

MONEY MARKET RATES DO MATTER

2018

While money-market funds and other forms of “cash” should be viewed as nothing more than a parking lot — a temporary short-term investment haven before spending the money or making a long-term investment decision — investors should always have some money “in cash” to take advantage of opportunities in the market or as a haven from severe market corrections.

While the yields on this part of the investor’s portfolio won’t make or break the overall investment strategy objectives, obtaining consistent quality rates can add up. The following chart reflects how different money market returns can be, and how those differences can add up over time. It compares the growth of a \$50,000 deposit in the best and worst performing money market funds over the last 5, 10, 15 and 20-year periods ending 12/31/2017:

The highest 20-year growth was turned in by institutional money market fund Federated Institutional Prime Value Obligations (\$77,265), while the lowest 20-year performance belonged to Oppenheimer Government Cash Reserves (\$65,640).

Prime Money Market Funds

		annual return	growth value of \$50,000
5-Year Performance			
High	BlackRock Cash Funds Instl SL Agency	0.53%	\$51,340
Low	Transamerica Government MMkt	0.01%	\$50,034
10-Year Performance			
High	Fidelity Money Market Portfolio	0.60%	\$53,080
Low	Transamerica Government MMkt	0.08%	\$50,400
15-Year Performance			
High	Western Asset Liquid Reserves	1.47%	\$62,235
Low	Ivy Government MMkt	0.64%	\$55,020
20-Year Performance			
High	Federated Instl Prime Value Onligations	2.20%	\$77,265
Low	Oppenheimer Government Cash Reserves	1.37%	\$65,640

*These money market funds are not FDIC –insured and do involve risk to principal
 Commissions were not factored into the computations*