



What is it?

A cash management account is a convenient, low-risk, discretionary unit trust investment which is a safer and smarter alternative to keeping aside excess cash in your transactional bank account

Who is it for?

- Individuals, trusts or companies looking to accumulate cash for:
- Emergencies, contingencies, rainy days or a safety net
 - Larger, once-off expenses or capital expenditures planned over the short to medium term

Key Benefits



Funds parked in a cash management account are **liquid and accessible**. They can be transferred back into your transactional bank account within 2 to 3 days of requesting a withdrawal



For internet security and potential theft reasons, **it is safer** to have your excess cash on hand in a cash management account instead of your transactional bank account



Behavioral studies show that excess cash in your transactional bank account is mentally framed by people as spending money. The cash management account smartly avoids this bias: **out of sight, out of mind**



We also have a highly attractive **Shariah-compliant** cash management account option available for Muslim investors

Expected Returns

Idle cash is wasted cash. The expected return (whilst not guaranteed) from a cash management account attempts to keep up with inflation and is usually superior to that achieved in an equivalent money-market account or savings pocket that a typical bank offers (check the expected return profile graph below). Here are some of the reasons why:



We have negotiated **reduced fees** with service providers within the cash management accounts, these cost savings are passed on to investors



The underlying unit trusts used in the cash management account benefit from **economies of scale** and access to better rates of return because of the large amounts invested via these unit trusts

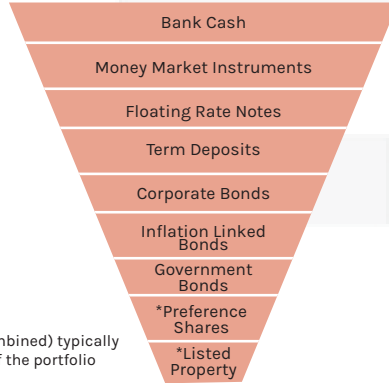


Returns are generated from a **widely diversified portfolio** of counterparties and underlying investments (as detailed in the examples below)

Underlying Investments

Here are examples of underlying investments included in cash management accounts:

CONVENTIONAL CASH MANAGEMENT ACCOUNTS

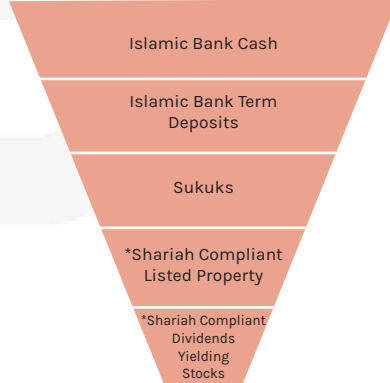


* these instruments (combined) typically make up less than 10% of the portfolio

lower risk
lower return

higher risk
higher return

SHARIAH CASH MANAGEMENT ACCOUNTS



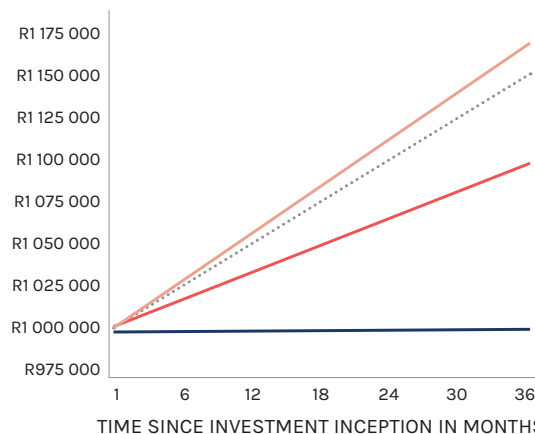
bigger allocations

smaller allocations

Expected Return Profile

Here is an example of the expected return profiles of three, low-risk R 1 million investment options versus inflation over 3 years:

- Cash at the bank (0% per annum expected return)
- Money Market (3% per annum expected return)
- Inflation (assumed at 4.50% per return)
- Cash Management Account (5% per annum expected return)



R 67 421 more accumulated in cash management account versus money market cash in the bank

R 161 472 more accumulated in the cash management account versus holding cash in the bank

Disclaimer:

All information and opinions provided are of a general nature and are not intended to address the circumstances of any particular individual or entity. We are not acting and do not purport to act in any way as an advisor or in a fiduciary capacity. No one should act upon such information or opinion without appropriate professional advice after a thorough examination of a particular situation. We endeavour to provide accurate and timely information, but we make no representation or warranty, express or implied, with respect to the correctness, accuracy or completeness of the information and opinions. We do not undertake to update, modify or amend the information on a frequent basis or to advise any person if such information subsequently becomes inaccurate. Any representation or opinion is provided for information purposes only. Bobats Insurance Brokers is an Authorised Financial Service Provider. FSP (#8201).

