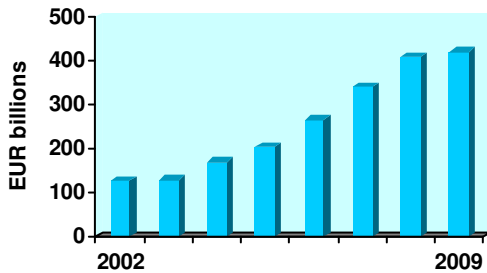


Money market fund statistics

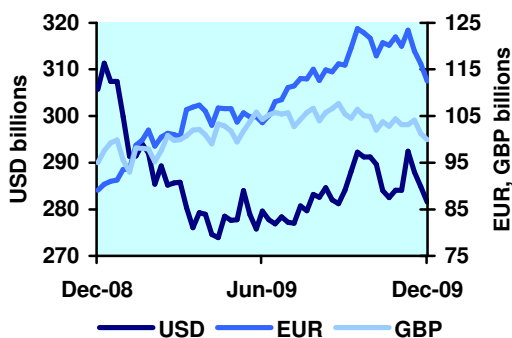
Total assets under management in IMMFA funds grew again in 2009 (by 3%), continuing the trend since the inception of the Association. Whilst the growth was lower than in recent years, it is counter to global trends in money market funds, which have generally seen outflows in 2009. Such outflows are largely a result of the lower yields the funds are currently paying.

IMMFA assets under management



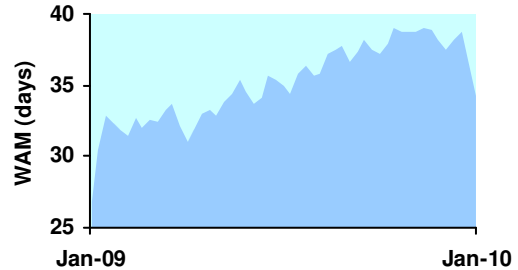
Analysing the changes in assets by fund currency shows different fortunes. Whilst EUR assets have grown by over 25% during 2009, GBP assets showed smaller growth at 5%, whereas USD assets decreased by almost 8%.

IMMFA assets by currency



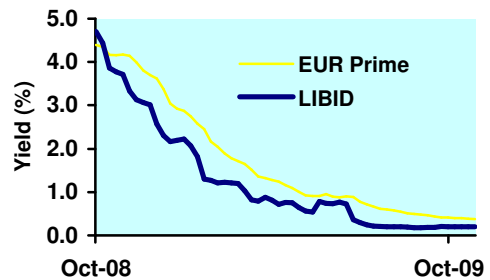
Prime funds continued to increase duration risk during 2009. The slight decrease at year end is consistent with previous years as funds align themselves to cope with potential year end outflows. Average duration generally stabilised during Q4, and remains consistent with levels experienced pre-Lehman.

Portfolio duration (Prime funds)



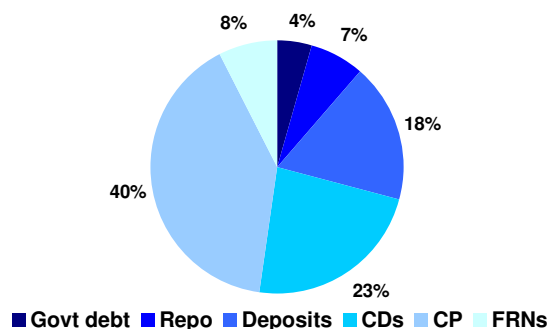
Yields on IMMFA funds have steadily declined over the past year following the reductions in central bank interest rates. However, the average net yield payable by an IMMFA fund has continued to exceed the industry benchmark (7-day LIBID). Similar performance has also been experienced by USD and GBP funds.

IMMFA performance comparison



Average composition of an IMMFA fund remains largely static, although there has been some recent increase in the level of commercial paper (including asset-backed) and corresponding declines in levels of government debt and floating rate notes (FRNs). Holdings of FRNs are however generally above the nadir seen in Q3 2009.

IMMFA fund average composition



Market commentary

Liquidity in short term markets continues to remain robust, especially for the high quality issuers who have maintained investor confidence over the past two years. Broader market conditions have improved in recent months providing greater comfort to all investors. The cost of borrowing without collateral is no longer markedly more expensive than the cost of borrowing with a security backing the loan.

The year ended with most markets quiet. Minimal pressure was exerted on short term rates rolling into year end, and with demand outstripping supply, some USD treasury paper traded with negative yields. There is some expectation of a slight increase in yields on money market instruments but they should remain low as demand continues to outpace supply.

Many short term investors are focusing on how governments will exit the provision of extraordinary measures to support economic activity. The consensus is that support will remain in place during Q1 2010, and that interest rates will remain on hold until at least the end of Q2 2010. Short term investors are also monitoring the regulatory environment and how proposals on bank funding and liquidity could impact the issuance available.

There is also continued monitoring of the fiscal position of sovereigns as there remain indications of potential downgrades or defaults. Some sovereigns are likely to face difficult decisions to bring fiscal imbalances back in line or face downgrades and increases in the cost of funding.

maximum weighted average final maturity of 120 days; a maximum final maturity (for non-government debt) of 397 days; a minimum of 5% of in overnight securities and 20% in one week securities; and enhanced disclosure requirements, including all of the above.

The Committee of European Securities Regulators (CESR) issued a consultation on what a common European definition of a money market fund should comprise. Over thirty responses were submitted, most of which broadly supported the proposal to have two types of money market fund in Europe. We look forward to CESR issuing feedback, including the final guidance, later in 2010.

In the US, both the final rules from the Securities & Exchange Commission and the report from the President's Working Group remain outstanding. The combination of these two will shape the future of the US product.

Standard & Poor's have issued proposals to revise their criteria for money market fund ratings. Whilst the proposals will result in some changes, S&P have stated that they do not anticipate any material changes in the ratings currently awarded. The proposals are open for comment until late March.

For more information about IMMFA, or its work, please contact:

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Money market fund regulatory developments

In December 2009, IMMFA revised its Code of Practice, which outlines the best practice standards with which all IMMFA members must comply. The amendments introduced new obligations on member funds, including: a