



September 22, 2008

Dear AAM Client:

We have fielded a number of inquiries in the past week about money fund investments and sweep accounts. As is the goal with each asset held in client portfolios, our objective has been to help clients ensure that their assets in money funds are secure.

The Treasury Department and Federal Reserve are doing all that they can to stabilize the situation, but there are a number of details that remain to be clarified. The "guarantee" on money market funds is one area where further clarification is needed. Based on the press release from the Department of the Treasury, which is shown below with our highlights of what we consider to be key words, we cannot be sure that the insurance program will be implemented to guarantee that every money market fund will not "break the buck." Details as to which funds are eligible to participate, the amount of the fee that a fund must pay and whether an individual fund has elected to pay the fee and join the program remain unanswered. Until these items are clarified, we urge caution when considering investment in certain money market vehicles at the present time. We will continue to monitor this situation closely and work with clients to assist with the analysis of their individual money fund holdings.

September 19, 2008

Treasury Announces Guaranty Program for Money Market Funds

Washington- The U.S. Treasury Department today announced the establishment of a temporary guaranty program for the U.S. money market mutual fund industry. For the next year, the U.S. Treasury will insure the holdings of any publicly offered eligible money market mutual fund – both retail and institutional – that pays a fee to participate in the program.

President George W. Bush approved the use of existing authorities by Secretary Henry M. Paulson, Jr. to make available as necessary the assets of the Exchange Stabilization Fund for up to \$50 billion to guarantee the payment in the circumstances described below.

Money market funds play an important role as a savings and investment vehicle for many Americans; they are also a fundamental source of financing for our capital markets and financial institutions. Maintaining confidence in the money market fund industry is critical to protecting the integrity and stability of the global financial system.

Concerns about the net asset value of money market funds falling below \$1 have exacerbated global financial market turmoil and caused severe liquidity strains in world markets. In turn, these pressures have caused a spike in some short term interest and funding rates, and significantly heightened volatility in exchange markets. Absent the provision of such financing, there is a substantial risk of further heightened global instability.

Maintenance of the standard \$1 net asset value for money market mutual funds is important to investors. If the net asset value for a fund falls below \$1, this undermines investor confidence. The program provides support to investors in funds **that participate in the program** and those funds will not "break the buck."

This action should enhance market confidence and alleviate investors' concerns about the ability for money market mutual funds to absorb a loss. Investors in money market mutual funds with a net asset value that falls below \$1 would be notified that their fund triggered the insurance program.

The Exchange Stabilization Fund was established by the Gold Reserve Act of 1934. This Act authorizes the Secretary of the Treasury, with the approval of the President, "to deal in gold, foreign exchange, and other instruments of credit and securities" consistent with the obligations of the U.S. government in the International Monetary Fund to promote international financial stability. More information on the Exchange Stabilization Fund can be found at <http://www.treas.gov/offices/international-affairs/esf/>.

Sincerely,

John L. Schaefer, CFA
President

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