

# Cash Alternatives

GENERATING ATTRACTIVE YIELDS WHILE  
PROVIDING FINANCIAL SECURITY

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This is a Marketing Communication

# Understanding Bond Market Dynamics: A Timely Investment Opportunity

One of the fundamental mechanics of bond markets is that when interest rates go up, bond prices go down and vice versa. This inverse principle has been evident in the Eurozone Government Bond markets recently. Following the ECB's decision to lower interest rates to combat the recent data indicating slowing growth, bond prices rose (as they became more attractive) and yields fell.

With interest rates currently forecast to fall further, we think bond markets represent a notable investment opportunity. Relatively higher yields provide attractive returns for investors and a viable option for enhancing return and optimising investment portfolios. Take, for instance, the Irish 2027 Government Bond. When issued in 2020, ECB base rates were priced at 0% (they were actually at -0.5%). Today, the ECB rate is 2.75%, valuing this bond at 95.85c (investors receive full par value of 100c at maturity), equating to a yield to maturity of 2.12% per annum (at 27/02/25).

The current landscape for term deposits in the Irish market presents limited opportunities, with the main Irish banks offering around 2% for fixed 12-month deposits (Bonkers.ie 28/2/2025). The illiquidity of these accounts is a significant drawback for investors, as they must stay the full period to earn the interest rate advertised. Unfortunately, the rates for instant access accounts are materially lower, typically offering less than 0.25%. In contrast, Irish Government Bonds, with daily liquidity, can offer investors a better potential return and the flexibility to cash out should there be a change in either market conditions and/or personal financial circumstances.

Irish Government Bonds also offer more favourable tax treatment versus bank deposits. Currently, any gain in the bond's value is free of Capital gains Tax (CGT). The 2027 Irish Government Bond, for example, has a coupon rate 0.2% taxed at the marginal income tax rate, but any capital appreciation remains exempt from CGT. This contrasts with term deposits, where the entire gain is subject to Deposit Interest Retention Tax (DIRT) at 33%. This difference in tax treatment makes Irish Government Bonds more tax efficient for both personal and corporate investors.

A particularly popular option with individuals and corporate investors alike has been our Prime Saver bond which combines a high degree of security with no annual account fees, guaranteed positive returns, ease of access and benefits from CGT treatment (versus Exit tax) also. It ticks a lot of important boxes.

In addition, Cantor Fitzgerald offers a suite of money market and cash fund products that provide competitive yields along with the benefit of daily liquidity. These products, though subject to Exit Tax, offer higher yields and ease of access, presenting an attractive alternative to the limited term deposit options. This flexibility and potential for higher returns make these products an appealing choice for both personal and corporate investors.

Over the next 12 months, market expectations indicate the ECB are likely to implement further rate cuts (as at 28/02/25) to address the challenges of slowing economic growth. These anticipated rate reductions have already been partially priced into the bond market. However, if the ECB proceeds with these cuts, current bond prices are likely to rise, potentially eradicating the tax-efficient opportunities currently available.

At Cantor Fitzgerald, we recognize the unique window of opportunity that the current bond market presents. The anticipated rate cuts offer a prime moment for astute investors to capitalise on the favourable pricing and tax efficiency of Irish Government Bonds.

**Disclaimer: Cantor Fitzgerald is not authorised to provide tax advice. We recommend that clients seek independent professional tax advice prior to making any investment decisions.**



# Investment Opportunities in Cash Funds and Bonds

Holding Name	Holding Type	Exposure	OCF	Term	Objective	Yield to Maturity	Annual Distribution Yield	Document Links	Other Points
<b>Cantor Fitzgerald Ireland Primesaver Monthly Rolling 100% Protected Bond</b>	Senior SG Issuer Bond with 100% capital guaranteed by Société Générale, which also holds additional security over a segregated UCIT's eligible collateral pool	Provides exposure to Short-Term Euro reference rate less 1.00%	<b>Charges of 1% p.a. (0.65% p.a. to Cantor &amp; 0.35% p.a. to Société Générale)</b>  No Annual Account or Dealing Fees apply to Primesaver investments	Open Ended	The Objective is to increase invested capital by compounding it daily at the ESTR Rate less a 1% spread. This is a solution designed for investors seeking alternatives to traditional money market investment, by offering a return in addition to a full capital protection at redemption.	<b>Variable ESTR rate -1%,</b>  Yield to Maturity 1.665% (as at 01/03/25)	Nil	<a href="#">Brochure</a>  <a href="#">Kid Document</a>  <a href="#">Homepage</a>  ISIN: XS2781245845	Tax Treatment  CGT Tax  ESMA Rating 2  Redeemable monthly with 1 weeks' notice (or T+5 if >=€10m) (Notice required on the 5th of every month)  <b>Minimum Investment: €100,000</b>
<b>Cantor Fitzgerald Cash Fund</b>  <b>Fund Size €494m</b>	RIAIF  Retail Investor Alternative Investment Fund	Diversified exposure to very short maturity Government & Corporate bonds	<b>0.45%</b>	Open Ended	The Cantor Fitzgerald Cash Fund is designed to provide capital security for pension fund investors approaching retirement. It may also be used as a short-term "safe haven" by investors in times of market uncertainty. The Fund promotes a range of environmental and social characteristics and is categorised as Article 8 in accordance with SFDR.	<b>2.60%</b>  Weighted Average Maturity 86 Days (as at 31/01/2025)	Nil	<a href="#">Factsheet</a>  <a href="#">Kid Document</a>  <a href="#">Homepage</a>  Sedol BVFMFW4	Tax Treatment Fund Exit Tax  ESMA Rating 1  Access Daily Traded  <b>Minimum Investment: €50,000</b>
<b>iShares € Ultrashort Bond UCITS ETF (Accum)</b>  <b>Fund Size €872m</b> (Share class M)	UCITS ETF	Diversified exposure to very short maturity fixed and floating rate Corporate bonds issued in Euro	<b>0.09%</b>	Open Ended	The Fund seeks to track the performance of an index composed of Euro denominated investment grade corporate bonds.	<b>2.88%</b>  Weighted Average Maturity 131 Days (as at 31/01/25)	Nil	<a href="#">Factsheet</a>  <a href="#">Kid Document</a>  Sedol BP6L8X0	Tax Treatment Fund Exit Tax  ESMA Rating 1  Access Daily Traded  <b>Minimum Investment: €50,000</b>
<b>JPM EUR Standard Money Market VNAV Institutional (Accum)</b>  <b>Fund Size €6.2bn</b>	UCITS Fund	Diversified exposure to very short maturity global Government & Corporate bonds	<b>0.21%</b>	Open Ended	The Sub-Fund seeks to achieve a return in the Reference Currency in excess of Euro money markets whilst aiming to preserve capital, consistent with prevailing money market rates, and maintain a high degree of liquidity.	<b>7 Day Current Yield 2.93%</b>  Weighted Average Maturity 82 Days (as at 31/01/25)	Nil	<a href="#">Factsheet</a>  <a href="#">Kid Document</a>  <a href="#">Homepage</a>  Sedol BL2F1B7	Tax Treatment Fund Exit Tax  ESMA Rating 1  Access Daily Traded  <b>Minimum Investment: €50,000</b>

# Investment Opportunities in Cash Funds and Bonds

Holding Name	Holding Type	Exposure	OCF/TER	Term	Full Bond Name & Details	Yield to Maturity	Annual Coupon	Indicative Price	Other Points
<b>6-month German Govt Bond</b>	Govt Bond	Germany	n/a	Open Ended to 6 months	Germany 0.0% 10-OCT-2025	<b>2.13%</b>	Nil	98.69c	Return Subject to CGT  <b>Minimum Investment: €50,000</b>
<b>2yr German Govt Bond</b>	Govt Bond	Germany	n/a	Open Ended to 2yrs	Germany 0.0% 16-APR-2027	<b>2.02%</b>	Nil	95.76c	Return Subject to CGT  <b>Minimum Investment: €50,000</b>
<b>2yr Irish Govt Bond</b>	Govt Bond	Ireland	n/a	Open Ended to 2yrs	Government of Ireland 0.2% 15-MAY-2027	<b>2.12%</b>	0.20%	95.85c	Coupon subject to Income Tax  Capital Gain exempt from CGT  <b>Minimum Investment: €50,000</b>
<b>6yr Irish Govt Bond</b>	Govt Bond	Ireland	n/a	Open Ended to 6yrs	Government of Ireland 0.0% 18-OCT-2031	<b>2.52%</b>	Nil	84.64c	Capital Gain exempt from CGT  <b>Minimum Investment: €50,000</b>

Source: Bloomberg 26/02/2025. Please Note: Annual Account Fees apply. Dealing commissions apply.

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**WARNING: Past performance is not a reliable guide to future performance.**

**WARNING: The value of your investment may go down as well as up. You may get back less than your invest.**

**WARNING: These Investments are complex investment products and may be difficult to understand. Investors should not invest in these products without having sufficient knowledge, experience and professional advice from their Financial Broker to make a meaningful evaluation of the merits and risks of investing in products of this type, and the information contained in this document and the Base Prospectus.**



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