

The Public Sector Deposit Fund

UK domiciled short-term LVNAV Qualifying Money Market Fund rated AAmmf
Fact Sheet – 31 December 2021

Investment objective

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

Investment policy

The Fund will be invested in a diversified portfolio of high quality sterling denominated deposits and instruments. All investments at the time of purchase will have the highest short term credit rating or an equivalent and correspondingly strong long term rating.

The weighted average maturity of the investments will not exceed 60 days. The Fund will not invest in derivatives or other collective investment schemes.

Target investors

The Fund is designed for 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?

Any public sector organisation can invest in the Fund.

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.

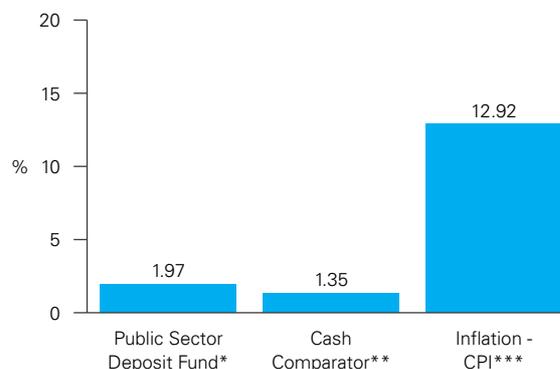
Top 10 counterparty exposures (%)

9.7%	Landesbank Baden-Wuerttemberg
9.7%	Landesbank Hessen-Thuringen Girozentrale
9.7%	National Bank of Canada
9.1%	DBS Bank Limited
7.0%	Nationwide Building Society
5.2%	Coventry Building Society
4.2%	SMBC Bank International plc
4.1%	Lloyds Bank Corporate Markets plc
3.9%	Yorkshire Building Society
3.2%	Barclays Bank plc

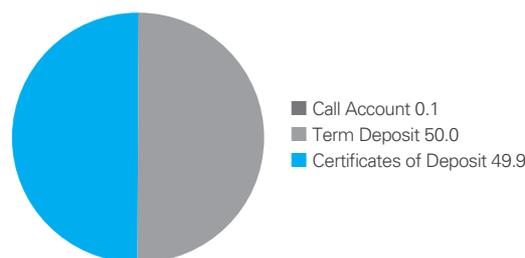
Share class 4 yield as at 31 December 2021

0.1300%

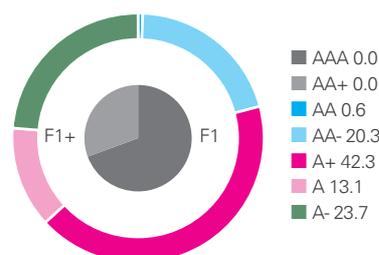
5 years cumulative performance



Asset type (%)



Credit rating† (%)



Top 10 country exposures (%)

31.1%	United Kingdom
19.4%	Germany
13.7%	Canada
9.4%	Singapore
8.5%	Japan
5.6%	France
3.0%	Switzerland
2.5%	Netherlands
2.2%	Finland
1.2%	Sweden

*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. **Comparator Benchmark - Sterling Overnight Index Average (SONIA) from 1 January 2021. Prior to that, the comparator benchmark was the 7-Day Sterling London Interbank Bid Rate (7-Day LIBID). ***Consumer Price Index (CPI) is lagged one month. †Using Fitch Ratings methodology.

Income - period to end December

Average yield over the month	0.0898%
Yield at the month end	0.1300%

Discrete year total return performance

	2021	2020	2019	2018	2017
12 months to 31 December					
The Public Sector Deposit Fund	+0.04%	+0.31%	+0.75%	+0.57%	+0.24%
Comparator Benchmark	+0.05%	+0.06%	+0.58%	+0.46%	+0.16%
Relative	-0.01%	+0.25%	+0.17%	+0.11%	+0.08%

Annualised total return performance

	1 year	3 years	5 years
Performance to 31 December			
The Public Sector Deposit Fund	+0.04%	+0.36%	+0.38%
Comparator Benchmark	+0.05%	+0.23%	+0.26%
Relative	-0.01%	+0.13%	+0.12%

Net performance shown after management fees and other expenses with gross income reinvested. Comparator Benchmark - SONIA from 1 January 2021. Prior to that, the comparator benchmark was 7-Day LIBID. Past performance is not a reliable indicator of future results. Source: CCLA

Market update

The Bank of England (BoE) wrong footed market expectations once again, this time by raising interest rates to 0.25%. The vote of the Monetary Policy Committee was 8:1 in favour of a hike, compared to the 7:2 decision to leave rates unchanged back in November; the pressure of rising inflation within an already tight labour market apparently trumping concerns over the impact on growth of the new Omicron variant. The BoE said that 'modest' rises in rates are likely to be required in the coming months and expectations now are for another increase in the New Year, probably in February, to take the rate to 0.5%.

Inflation rose to 5.1% from 4.2% in October. 80% of the upward pressure on prices came from just three factors: dearer energy, rising food prices and the increased cost of goods. RPI rose to 7.1%, the highest rate since 1991. The IMF, in its latest review of UK economic prospects, suggested that price pressures could peak at 5.5% but this now looks too low. The BoE raised its forecast to about 6% and even that may prove to be below the peak, now expected to be recorded in April. The strength in global energy prices, particularly gas, implies a 45%+ rise in domestic bills in the Spring with only a modest correction to follow in the Autumn.

The other side of the BoE dilemma, weak growth, was evident in GDP data. Growth estimates for the third quarter were revised down to 1.1% and the data for October showed activity expanding at just 0.1%, compared with estimates of 0.4%. Some improvement should be possible in the remainder of the quarter but 1% growth for the period is probably the best achievable. Unemployment fell again, to 4.2%. The data will still have been impacted by the furlough scheme but there were no signs of any significant rise in job losses. Indeed, vacancies continued to rise, up to 1.2m. Unsurprisingly, survey data suggested rising expectations of higher wages.

Key facts

Fund size	£1,647m
Credit quality and sensitivity rating by Fitch	AAAmmf
Weighted average maturity (Maximum 60 days)	50.07 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	End of each month
Ongoing charges figure (OCF)**	0.10% (currently reduced to 0.06%)

*Dealing instructions (including cleared funds for purchases) must be received by 11.30 am. **The OCF includes the annual management charge and other costs and expenses of operating and administering the Fund such as depository, custody, audit and regulatory fees. ***With effect from 12 May 2021 and until further notice, the OCF applied to the Fund was temporarily reduced to 0.06%.

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Risk warning and disclosures

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