

Visualizing the Record

# \$6 Trillion in Cash on the Sidelines

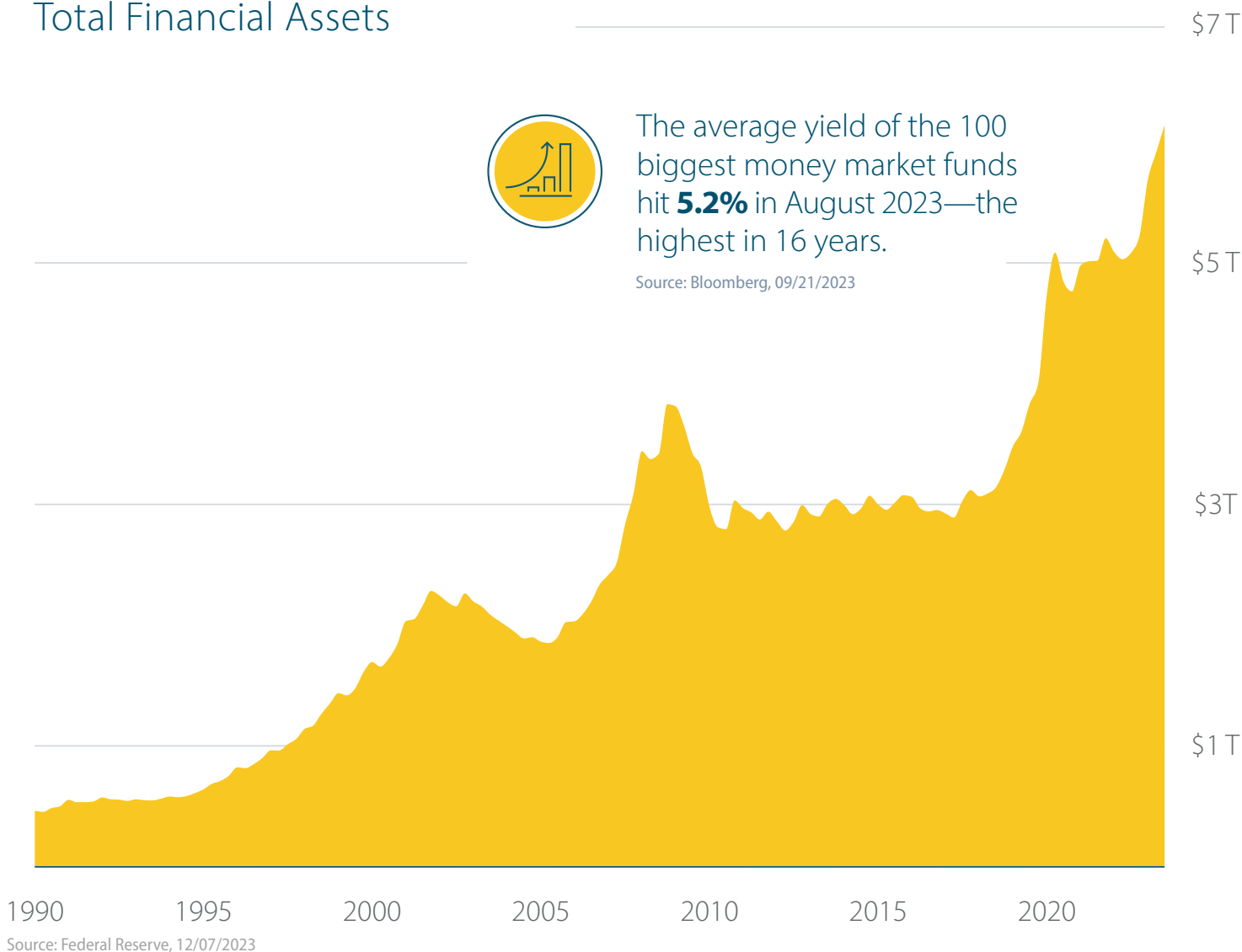


INVESTMENTS

Investors have stockpiled a record \$6 trillion in money market funds due to the sharp rise in interest rates.

## U.S. Money Market Funds

Total Financial Assets



But with the rate hiking cycle nearing its end,  
is it time to deploy this capital?

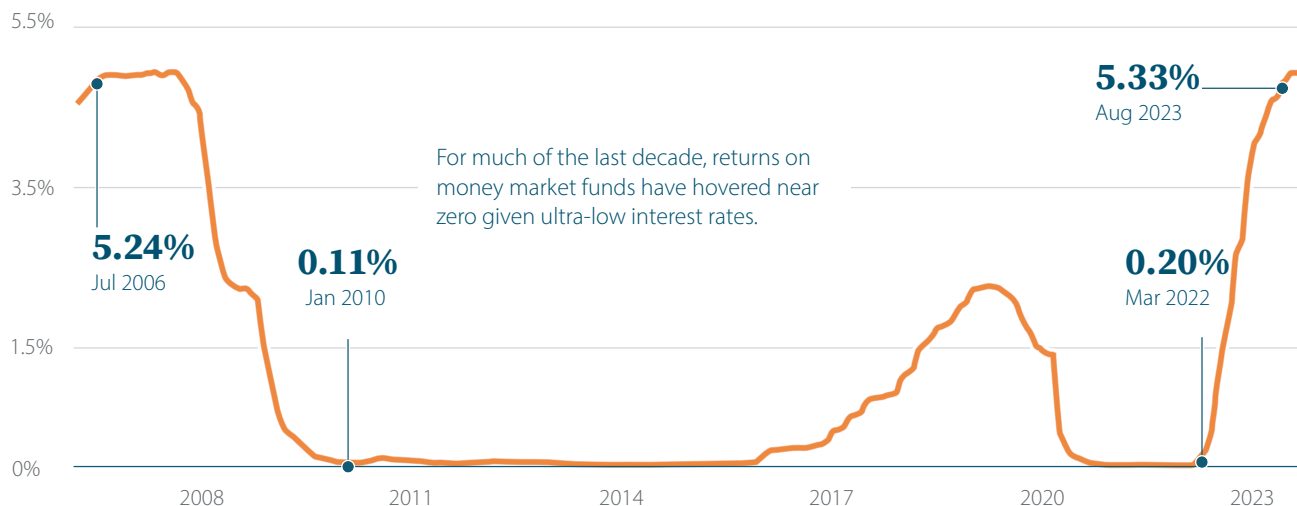
# Understanding Market Dynamics

Returns on money market funds—which invest in short-term securities—are strongly linked to interest rates.



## Crane 100 Money Fund Index

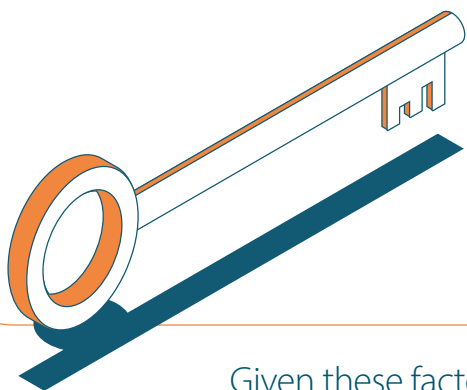
— Annualized 7-Day Current Yield ● U.S. Interest Rate



Source: Crane Data via The Wall Street Journal 08/08/2023, Federal Reserve 01/04/2024. U.S. interest rates represented by the Federal Funds Effective Rate. Investments cannot be made directly into an index. Index definitions can be found at the end of this piece.

## What key factors influence interest rates?

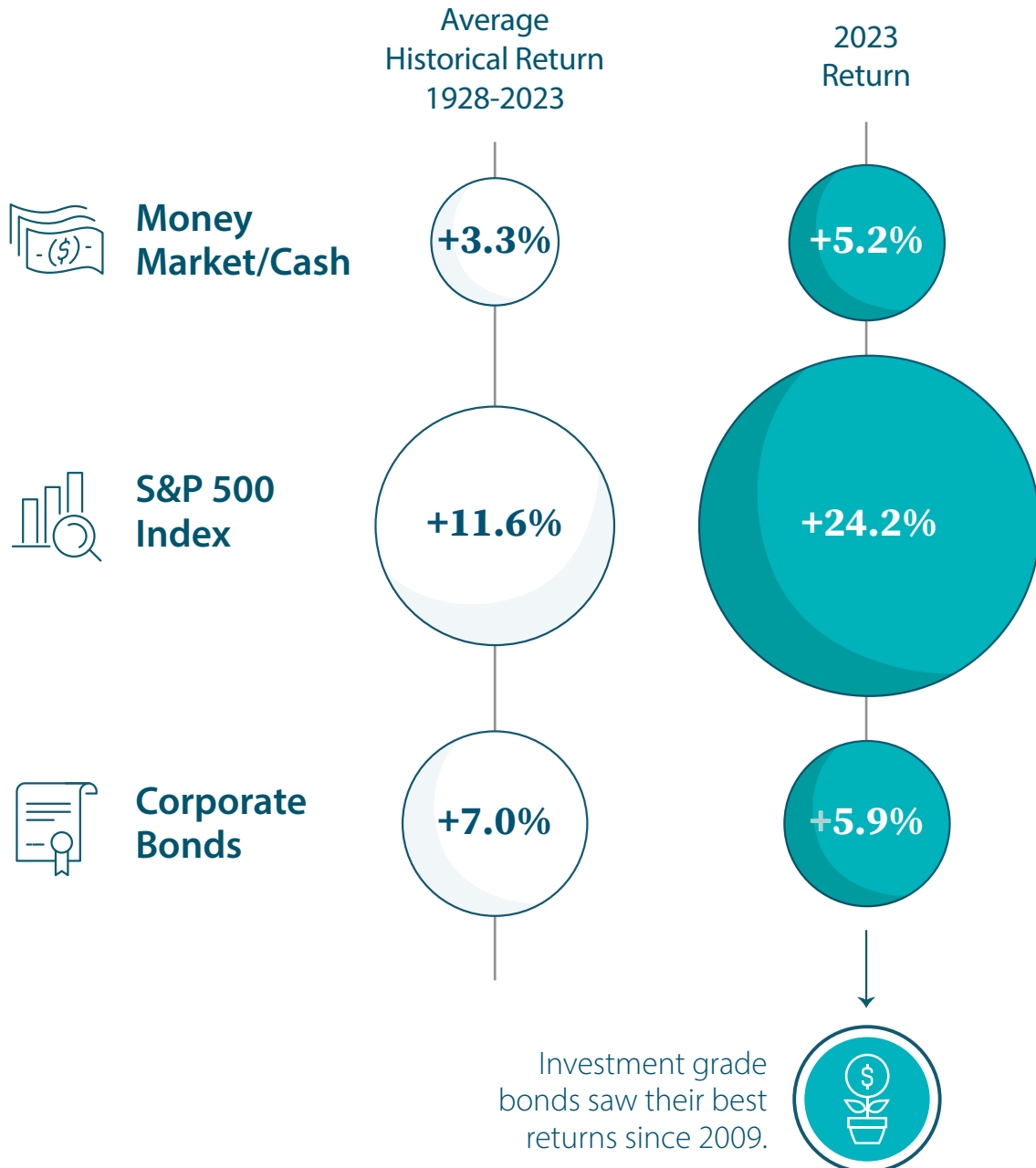
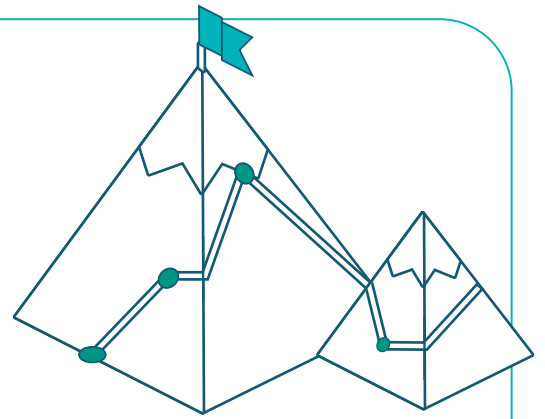
As inflation has cooled, the Fed has signaled that rate cuts are likely in 2024.



Given these factors, moving cash into other types of assets may present key opportunities in today's economic landscape.

# Return Differences That Matter

While money market funds saw strong returns last year, stocks and bonds saw even better performance.



Source: ICI 12/15/2023, S&P Global 01/04/2024, NYU Stern 01/2024. Money Market/Cash represented by 3-Month U.S. Treasury Bills. Corporate Bonds represented by the average annual Moody's Baa corporate bond yield. Past performance is no guarantee of future results. An investment cannot be made directly into an index. Index definitions can be found at the end of this piece.

Over the short-term, money market funds can provide stability—but other assets offer higher growth potential over longer horizons.

## Putting Cash to Work

As the rate cycle shifts, investors can strategically move cash into high-quality investments in a long-term diversified portfolio.



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The **Crane 100 Money Fund Index** tracks the average yield across the 100 largest U.S. money market funds. **3-Month U.S. Treasury Bills** are represented by the average annual yield of U.S. government debt obligations that have a maturity of three months. **Moody's Baa Corporate Bond Yield** measures the average annual yield on Baa-rated corporate bonds. The **S&P 500 Index** is an unmanaged index that is widely regarded as the standard for measuring large-cap U.S. stock market performance.

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