

# Cash Flow and Carey



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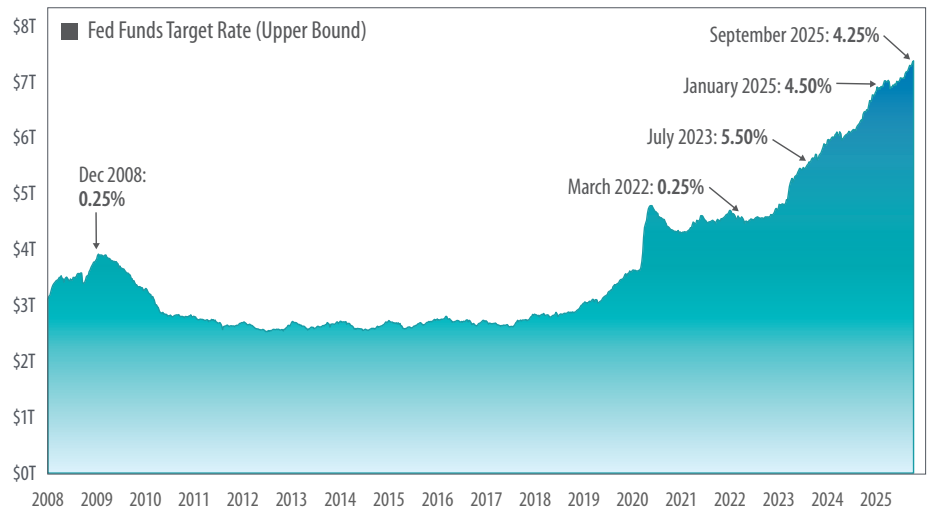
10/16/25

This chart is for illustrative purposes only and not indicative of any actual investment. Investors cannot invest directly in an index. The S&P 500 Index is a capitalization-weighted index comprised of 500 companies used to measure large-cap U.S. stock market performance.

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## Money Market Fund Assets

### ICI All Money Market Funds (Total Net Assets)



Bloomberg and Investment Company Institute. Weekly data points from 1/2/08 through 10/8/25.

### View from the Observation Deck

Today's blog post offers a visual representation of trends in money market fund assets over time. As the chart reveals, investors tend to utilize money market funds during times of turmoil such as the financial crisis in 2008 – 2009 and the COVID-19 pandemic of 2020. Recently, however, investors have been piling cash into money market accounts (see chart) despite compelling returns in the U.S. equity markets and declining interest rates. A note about the chart: we use the federal funds target rate (upper bound) as a proxy for short-term interest rates, such as those offered by taxable money market funds and other savings vehicles. We believe this proxy may offer insight into the potential effect of short-term rates on investor behavior.

- **Net assets invested in U.S. money market funds totaled a record \$7.39 trillion on 10/8/25 (most recent weekly data), an increase of 14.07% from \$6.47 trillion on 10/9/24. For comparison, the S&P 500 Index increased by 18.10% on a total return basis over the same period.**
- **Since September 2024, the Federal Reserve ("Fed") has announced four reductions to its federal funds target rate (upper bound), lowering it from 5.50% to 4.25% where it currently sits. Money market investors appear unfazed by these reductions, adding \$1.08 trillion in assets between 9/18/24 (date the first cut was announced) & 10/8/25.**
- **Futures markets suggest additional interest rate cuts this year. The implied year end federal funds target rate stood at 3.62% on 10/14/25.**
- **The S&P 500 Index soared by 34.22% (total return) since its most recent low (4/8/25 to 10/14/25).**

### Takeaway

Since the Fed's initial rate hike on 3/16/22, total net assets invested in U.S. money market funds increased by 62.1% from \$4.56 trillion to a record \$7.39 trillion on 10/8/25. Money market assets have increased despite interest rate reductions (both actual and expected). Net assets invested in money market funds increased by \$1.08 trillion over the period spanning the Fed's first interest rate cut on 9/18/24 to 10/8/25. While money market funds offer principal stability and income, their total return has lagged the S&P 500 Index, which surged by 34.22% (total return) since its most recent low on 4/8/25. It remains our view that an allocation to equities will generate a higher return on capital than cash over time.