A decline to about 1% seems likely, a level which could hold for the balance of the year and possibly beyond. At the start of the year, the consensus expectation was that the UK economy might grow by 1% or maybe a little more in 2020. Clearly things have changed, and the expectation now is for a significant contraction, of about 5.7% and possibly more. The pattern is projected to be 'U' shaped with a low point late in the second quarter and a slow and gradual build to recovery in the final half of the year.

## Key facts

Fund size	£569m
Credit quality and sensitivity rating by Fitch	AAAmf
Weighted average maturity (Maximum 60 days)	48.48 days
Launch date	May 2011
Minimum initial investment	£25,000.00
Minimum subsequent investment	£5,000.00
Dealing day	Each business day*
Withdrawals	On demand
Domicile	United Kingdom
ISIN Share Class 4	GB00B3LDFH01
Interest payment dates	Monthly
Ongoing charges figure (OCF)	0.10% ** (currently reduced to 0.08%)

\*Dealing instructions must be received by 11.30 am.

\*\* The OCF is inclusive of the annual management charge.

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## Risk warning and disclosures

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