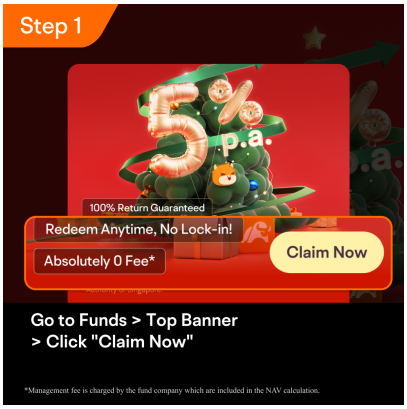


Review: How does moomoo Cash Plus work?

Description

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Where do you park your warchest cash while waiting for potential market opportunities? For investors looking for relatively low risk options but with fast (or almost instant) liquidity, moomoo Cash Plus is worth checking out. Hereâ??s a quick review on how it works and why you might want to consider if it is suitable for you.

What are cash management funds?

If this is your first time seeing this term, you should know that cash management funds are a type of low-risk wealth management product. They are also otherwise known as money market funds (aka MMFs) and typically come with the following features:

- Short-term / no lock-up period
- Low minimum capital
- (usually) higher returns than bank interest rates or fixed deposits

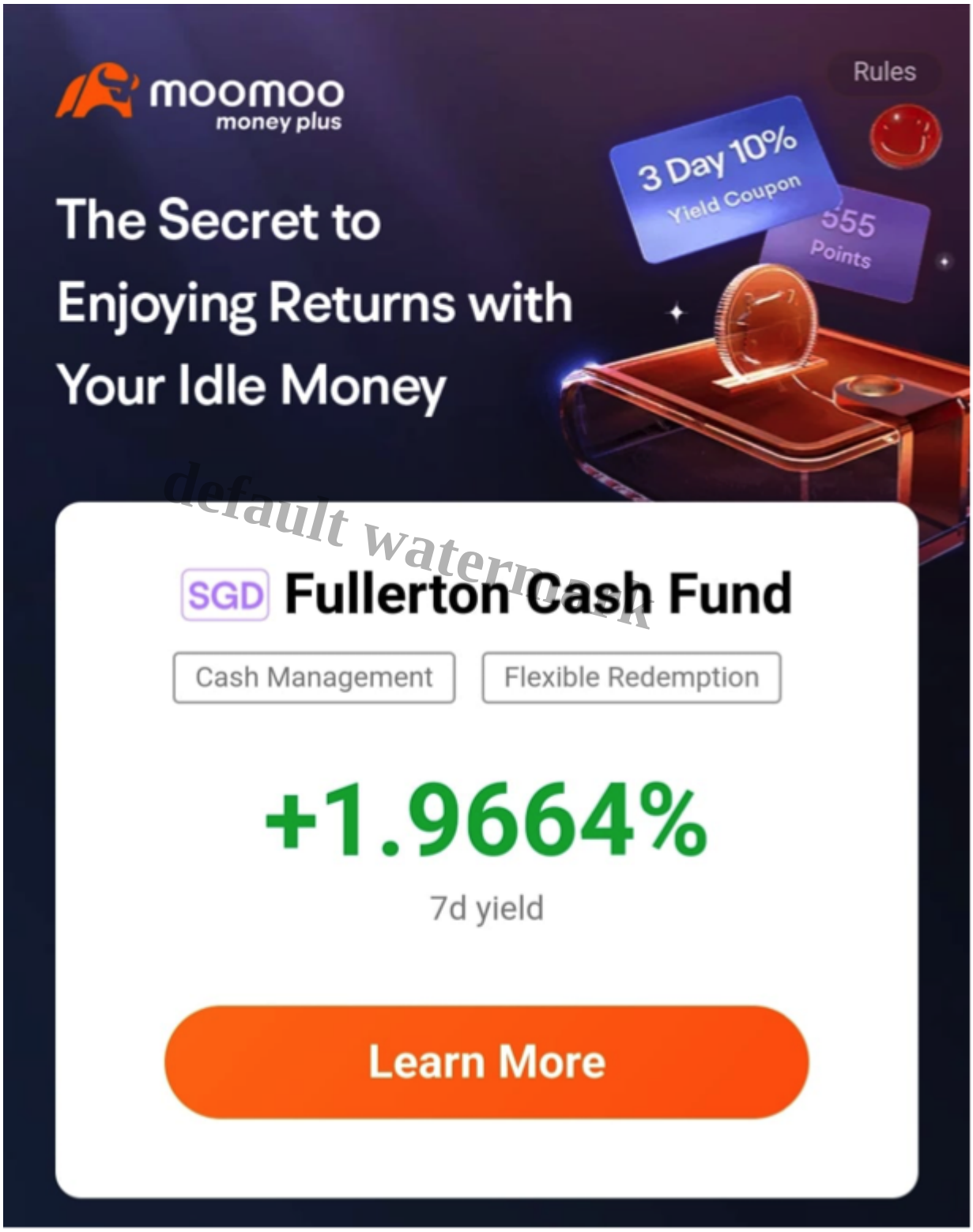
These tend to be more suitable for people who seek a temporary place to park their idle cash in, while waiting for an opportunity to act or deploy their monies.



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Cash management funds mainly invest in short-term government treasury bills, institutional bonds and other relatively safer assets. This makes them relatively lower in risk compared to stock funds or even various bond funds.

And unlike bonds or fixed deposits, there is usually no minimum capital and redemption is almost instant (or within the next working day). This can be powerful because it gives you the ability to liquidate almost immediately and deploy your funds into any beaten down market opportunities that youâ??ve spotted, with no waiting time in between.


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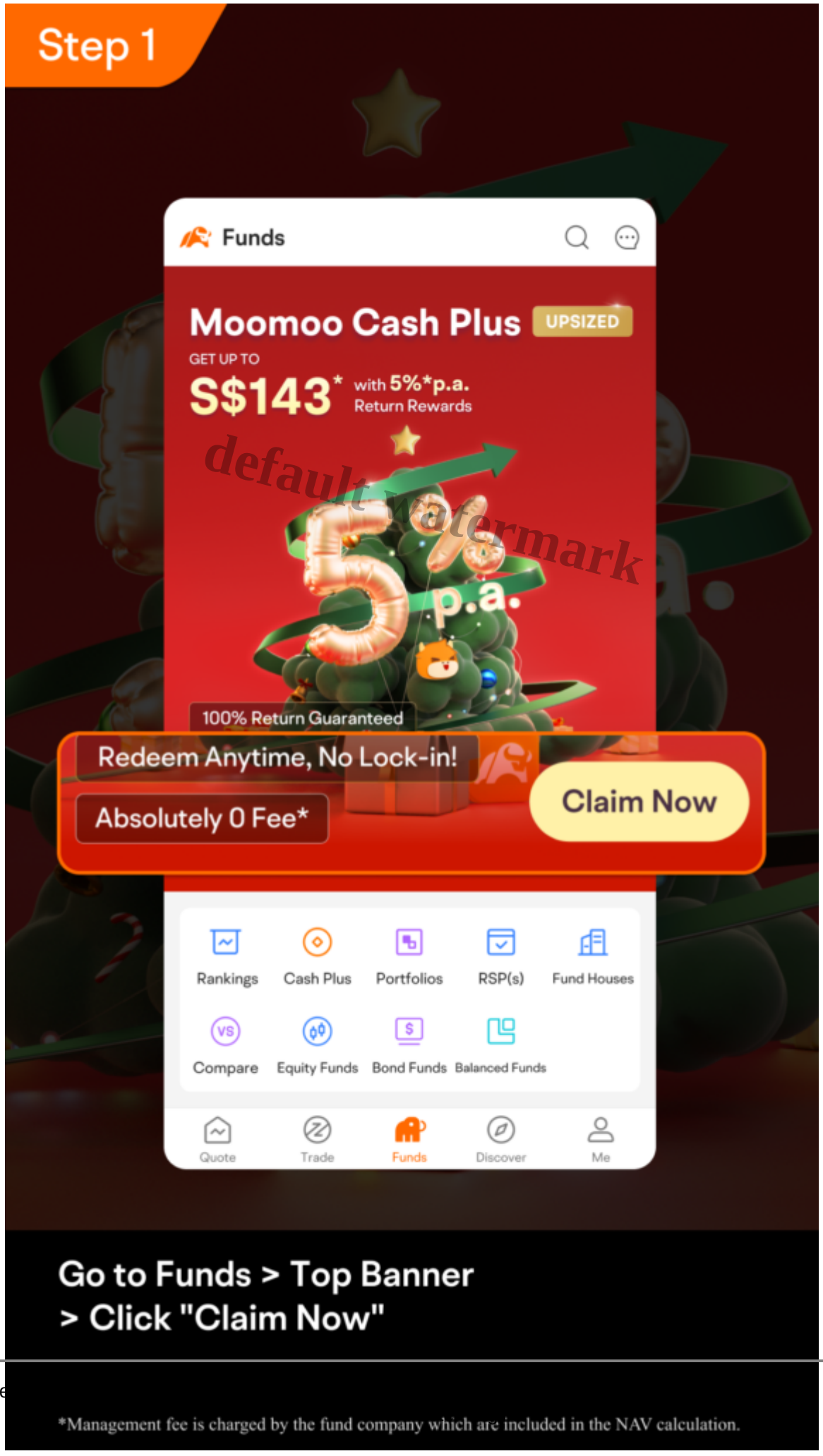

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moomoo Cash Plus â?? is it safe?

You may have already seen the enticing Cash Plus options if youâ??re an existing user on the app like me.Right now, **moomoo SG is also giving out a guaranteed 5% offer when you invest in Cash Plus**.


Step 1
Funds
Moomoo Cash Plus
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GET UP TO
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Redeem Anytime, No Lock-in!
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> Click "Claim Now"
*Management fee is charged by the fund company which are included in the NAV calculation.

But before you do anything, you need to first understand how the returns are generated and decide if it is a suitable finance instrument for your needs.

Specifically for moomoo Cash Plus:

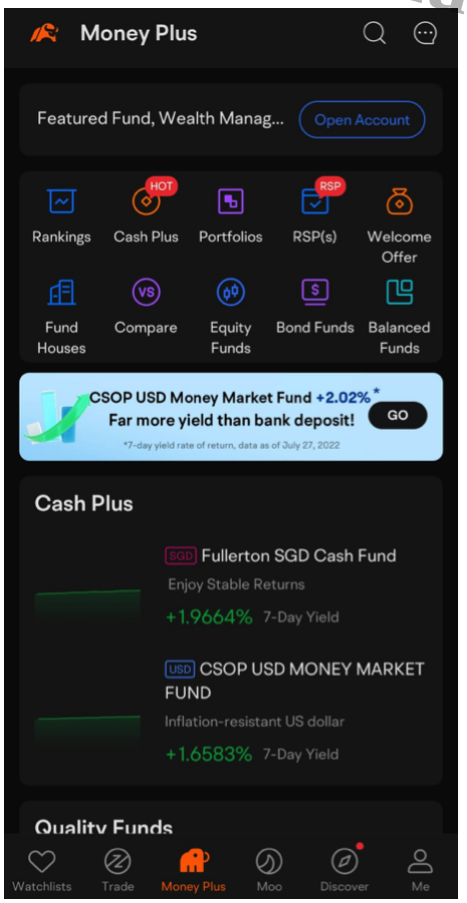
- **Instant deposit and withdrawals â??** simply use the funds in your moomoo SG account to buy, and redeem it for instant use on stock trading or IPO subscriptions when you need to.

This is the biggest benefit of buying cash management funds via your brokerage platform â?? you get to withdraw and use the redeemed funds almost instantaneously for your stock trades without incurring any margin interest.

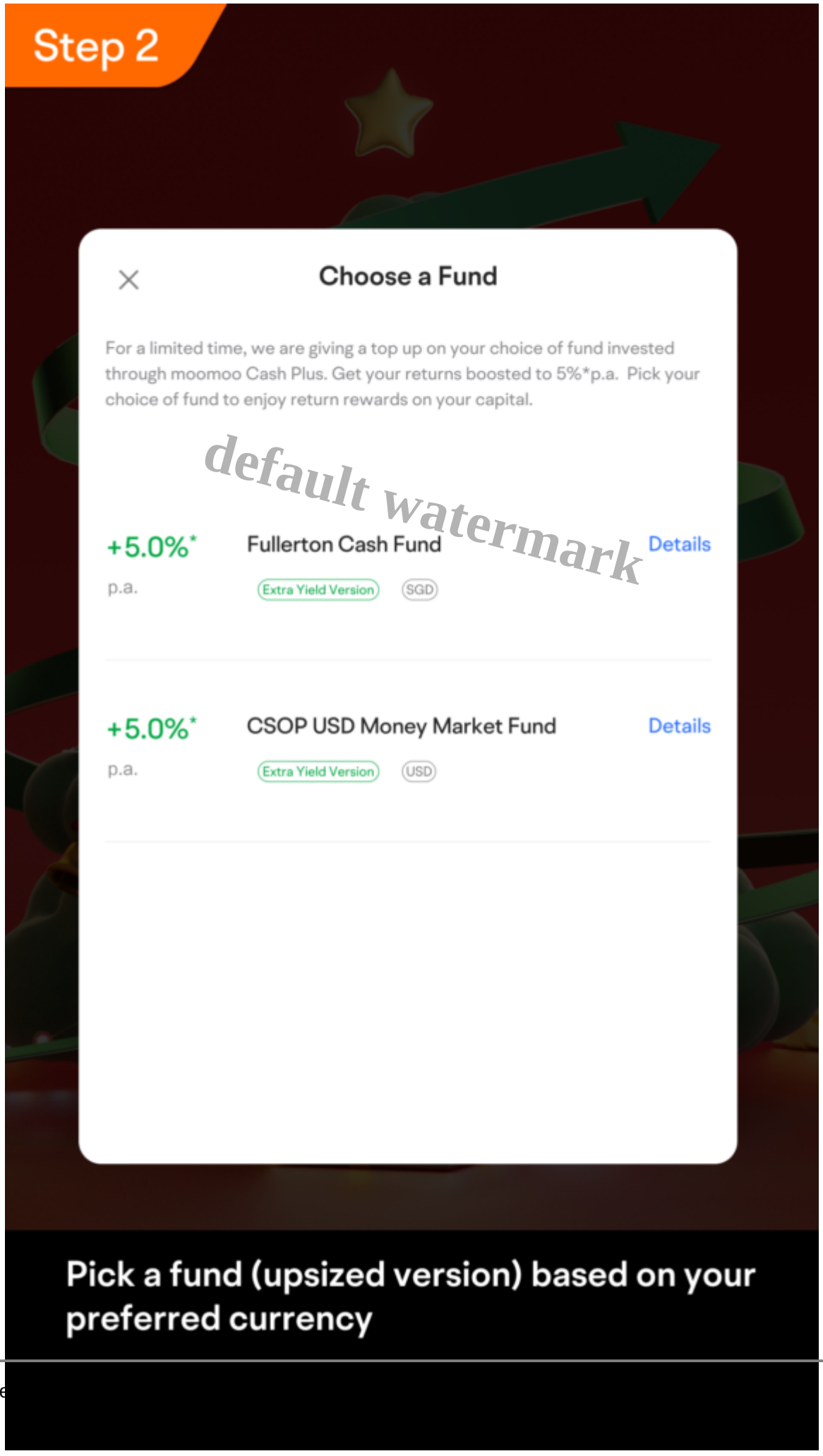
- **Zero additional fees** â?? the management fees for such cash management funds are deducted from the fund assets, so you do not need to pay any additional fees when you subscribe and/or redeem.

To learn more, simply tap on the â??Money Plusâ?• icon in your menu navigation bar where you can then browse through the different funds available on moomoo.

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For Cash Plus, investors can choose from 2 Money Market Funds on moomoo i.e. the SGD or USD version.


Step 2
Choose a Fund
For a limited time, we are giving a top up on your choice of fund invested through moomoo Cash Plus. Get your returns boosted to 5%*p.a. Pick your choice of fund to enjoy return rewards on your capital.
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+5.0%*
p.a.
Fullerton Cash Fund
Extra Yield Version
SGD
Details
+5.0%*
p.a.
CSOP USD Money Market Fund
Extra Yield Version
USD
Details
Pick a fund (upsized version) based on your preferred currency

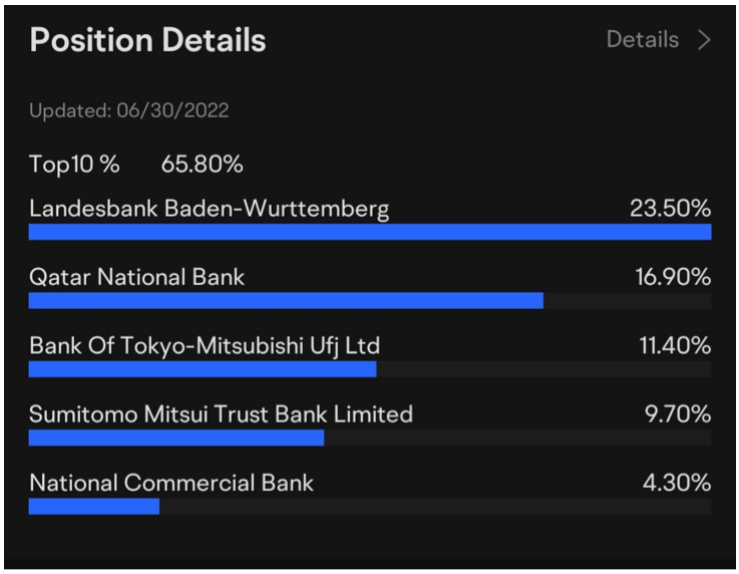
As thereâ??s more data on the historical returns for the SGD MMF managed by Fullerton, Iâ??ve opted to use this as an example instead.



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The yield on the Fullerton SGD Cash Fund has been steadily increasing ever since the start of the year. From 0.03% in January, last monthâ??s yield came in at 0.13% (almost 4 times higher). This might help explain why the fund assets have almost doubled vs. earlier this year.

Of course, these yields are neither guaranteed nor should we expect them to rise forever. Instead, you can tap to see what the fund invests into, so you have a better idea of where your money is going.



In this case, we can see that the funds are mainly with major financial institutions SGD deposits. This means that the major risk investors are subject to would be the risk of defaults by these financial institutions, which should be a *fairly* unlikely event unless thereâ??s major collapse in the global financial system.

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Strictly speaking, there is always the chance that the fund may post a negative return on a single day in some *extreme* cases or scenarios. But specifically for the Fullerton SGD Cash Fund, you can track their performance where it has not had a negative monthly return in all the years since its inception date of 3 February 2009.

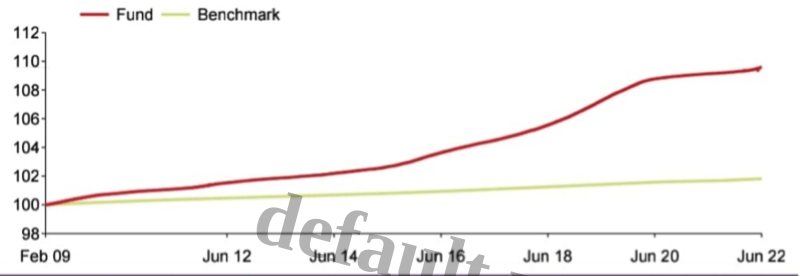
Investment Focus and Approach

The Managers intend to hold its assets primarily in Singapore Dollar deposits with eligible financial institutions[2] with varying terms of maturity of not more than 366 calendar days. The Managers may also place deposits of varying maturity tenures exceeding 366 calendar days but not more than 732 calendar days, subject to a maximum of 10 per cent of the Fund's Net Asset Value.

(1) As quoted in the MAS website.
(2) An eligible financial institution, as defined in Appendix 2 of the Code on Collective Investment Schemes, issued by the MAS is :

i) a financial institution which has a minimum short-term rating of F-2 by Fitch, P-2 by Moody's or A-2 by Standard and Poor's (including such sub-categories or gradations therein);
ii) a financial institution rated other than by the credit rating organisations specified in paragraph (i) above for which the manager has satisfied the trustee that its short-term rating is comparable to the ratings in (i) above; or
iii) a Singapore-incorporated bank licensed under the Banking Act (Cap. 19) which is not rated, but has been approved under the Central Provident Fund Investment Scheme to accept fixed deposits.

Performance (%)

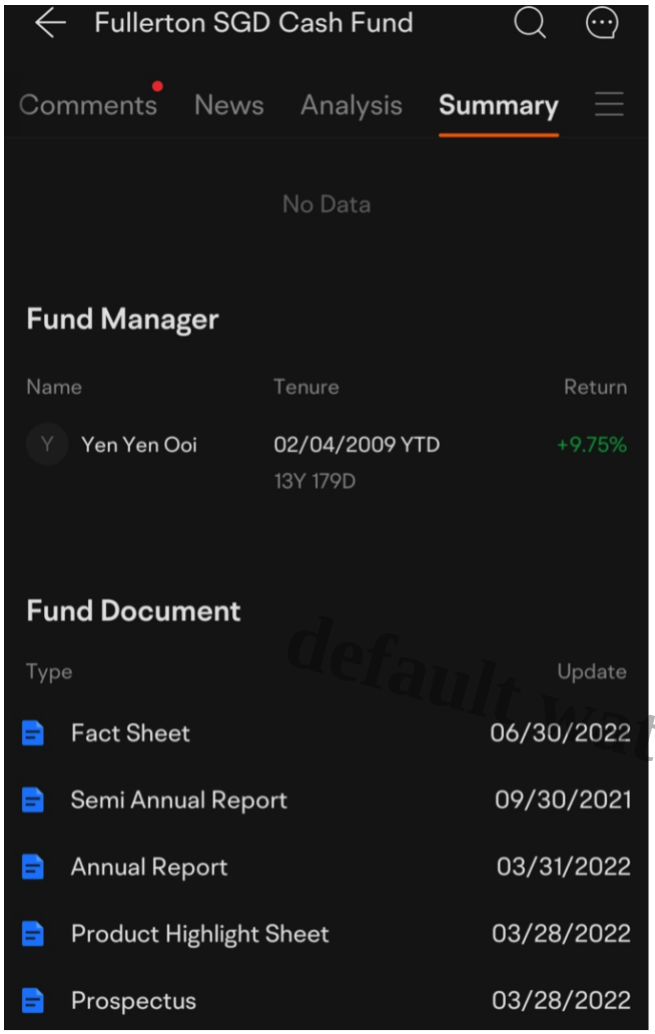


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	1 mth	3 mths	6 mths	1 yr	3 yrs	5 yrs	10 yrs	Sl. Ann. Ret.	Sl. Ann. Vol.
Fund	0.09	0.21	0.30	0.42	0.72	0.96	0.77	0.69	0.13
Benchmark	0.01	0.04	0.08	0.14	0.13	0.14	0.13	0.13	0.01

Returns of more than 1 year are annualised. Returns are calculated on a Bid-Bid basis in SGD with net dividends and distributions (if any) reinvested. Preliminary charge is currently waived.
Fund holidays are to be based on the Singapore calendar.
Benchmark: Singapore Dollar Banks Saving Deposits Rate
Source: Fullerton Fund Management Company Ltd and MAS.

You can also tap on â??Summaryâ?• to view the Fund Prospectus in full, as well as other fund-related documents within your moomoo app itself.



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Who is moomoo Cash Plus suitable for?

In general, investors looking to preserve the principal value of their funds + maintain high liquidity + get returns while waiting can consider this as an option.

If you have most of your warchest cash in USD and prefer to avoid FX conversion, thereâ??s also a USD Money Market Fund (offered by CSOP) that you can check out.

Who is NOT suitable for moomoo Cash Plus?

1. If what you seek is a capital-guaranteed instrument, then this will not be suitable for you.

   You might then be better off with fixed deposits or the Singapore Savings Bonds *(provided that youâ??re successful in getting your desired allocation)* instead.
2. If you want returns higher than single-digits, then cash management funds are unlikely to get you there.

What can I get if I invest in moomoo Cash Plus?


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Moomoo Cash Plus
U
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with 5%* p.a.
Return Rewards
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Futuâ??s global assets management scale exceeds S$3.6 billion, and this is just the start of what theyâ??re opening up to Singapore investors.

Why trade with moomoo? Read my review here.

Disclosure: Iâ??m a current user and am trading on their platform using my own funds.

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