

Institutional Cash Series plc

Institutional Sterling Liquidity Fund



Investment Objective

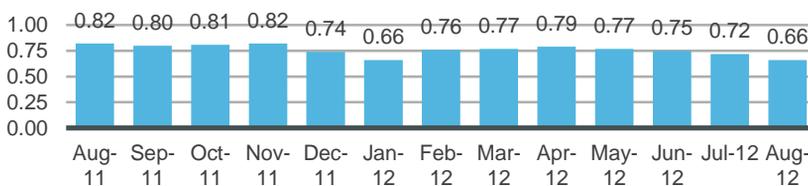
The Institutional Sterling Liquidity Fund (the Fund) seeks to maximise current income consistent with the preservation of principal and liquidity through the maintenance of a portfolio of high quality short-term "money market" instruments.

Investment Policy

The Fund invests primarily in first-tier securities, which include commercial paper, certificates of deposit, floating rate notes, time deposits and fully collateralised repurchase agreements.

Performance

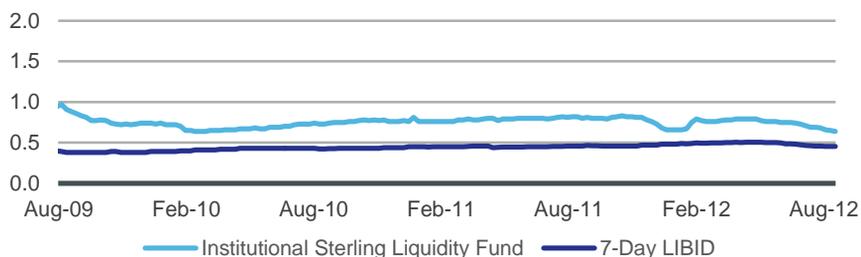
1 Month Gross Annualised Yield %



Gross Annualised Yield %

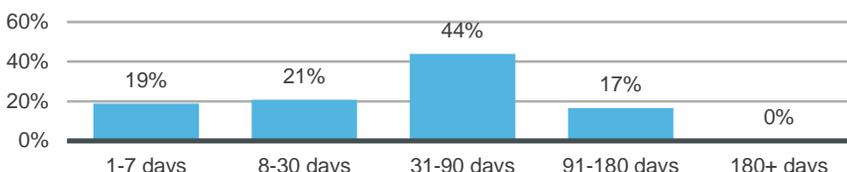
	1 month	3 months	6 months	1 year	3 years
Fund	0.66	0.71	0.74	0.75	0.75
Benchmark	0.40	0.42	0.44	0.47	0.44

Gross Annualised 7-Day Average Yield %



Source: Internal and Bloomberg as at 31 August 2012.
All yields are quoted gross of fees and expenses annualised. Benchmark yields are gross.

Maturity Distribution (WAM)



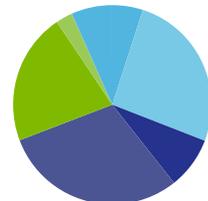
Weighted Average Maturity (WAM) as at 31 Aug 2012: 57 days
Weighted Average Life (WAL) as at 31 Aug 2012: 83 days



Fund Details

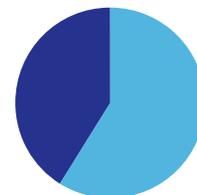
Umbrella	Institutional Cash Series plc
Domicile	Ireland
Fund structure	UCITS
Size	£25.1 billion
Benchmark	7-Day LIBID
Inception date	16 December 1998
Minimum investment	See Fund Information Guide
Dealing deadline	1:00pm Irish time
ISIN	See Fund Information Guide
Standard and Poor's	AAAm
Moody's	Aaa-mf

Portfolio composition %



- Financial Company Commercial Paper 25
 - Asset Backed Commercial Paper 8
 - Certificate of Deposit 29
 - Note (^) 21
 - Government Agency Repurchase Agreement 3
 - Time Deposit 7
 - Treasury Debt 5
 - Commercial Paper 2
- ^ Fixed or floating medium-term notes, issued by banks or corporates

S&P Rating %



■ A-1+ 59 ■ A-1 41

S&P deem all A-1 securities maturing within 7 days as A-1+. Any security under a year with a long term rating of AA- or above would also be considered to have a short term rating of A-1+, whilst those with a long term rating of A or above would be considered to have a short term rating of A-1.

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Sterling Market Review

In August the Bank of England's Monetary Policy Committee (MPC) voted to keep the Bank Rate unchanged at 0.50% and leave the size of the asset purchase programme at £375bn. The Minutes revealed a unanimous decision on both. During the month, the rating agency Standard and Poors reaffirmed the Stable Outlook on the AAA UK sovereign rating.

Economic data continued to be mixed – The July manufacturing PMI disappointed at 45.4 the lowest since May 2009, with construction PMI stronger at 50.9 and services PMI contracting to 51 which whilst still expansionary, was still the lowest print since December 2010. In positive news, the June unemployment rate fell 0.1% to 8.0% while headline July retail sales increased 0.3% mom (month-on-month). The UK June trade deficit numbers released in August showed a sharp widening from £8.4bn to £10.1bn, owing to weak export demand from EU and non-EU partners. The estimate for second quarter GDP growth was revised upwards in August from -0.7% to -0.5% qoq (quarter-on-quarter) and July CPI inflation rose to 2.6% yoy (year-on-year) from 2.4% yoy in June.

Sterling money market yields continued to edge lower in August: 3-month LIBOR ended at 0.68% down 0.06%, 6-month LIBOR at 0.93% down 0.08% and 12-month LIBOR at 1.41% down 0.08%. Dispersion remains very high across new issuance levels. High quality issuers from well-regarded countries continue to yield at levels below LIBOR rates, while lower quality issuers, especially those from less regarded countries, price at significant yield premiums.

Portfolio Activity

During the month, the portfolio's weighted average life (WAL) was steady ending at 83 days and the weighted average maturity (WAM) increased from 48 days to 57 days.

Most of the portfolio's activity was concentrated in the 3 month part of the curve in bank names as well as switching some of our short dated floating exposure into longer dated (2013) maturities in names such as Nordea, and DNB Bank. Trading was also active in the 1 month ABCP space.

Positions in government guaranteed and sovereign debt continue to be a core allocation of the portfolio with approximately 15% which also represents a WAL contribution close to 25%.

The portfolio ended the month with approximately 10% in overnight liquidity and approximately just below 40% in sub 1-month maturities.

Where we have Eurozone holdings, we have focused on the top bank and agency names in Germany and Netherlands as these represent the stronger sovereigns with small allocations in issuers from the Luxembourg, France and Finland.

The Risk indicator may not be a reliable indication of the future risk profile of the fund. The risk category shown is not guaranteed and may change over time. The lowest category does not mean risk free.

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Nothing herein constitutes an offer to invest in the Company. Any decision to invest must be based solely on the information contained in the Company's Prospectus, Key Investor Information Document and the latest half-yearly report and unaudited accounts and/or annual report and audited accounts. Investors should read the fund specific risks in the Key Investor Information Document and the Company's Prospectus. Prospective investors should take their own independent advice prior to making a decision to invest in this fund about the suitability of the fund for their particular circumstances, including in relation to taxation, and should inform themselves as to the legal requirements of applying for an investment. Most of the protections provided by the UK regulatory system, and compensation under the UK's Financial Services Compensation Scheme, will not be available.

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