

Institutional US Dollar Liquidity Fund

Core Share Class



Fund objective

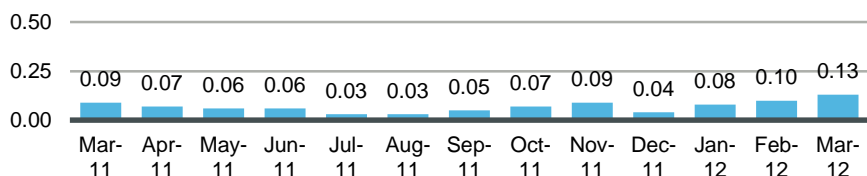
The Institutional US Dollar Liquidity Fund (the Fund) seeks to maximise current income consistent with the preservation of principal and liquidity through the maintenance of a portfolio of high quality short-term "money market" instruments.

Investment policy

The Fund invests primarily in first-tier securities, which include commercial paper, certificates of deposit, floating rate notes, time deposits and fully collateralised repurchase agreements. The fund must maintain 50% of its holdings with a short term rating of A1+/P1 with the remainder in A1/P1.

Performance

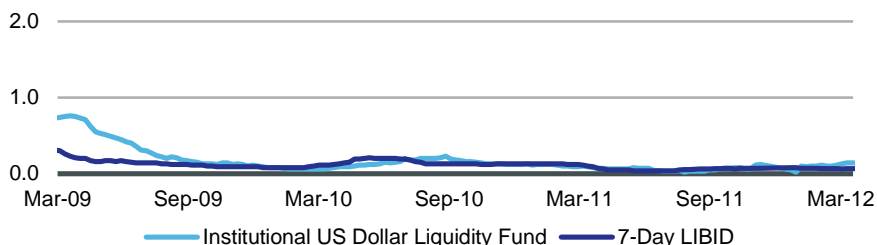
30-day net annualised yield %



Net total return %

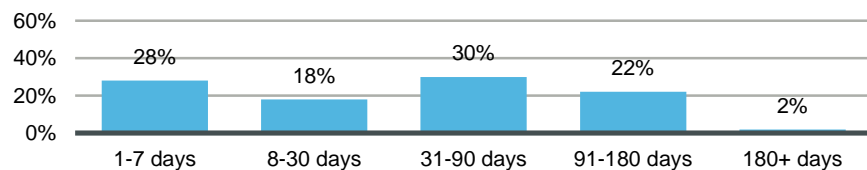
	1 month	3 months	6 months	1 year	3 years
Fund	0.13	0.10	0.09	0.07	0.16
Benchmark	0.06	0.07	0.07	0.06	0.11

Net annualised 7-day average yield %



Source: Internal and Bloomberg as at 30 March 2012.
All yields are quoted net of 20bps annualised.

Maturity distribution



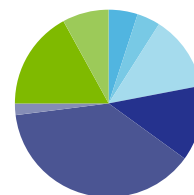
Weighted Average Maturity (WAM) as at 30 March 2012: 51 days
Adjusted Weighted Average Life (WAL) as at 30 March 2012: 67 days

Fund details

Umbrella	Institutional Cash Series plc
Domicile	Ireland
Fund structure	UCITS
Size	\$17.7 billion
Benchmark	7-Day LIBID
Inception date	17 December 1998
Minimum Investment	US \$1,000,000
Dealing Deadline	4:00pm New York time
Bloomberg	MLMIUSD/ MLMIUSA
ISIN	IE0004809582 – Distributing Shares IE0004810143 – Accumulating Shares

Ratings:	
Standard and Poor's	AAAm
Moody's	Aaa-mf

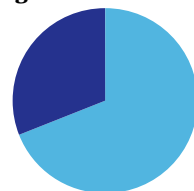
Portfolio composition %



- Treasury Debt 5
- Government Agency Debt 4
- Financial Company Commercial Paper 13
- Asset Backed Commercial Paper 13
- Certificate of Deposit 38
- Note (^) 2
- Government Agency Repurchase Agreement 17
- Time Deposit 8

^ Fixed or floating medium-term notes, issued by banks or corporates

S&P rating %



A-1+ 69 A-1 31

S&P deem all A-1 securities maturing within 7 days as A-1+. Any security under a year with a long term rating of AA- or above would also be considered to have a short term rating of A-1+, whilst those with a long term rating of A or above would be considered to have a short term rating of A-1.

Contact us

+44 (0)20 7743 3187

cashmanagement@blackrock.com

www.blackrock.co.uk/cash

US Dollar Market Review

The Federal Open Market Committee (“the Fed”) voted on March 13 to maintain the target range for the federal funds rate at 0.00% to 0.25%, noting that economic conditions would likely warrant “exceptionally low levels for the federal funds rate at least through late 2014” in order to support a stronger economic recovery. One issue at the forefront of investors’ minds is the possibility of additional quantitative easing if the economy were to suddenly falter to a greater degree than the Fed is willing to tolerate. More importantly, the form with which the Fed engages in additional quantitative easing could have material implications for short-term markets. For example, if the Fed were to engage in unsterilized quantitative easing (i.e., buying Treasury or mortgage securities outright), then money market participants can expect downward pressures on short-term interest rates as the Fed increases the level of excess reserves in the banking system. However, if the Fed were to extend its Operation Twist program (i.e., selling short-term securities to buy longer-term securities), or if the Fed were to engage in sterilized quantitative easing (i.e., funding longer-dated security purchases through reverse repurchase agreements or term deposits), then investors can expect a continuation of higher funding levels and upward pressures on short-term interest rates, especially in the case of the latter scenario.

Nevertheless, the Fed has made it increasingly clear, through its communiqué, that additional monetary policy accommodation would be highly dependent on incoming economic data. The improvement in labour market conditions as well as the decline in the unemployment rate make the case for additional quantitative easing less compelling, but for money market investors, a number of headwinds remain. These include potential disruptions in Europe and the Middle East, risks to global economic growth, potential downward ratings pressures on a number of financial institutions, as well as on-going money market regulatory reform.

Libor settings stabilized in March, with 3-month Libor hovering around 46 basis points at the end of the month from 48 basis points at the end of February. Three-month Libor steadily decreased after peaking near 60 basis points in early January; the improvement in market sentiment brought about by the turn of the year combined with European Central Bank’s (ECB) expanded liquidity facilities helped improve liquidity conditions in the money market space during the first quarter. Interestingly, the ECB’s balance sheet surpassed that of the Fed’s as a result of their expanded liquidity measures.

In the Treasury markets, the improvement in market sentiment contributed to higher Treasury yields from its historic lows as investors shifted away from risk-free assets and opted instead for credit and spread product. Seasonal increases in Treasury bill supply combined with the Fed’s current Operation Twist Program kept overnight funding levels elevated as well. However, quarter-end technical factors and declining Treasury bill supply placed downward pressures on Treasury bill yields during March. The aforementioned headwinds should also serve to support Treasury yields in the coming months, especially in the face of further declines in Treasury supply as tax-season ends.

Outlook

Following the success of the second Long Term Refinancing Operation (LTRO) scheme on February 29, 2012 market sentiment improved. Investors were once again interested in supporting the longer-term core credit markets which in turn lead to a strong “risk-on” bias. However, despite the back up in the market, various domestic and global stresses remain. A few headwinds facing the Industry such as Regulatory Reform, changes in accounting variations, adjustments in tax rules, persistent modifications implemented by various rating agencies and the 2012 U.S. Presidential elections. As such, we remain anchored to our long-standing philosophy: safety, liquid and yield.

Important information

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