



COMMERZBANK

Product Group

Money Market Funds, Quasi-Money Market Funds

In this information sheet, Commerzbank provides information on the underlying characteristics as well as the opportunities and risks of the money market funds, quasi-money market funds product group.

General characteristics and investment opportunities

On the money market, participants such as banks, larger companies or the public sector borrow or lend money for short periods of time.

Investment instruments on the money market include interest-bearing securities with short residual terms, overnight money or time deposits with a term of less than one year, for example, as well as derivatives. Floating-rate bonds (floaters) with longer terms whose interest rate is regularly adjusted according to an official money market interest rate are also classified as quasi-money market securities.

Most of the income of a money market fund / quasi-money market fund is generated by the interest paid on its assets and any redemption or capital gains on securities.

Typical product characteristics

In a money market or quasi-money market fund, a capital management company pools funds from many investors. The company invests these funds in several of the above-mentioned assets according to a defined investment strategy and follows the principle of risk diversification, while managing them professionally. The fund management pursues the strategy of generating an excess return for the investors of a money market fund / quasi-money market fund in comparison to what would be achievable, for example, by holding money in an overnight deposit account.

The price of a fund unit depends on the price performance and the income generated by assets held by the fund, such as securities and derivatives, and can therefore be subject to considerable fluctuations. However, a broad risk diversification reduces the reliance on the performance of individual assets. This diversification effect decreases, though, if the investment fund is dedicated to specific investment themes, such as specific countries, currencies or maturity segments.

Material risks of the product group

By investing in money market or quasi-money market funds, investors benefit from return opportunities, but are also exposed to additional material risks. These include the following:

Risk of loss - the value of a fund unit is dependent on the performance of the assets held. As a result, the fund unit price may decrease. When sold, the proceeds may be less than the value of the original capital invested, after taking into account any distributions received. By investing in interest-bearing securities with very short or short maturities, investors are exposed to a reduced price risk.

Issuer risk - investors are exposed to the risk of default by the issuer of the securities and related claims held in the fund, if the issuer is unable to meet its obligations or can only meet them in part because of insolvency, for example. Sustainability-related decisions relating to the environment, social aspects and corporate governance also impact on the credit quality of the issuer.

Interest rate risk - investors are exposed to an interest rate risk for the securities portion of the assets held in the fund, namely that rising interest rates may have an adverse effect on the redemption price of money market funds / quasi-money market funds.

Foreign currency risk - the fund as well as the assets held in it may be denominated in either euro or a foreign currency. If denominated in a foreign currency, investors are exposed to adverse changes in the exchange rate of the foreign currency.

Liquidity risk - during the term of the securities held in the fund, the fund may not be able to sell a security or may only be able to possibly sell it at a much lower price.

Holders of investment fund units are subject to special risks, for example that unit redemption may be temporarily suspended due to insufficient fund liquidity, for example in the event that many investors wish to redeem their units at the same time, or that a fund may be liquidated in an orderly manner.

When funds experience liquidity shortages, fund management companies have certain options to address them. They may, for example, introduce redemption notice periods. This means investors would have to notify the fund company of their intention to redeem their fund units some time in advance.

The fund company may also impose redemption restrictions. For example, fund companies may choose not to meet redemption requests for a certain period, or only partially, if the number of redemption requests exceeds a certain threshold.

Furthermore, a fund company may allocate transaction costs arising from unit redemptions or unit issues based on the cost originators. These transaction costs may be included in the calculation of the net asset value of a fund, up to a predefined rate.

These options are intended to prevent fund companies from having to completely suspend unit redemptions, which would be even more detrimental to investors.

Further information and costs

For further details on these aspects and the product, please refer to the relevant sales prospectus and basic information sheet. In principle, inflation trends impact your investment performance. A resulting loss of purchasing power affects both the income generated and your capital invested. When acquiring, holding and eventually selling securities and derivatives, costs will impact returns. For further details, please refer to the respective cost information before entering into a securities transaction.

For further details on the characteristics and risks of the products, please refer to the brochure "Basic Information on Securities and Other Investments".