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Stable Value vs. Money Market Funds in Today's Interest Rate Environment

May 2023

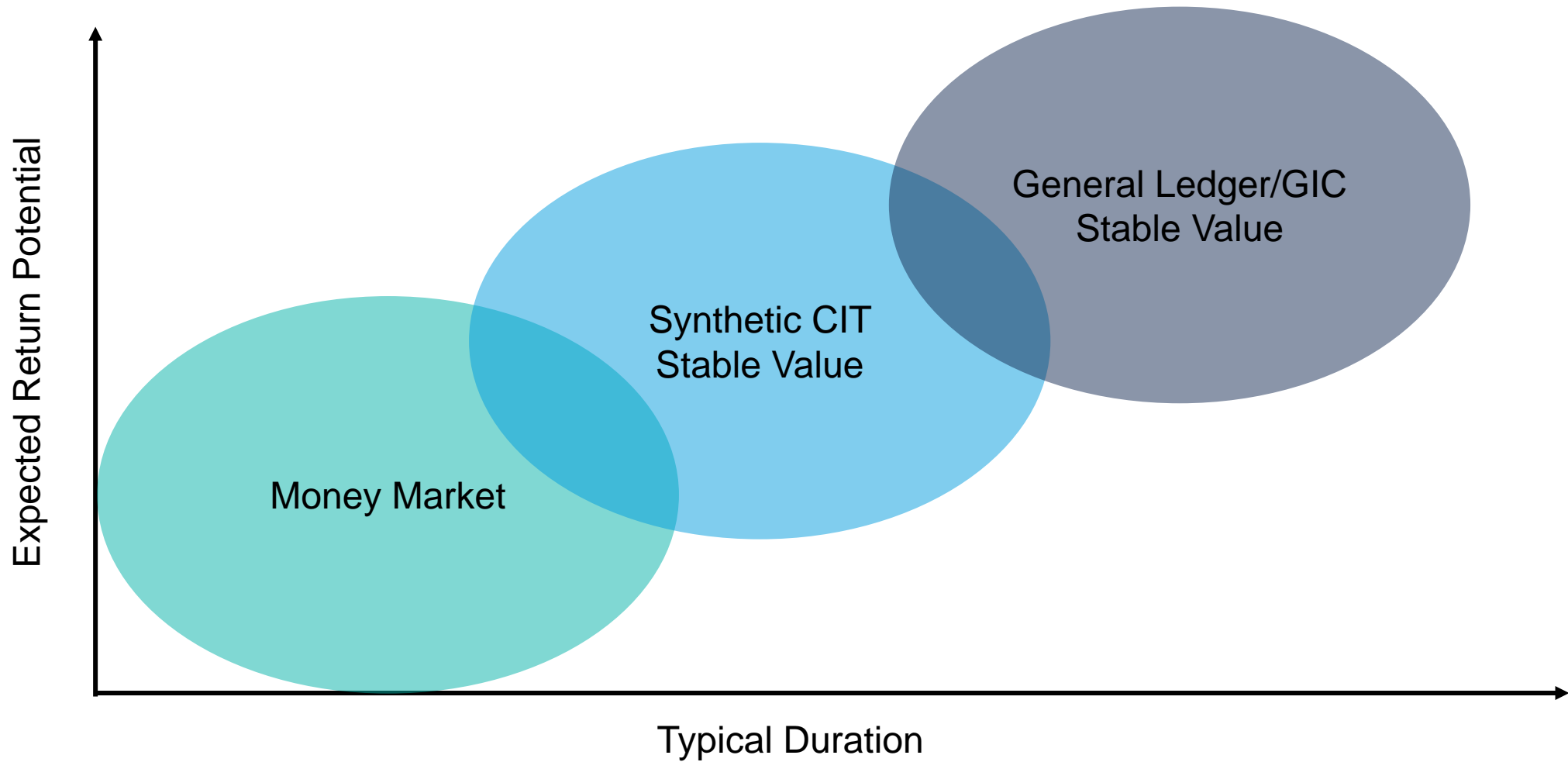
Capital Preservation Structures



Implementation	Money Market	Synthetic CIT Stable Value	General Ledger/GIC
<u>Duration</u>	• Lowest (< 6 Months)	• Higher (2-4 Years)	• Highest (4-8 Years)
<u>Investment Universe</u>	<ul style="list-style-type: none"> • Repurchase Agreements • U.S. Government Obligations • U.S. Treasury Bills 	<ul style="list-style-type: none"> • U.S. Treasury Bills • Investment Grade Corporate Bonds • Non-IG Corporate Bonds • MBS • ABS • CMBS 	<ul style="list-style-type: none"> • U.S. Treasury Bills • Investment Grade Corporate Bonds • Non-IG Corporate Bonds • MBS • ABS • CMBS • Equity • Real Estate • Privates
<u>Participant Liquidity</u>	• Benefit Responsive	• Benefit Responsive	• Benefit Responsive
<u>Plan Level Discontinuance</u>	• Same as typical core menu offering	• 12-Month Put is Typical	• Can range, typically can be 1-5 years
<u>Long-term Return Expectation</u>	• Low	• Higher	• Highest
<u>Plan Type Accessibility</u>	• All	• Limited 403(b)	• All

For illustrative purposes only.

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Equity Wash Provision

- **What is it?**

“Equity Wash, is a provision in a stable value investment option that requires any transfer a participant makes from the stable value investment option to a competing option to first be directed to any other investment option not designated as competing option for a period of time (usually 90-days).”

- **Why?**

Competing fund restrictions are implemented to prevent participants from having an arbitrage between investments, potentially leaving the stable value to short-term fixed income offerings which could result in significant investment losses from the insurers of stable value, as they may be required to sell securities (potentially at inopportune times) to meet the redemptions.

- **What are the impacts?**

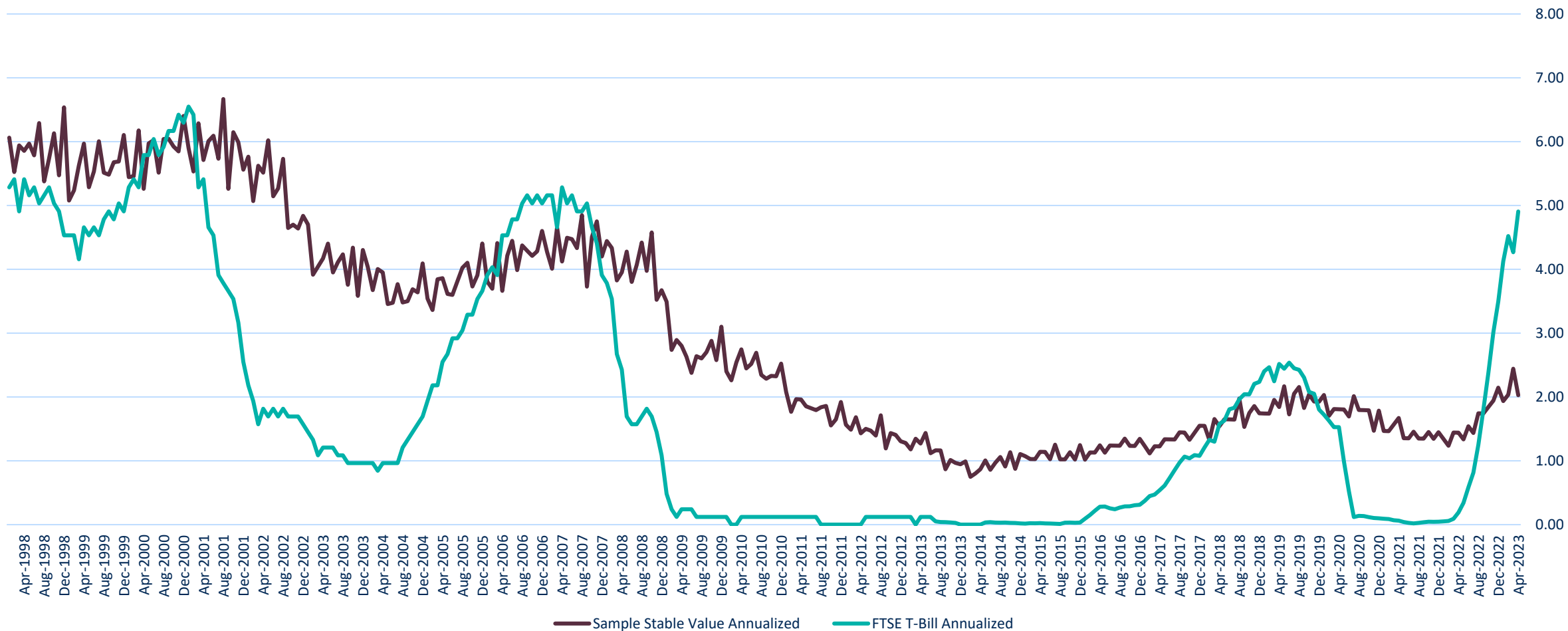
One benefit of today's landscape is that monitoring of these equity wash provisions are typically done by the plan record-keeper.

While the list of “competing options” differ by stable value provider, directionally the list has decreased in recent years.

Today competing funds are typically other fixed income offerings with durations under 3 years, including money market, short-duration strategies, and in some instances, self-directed brokerage windows.



Annualized Monthly Returns (%) - January 1998 through April 2023



Source: Fiducient Advisors. Data as of April 30, 2023.

FTSE 3 Month T-Bill measures monthly return equivalents of yield averages that are not marked to market. The Three-Month Treasury Bill Indexes consist of the last three three-month Treasury bill issues.

Fiduciary Governance Calendar



Fiduciary Trail®

Fiduciary Lockbox®

¹ Plan Sponsors should prudently select *and* monitor participant advice and managed accounts providers.

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