



## Money Market Comments September 19, 2008

The oldest, public money market fund did break the \$1.00 NAV, and rumors of other money market funds doing this as well has many investors nervous about their "safest investment". True, the Primary Reserve Fund (\$64.8 billion in assets), did break the \$1.00 NAV, due to the write off of close to \$800mil in Lehman Brothers debt that was held by the fund. Other funds may have breeched this level, but due to deep pockets of sponsors, the funds were made whole. The Primary Reserve Fund did not have this luxury.

The Fed has announced today, the use of the Exchange Stabilization Fund to help support money market funds, for 1 yr, to protect against losses. The funds who wish to participate will be charged a fee, and the purpose behind this is to obviously stabilize the markets and the huge withdrawals from money market funds that occurred this week.

As for the Marshall Prime Money Market Fund, there has been no potential for the \$1.00 NAV to be broken. The securities held in the fund are of the highest quality and there is no exposure to potential problem assets (no Lehman, WaMu). The management of this fund is extremely conservative and self imposed guidelines provide more conservative management than is required by the SEC or associated with the FITCH AAA rating. We continue to be very confident in the security of the assets invested in the Prime Money Market Fund.

In terms of the Federated Money Market Funds we use (taxable as well as tax-exempt), again, we convey confidence in the management team at Federated. Federated maintains an ultra conservative approach to managing their funds in terms of liquidity, diversification and credit quality; more so than what the SEC rules governing money market funds require. Their process has been in place for over 30 years, has worked well and will continue to do so, and they have no plans to adjust. None of the Federated Money Market Funds have ever broken the \$1.00 NAV and do not foresee this to happen in the future. Their portfolio managers and analysts have stated that there are no problematic securities in any of their funds (no holdings of Lehman, AIG or WaMu paper). We have always had a lot of confidence in the management teams at Federated and continue to feel this, along with the Marshall Prime Fund, is the best place for our clients' short term cash needs.

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