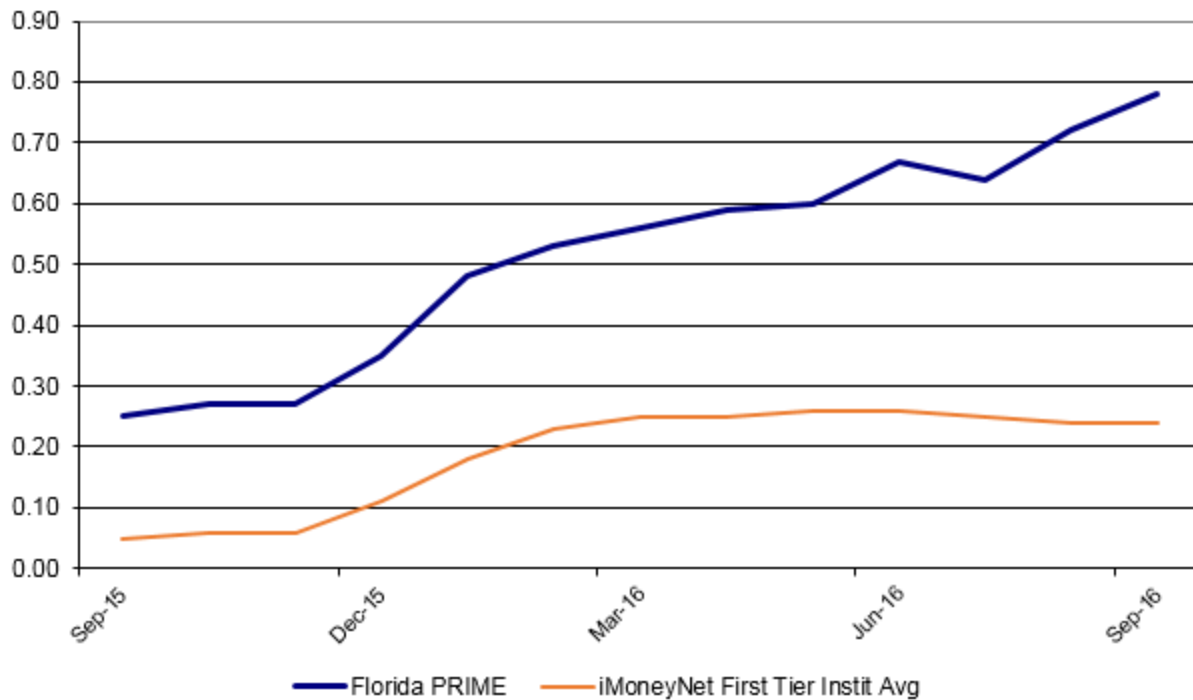




Taking Advantage of Money Market Reform

Florida PRIME vs iMoneyNet First Tier Institutional Average Monthly Net Yields



Past performance is no guarantee of future results.

Q: What do managers of public money need to know regarding the upcoming money market reform?

Cash Managers should recognize that Florida PRIME or any Local Government Investment Pools (LGIPs) are not subject to the regulatory reforms being implemented by the SEC on Oct. 14, 2016 affecting registered money market funds. This distinction will potentially increase yield in the coming months, as money market funds have adjusted their portfolio construction approach in anticipation of these upcoming changes.

Q: What additional yield potential can be gained by investing in Florida PRIME?

Funds subject to the reform are facing uncertainty about their asset levels in October, so they are managing conservatively. They are reducing portfolio average maturities by building

overnight liquidity and avoiding purchasing longer-term securities maturing after Oct. 14. A pool that has a steady asset base, such as Florida PRIME, can grab those securities for potentially higher than- usual yields. For example, Florida PRIME may pick up additional yield by purchasing both bank instruments and commercial paper beyond Oct. 14, and maintain a longer weighted average maturity than a comparable prime money market fund. These advantages as well as the expectation for rising rates from the Federal Reserve, may offer incremental yield pickup in a market which welcomes them with open arms.

Q: What is the interest rate outlook for the remainder of 2016?

Immediately following the volatility in global markets caused by the U.K.'s vote in June to leave the European Union (Brexit), many thought the Federal Reserve would not raise rates in 2016. However, policymakers have since stated that U.S. economic indicators are improving. We still believe a rate hike is possible by year-end. That said, Fed policy is only one element affecting short-term interest rates, particularly in the case of LGIPs.

For additional information about Florida Prime, please [visit our website](#).

