

MONEY MARKET FUNDS IN 2012

Money Market Funds: Valued by Investors, Play a Critical Role in the U.S. Economy

Role in the Economy: Money Market Funds Provide Financing and Cash Management

- Since the 1983 adoption of Rule 2a-7, more than one-third of a quadrillion dollars (\$453 trillion) flowed into and out of U.S. money market funds. In that quarter of a century, until September of 2008, only one small institutional fund had ever failed to return a \$1.00 NAV.
- For businesses, colleges and universities, nonprofit organizations, government agencies, and financial institutions, money market funds are a preferred vehicle for cash management.
- Money market funds hold more than one-third of the commercial paper that businesses issue (36 percent as of November 2011).
- Money market funds hold more than half of the short-term debt that finances state and local governments for public projects such as roads, bridges, airports, water and sewage treatment facilities, hospitals, and low-income housing (57 percent as of December 2011).
- Money market funds hold nearly one dollar out of every six in short-term debt issued by the Treasury (16 percent as of November 2011).
- Money market funds are significant investors in the banking system, holding one-fifth of large certificates of deposit (21 percent of large CDs as of November 2011).
- Money market funds hold a significant share of the asset-backed commercial paper that finances credit card, home equity, and auto loans.

Returns: Retail Investors Earned Billions in Additional Yield Through Money Market Fund Investing

- For retail investors, money market funds have paid almost one-quarter of \$1 trillion more in returns than competing bank products since 1990 (\$242 billion, assuming reinvestment and compounding).

For more information on money market funds, their role in the economy, ICI's efforts to make these funds more resilient in the face of adverse market conditions, and the significant risk of undermining money market funds' value to investors and the economy, please see www.ici.org/mmf or www.PreserveMoneyMarketFunds.org.