

Institutional Cash Series plc

Institutional Euro Government Liquidity Fund



Money Market Funds
BlackRock

Investment Objective

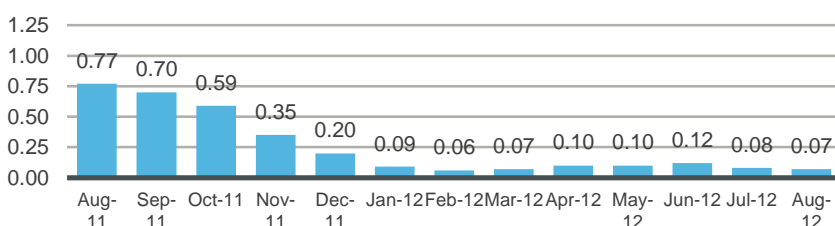
The Institutional Euro Government Liquidity Fund ("the Fund") seeks a moderate level of current income as is consistent with the liquidity and stability of principal.

Investment Policy

The Fund invests in Government bonds, notes and bills issued or guaranteed by member countries of the European Union as well as repurchase agreements where the associated collateral comprises obligations issued by member countries of the European Union.

Performance

1 Month Gross Annualised Yield %

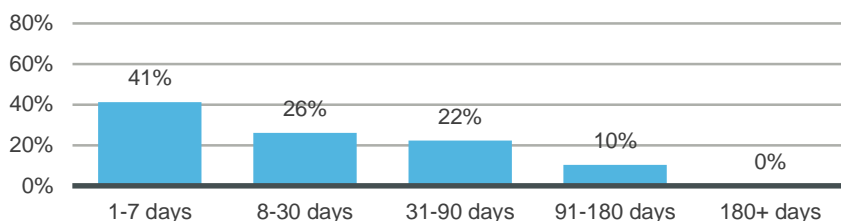


Gross Annualised Yield %

	1 month	3 months	6 months	1 year	Since Inception
Fund	0.07	0.09	0.07	0.23	1.87
Benchmark	0.06	0.13	0.18	0.38	0.63

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

Maturity Distribution (WAM)



Monthly WAM History

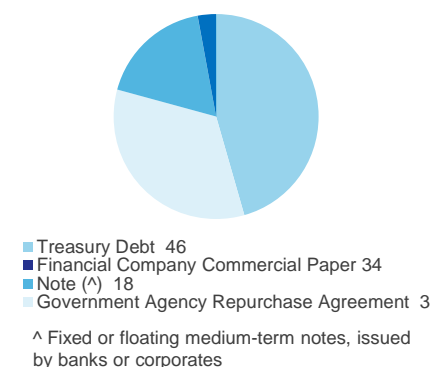
	Aug 11	Sep 11	Oct 11	Nov 11	Dec 11	Jan 12	Feb 12	Mar 12	Apr 12	May 12	Jun 12	Jul 12	Aug 12
Fund	30	34	28	37	51	53	35	54	48	57	46	55	31



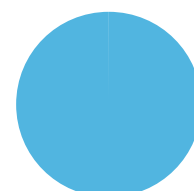
Fund Details

Umbrella	Institutional Cash Series plc
Domicile	Ireland
Fund structure	UCITS
Size	€1.7 billion
Benchmark	Overnight Euro LIBID
Inception date	10 December 2008
Minimum investment	See Fund Information
Dealing deadline	10:30am Irish time
ISIN	See Fund Information
Standard & Poor's	AAAm
Moody's	Aaa-mf

Portfolio composition %



S&P Rating %



Source: BlackRock.

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European Market Review

At the August meeting the ECB left the main refinancing rate unchanged at 0.75% and kept the monetary policy corridor at $\pm 0.75\%$. President Draghi called certain euro area government bond yields “unacceptable” and said further open market operations and non-standard measures may be undertaken. When questioned about the potential for negative rates, given last month’s cut to zero for the deposit rate, he noted that these are largely uncharted waters.

Euro area August composite PMI edged up to 46.6 from 46.5 supported by stronger manufacturing PMI up to 45.1 from 44.0 last month. Services PMI contracted from 47.9 to 47.5. France’s services PMI was expansionary at 50.2 but both France and Germany’s composite PMIs were below 50, at 48.9 and 47.0 respectively. Consumer confidence fell from -21.5 to -24.6 its lowest since June 2009 and the July unemployment rate remained at 11.3%. Eurozone retail sales released for June contracted -1.0% yoy (year-on-year) from -0.7% yoy in May. August “flash” CPI was firmer at 2.6% from 2.4% yoy. The estimate for euro area Q2 GDP growth was left unchanged at -0.2% qoq (quarter-on-quarter) but the disparity between countries continue.

European money market yields’ continued their decline in August: 3-month EURIBOR fell 0.11% to 0.28%, 6-month EURIBOR fell 0.13% to 0.54% and 12-month declined 0.14% to 0.81%. The recent period of increased market volatility and risk aversion continues to cause significant price tiering between money market issuers. 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

Throughout the month, the weighted average maturity (WAM) of the portfolio reduced sharply from 55 to 31 days. The portfolio’s weighted average life (WAL) was maintained around 114 days over the month.

During the month, most of the activity was centred around 1 month Finnish, German and Dutch European T-bills while in supranational space, we switched some of our short dated German KfW exposure into 2013 floating rate note Germany’s FMS benchmarked against Eonia.

The split between physical debt and tri-party repo was heavily weighted towards physical debt with only 3% of the fund invested in tri-party repo. The tri-party repo trades are with highly rated bank counterparties from our credit approved lists and are collateralised at 102% with government bonds issued by Germany, the Netherlands 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.

Important information - Institutional Euro Government

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