

If you are having trouble reading this email, [read the online version](#).
Please do not reply to this email



April 17, 2009

Treasury Money Market Guarantee Extended Once Again

On March 31st, the Department of the Treasury announced that it would be extending its temporary guarantee of assets invested in participating money market funds through September 18, 2009, lengthening the original period for the third time and extending it up to a full year. Fidelity and Vanguard will continue to participate in the program, but this time around in a more limited fashion.

The Department of the Treasury began the program back in October of 2008 to insure the value of investments in money market mutual funds in case they "break the buck," or dip under the steady \$1.00 share price they seek to maintain at all times (this is an extremely rare occurrence, but the program found its genesis after the Reserve Primary Fund, one of the oldest and largest money market funds, did just that in mid-September 2008). After buying in, the Treasury Department undertook to guarantee the value of shares held in the participating funds as of September 19th, 2008 (shares bought since then are not covered by the guarantee). Each fund paid a small fee to participate—for the Fidelity and Vanguard funds it amounted to a 0.01% or 1 basis point fee per fund (\$1 per \$10,000 in assets). Now covered, in the extremely unlikely event that one of Fidelity or Vanguard's money market funds do drop below \$0.995 per share, the Treasury Department will reimburse shareholders the lesser amount between the value on September 19th, 2008 or the value on the day the fund breaks the buck.

Fewer Funds

Both Fidelity and Vanguard have opted to keep a majority of their money market funds participating in the guarantee program, but they have declined to re-up with funds specifically focused on Treasury and government-issued securities (many other mutual fund firms are doing likewise with their Treasury and government money markets), for which coverage will expire on April 30th. That amounts to three Vanguard money markets and five Fidelity funds that are going their own way (see table below); all of the fund companies' other money

In This Issue

- **Treasury Money Market Guarantee Extended Once Again**
- **Fewer Funds**

market funds will remain in the program through September 18th.

	Funds No Longer Participating In Treasury Guarantee Program
Fidelity	Government Money Market, Institutional Treasury Only, Institutional Treasury, U.S. Government Reserves, U.S. Treasury Money Market
Vanguard	Admiral Treasury Money Market, Federal Money Market, Treasury Money Market

The firms feel that continued participation on the part of their state-specific municipal and corporate funds would help stabilize the entire market, which would be to the benefit of their investors. While Fidelity and Vanguard do not give a reason for pulling their Treasury funds from the program, it would seem that there is a higher level of faith in the securities issued by the Treasury and other government agencies, eliminating the need for any extra guarantee and also cutting costs (albeit fractionally) for shareholders in the funds. As we mentioned when the Treasury program started up last year, the quality of management at Fidelity and Vanguard should preclude any of the firms' money markets from ever breaking the buck, but so long as such a program exists and comes at minimal cost, it is worth the price of entry for the additional reassurance.

About Adviser Investments

Adviser Investments is an independent, professional money management firm specializing in Fidelity and Vanguard mutual funds. With 1,500 clients and \$850 million dollars under management, Adviser is one of the nation's largest mutual fund research and money management firms. Our staff of 35 investment professionals focuses on helping individual investors, trusts, foundations, and institutions meet their investment goals. Our minimum account size is \$350,000.

For more information, please visit www.adviserinvestments.com or call 800-492-6868.

You are receiving emails from Adviser Investments at the email address of **EmailAddress** because you have agreed to receive updates and information about Adviser Investments via email. To unsubscribe from further email based communications and special offers, please [click here](#) For more information you can also see our [Privacy Policy](#).

Adviser Investments
85 Wells Avenue
Newton, MA 02459
USA

Powered by  ELOQUA