



Should You Consider Tiger Brokers's Cash Plus?

Description

Simply put, Cash Plus is a cash management service offered by Tiger Brokers, in collaboration with LionGlobal Investors Limited. Your funds will be invested into the LionGlobal Managed Reserves Fund, with the aim of providing investors a yield that's higher than what they might get in their savings account, while still maintaining liquidity for you to use your funds at any time.

This liquidity is useful because if you're waiting to capitalise on a crash like last year's or even a sector-specific correction (such as the ongoing China tech equities crash) then you'd want to be able to quickly transfer your cash into your brokerage account to pick up beaten-down stocks that you've been eyeing. Especially if the crash is short-lived, in such cases, the liquidity will then prove invaluable.

Largest Real Declines in U.S. Stock Market History

Pain Rank	Pain Index (%)	Peak	Trough	Recovery	Decline Rank	Decline (%)	Event(s)
1	100.00	Aug 1929	May 1932	Nov 1936	1	79.00	1929 Crash & Depression
2	89.34	Jun 1911	Dec 1920	Dec 1924	4	50.96	WWI & Inflation
3	85.51	Aug 2000	Feb 2009	May 2013	2	54.00	Lost Decade
4	80.41	Dec 1972	Sep 1974	Jun 1983	3	51.87	Inflation, Vietnam War
5	59.57	Feb 1937	Mar 1938	Feb 1945	5	49.93	Great Depression
6	29.06	May 1946	Feb 1948	Oct 1950	6	37.18	Postwar Bear Market
7	14.22	Nov 1968	Jun 1970	Nov 1972	7	35.54	Inflationary Recession
8	8.23	Jan 1906	Oct 1907	Aug 1908	8	34.22	Panic of 1907
9	8.18	Apr 1899	Jun 1900	Mar 1901	9	30.41	Cornering of Gold
10	7.73	Aug 1987	Nov 1987	Jul 1989	10	30.21	Black Monday
11	6.25	Nov 1886	Mar 1888	May 1889	13	22.04	Depression & Panic
12	5.00	Apr 1903	Sep 1903	Nov 1904	14	21.67	Rich Man's Panic
13	4.80	May 1890	Jul 1891	Feb 1892	17	20.11	Baring Brothers
14	3.55	Dec 1961	Jun 1962	Apr 1963	12	22.80	Height of Cold War
15	3.20	Aug 1897	Mar 1898	Aug 1898	15	21.13	Outbreak of Cholera
16	3.14	Oct 1892	Jul 1893	Mar 1894	11	27.32	Silver Agitation
17	3.11	Sep 1909	Jul 1910	Feb 1911	16	20.55	Enforcement of Antitrust
18	1.00	Dec 2019	Mar 2020	Jul 2020	18	20.00	COVID-19 Pandemic

Data as of Feb. 28, 2021. Sources: Kaplan et al. (2009); Ibbotson (2020); Morningstar Direct; Goetzmann, Ibbotson, and Peng (2008); www.econ.yale.edu/~shiller/data.htm, Ibbotson Associates SBBI US Large-Cap Stock Inflation Adjusted Total Return Extended Index

Largest declines in US Stock Market History

In this case, Tiger Brokers users with funds in Cash Plus will be able to transfer almost immediately into your prime account for trading.

So if you're already an existing Tiger Brokers user and you have idle funds *such as funds you're reserving as your investment war chest* you might want to explore this as a way to earn a higher yield on your cash.

What is the LionGlobal Managed Reserves Fund?

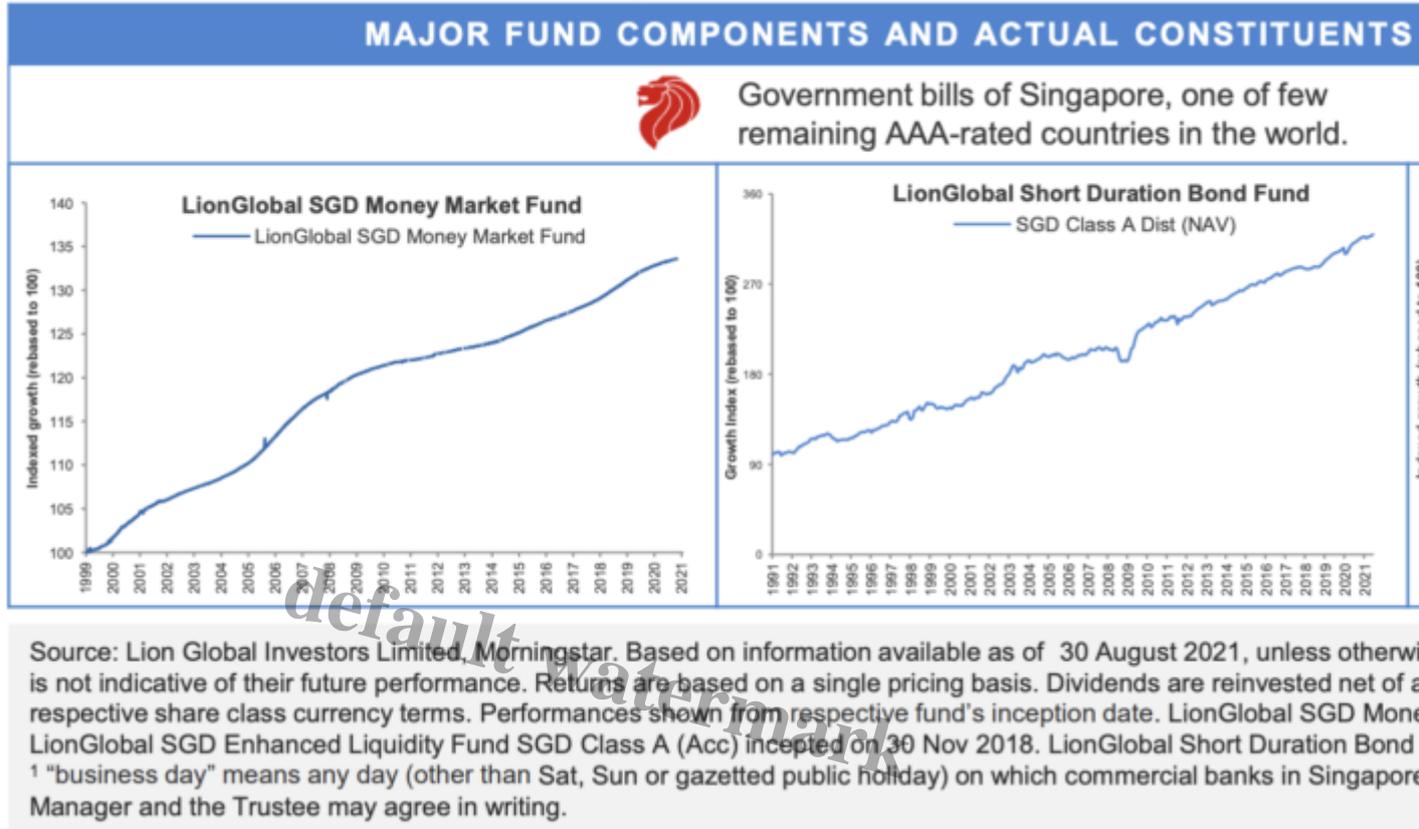
The fund is a special collaboration between both companies, and will be used to invest in highly liquid assets i.e. government bills, high grade treasuries, corporate bonds and established funds. *If you want to read more about the individual underlying funds, you can check out the SGD-domiciled versions [here](#), [here](#) and [here](#).*

FUND HOLDINGS

Top 10 Holdings	Industry	Weight%
Cash	-	10.0
MAS Bills	Sovereign	30.0
LionGlobal Money Market Fund	Money Market	10.0
LionGlobal Enhanced Liquidity Fund	Money Market	10.0
LionGlobal Short Duration Bond Fund	Short Duration Bonds	40.0

FUND FACTS

Investment Objective	
The Fund aims to preserve capital and maintain a high level of liquidity by investing in high quality instruments and short-term securities. The portfolio will be broadly diversified across sectors.	
Fund Inception Date	25/01/2018
Subscription Mode	Continuous
Fund Size	USD 1.2 billion
Minimum Investment	USD 10,000
Initial Charge	0.5%
Management Fee	0.5% p.a.



Since LionGlobal Managed Reserves Fund is new, there is little historical yield information to reference. Instead, you should note that the estimated yield provided by Tiger Brokers is currently at 0.8*%, which is, of course, subject to changes depending on the underlying fund performance.

* As of 8 October 2021

Is it safe? What happens to my funds?

Cash management services are not new, and robo-advisors similarly use LionGlobal too for their own cash management services.

Your funds will be deposited into segregated trust accounts with a local MAS-licensed bank, which are held separately from Tiger Broker's own funds.

How do I know how much I've earned from Cash Plus?

Instead of paying out earnings, you can check your gains on your Net Asset Value (NAV), and lock in any capital appreciation upon you transferring your money out of Cash Plus.

What are the fees?

While there are no fees charged by Tiger Brokers for this, do note that the fund itself has a 0.5% p.a. management fee.

There are also no fees when you transfer in or out, unless you need it urgently (in this case, you can opt for their rapid transfer-out service with a 0.05% fee).

The minimum transfer-in amount is just SGD1 / USD 1 / HKD 5, and there's no cap on how much you want to park in Cash Plus.

However, note that the limit for rapid transfer-out services is capped at SGD 100,000 / USD 100,000 / HKD 500,000 per day, and the service fee of 0.05% levied on your total rapid transfer-out amount will apply.

What are the risks?

Your funds in Cash Plus are neither principal-guaranteed nor protected by SDIC.

Should the fund underperform, there is a small chance that you might lose some of your capital if you were to redeem your units then. *(However, given that the underlying funds are low-risk products, the chances of losing your capital is minimal, compared to most other investment products.)* The same logic applies that if the fund were to outperform, you will likely be earning higher yields on your capital than if you had left it in the bank.

Conclusion

So, is it worth exploring Tiger Brokers Cash Plus?

By now, most Singaporeans should be fairly comfortable with cash management products. Given their popularity in recent months, I won't be surprised if investors who are already using Tiger Brokers will go for this.

After all, if you're already an existing Tiger Brokers customer and with investible funds that you have yet to put to work, you might want to consider this as an option for your idle funds.

Sponsored Message from Tiger Brokers

Cash Plus is Tiger Brokers' newest wealth management service offered to create more value for our users. With just one click, you can now enjoy the benefits of securities investment and cash management solution with Tiger Brokers. [Read more about Cash Plus here.](#)

[From now until 7 November 2021, transfer and maintain your funds in Cash Plus to qualify for 1% annualized yield!](#)

For instance, if you transfer USD 100,000 on 8 October and maintain your account balance until 25 October 2021, you will receive USD 46.57 (1% annualized over 17 days). But if you were to subsequently transfer another USD 200,000 into your Cash Plus account on 10 October, and maintain your total account balance of USD 300,000 until the end of the campaign, you will receive an additional

USD 82.19 (1% annualized over 15 days), meaning you'll receive USD 128.76 in total.

You can find Cash Plus in your Tiger app under > My > Cash Plus Account > Open > Transfer-in. To transfer your funds out, simply follow the same steps but select > Transfer-Out.

[Cash Plus](#) is available in SGD, USD and HKD.

Disclaimer: This article is written in collaboration with Tiger Brokers.

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