

## **Get the best out of cash whilst managing risk**

Most charities will wonder about their cash deposits, how well they are working and whether this is the best place for any excess cash. The question of 'risk' often comes up, primarily based on the issue of holding all your money with one bank or building society, especially given the current economic climate.

One option is to use two (or more) banks to save funds. The question is, are there other alternative ways to hold cash in a secure way, and constantly receive a good rate of interest? The answer to this may be a cash unit trust. This offers the opportunity of high rates of return for even a small amount because of their pooling effect. The way in which a cash unit trust pools funds means that many hold more than £100 million!

Unit trust cash funds also spread their risk by investing in many institutions, so the funds offer a high degree of security and liquidity by investing in money market instruments. This means typically in the region of 50 or so different institutions. Cash unit trusts often achieve the highest rating by Moody's Investor Services – 'AAA'. Therefore, these funds offer instant cash management service in just one place. The Trustees and the fund managers' aims are aligned so that typically only an annual review of the fund would need to take place. Cash unit trusts are therefore ideal to work alongside your normal banking arrangements, and if a major bank goes on a 'wobble' due to the credit crunch, the Trustees will know that there will be little chance that this will affect them directly.

With over 22 funds available in this sector, independent advice offered by a charity investment specialist can be a major advantage. One of CB Financial's favourites is Fidelity's Cash fund, as this has shown consistent performance for more than 5 years. For more information please contact us at [marketing@charitybusiness.com](mailto:marketing@charitybusiness.com) or 01793 554 204.