

News Release

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HEDGE FUNDS MOVING TO ACTIVE CASH MANAGEMENT AS MONEY MARKET RATES DISAPPOINT, SAYS HORIZON CASH MANAGEMENT

CHICAGO, April 19, 2011 – Near zero returns in money market funds are causing hedge funds and other institutional investors to find new ways to put their idle cash to work according to Horizon Cash Management.

"We've recently had a surge of calls from hedge funds that are seeking a better option than the poor returns they are getting from money market funds, said Pauline Modjeski, Horizon President and Executive Managing Partner. "The good news is there are alternatives to the passive money market funds and the potential to capture extra basis points on cash balances."

On April 1, money market returns were virtually obliterated due to an unanticipated consequence of the Dodd-Frank Act. In an effort to promote financial stability, Dodd-Frank mandated that the FDIC increase their deposit insurance fund and expand the assessment base used to calculate bank insurance premiums. Returns in both the Fed Funds market and overnight repo (repurchase agreement) market plummeted. Most players have limited interaction with the funding market, but it is critical to the bank's ability to manage their regulatory capital and has been a prudent way for investors to invest their liquidity.

Jill King, Horizon Partner and Senior Portfolio Manager, said, "The FDIC assessment has fundamentally changed the funding market and has obliterated the return associated with it."

Money market funds are one of the largest sellers of liquidity, lending out cash overnight to receive a small return of basis points. The overnight repo rate has been averaging 12-15 basis points in 2011. But with the enforcement of the assessment on April 1, the return has been reduced to a mere basis point or two. Money market funds have been dealt a double blow by Dodd-Frank thanks to a mandate that 10% of their assets must mature in 1 day and another 30% must mature within 7 days. Nearly \$2.7 billion of money market funds assets now are yielding little to nothing.

"Hedge funds, mutual funds and corporate treasurers are really suffering from the blow in the rates market, while continuing to manage longer-dated cash balances in an unprecedented low rate environment," said Ms. King.

Horizon has delivered active cash management to CTAs and hedge funds for 20 years. Based on the current market conditions and recent flurry of inquiries, they expect an upward trend. "Active cash management through separate accounts provides the opportunity to get the best return the market has to offer, while maintaining safety and liquidity, said Ms. Modjeski. "Institutional investors are finally making the move to a better cash management solution."

About Horizon Cash Management

Horizon Cash Management LLC is an SEC-registered investment advisory firm with a sole focus on cash management services. Founded in 1991, Horizon has helped clients preserve principal and maximize their cash balances through customized portfolios that suit the individual requirements – cash flow, liquidity, risk/return ambitions – of managed futures funds, hedge funds and other institutional investors worldwide. Current assets under management are approximately \$2.5 billion serving over 80 accounts. Horizon is headquartered in Chicago. For further information, please visit: www.horizoncash.com

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