



# President's Corner

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## Ladies and Gentlemen...There is no Free Lunch!

Many years ago, I wrote a piece titled "Yield Reaching". In those days, debt financing markets were in fact far more "transparent" than such markets are today.

The fact is that many new money market type instruments have emerged as higher yielding alternatives to money market funds and in a period of declining interest rates, have unfortunately gained fairly significant investor acceptance.

Some of these instruments are leveraged, some of them have investments in subprime loans and still others have invested in delinquent credit card accounts. It is interesting to note that according to some sources, 80% of bonds backed by subprime mortgages are nonetheless rated AAA and perhaps worse still, some 40% of bonds backed by delinquent credit card accounts are also rated AAA. Whatever were (are) the credit rating agencies thinking?

We encourage anyone utilizing or contemplating any type of debt investment (even a simple money market fund – most are not in any way guaranteed you understand) to seek competent advice.

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