

A full-page background image with a blue tint. It shows a person from behind, balancing on a large, dark, spherical exercise ball. The person is wearing a dark t-shirt and light-colored jeans. Their arms are outstretched to the sides for balance. The background is a bright, cloudy sky. The entire image is framed by a thin blue border.

# The Managers Funds

**ANNUAL REPORT**  
November 30, 2000

**Money Market Fund**

*We pick the talent.  
You reap the results.*

## MANAGERS MONEY MARKET FUND

### Annual Report November 30, 2000

#### TABLE OF CONTENTS

	<u>Page</u>
Letter to Shareholders .....	1
The Managers Funds Performance .....	3
<i>Complete performance table for all of The Managers Funds as of December 31, 2000</i>	
Managers Money Market Fund	
Statement of Assets and Liabilities .....	4
<i>Fund balance sheet</i>	
Statement of Operations .....	4
<i>Detail of sources of income and fund level expenses during the year</i>	
Statement of Changes in Net Assets .....	5
<i>Detail of changes in fund assets and distributions to shareholders during the past two years</i>	
Financial Highlights .....	6
<i>Historical distributions, total returns, expense ratios and net assets</i>	
Notes to Financial Statements .....	7
<i>Accounting and distribution policies, details of agreements and transactions with fund management and description of certain investment risks</i>	
Report of Independent Accountants .....	9
The Prime Money Market Portfolio (The commingled investment pool which holds all investable assets of the Fund).	
Schedule of Portfolio Investments .....	10
<i>Detailed portfolio listing by security type, as valued at November 30, 2000, of which Managers Money Market Fund owns a pro rata share</i>	
Statement of Assets and Liabilities .....	14
<i>Portfolio's balance sheet</i>	
Statement of Operations .....	14
<i>Detail of the Portfolio's sources of income, expenses, and realized gains during the year</i>	
Statement of Changes in Net Assets .....	15
<i>Detail of changes in the Portfolio's assets during the past two years</i>	
Supplementary Data .....	15
<i>Historical ratios of the Portfolio's expenses and net investment income</i>	
Notes to Financial Statements .....	16
<i>The Portfolio's accounting policies and details of agreements and transactions with Portfolio management</i>	
Report of Independent Accountants .....	19

# Letter to Shareholders

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Dear Fellow Shareholder:

The final year of the second millennium was harrowing for many investors, but was reasonably profitable for money market instruments in general and Managers Money Market Fund in particular. The incredible bull market in technology and communications stocks came to an end in 2000, and, despite the rise of a majority of stocks in the index, the S&P 500 recorded its first negative return since 1990. The reason for this turn wasn't simply that stock prices had gotten too high, although that clearly was the case in some sectors, or that investors had decided to take profits. The reason was that the so-called goldilocks economy had started to show some gray hair. The virtuous cycle derived by low inflation, high employment, extended economic expansion, strong corporate earnings driven by structural and technological improvements, and low interest rates slowed during the year, causing investors to worry that the cycle might actually reverse. While the Federal Reserve Board tried to cool the surging economy early in the year with two additional interest rate hikes, sharply rising energy prices had an even greater effect. In addition, it became evident as the year progressed that many fledgling internet companies were going to run out of operating cash long before they would be able to grow into profitability. Because the capital markets were no longer willing to donate to the internet cause, the dot.com fallout commenced. The weakness spread across the entire technology and communications sectors, even affecting the large, mature companies.

In hindsight one could say that the stock market was late in recognizing the weakness while the bond market correctly anticipated the slowdown. Although short-term interest rates rose during the period, largely due to the Fed's increases, medium and longer-term rates dropped significantly. Thus, by mid-year, the Treasury yield curve had moved to an inverted shape, which clearly anticipates an economic slowdown. In addition, Treasury securities generally outperformed most other bonds. This was due both to a reduction in the supply of Treasury securities as a result of government buybacks and heightened worries about the credit health of corporations. Prices for Treasury bonds rallied with a flight to quality and liquidity while interest yields on high quality short-term securities also rose.

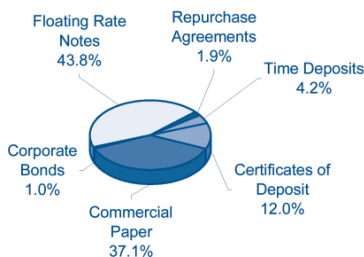
The portfolio management team took advantage of this environment and was able to increase the 30-day average yield of the Fund from its level of 5.17% at the beginning of the Fund's fiscal year (11/30/99) to 6.20%, one year later. This remained slightly better than the yield on 3-month Treasury bills, which began the period at 5.15% and finished at 6.03%. So, for the year ended November 30, 2000, the Managers Money Market Fund provided a total return of 6.05%. For the same period, an index of 3-month U.S. Treasury Bills returned 6.07%, and the return for the iMoney.net All Taxable Money Fund Average (an index compiled by iMoney.net Corp. which serves as an appropriate benchmark for the Fund) was 5.63%.

Throughout most of the year, the management team maintained the portfolio's average maturity around 50 days, which is on the longer end of their typical range, in anticipation of falling interest rates. They implemented this using a barbell maturity strategy in which the shortest maturity securities took advantage of the higher yields on the short side of the yield curve, while the longer maturity securities gave the portfolio some protection against falling rates. Toward the end of the year the team let the average maturity slip back to the low 40-day range and prepared to selectively add longer dated securities as the year 2000 came to a close. The portfolio's average maturity on November 30, 2000 was 42 days, which was similar to the benchmark's

average maturity of 42 days.

The allocation within the portfolio remained somewhat stable throughout the year with the majority of the portfolio invested in high credit quality floating rate notes and commercial paper along with smaller allocations in certificates of deposit and time deposits. The portfolio remained void of U.S. Treasury securities and agency debt throughout the entire year. The accompanying chart provides a breakdown of the portfolio as of November 30, 2000.

### Portfolio Composition



Looking forward, the management team expects continued slowing of economic growth with the possibility of recession, and thus expects interest rates to continue to drop. Furthermore, the team expects that the world's central banks, including the Fed to ease their monetary policies in 2001. With this in mind, the team will focus on maintaining the portfolio's duration between 50 and 60 days. Given the wide credit spreads available as a result of the rally in Treasury securities, the team will also focus on opportunistically adding investment grade commercial paper.

In addition to Managers Money Market Fund, we were very pleased with the performance of many of our fixed-income and equity mutual funds during the past year, including a brand new offering, Managers Small Company Fund. Please see page 3 for the performance results of all of our funds. We are also pleased to point out that as the Fund family expands we have expanded and improved the information available to investors via our internet website, [www.managersfunds.com](http://www.managersfunds.com). In addition to being able to view current and historical net asset values per share, distributions and quarterly fact sheets, investors are now able to get details about their specific accounts and even perform certain transactions via the website. As always, we post any news or other pertinent information about the Funds as soon as applicable.

Should you have any questions about this report, please feel free to contact us at 1-800-835-3879, or visit the website at [www.managersfunds.com](http://www.managersfunds.com). We thank you for your investment in The Managers Funds.

Sincerely,

Peter M. Lebovitz  
President and CEO  
The Managers Funds LLC

Thomas G. Hoffman  
Director of Research  
The Managers Funds LLC

# THE MANAGERS FUNDS

## The Managers Funds Performance (unaudited)

All periods ended December 31, 2000

		Average Annual Total Returns (a)					
	Year to				Since	Inception	Morningstar
Equity Funds:	Date	3 Years	5 Years	10 Years	Inception	Date	Rating (b)
Income Equity	9.80%	8.51%	13.73%	15.26%	14.16%	Oct. '84	☆☆☆
Capital Appreciation	(22.20)%	35.45%	26.07%	21.79%	18.71%	Jun. '84	☆☆☆☆☆
Small Company (c)	(7.10)%	-	-	-	(7.10)%	Jun. '00	N/A
Special Equity	(2.56)%	14.59%	18.49%	20.13%	16.66%	Jun. '84	☆☆☆☆☆
International Equity	(8.46)%	9.52%	10.42%	12.73%	13.10%	Dec. '85	☆☆☆☆☆
Emerging Markets Equity	(26.69)%	-	-	-	2.65%	Feb. '98	N/A
U.S. Stock Market Plus	(11.75)%	10.43%	17.25%	-	17.24%	Jun. '92	☆☆☆☆☆
Income Funds:							
Bond	9.44%	5.43%	6.32%	8.99%	10.23%	Jun. '84	☆☆☆
Global Bond	(1.62)%	1.84%	2.01%	-	3.90%	Mar. '94	☆
Intermediate Duration							
Government	9.61%	5.71%	6.23%	-	7.61%	Mar. '92	☆☆☆☆☆
Short & Intermediate Bond	7.40%	4.95%	4.98%	6.30%	7.77%	Jun. '84	☆☆☆☆☆
Short Duration Government	4.95%	4.61%	5.28%	-	5.26%	Mar. '92	☆☆☆☆☆
Money Market	6.13%	5.42%	5.42%	4.66%	5.84%	Jun. '84	N/A

*Past performance is not a guarantee of future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be more or less than the original cost. An investment in the Money Market Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Money Market Fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the Fund. Additional risks are associated with investing in international and emerging markets, and such securities may be considered speculative. There are also risks associated with investing in small-cap companies, such as increased volatility. For a Prospectus including fees and expenses, please visit our website at [www.managersfunds.com](http://www.managersfunds.com), or call The Managers Funds at (800) 835-3879 or your investment adviser. Read the prospectus carefully before you invest. The Managers Funds are distributed by Managers Distributors, Inc., a NASD member.*

- Total return equals income yield plus share price change and assumes reinvestment of all dividends and capital gain distributions. Returns are net of fees and may reflect offsets of Fund expenses as described in the prospectus. No adjustment has been made for taxes payable by shareholders on their reinvested dividends and capital gain distributions. Returns for periods greater than one year are annualized. Year to date total returns are based on calendar year.
- Morningstar proprietary ratings reflect historical risk-adjusted performance as of 12/31/00 and are subject to change every month. The ratings are calculated from the Funds' three-, five- and ten-year average annual returns (if applicable) in excess of 90-day Treasury bill returns with appropriate fee adjustments, and a risk factor that reflects fund performance below 90-day Treasury bill returns. For the three-, five- and ten-year periods, respectively, each of the Equity Funds rated, other than the International Equity Fund, were rated against 4,164, 2,542 and 824 equity funds, the International Equity Fund was rated against 1,281, 773 and 154 international equity funds, and each of the Income Funds were rated against 1,769, 1,309 and 398 taxable fixed-income funds. The top ten percent of the funds in an investment class receive five stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star.
- Small Company's returns are since inception (June 19, 2000) and are not annualized.

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**Managers Money Market Fund**  
**Statement of Assets and Liabilities**

November 30, 2000

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**Assets:**

Investment in The Prime Money Market Portfolio ("Portfolio")	\$66,642,460
Prepaid expenses	<u>11,502</u>
Total assets	<u>66,653,962</u>

**Liabilities:**

Dividends payable to shareholders	26,180
Administration fee payable	7,186
Other accrued expenses	<u>27,443</u>
Total liabilities	<u>60,809</u>

**Net Assets**

	<u>\$66,593,153</u>
Shares outstanding	<u>66,593,153</u>
Net asset value, offering and redemption price per share	<u>\$1.00</u>

**Net Assets Represent:**

Paid-in capital	<u>\$66,593,153</u>
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**Statement of Operations**

For the year ended November 30, 2000

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**Investment Income Allocated from Portfolio:**

Interest income	\$3,508,761
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**Expenses:**

Administration fees	\$95,778
Transfer agent fees	55,263
Registration fees	21,537
Reports to shareholders	8,221
Audit fees	6,145
Accounting fees	6,000
Trustees' fees	2,850
Legal fees	1,759
Miscellaneous expenses	5,506
Allocated Portfolio expenses	<u>78,237</u>
Total expenses	281,296
Less: Waiver of administration fees	<u>(13,308)</u>
Net expenses	<u>267,988</u>

**Net Investment Income**

\$3,240,773

The accompanying notes are an integral part of these financial statements.

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**Managers Money Market Fund**  
**Statement of Changes in Net Assets**

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	For the year ended <u>November 30, 2000</u>	For the year ended <u>November 30, 1999</u>
<b>Increase (Decrease) in Net Assets</b>		
<b>From Operations:</b>		
Net investment income	<u>\$ 3,240,773</u>	<u>\$ 2,271,349</u>
<b>Distributions to Shareholders:</b>		
From net investment income	<u>(3,240,773)</u>	<u>(2,271,349)</u>
<b>From Capital Share Transactions</b> <b>(at a constant \$1.00 per share):</b>		
Proceeds from sale of shares	743,490,902	1,003,865,434
Net asset value of shares issued in connection with reinvestment of dividends	3,017,235	1,928,925
Cost of shares repurchased	<u>(733,542,099)</u>	<u>(997,448,861)</u>
Net increase from capital share transactions	<u>12,966,038</u>	<u>8,345,498</u>
Total increase in net assets	12,966,038	8,345,498
<b>Net Assets:</b>		
Beginning of year	<u>53,627,115</u>	<u>45,281,617</u>
End of year	<u><u>\$66,593,153</u></u>	<u><u>\$ 53,627,115</u></u>

The accompanying notes are an integral part of these financial statements.

## Managers Money Market Fund

### Financial Highlights

For a share of capital stock outstanding throughout each year

	Year ended November 30,				
	2000	1999	1998	1997	1996
<b>Net Asset Value, Beginning of Year</b>	<u>\$1.000</u>	<u>\$1.000</u>	<u>\$1.000</u>	<u>\$1.000</u>	<u>\$1.000</u>
<b>Income from Investment Operations:</b>					
Net investment income	0.059	0.047	0.052	0.052	0.054
<b>Less Distributions to Shareholders from:</b>					
Net investment income	<u>(0.059)</u>	<u>(0.047)</u>	<u>(0.052)</u>	<u>(0.052)</u>	<u>(0.054)</u>
<b>Net Asset Value, End of Year</b>	<u>\$1.000</u>	<u>\$1.000</u>	<u>\$1.000</u>	<u>\$1.000</u>	<u>\$1.000</u>
Total Return (a)	6.05%	4.84%	5.30%	5.35%	5.53%
Ratio of net expenses to average net assets	0.49%	0.48%	0.50%	0.40%	0.12%
Ratio of net investment income to average net assets	5.89%	4.74%	5.17%	5.22%	5.35%
Net assets at end of year (000's omitted)	\$66,593	\$53,627	\$45,282	\$36,544	\$36,091
<b>Expense Waiver/Reimbursement (b)</b>					
Ratio of total expenses to average net assets	0.51%	0.63%	0.70%	0.74%	0.75%
Ratio of net investment income to average net assets	5.87%	4.59%	4.97%	4.88%	4.71%

(a) The total returns would have been lower had certain expenses not been reduced during the periods shown.

(b) Ratio information assuming no waiver or reimbursement of administration fees in effect for the years presented (See Note 2 of Notes to Financial Statements).



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**Managers Money Market Fund**  
**Notes to Financial Statements**

November 30, 2000

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Managers Money Market Fund (the “Fund”) is a series of The Managers Funds (the “Trust”), a no-load, diversified, open-end management investment company, organized as a Massachusetts business trust, and registered under the Investment Company Act of 1940, as amended (the “1940 Act”). Currently, the Trust is comprised of 10 investment series, (collectively the “Funds”).

The Fund invests all of its investable assets in The Prime Money Market Portfolio (the “Portfolio”), a diversified, open-end management investment company having the same investment objectives as the Fund. The value of such investment included in the statement of assets and liabilities reflects the Fund’s proportionate interest in the net assets of the Portfolio (0.3% at November 30, 2000). The performance of the Fund is directly affected by the performance of the Portfolio. The financial statements of the Portfolio, including the Schedule of Portfolio Investments, are included elsewhere in this report and should be read in conjunction with the Fund’s financial statements.

**(1) Summary of Significant Accounting Policies**

The Fund’s financial statements are prepared in accordance with accounting principles generally accepted in the United States of America, which requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reported period. Actual amounts could differ from those estimates. The following is a summary of significant accounting policies followed by the Fund in the preparation of its financial statements:

**(a) Valuation of Investments**

Valuation of securities by the Portfolio is discussed in Note 1 of the Portfolio’s Notes to Financial Statements, which are included elsewhere in this report.

**(b) Security Transactions**

The Fund records its share of interest income, expenses and realized gains and losses and adjusts its investment in the Portfolio each day.

**(c) Investment Income and Expenses**

All the net investment income and realized gains and losses of the Portfolio are allocated pro rata among the Fund and other investors in the Portfolio at the time of such determination. Expenses incurred by the Trust with respect to one or more funds in the Trust are allocated in proportion to the net assets of each fund in the Trust, except where allocations of direct expenses to each fund can otherwise be made fairly. Expenses directly attributable to a fund are charged to that fund.

**(d) Dividends and Distributions**

Dividends resulting from net investment income normally will be declared daily, payable on the third to the last business day of the month.

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**Notes to Financial Statements** (concluded)

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Distributions classified as capital gains for federal income tax purposes, if any, will be made on an annual basis and when required for federal excise tax purposes. Income and capital gain distributions are determined in accordance with income tax regulations, which may differ from generally accepted accounting principles. Permanent book and tax differences, if any, relating to shareholder distributions will result in reclassifications to paid-in capital.

**(e) Federal Taxes**

The Fund intends to comply with the requirements under Subchapter M of the Internal Revenue Code of 1986, as amended, and to distribute substantially all of its taxable income and gains, if any, to its shareholders and to meet certain diversification and income requirements with respect to investment companies. Therefore, no federal income or excise tax provision is included in the accompanying financial statements.

**(f) Capital Stock**

The Trust's Declaration of Trust authorizes the issuance of an unlimited number of shares of beneficial interest, without par value. The Fund records sales and repurchases of its capital stock on the trade date. Dividends and distributions to shareholders are recorded as of the ex-dividend date.

**(2) Agreements and Transactions with Affiliates**

The Trust entered into an Administrative and Shareholder Servicing Agreement under which The Managers Funds LLC, a subsidiary of Affiliated Managers Group, Inc., serves as the Fund's administrator (the "Administrator") and is responsible for all aspects of managing the Fund's operations, including administration and shareholder services to the Fund, its shareholders, and certain institutions, such as bank trust departments, dealers and registered investment advisers, that advise or act as an intermediary with the Fund's shareholders.

Effective March 3, 2000, the Board of Trustees approved an amendment to the agreement whereby the fee required to be paid to the Administrator by the Trust is 0.15% of the Fund's average daily net assets per annum. Prior to March 3, 2000, the Trust was required to pay the Administrator 0.25% of the Fund's average daily net assets per annum. The Administrator voluntarily waived 0.10% of its fee for the period beginning December 1, 1999 and ending March 2, 2000, amounting to \$13,308. Currently the Administrator is not waiving any portion of its 0.15% fee.

The aggregate annual fee paid to each outside Trustee for serving as a Trustee of the Trust is \$16,000. In addition, the in-person and telephonic meeting fees the Trustees receive are \$1,000 and \$500 per meeting, respectively. The Trustee fee expense shown in the financial statements represents the Fund's allocated portion of the total fees paid by the Trust.

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**Report of Independent Accountants**

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To the Trustees and the Shareholders of Managers Money Market Fund

In our opinion, the accompanying statement of assets and liabilities and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of Managers Money Market Fund (the “Fund”), a series of The Managers Funds, at November 30, 2000, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as “financial statements”) are the responsibility of the Fund’s management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP  
New York, New York  
January 16, 2001

## The Prime Money Market Portfolio

### Schedule of Portfolio Investments

November 30, 2000

Principal Amount	Value
<b>CERTIFICATES OF DEPOSIT – 12.0%</b>	
\$300,000,000 Abbey National Treasury Services Plc, MTN, 6.45%, 1/8/01 (i)	\$ 299,985,151
40,000,000 Bank One NA, 6.65%, 3/22/01	40,000,000
150,000,000 Credit Communal de Belgique, 6.76%, 2/22/01 (i)	149,983,828
350,000,000 Deutsche Bank AG, 6.19%-6.76%, 12/1/00-2/22/01 (i)	349,989,218
20,000,000 Dexia Bank, 7.06%, 5/3/01 (i)	19,998,017
205,000,000 Landesbank Hessen-Thueringen, 7.14%, 5/8/01 (i)	204,993,712
160,000,000 Lloyds Bank Plc, 7.20%, 6/15/01 (i)	159,975,652
138,500,000 Natexis Banque, 6.71%, 2/13/01 (i)	138,500,000
381,000,000 Rabobank Nederland NV, 6.66%-7.05%, 2/15/01-5/2/01 (i)	380,960,888
95,000,000 Suntrust Bank Atlanta, 6.77%, 4/18/01	95,005,112
269,000,000 Union Bank of Switzerland, 6.24%-7.03%, 12/4/00-7/19/01 (i)	268,983,134
386,000,000 Westdeutsche Landesbank Girozentra, 6.66%-6.75%, 1/29/01-2/28/01 (i)	386,000,000
	<u>2,494,374,712</u>
<b>COMMERCIAL PAPER – 37.1%(y)</b>	
80,000,000 Alliance & Leicester Plc, 6.40%-6.43%, 1/25/01 to 2/20/01 (i)	79,059,553
674,073,000 Alpine Securitization Corp., 6.49%-6.76%, 12/5/00 to 2/28/01	670,951,763
159,500,000 Aspen Funding Corp., 6.50%-6.75%, 12/14/00 to 2/2/01	157,952,836
65,800,000 Asset Securitization Corp., 6.74%, 1/8/01	65,336,037
110,000,000 Associates Corp. NA, 6.74%, 2/6/01 to 3/2/01	108,573,200
239,100,000 Associates First Capital Corp. BV, 6.72%-6.75%, 12/21/00 to 2/16/01	236,681,222
172,400,000 Bank of America Corp., 6.74%, 2/23/01 to 3/7/01	169,729,899
50,000,000 BASF AG, 6.50%, 12/8/00 (i)	49,936,806
378,756,000 Bavaria Trust Corp., 6.74%-6.76%, 12/20/00 to 4/17/01	374,121,914
25,000,000 BBL North American Funding Corp., 6.75%, 1/16/01	24,789,806
49,507,000 BellSouth Telecommunications, Inc., 6.49%, 12/5/00	49,471,190
120,000,000 British Gas Capital, Inc., 6.73%-6.74%, 2/22/01 to 2/23/01 (i)	118,191,533
273,000,000 CDC Commercial Paper, Inc., 6.49%, 12/5/00 to 12/8/00 (i)	272,721,632
22,000,000 Cingular Wireless, 6.45%, 2/22/01	21,668,784
290,000,000 Citibank Capital Markets Assets LLC, 6.43%-6.74%, 12/7/00 to 3/14/01	288,539,191
386,144,000 Compass Securitization LLC, 6.50%-6.76%, 12/12/00 to 2/22/01	382,110,867
50,000,000 Credit Agricole Indosuez NA, 6.43%, 2/9/01	49,364,167
37,000,000 Cregem North America, Inc., 6.76%, 1/31/01	36,591,232
329,000,000 CS First Boston, Inc., 6.72%-6.75%, 2/12/01 to 4/20/01 (i)	322,822,429
595,480,000 CXC, Inc., 6.44%-6.76%, 12/11/00 to 5/15/01	586,799,619
165,000,000 Depfa Bank Europe Plc, 6.40%-6.43%, 4/4/01 to 5/1/01 (i)	160,885,175
165,517,000 Edison Asset Securitization LLC, 6.49%-6.73%, 12/5/00 to 2/8/01	165,213,994
88,235,000 Enterprise Funding Corp., 6.73%-6.74%, 2/15/01 to 3/9/01	86,871,821
160,000,000 General Electric Capital Corp., 6.72%-6.76%, 1/30/01 to 2/27/01	157,926,025

The accompanying notes are an integral part of these financial statements.

## The Prime Money Market Portfolio

### Schedule of Portfolio Investments (continued)

Principal Amount	Value
<b>COMMERCIAL PAPER (continued)</b>	
\$ 60,000,000 General Motors Acceptance Corp., 6.74%, 2/5/01	\$ 59,286,100
65,000,000 Government of Canada, 6.38%, 6/7/01	62,861,500
160,263,000 HD Real Estate Funding Corp., 6.77%, 5/22/01	155,354,857
150,000,000 Landesbank Schleswig Holstein, 6.40%-6.41%, 6/1/01 to 6/4/01 (i)	145,173,375
291,732,000 Monte Rosa Capital Corp., 6.49%-6.76%, 12/6/00 to 1/26/01	289,905,270
15,000,000 Morgan Stanley Dean Witter & Co., 6.76%, 1/31/01	14,832,758
761,500,000 Nationwide Building Society, 6.50%-6.75%, 12/12/00 to 3/22/01	752,111,980
202,244,000 Newport Funding Corp., 6.47%-6.74%, 12/8/00 to 2/6/01	200,739,872
50,000,000 Northern Rock Plc, 6.75%, 2/1/01	49,436,833
173,269,000 Parthenon Receivables Funding LLC, 6.49%-6.76%, 12/4/00 to 2/12/01	172,443,855
11,500,000 Province of Quebec, 6.50%, 12/14/00	11,472,280
527,345,000 Receivables Capital Corp., 6.44%-6.76%, 12/8/00 to 2/9/01	523,192,180
240,000,000 Salomon Smith Barney, Inc., 6.49%-6.73%, 12/5/00 to 2/12/01	239,462,525
50,000,000 Santander Central Hispano Finance, 6.73%, 2/20/01 (i)	49,272,125
40,000,000 SBC Communications Inc., 6.49%, 12/4/00	39,978,467
5,555,000 Wal-Mart Stores, Inc., 6.49%, 12/5/00	5,550,970
292,025,000 Windmill Funding Corp., 6.46%-6.74%, 12/7/00 to 1/18/01	290,781,646
	<u>7,698,167,288</u>
<b>CORPORATE BONDS – 1.0%</b>	
85,000,000 General Electric Capital Corp., 7.38%, 5/23/01	85,000,000
79,389,000 Inter-American Development Bank, 5.13%, 2/22/01 (i)	79,130,812
44,000,000 National City Bank, 6.98%, 8/2/01	43,988,369
	<u>208,119,181</u>
<b>FLOATING RATE NOTES – 43.8%(v)</b>	
100,000,000 American Express Centurion, 6.67%, 12/1/00	100,000,000
200,000,000 American Express Centurion, 6.58%, 12/9/00 to 12/14/00	199,995,252
21,500,000 American Express Centurion Bank, 6.59%, 12/16/00	21,500,000
325,000,000 Associates Corp. of North America, 6.55%, 12/29/00	325,000,000
21,500,000 AT&T Capital Corp., 7.50%, 12/1/00	21,500,000
56,300,000 AT&T Capital Corp., 6.97%, 1/10/01	56,338,835
500,000,000 Bank Austria, 6.53%, 12/16/00	499,949,000
300,000,000 Bank Austria, 6.75%, 1/16/01	299,946,114
130,000,000 Bank of America NA, 6.65%, 12/1/00	129,993,321
470,000,000 Bank of America NA, 6.67%, 12/1/00	470,000,000
34,775,000 Bank of America NA, 6.80%, 2/26/01	34,783,044
384,500,000 Bank of Scotland Treasury, MTN, 144A, 6.63%, 12/6/00	384,494,904
300,000,000 Bayerische Hypo Vereinsbank, 6.59%, 12/1/00 (i)	299,882,175
200,000,000 Bayerische Landesbank New York, Series CD, 6.61%, 12/1/00 (i)	199,937,800
270,000,000 Bayerische Landesbank New York, Series CD, 6.63%, 12/1/00 (i)	269,966,991

The accompanying notes are an integral part of these financial statements.

## The Prime Money Market Portfolio

### Schedule of Portfolio Investments (continued)

Principal Amount		Value
<b>FLOATING RATE NOTES (continued)</b>		
\$139,500,000	Bayerische Landesbank New York, Series CD, 6.55%, 12/15/00 (i)	\$ 139,495,744
325,000,000	Chasers 144A, Series 2000-1, 6.85%, 1/4/01	325,000,000
200,000,000	CIT Group Inc., MTN, 6.60%, 12/1/00	199,964,011
142,000,000	CIT Group Inc., MTN, 6.66%, 12/1/00	141,987,715
8,000,000	Citicorp, 7.02%, 2/8/01	8,004,618
140,000,000	Citigroup, Inc., 6.58%, 12/4/00	140,000,000
150,000,000	Citigroup, Inc., 6.59%, 12/10/00	150,000,000
53,000,000	Commerica Bank, 6.54%, 12/14/00	52,993,949
500,000,000	Commerzbank AG New York, Series CD, 6.57%, 12/26/00	499,960,524
10,000,000	Commerzbank AG New York, Series CD, 6.54%, 12/28/00	9,998,797
75,100,000	Compass Securitization, Inc., 6.59%, 12/1/00	75,100,000
238,000,000	Compass Securitization, Inc., 6.60%, 12/7/00 to 12/15/00	237,997,005
75,000,000	Compass Securitization, Inc., 6.60%, 12/9/00	75,000,000
650,000,000	CS First Boston, Inc. SPARCS, Series 2000-5, 6.91%, 1/24/01	650,000,000
20,000,000	Deutsche Bank, Series CD, 6.55%, 12/13/00	19,999,770
364,000,000	Deutsche Bank, Series CD, 6.52%, 12/16/00	363,961,799
20,000,000	First Union National Bank, 6.66%, 12/1/00	20,000,000
500,000,000	First Union National Bank, 6.67%, 12/1/00	500,000,000
10,000,000	First Union National Bank, 6.82%, 2/13/01	10,001,803
25,000,000	First Union National Bank, 6.67%, 2/15/01	25,000,000
350,000,000	General Electric Capital Corp., 6.75%, 1/2/01	350,000,000
5,000,000	Household Bank FSB, 6.96%, 1/3/01	5,002,328
15,000,000	Household Bank FSB, 6.99%, 1/9/01	15,009,209
175,000,000	Lehman RACERS 144A, Series 2000-15-MM-MBS, 6.64%, 12/13/00	175,000,000
165,000,000	Lehman, RACERS 144A, Series 1999-35-MM, 6.72%, 12/15/00	165,000,000
100,000,000	Northwest Financial, Inc., MTN, Series C, 6.62%, 12/1/00	99,969,094
52,000,000	Toyota Motor Credit Corp., MTN, 6.71%, 1/9/01	51,995,075
135,000,000	Unilever, 6.68%, 12/7/00	135,000,000
100,000,000	US Bancorp North Dakota, 6.64%, 12/1/00	99,988,459
75,000,000	US Bank NA Minnesota, 6.63%, 12/1/00	74,988,886
8,000,000	Wells Fargo & Co., MTN, 6.86%, 12/15/00	8,014,399
52,000,000	Wells Fargo & Co., MTN, 6.60%, 12/19/00	51,990,042
500,000,000	Wells Fargo & Co., MTN, 6.59%, 12/24/00	500,000,000
30,000,000	Wells Fargo & Co., MTN, 6.69%, 12/27/00	29,992,703
342,000,000	Westdeutsche Landesbank, New York, Series CD, 6.54%, 12/25/00 (i)	341,948,198
		<u>9,061,651,564</u>
<b>REPURCHASE AGREEMENTS – 1.9%</b>		
300,000,000	Bank America Repurchase Agreement, 12/1/00, proceeds \$300,054,667 (collateralized by \$403,547,059 Federal National Mortgage Association, 6.00%-6.29% due 3/1/14 – 7/1/28, valued at \$306,000,000)	300,000,000

The accompanying notes are an integral part of these financial statements.

## The Prime Money Market Portfolio

### Schedule of Portfolio Investments (concluded)

Principal Amount	Value
<b>REPURCHASE AGREEMENTS (continued)</b>	
\$100,000,000 Lehman Brothers Repurchase Agreement, 12/1/00, proceeds	
\$100,018,194 (collateralized by \$613,875,705 Federal	
National Mortgage Association, 6.00% - 8.00% due	
7/1/22 – 11/1/30, valued at \$102,000,353)	\$ 100,000,000
	<u>400,000,000</u>
<b>TAXABLE MUNICIPALS(z)</b>	
6,200,000 Wake Forest University, Series 1997, 6.62%, 12/6/00 (LOC:	
Wachovia Bank)	<u>6,200,000</u>
<b>TIME DEPOSITS – 4.2%</b>	
156,171,000 Canadian Imperial Bank of Commerce, 6.63%, 12/1/00 (i)	156,171,000
125,000,000 Dresdner Bank Grand Cayman, 6.66%, 12/1/00 (i)	125,000,000
100,000,000 Fifth Third Bank Cayman, 6.58%, 12/1/00 (i)	100,000,000
158,768,000 Key Bank NA Cayman, 6.59%, 12/1/00 (i)	158,768,000
195,493,000 State Street Bank Grand Cayman, 6.60%, 12/1/00 (i)	195,493,000
125,000,000 Toronto Dominion Bank Cayman, 6.69%, 12/1/00 (i)	125,000,000
	<u>860,432,000</u>
TOTAL INVESTMENT SECURITIES AT AMORTIZED COST	
AND VALUE – 100.0%	<u>\$20,728,944,745</u>

LOC – Letter of Credit

MTN – Medium Term Note

RACERS - Restructured Asset Certificates

SPARCS - Structured Product Asset Return

144A - Securities restricted for resale to Qualified Institutional Buyers

(i) Foreign security

(v) Variable or floating rate instrument or instrument with step coupon rate.

(y) Yield to maturity.

(z) Investment is less than 0.05% of total investment securities.

The accompanying notes are an integral part of these financial statements.

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**The Prime Money Market Portfolio**  
**Statement of Assets and Liabilities**

November 30, 2000

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**Assets**

Investments at Amortized Cost and Value	\$20,728,944,745
Cash	594
Interest Receivable	170,903,660
Prepaid Trustees' Fees and Expenses	17,380
Prepaid and Other Assets	17,521
<b>Total Assets</b>	<u>20,899,883,900</u>

**Liabilities**

Payable for Investments Purchased	306,058,550
Advisory Fee Payable	1,764,210
Administration Services Fee Payable	386,338
Fund Services Fee Payable	13,069
Administration Fee Payable	10,601
Accrued Expenses and Other Liabilities	288,574
<b>Total Liabilities</b>	<u>308,521,342</u>

**Net Assets**

Applicable to Investors' Beneficial Interests	<u>\$20,591,362,558</u>
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**Statement of Operations**

For the year ended November 30, 2000

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**Investment Income**

Interest Income	\$1,153,685,845
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**Expenses**

Advisory Fee	\$19,059,292
Administrative Services Fee	4,197,163
Custodian Fees and Expenses	1,697,740
Fund Services Fee	268,198
Trustees' Fees and Expenses	183,952
Administration Fee	122,295
Miscellaneous	160,428
Total Expenses	<u>25,689,068</u>

**Net Investment Income**

1,127,996,777

**Net Realized Gain on Investment Transactions**

552,318

**Net Increase in Net Assets Resulting from Operations**

\$ 1,128,549,095

The accompanying notes are an integral part of these financial statements.



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**The Prime Money Market Portfolio**  
**Statement of Changes in Net Assets**

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	<b>For the Year Ended November 30, 2000</b>	<b>For the Year Ended November 30, 1999</b>
<b>Increase in Net Assets</b>		
<b>From Operations</b>		
Net investment income	\$ 1,127,996,777	\$ 620,496,096
Net realized gain (loss) on investments	<u>552,318</u>	<u>(502,599)</u>
Net increase in net assets resulting from operations	<u>1,128,549,095</u>	<u>619,993,497</u>
<b>Transactions in Investors'</b>		
<b>Beneficial Interests</b>		
Contributions	140,319,396,434	108,543,399,809
Withdrawals	<u>(136,282,292,944)</u>	<u>(101,517,907,239)</u>
Net increase from investors' transactions	<u>4,037,103,490</u>	<u>7,025,492,570</u>
Total increase in net assets	5,165,652,585	7,645,486,067
<b>Net Assets</b>		
Beginning of year	<u>15,425,709,973</u>	<u>7,780,223,906</u>
End of year	<u><u>\$ 20,591,362,558</u></u>	<u><u>\$15,425,709,973</u></u>

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**Supplementary Data**

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	<b>For the Years Ended November 30,</b>				
	<b>2000</b>	<b>1999</b>	<b>1998</b>	<b>1997</b>	<b>1996</b>
<b>Ratios to Average Net Assets</b>					
Net expenses	0.14%	0.15%	0.17%	0.18%	0.19%
Net investment income	6.25%	5.07%	5.48%	5.43%	5.29%

The accompanying notes are an integral part of these financial statements.

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## **The Prime Money Market Portfolio**

### **Notes to Financial Statements**

November 30, 2000

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#### **1. Organization and Summary of Significant Accounting Policies**

**Organization** – The Prime Money Market Portfolio (the “Portfolio”) is registered under the Investment Company Act of 1940, as amended, as a no-load diversified, open-end management investment company which was organized as a Trust under the laws of the State of New York on November 4, 1992. The Portfolio’s investment objective is to maximize current income consistent with the preservation of capital and same-day liquidity. The Portfolio commenced operations on July 12, 1993. The Declaration of Trust permits the Trustees to issue an unlimited number of beneficial interests in the Portfolio.

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual amounts could differ from those estimates. The following is a summary of the significant accounting policies of the Portfolio:

**Security Valuations** - Investments are valued at amortized cost which approximates market value. The amortized cost method of valuation values a security at its cost at the time of purchase and therefore assumes a constant amortization to maturity of any discount or premium, regardless of the impact of fluctuating interest rates on the market value of the instruments.

**Repurchase Agreements** – The Portfolio may enter into repurchase agreements with brokers, dealers or banks that meet the credit guidelines approved by the Trustees. The Portfolio’s custodian (or designated subcustodians, as the case may be under tri-party repurchase agreements) takes possession of the collateral pledged for investments in repurchase agreements on behalf of the Portfolio. It is the policy of the Portfolio to mark-to-market the collateral on a daily basis to determine that the value, including accrued interest, is at least equal to the repurchase price plus accrued interest. In the event of default of the obligation to repurchase, the Portfolio has the right to liquidate the collateral and apply the proceeds in satisfaction of the obligation. In the event of default or bankruptcy by the seller of the agreement, realization and/or retention of the collateral or proceeds may be subject to legal proceedings.

**Security Transactions** - Security transactions are accounted for as of the trade date. Realized gains and losses are determined on the identified cost basis, which is also needed for federal income tax purposes.

**Investment Income** - Interest income is recorded on the accrual basis and includes accretion of discounts and amortization of premiums.

**Income Tax Status** - The Portfolio intends to be treated as a partnership for federal income tax purposes. As such, each investor in the Portfolio will be taxed

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**Notes to Financial Statements** (continued)

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on its share of the Portfolio's ordinary income and capital gains. It is intended that the Portfolio's assets will be managed in such a way that an investor in the Portfolio will be able to satisfy the requirements of Subchapter M of the Internal Revenue Code.

## **2. Transactions with Affiliates**

**Advisory** - The Portfolio has an Investment Advisory Agreement with J.P. Morgan Investment Management, Inc. ("JPMIM"), an affiliate of Morgan Guaranty Trust Company of New York ("Morgan") and a wholly owned subsidiary of J.P. Morgan & Co. Incorporated ("J.P. Morgan"). Under the terms of the agreement, the Portfolio pays JPMIM at an annual rate of 0.20% of the portfolio's average daily net assets up to \$1 billion and 0.10% on any excess over \$1 billion.

**Administrative Services** - The Portfolio has an Administrative Services Agreement (the "Services Agreement") with Morgan under which Morgan is responsible for certain aspects of the administration and operation of the Portfolio. Under the Services Agreement, the Portfolio has agreed to pay Morgan a fee equal to its allocable share of an annual complex-wide charge. This charge is calculated based on the aggregate average daily net assets of the Portfolio and certain other registered investment companies for which JPMIM acts as investment advisor in accordance with the following annual schedule: 0.09% on the first \$7 billion of their aggregate average daily net assets and 0.04% of their aggregate average daily net assets in excess of \$7 billion less the complex-wide fees payable to Funds Distributor, Inc. The portion of this charge payable by the Portfolio is determined by the proportionate share that its net assets bear to the net assets of the Trust and certain other investment companies for which Morgan provides similar services.

**Administration** - The Portfolio has retained Funds Distributor, Inc. ("FDI"), a registered broker-dealer, to serve as the co-administrator and distributor for the Portfolio. Under a Co-Administration Agreement between FDI and the Portfolio, FDI provides administrative services necessary for the operations of the Portfolio, furnishes office space and facilities required for conducting the business of the Portfolio and pays the compensation of the Portfolio's officers affiliated with FDI. The Portfolio has agreed to pay FDI fees equal to its allocable share of an annual complex-wide charge of \$425,000 plus FDI's out-of-pocket expenses. The portion of this charge payable by the Portfolio is determined by the proportionate share that its net assets bear to the net assets of the Trust and certain other investment companies for which FDI provides similar services.

**Fund Services** - The Portfolio has a Fund Services Agreement with Pierpont Group, Inc. ("PGI") to assist the Trustees in exercising their overall supervisory responsibilities for the Portfolio's affairs. The Trustees of the Portfolio represent all the existing shareholders of PGI.

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**Notes to Financial Statements** (concluded)

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**Trustees** - Each Trustee receives an aggregate annual fee of \$75,000 for serving on the boards of the Trust, the J.P. Morgan Funds, the J.P. Morgan Institutional Funds, and other registered investment companies in which they invest. The Trustees' Fees and Expenses shown in the financial statements represent the Portfolio's allocated portion of the total Trustees' Fees and Expenses. The Trust's Chairman and Chief Executive Officer also serves as Chairman of PGI and receives compensation and employee benefits from PGI. The allocated portion of such compensation and benefits included in the Fund Services Fee shown on the Statement of Operations was \$51,000.

**3. Concentrations of Risk**

The Portfolio may have elements of risk not typically associated with investments in the United States due to investments in countries or regions outside of the United States. Such investments may subject the Portfolio to additional risks resulting from political or economic conditions in such countries or regions.

**4. Subsequent Event**

The merger of J.P. Morgan & Co. Incorporated, the former parent company of the Portfolio's adviser, J.P. Morgan Investment Management, Inc. ("JPMIM"), with and into The Chase Manhattan Corporation was consummated on December 31, 2000. J.P. Morgan Chase & Co. will be the new parent company of JPMIM, which will continue to serve as the Portfolio's adviser.

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**Report of Independent Accountants**

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To the Trustees and Investors of The Prime Money Market Portfolio

In our opinion, the accompanying statement of assets and liabilities, including the schedule of investments, and the related statements of operations and of changes in net assets and the supplementary data present fairly, in all material respects, the financial position of The Prime Money Market Portfolio (the "Portfolio") at November 30, 2000, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and the supplementary data for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements and supplementary data (hereafter referred to as "financial statements") are the responsibility of the Portfolio's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at November 30, 2000 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP  
New York, New York  
January 16, 2001

# THE MANAGERS FUNDS

*We pick the talent. You reap the results.*

## **Administrator**

### **The Managers Funds LLC**

40 Richards Avenue  
Norwalk, Connecticut 06854-2325  
(203) 857-5321 or (800) 835-3879

## **Custodian**

State Street Bank & Trust, Co.  
1776 Heritage Drive  
North Quincy, Massachusetts 02171

## **Legal Counsel**

Goodwin, Procter & Hoar LLP  
Exchange Place  
Boston, Massachusetts 02109-2881

## **Transfer Agent**

Boston Financial Data Services, Inc.  
attn: The Managers Funds  
P.O. Box 8517  
Boston, Massachusetts 02266-8517  
(800) 252-0682

## **Trustees**

Jack W. Aber  
William E. Chapman, II  
Sean M. Healey\*  
Edward J. Kaier  
Madeline H. McWhinney  
Steven J. Paggioli  
Eric Rakowski  
Thomas R. Schneeweis

\*Interested Person

This report is prepared for the information of shareholders. It is authorized for distribution to prospective investors only when preceded or accompanied by an effective prospectus.

## **The Managers Funds**

### **Equity Funds:**

#### **INCOME EQUITY FUND**

Armstrong Shaw Associates Inc.  
Chartwell Investment Partners, L.P.

#### **CAPITAL APPRECIATION FUND**

Essex Investment Management Co., LLC  
Roxbury Capital Management, LLC

#### **SMALL COMPANY FUND**

Kalmar Investment Advisers, Inc.  
HLM Management Co., Inc.

#### **SPECIAL EQUITY FUND**

Goldman Sachs Asset Management  
Pilgrim Baxter & Associates, Ltd.  
Westport Asset Management, Inc.  
Kern Capital Management LLC  
Skyline Asset Management, L.P.

#### **INTERNATIONAL EQUITY FUND**

Scudder Kemper Investments, Inc.  
Lazard Asset Management  
Mastholm Asset Management, L.L.C.

#### **EMERGING MARKETS EQUITY FUND**

Rexiter Capital Management Limited

#### **U.S. STOCK MARKET PLUS FUND**

Smith Breeden Associates, Inc.

### **Income Funds:**

#### **BOND FUND**

Loomis, Sayles & Co. L.P.

#### **GLOBAL BOND FUND**

Rogge Global Partners plc.

#### **INTERMEDIATE DURATION**

##### **GOVERNMENT FUND**

Smith Breeden Associates, Inc.

#### **SHORT AND INTERMEDIATE BOND FUND**

Standish, Ayer & Wood, Inc.

#### **SHORT DURATION**

##### **GOVERNMENT FUND**

Smith Breeden Associates, Inc.

#### **MONEY MARKET FUND**

J.P. Morgan Investment Management, Inc.

**[www.managersfunds.com](http://www.managersfunds.com)**