Voyageur Asset Management Inc.
Tamarack Funds

100 South Fifth Street, Suite 2300
Minneapolis, Minnesota 55402.1240

September 8, 2009

Via E-Mail Rule-Comments@SEC.GOV

U.S. Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

RE: The Tamarack Funds Trust comments on File No. S7-11-09, Release No. IC-29907

Ladies and Gentlemen:

I am writing on behalf of the Tamarack Funds Trust. The Tamarack Funds Trust consists of 11 funds (the "Funds") with approximately $22.7 billion in assets, as of June 30, 2009. Approximately $21.7 billion of those assets are maintained in five money market funds that operate in accordance with Rule 2a-7 ("Rule 2a-7") under the Investment Company Act of 1940 (the "1940 Act"). The Tamarack money market funds serve as an important investment vehicle for both institutional and retail investors.

We appreciate the opportunity to comment on the U.S. Securities and Exchange Commission's proposed amendments to Rule 2a-7 and proposed fundamental reforms. We recognize that the proposed amendments reflect the Commission's goals to increase the resilience of money market funds to market upheavals and to increase transparency so that investors and regulators can better evaluate the health of a money market fund and invest or respond accordingly.

While the Funds fully support the Commission's efforts to strengthen Rule 2a-7, we also believe that the Rule 2a-7 framework has successfully earned the confidence of investors and provided them stability while allowing money market funds the flexibility necessary to compete in the market. This has been the case during the period of over thirty years since the inception of money market funds, and has continued to be the case despite the recent turmoil in the financial markets.

I. Proposed Amendments to Rule 2a-7

A. Portfolio Quality

Second Tier Securities

The Commission has proposed to allow money market funds to invest only in first tier securities. The Funds agree with this change. If imposed, this restriction would have minimal impact on our Funds.

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Eligible Securities

The Commission has proposed to eliminate all references to NRSRO ratings from Rule 2a-7. The Funds oppose any amendments to Rule 2a-7 that would eliminate references to NRSROs. We believe that Rule 2a-7's existing language with respect to rating agencies should be retained in its current form. We understand, and the Commission recently has emphasized, that a fund manager's independent credit risk determinations are an integral part of overall credit risk analysis. But, NRSRO ratings play a critical role under Rule 2a-7 by providing a clear point of reference for quality decisions. NRSRO ratings act as a floor, and keep all money market funds operating at or above an industry-standard quality level. This floor helps prevent any one adviser from taking undue credit risk in a money market fund to increase yield.

While it is our view that Rule 2a-7 should continue to incorporate NRSRO ratings, we also support regulatory changes that would strengthen the credit risk analysis process of NRSROs. Under Rule 2a-7, NRSROs provide a public service function that may conflict with the ratings agencies' status as 'for profit' entities. Accordingly, we believe the rating agencies should be subject to greater governmental oversight and regulation in order to increase the utility, credibility and reliability of ratings. We applaud the Commission's efforts to address these inherent conflicts of interests in the NRSRO industry.

The Commission has requested comment on a suggestion that a money market fund's board be required to designate three (or more) NRSROs whose ratings the fund would look to in determining whether a security is an eligible security. The Funds oppose an amendment that would require a money market fund's board to designate three or more NRSROs that the fund would look to in determining whether a security is an eligible security. We anticipate circumstances where all three selected ratings organizations may be incorrect in their assessment of credit risk. The adviser should have the flexibility to rely on the particular rating agenc(ies) that the adviser determines have the best expertise to evaluate a particular security. By removing this flexibility, this proposal will interfere with the adviser's ability to distinguish among rating agencies based on the particular type of security being evaluated.[1]

If the Commission does require designation of three or more NRSROs, we strongly recommend that a delegate of the Board (such as the adviser) designate the NRSROs pursuant to procedures reviewed by the Board, and that the delegate report to the Board periodically on these matters. To designate and evaluate NRSROs, each adviser needs to develop and apply technical expertise regarding the ratings process and the accuracy of ratings. We believe that evaluating the services and ratings accuracy of NRSROs is an adviser function beyond the scope of the Board's oversight role.

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[1] We are assuming that the Commission will not change the *number* of rating agencies whose evaluation is required to qualify a security as eligible or first tier. (Currently, the "requisite NRSROs" is comprised of either the only agency providing a rating or any two rating agencies.) Requiring two or three ratings, for example, could be problematic, as issuers may not be rated by a second or third ratings agency. A requirement of three ratings would (a) exclude these issuers from accessing the short-term credit markets, and (b) may interfere with a fund manager's ability to construct a well diversified portfolio.

Long Term Securities

The Commission has proposed to permit a money market fund to acquire the "stub" portion of a long-term security only if the security has received no long term ratings below second tier (with an exception to permit such securities with ratings by the Requisite NRSROs of at least second tier long term). The Funds are opposed to an amendment that would forbid long term ratings below the highest two categories for the "stub" portion of a long-term security. We feel that this requirement for at least AA ratings is inconsistent with the ratings requirement based on short-term ratings. Specifically, issuers carrying short-term ratings of A-1/P-1/F1 frequently carry single-A long-term ratings, rather than AA ratings.

B. Portfolio Maturity

Weighted Average Maturity

The Commission proposes to reduce the maximum weighted average portfolio maturity permitted by Rule 2a-7 from 90 days to 60 days. The Funds support moving to a 60 day weighted average maturity as proposed. We believe this will increase both principal stability and liquidity.

Weighted Average Life Maturity

The Commission proposes implementing a new weighted average life maturity of the portfolio of 120 days. The Funds are in complete agreement with the Commission's proposal. We believe 120 days weighted average life maturity is appropriate and will increase both principal stability and liquidity.

Maximum Maturity

The Commission has suggested reducing the maximum maturity for individual non-government securities acquired by a money market fund from 397 days to 270 days. The Funds oppose reducing the maximum maturity for individual non-government securities from 397 days to 270 days. We feel that reducing the maximum maturity limit to 270 days would not materially improve liquidity. Implementing the 60 day maximum weighted average maturity and the 120 day maximum weighted average life limits as proposed will effectively limit the extent to which money market funds could invest in 397 day assets. As a result, the 270 day limit could create a distinction without a difference in reducing portfolio risk.

We are also concerned about the broader issue that this change would limit the ability of financial institutions to issue, guarantee or provide liquidity on a 397 day basis. A large component of the market's term structure (i.e., 9-12 months) would be eliminated from consideration by money market funds. Securitization markets issue money market eligible tranches of securitizations up to the 397 day maximum, and these issuances would be impossible if the 270 day limit were imposed. Municipal markets also issue a significant amount of debt with a one year maturity. Broadly used market indices (e.g., Barclays or Merrill Lynch) utilize a one year maturity limit for issues within their indices. These indices would be less useful as benchmarks if the maturity limit in Rule 2a-7 were shortened.

We urge the Commission to evaluate comments from all parties carefully and take into account the potential impact to short-term funding markets that could result from shortening the maximum maturity below 397 days. We believe the potential benefits from shortening the maximum maturity to 270 days may not outweigh the potential risks to funding markets and to the broader economy. There are alternative approaches that could help assure principal stability and liquidity without threatening funding markets --such as limiting the percentage of assets a fund can invest in holdings maturing in more than 270 days.

There is one type of security for which we recommend considering new maturity or diversification restrictions: extendible medium term notes, or X-MTNs. These securities can be structured in numerous ways, but most have a final maturity of three years or more and a quarterly "put" that shortens the effective maturity to 13 months. We have observed that over the life of these notes, their volatility does not decrease. The maturity extension feature leaves them highly susceptible to price volatility in stressed markets or when credit problems develop. In other words, in general, these securities pose greater price and liquidity risk than securities with a final maturity of 397 days that start to "roll in" the maturity curve from the date of purchase. We feel that the more typical, natural shortening of maturity over the life of an instrument tends to support both price stability and liquidity. Our money market funds have ceased purchasing X-MTNs given their additional risks. It also appears to us that the Reserve Primary Fund had exposure to X-MTN securities which may have made it more difficult to liquidate the fund's holdings after it was closed.

C. Portfolio Liquidity

Daily and Weekly Liquidity Requirements; Establishment of Separate Funds for Retail and Institutional Investors.

The Commission has requested comment on whether institutional money market funds should be subject to a higher daily liquidity requirement. This proposal is based on the view that money market funds should be categorized based on whether shareholders are retail or institutional. The Funds are opposed to categorizing shareholders as retail or institutional and establishing separate types of money market funds available to each type of investor. As discussed in the Investment Company Institute's Report of the Money Market Working Group dated March 17, 2009 ("ICI Report"), this approach may disadvantage both types of investors by eliminating economies of scale that would otherwise be achieved by money market funds. Furthermore, funds would need to implement an infrastructure to monitor and enforce a separation of retail and institutional investors. This would be a costly and burdensome endeavor for money market funds and intermediaries. In addition, we believe this approach would be less protective to shareholders than the Commission's proposals to enhance liquidity and to require stress testing, and the Commission's suggestion to implement shareholder due diligence. As we discuss in this letter, the Funds support those other recommendations and believe that they will effectively address

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liquidity needs if retail and institutional investors are included in the same fund. We urge the Commission to eliminate the proposed definition of "Institutional Fund" from the amendments and to eliminate the Board duty to identify institutional and retail funds. We believe that such a determination requires a level of detailed operational work that is outside of the Board's oversight role.

While we oppose amendments that would create separate retail and institutional funds, we do agree that taxable money market funds should be subject to a minimum daily liquidity requirement of 10 percent of assets. We also concur with the Commission's proposal to impose a minimum weekly liquidity requirement of 30 percent of assets. We believe that the weekly liquidity minimum would include the daily liquid assets (that is, there would be a total of 30 percent of assets in cash equivalents that would be paid in one or five business days, not a total of 40 percent). Also, U.S. Treasury securities with maturities of 397 days or less should qualify as weekly liquid assets.

Tax Exempt Funds

The Commission has proposed to exempt tax exempt funds from the minimum daily liquidity requirement. We concur with the Commission that tax exempt money market funds should be exempt from the minimum daily liquidity requirement. Tax exempt money market funds typically have a significant allocation of holdings in weekly demand notes with a much smaller allocation of holdings in daily demand securities. Daily liquidity demands in tax exempt funds may be met with a combination of daily demand securities and available cash balances, but our tax exempt funds typically have not experienced withdrawal demands that would require more than a 5 percent allocation in daily liquidity.

General Liquidity Requirement

The Commission has proposed requiring that a money market fund at all times hold highly liquid securities sufficient to meet reasonably foreseeable redemptions in light of its obligations under Section 22(e) of the 1940 Act and any commitments the fund has made to shareholders, such as an undertaking to satisfy redemptions more quickly than seven days. The Commission also stated its view that a fund should adopt policies and procedures to assure that appropriate efforts are undertaken to identify risk characteristics of shareholders. The Funds support the liquidity standard, and also support the recommendation in the ICI Report that Funds adopt shareholder due diligence/know your client policies and procedures that are reasonably designed to evaluate new, and periodically re-evaluate existing, shareholders to manage liquidity risk and the liquidity needs of shareholders.

Stress Testing

The Commission has proposed to amend Rule 2a-7 to require the board of each money market fund using the amortized cost method to adopt procedures for periodic stress testing of the fund's portfolio. Generally, the Funds support the Commission's proposal to require a fund to adopt procedures for the periodic stress testing of the fund's portfolio. If the Commission adopts this proposal, we recommend that the periodic stress testing be performed pursuant to procedures developed by the Board's

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delegate and that such procedures include reporting the results of the stress testing periodically to the Board, and on an exception basis between annual reports.

D. Diversification

The Commission has asked whether it should amend Rule 2a-7 to impose greater diversification restrictions on a money market fund's portfolio. We oppose tightening diversification restrictions on money market funds. Currently, in summary, a fund must limit its investments in the securities of any one issuer to no more than five percent of fund assets and in securities issued by or subject to credit supports from one provider to no more than ten percent of fund assets. We urge the Commission to carefully balance the perceived benefits of greater diversification with the risk that money market funds may be forced to compromise quality standards to achieve greater diversification. As the Commission points out in the proposing release, stricter diversification requirements (such as the suggested three percent limit on exposure to one issuer), would not have prevented the Reserve Primary Fund from "breaking the buck." In our opinion, increasing diversification limits increases the likelihood of another credit disaster, like the one that struck the Reserve Primary Fund.

With regard to credit support diversification, we note that recently money market funds had significant guarantor exposure to troubled bond insurers, but the very short-term nature of these securities (weekly puts) allowed for orderly liquidation as credit quality deteriorated. In our money market funds, the credit situation involving the bond insurers did not threaten principal stability or liquidity. We liquidated all holdings of securities guaranteed by bond insurers well in advance of their becoming ineligible under Rule 2a-7 due to ratings downgrades.

The existing diversification limits allow funds the ability to impose high credit quality standards, and allow an adviser the flexibility to self-impose more conservative diversification requirements if a sufficient number of highly creditworthy issuers are available for investment. The Commission should retain this successful approach.

The Commission has asked whether money market funds should be subject to industry concentration limitations. We do not believe industry concentration restrictions on money market funds should be added to Rule 2a-7. In particular, use of an industry concentration provision to limit exposure to the financial sector is not practical, as a significant proportion of money market investments carries exposure to the financial sector (including municipal securities, certificates of deposit, repurchase agreements, commercial paper and asset backed commercial paper).

E. Repurchase Agreements

The Commission has proposed to limit money market funds to investing in repurchase agreements collateralized by cash items or Government securities in order to obtain special treatment under the diversification provisions of Rule 2a-7. We do not believe this amendment would have a significant effect on our money market funds as we currently only invest in repurchase transactions collateralized by Government securities, including mortgage backed securities ("MBS") backed by government sponsored enterprises ("GSEs"). The proposal would have a material impact if MBS backed by GSEs were not considered a "government security" in the proposed amendment. We recommend against any such change.

F. Disclosure of Portfolio Information

Public Website Posting

The Commission is proposing to amend Rule 2a-7 to require money market funds to disclose information about their portfolio holdings each month on their websites. The Commission asks whether market-based value per share or of assets should be disclosed. The Funds support amending Rule 2a-7 to require money market funds to disclose information about their portfolio holdings each month on their websites. In response to shareholder requests and general industry expectations for greater transparency over the last year, the Funds currently provide money market fund portfolio holdings weekly and as of each month end on their website. We recommend that the information be required to be posted no sooner than five business days following month-end, to allow time to accurately gather and review the information and to perform the manual operations that may be necessary in some cases to convert information to reader-friendly format.

The Funds believe that requiring disclosure of market-based net asset value per share or market-based prices of portfolio securities would be detrimental to share stability. Market-based information fluctuates daily, so that month-end disclosure (or any other non current disclosure) could be a misleading representation of fund share value. Yet, the disclosure is likely to prompt redemptions based on perceived risk, which could threaten price stability and liquidity. Further, only some shareholders would be in a position to evaluate that information.

Reporting to the Commission

The Commission has proposed a new rule requiring money market funds to provide the Commission a monthly electronic filing of more detailed portfolio holdings information. The Funds support this proposal and believe that information on Form N-MFP would assist the Commission to evaluate the risk characteristics of money market funds and their portfolio holdings. We recommend that funds be allowed at least ten business days after month end to file this information. We support the suggestion to include market based values of holdings in this filing, so long as this information is provided on a non-public basis only. The Funds recommend that the Commission allow sufficient time for funds to come into compliance with this requirement, given the operational hurdles that funds and their service providers will face to do so.

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Amendment to Rule 30b1-5

The Commission has proposed to amend Rule 30b1-5 to exempt money market funds from the requirement to file their schedules of investments as Item 1 of Form N-Q, the quarterly schedule of portfolio holdings of management investment companies. The Funds agree with the recommendation to eliminate duplicative disclosure obligations by amending rule 30b1-5 to exempt money market funds from the requirement to file their schedules of investments pursuant to Item 1 of Form N-Q. We believe that Form N-Q and rule 30b1-5 should be amended so that the controls, procedures, and certification requirements required by Form N-Q are applied to the proposed monthly reporting requirement.

G. Processing of Transactions

The Commission has proposed to require that each money market fund's board determine in good faith, at least once each calendar year, that the fund (or its transfer agent) has the capacity to redeem and sell its securities at a price based on the current net asset value per share. The Funds support this proposal subject to certain modifications. We note that funds rely on various third parties to process share transactions, such as transfer agents, sub-transfer agents and intermediaries. We request that the Commission make clear that the Fund is not responsible for ensuring that intermediaries have the capacity to effect share transactions at other than $1.00. Also, the Funds do not believe that the board should be responsible for determining that the fund or its transfer agent has the capacity to process shareholder transactions at a price other than $1.00, as this is an operational matter beyond the expertise and oversight role of the Board. Rather, the party responsible to the fund for achieving the capacity (generally the transfer agent) should provide an annual certification that the fund has the required capacity. Lastly, the Commission should allow sufficient time for funds and the service providers and intermediaries involved in the process to come into compliance with the requirement.

H. Exemption for Affiliate Purchases

The Commission is proposing to amend Rule 17a-9, which provides an exemption from Section 17(a) of the Act to permit affiliated persons of a money market fund to purchase distressed portfolio securities from the fund. The Funds support the recommendation to expand the permission under Rule 17a-9 for an affiliated person of a money market fund to purchase distressed portfolio securities from the fund without seeking no-action assurance from the Commission. The Funds further support the related recommendation that Rule 2a-7 be amended to require funds to report all such transactions to the Commission.

II. Fundamental Reform Concepts for Public Comment

A. Floating Net Asset Value ("NAV")

The Funds oppose eliminating the ability of money market funds to use the amortized cost method of valuation, which allows a fund to seek to maintain a stable NAV. We expect this change

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would result in unintended detrimental consequences and jeopardize the continued existence of money market funds as a viable investment product. For example, institutional cash investors currently using money market funds for cash management would move assets to other stable NAV funds, which are not subject to the robust regulation of the 1940 Act. Requiring a floating NAV would undermine the convenience and simplicity of money market funds and would raise new accounting, legal, and tax hurdles.

Tax: Currently, investors need not consider the timing of purchases and sales of money market fund shares to comply with the so-called "wash sale rule," as is necessary for floating NAV funds. An investor in a floating NAV fund must track the amount and timing of all purchases and sales, capital gains and losses, and share cost bases. In a floating NAV fund, all share sales become tax-reportable events. These burdens would be overly onerous for a cash management product where daily purchases and sales are the norm.

Accounting: Under accounting rules, the classification of a security at time of purchase determines accounting treatment of gains and losses on the security. We believe that money market funds with a floating NAV would be categorized as "available-for-sale" securities rather than "held to maturity" securities. As a result of that categorization, cash managers would be required to mark-to-market the value of their money market fund shares and track the costs of their shares to determine how to match purchases and redemptions for purposes of calculating gains and losses for accounting and tax purposes.

Legal / Other Constraints: Many institutional investors operate under investment mandates that limit them to investing their cash balances in money market funds only if such funds maintain a stable NAV. For example, corporations may have policies permitting them to invest operating cash balances only in cash pools that do not fluctuate in value. State laws and regulations may also authorize municipalities, insurance companies and other state regulated entities to invest only in stable NAV funds, sometimes explicitly limiting investments to funds operating in compliance with Rule 2a-7. If the NAV of a money market fund floats, most state and local governments would no longer be able to use money market funds to help manage their cash.

B. Redemptions In Kind

Requiring mandatory redemption in kind poses practical challenges for investors and may not present a viable remedy for funds during widespread market disruptions. Redemptions in kind would place the burden of valuing and liquidating the portfolio securities, with all the attendant costs, on the investor. As a practical matter, many retail and corporate investors are not equipped to value the instruments they would receive. Burdening money market fund investors with the task of liquidating in-kind proceeds into troubled markets would not prevent such sales and would not prevent the resulting downward pressure on the market; it would merely eliminate the control of the fund over the sale process. Redemptions in kind may present issues of fairness across different investor types in a money market fund, as redemptions by large investors could force funds to partition off certain lots of securities with the result that the fund (and the remaining smaller investors) would be left with small and odd lots that are

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more likely to have impaired market values. We urge the Commission to consider and address these issues as it considers whether to require mandatory redemptions in kind.

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We appreciate the opportunity to comment on the proposed amendments. If you have any questions on our comments or would like any additional information, please contact me at 612-376-7164.

Yours truly,

Erik R. Preus, President
Tamarack Funds Trust