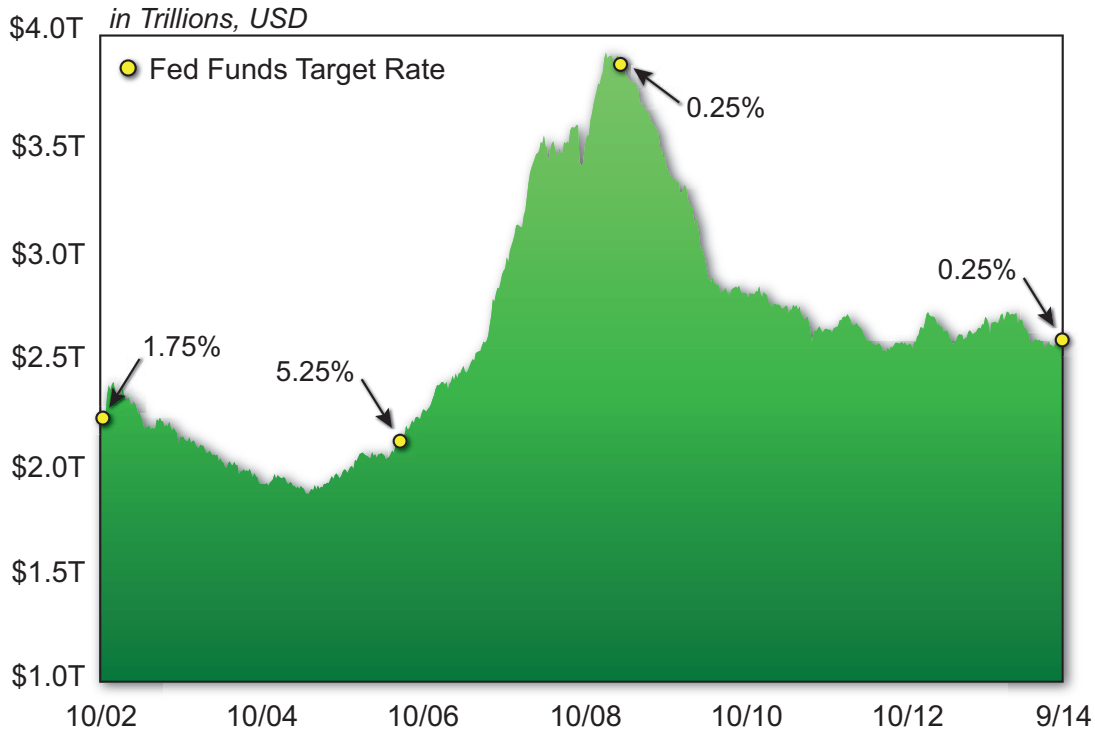


A Lot Of Capital Is Still Sitting In Money Market Funds Earning Next To Nothing

Investment Company Institute (ICI) Money Market Fund Assets



Source: Bloomberg & ICI. Data is weekly from 10/9/02 through 9/10/14.

View from the Observation Deck

1. The chart reflects the amount of capital investors have held in money market mutual funds since 10/9/02, which represented the end of the technology stock-induced bear market (3/24/00-10/9/02).
2. From 10/9/02-9/10/14, total money market fund assets increased from \$2.22 trillion to \$2.59 trillion. Total assets rose despite short-term interest rates plummeting to the 0.25% level.
3. Total assets in the period topped out at \$3.92 trillion (1/14/09), just prior to the end of the financial crisis. The low was \$1.87 trillion (5/4/05), about a year before the peak in the housing market.
4. We have included some Federal Funds Target Rates to provide a proxy for where short-term interest rates stood throughout the period.
5. As of 9/8/14, the average U.S. money market fund yielded 0.01%, according to iMoneyNet.com. It was the same average for both taxable and tax-free money market funds.
6. Even if the Fed decides to tighten interest rates in the first half of 2015, it will likely take a while for short-term rates to climb back to historical norms, in our opinion.
7. We intend to monitor money market fund asset levels moving forward to see if there are any signs of a shift in investor sentiment.

This chart is for illustrative purposes only and not indicative of any actual investment. The illustration excludes the effects of taxes and brokerage commissions and other expenses incurred when investing. There can be no assurance that any of the projections cited will occur.