


Prime Money Market Funds - 3.22.20 Update

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The highly vaunted liquidity challenges and concerns facing several sectors within fixed income markets over the past few weeks have spanned the entire curve of maturities. The market for the shortest of maturities commonly held by money market mutual funds have not been excepted from the effects of these liquidity concerns, including the area most notably affected – the commercial paper marketplace. **This has impacted prime money market funds.**

Good news:

1. The Fed and Treasury have acted swiftly with actions designed to:
 - a. enhance the commercial paper market's liquidity, and
 - b. mitigate actual losses to investors in prime money market mutual funds holding commercial paper.

2. Given the moves above, we don't have immediate concerns over investors experiencing losses. (i.e., we are not at the point we feel it necessary to recommend our clients in prime money markets move out of them).
3. Our clients have largely followed our recommendations to use government or treasury money markets (dated back to 2008), such that our exposure to prime money markets today is fairly muted.

Bottom line:

At this time we are NOT recommending that our clients should move on from prime money markets. We are, however, recommending they know what they own, what's going on that may impact prime money markets, and they stay tuned for further updates from us in this quickly evolving market.

Advisor to-dos:

1. Review the attached PDF for the full detail
2. Look at your client exposure to prime money markets
3. Communicate with clients what is going on/our current views
4. Work through your CMC to explore other options for clients that are uncomfortable staying the course
5. Stay tuned for more updates from IG/CSG

Please see the attached PDFs:

[Prime Money Market Update 3.22.20](#)

[Money Market Reform](#)

Please reach out to any of the below individuals who have been collaborating on this coverage should you have questions:

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