

SERVING SHAREHOLDERS RESPONSIBLY



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"The mutual fund industry's credibility and effectiveness depend on our commitment to regulatory reforms and business practices that serve our shareholders responsibly."

— INSTITUTE PRESIDENT MATTHEW P. FINK



ABOUT THE INVESTMENT COMPANY INSTITUTE

The Investment Company Institute (ICI) is the national association of the investment company industry. Its mission is to advance the interests of investment companies (mutual funds, closed-end funds, and unit investment trusts) and their shareholders, to promote public understanding of investment companies, and to serve the public interest by encouraging adherence to high ethical standards by all elements of the business. As the only association of U.S. investment companies without regard to distribution method or affiliation, the Institute is dedicated to the interests of the entire investment company industry and all of its shareholders. The Institute represents members and their shareholders before legislative and regulatory bodies at both the federal and state levels, spearheads investor awareness initiatives, disseminates industry information to the public and the media, provides economic policy and other policy research, and seeks to maintain high industry standards.

The association was originally formed by industry leaders who supported the enactment of the Investment Company Act of 1940, legislation that provided the strong regulatory structure that has been responsible for much of the industry's success. Established in New York in 1940 as the National Committee of Investment Companies, the association was renamed the National Association of Investment Companies in 1941 and the Investment Company Institute in 1961. The Institute was relocated to Washington, DC in 1970.

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LETTER TO MEMBERS

SERVING SHAREHOLDERS RESPONSIBLY

The investment company industry and its association both observed 60th anniversaries in 2000. We celebrated the enactment of the Investment Company Act of 1940, the law whose creation stands as perhaps the single most important event in our industry's history, and the founding of the organization that would become the Investment Company Institute.

Despite the vast changes that have taken place over the past six decades, the Institute and the investment company industry continue to follow the basic principles adopted by industry leaders in 1940—collaboration by all segments of the industry, cooperation with the government, and above all, a commitment to serving the best interests of investment company shareholders.

Ensuring the protection of investors is crucial to the continuing success of the mutual fund industry. There should be no doubt about our guiding principle. We strive for the highest standards in order to protect our investors. Only by adhering to the highest fiduciary standards will we continue to maintain widespread public confidence.

How do we do this?

First, we support laws and regulations that put investors first. The focus of investment company law and regulations is to ensure that investors receive adequate and accurate information about a mutual fund; protect the physical integrity of fund assets; prohibit or regulate self-dealing; restrict unfair and unsound capital structures; and ensure fair valuation of investor purchases and redemptions. Strong regulatory systems do not ensure that problems never occur. But they are indispensable to creating a culture where the interests of investors come first.

Second, in addition to supporting strong regulation, the industry has repeatedly demonstrated its willingness to go beyond the letter of the law to protect its reputation by developing strong voluntary standards.

Third, we have a constructive relationship with regulators. This is critically important in reaching our common goal of protecting investors and working out challenging issues.

Fourth, we encourage investor awareness to promote realistic expectations, long-term investment horizons, and the need to save and plan for future needs. The downward pressure on Wall Street throughout much of 2000 demonstrates the importance of investor awareness efforts. The technology-heavy Nasdaq Composite Index fell 39.3 percent in the worst year since it was created in 1971 and the Dow Jones Industrial Average fell 6.2 percent to suffer its worst year since

1981. For the most part, fund shareholders held steady during the year and maintained their historic pattern of calm and rational behavior. In fact, during each month of the year, mutual fund shareholders bought more equity fund shares than they sold. The industry ended the year with record net new cash flow into equity funds of \$309 billion.

Another reason that investor education is and will continue to be so important is that more and more responsibility for retirement planning and savings has been assumed by individuals. The trend in pension systems around the world is to move away from defined benefit pension plans—where an employee is guaranteed a certain income at retirement—to defined contribution pension plans—where workers must plan their own retirement.

The investment company industry has a long history of serving shareholders responsibly. We seek strong and effective government regulation. We back regulatory modernization permitting innovations in products and services to meet the changing needs of investors. We work for the enactment of laws encouraging personal savings and investment. And we are proactive in addressing problems.

Carrying this tradition forward in a time of extraordinary change is one of the most formidable challenges ever faced by our industry. Technological developments in the world of financial services are breathtaking. These developments are fueling entrepreneurial ventures, rewriting the rules of competition, and prompting wholesale reconsideration of the role of regulation.

The key to serving fund shareholders in this era of rapid change is to embrace innovation that benefits them and to oppose change that would harm their interests. To meet our shareholders' needs, our business practices must change, but our business principles must not. The success of the mutual fund industry was neither pre-ordained nor a random occurrence. It is the direct result of our willingness to serve our shareholders responsibly following the principles established under the Investment Company Act of 1940. By continuing to do so, we are confident that the next 60 years will be as successful for our shareholders and for our industry as the years since 1940.



Institute President Matthew P. Fink and Institute Chairman Terry K. Glenn

TERRY K. GLENN
Chairman

MATTHEW P. FINK
President

THE MUTUAL FUND INDUSTRY

“Mutual funds are preferred by many different kinds of investors for many different reasons.”

— INSTITUTE CHAIRMAN TERRY K. GLENN



THE STATE OF THE INDUSTRY IN 2000

THE FINANCIAL MARKET ENVIRONMENT

Equity markets in the United States saw substantial volatility and overall weak performance in 2000. Mutual funds posted solid inflows, as investors responded calmly to the downturn. Most mutual fund shareholders are seasoned investors. A survey conducted in 1998 found half of all shareholders had made their first mutual fund purchase before 1990 and more than one-third did so between 1990 and 1995. Most fund shareholders are willing to take at least moderate risk for moderate gain and are not focused on short-term market fluctuations.

Broad financial market trends in 2000 were mirrored in mutual fund assets and flows. For example, the rise in the Nasdaq in the early part of the year helped equity funds—especially the more aggressively invested equity funds— attract strong levels of new cash from shareholders. As the year proceeded and the Nasdaq declined, inflows to equity funds slowed but nonetheless remained substantial. Overall, investors in equity mutual funds reacted calmly to the significant stock market correction in 2000. Owing to interest rate developments and volatility in equity markets, the pace of flows to money, bond, and hybrid funds was uneven over the course of the year. For the year as a whole, inflows to money funds were lower than in 1999, while outflows from bond and hybrid funds accelerated. In total, net new investment by mutual fund shareholders amounted to \$388 billion in 2000. However, net assets of mutual funds rose just \$123 billion to \$6.969 trillion, as negative investment performance due to the decline in the equity markets offset the net new cash flow.

EQUITY FUNDS

Assets of equity mutual funds fell \$79 billion to \$3.963 trillion. A record \$309 billion in net new cash inflow was offset by the weak performance of U.S. equity markets. Domestic equity markets experienced their sharpest correction in many years. Despite the size of the equity market correction, mutual fund investors did not withdraw from the market. Flows to equity funds slowed as the year progressed, but investors did not redeem equity fund shares, on net, in any month. Throughout the year investors continued to favor equity funds weighted toward technology stocks. Foreign equity funds attracted renewed shareholder interest in 2000. Foreign funds benefited from, among other things, a worldwide rise in the price of technology stocks in the early part of 2000. Sales and redemptions of shares rose on average in 2000, continuing a trend since the mid-1990s. This trend does not necessarily imply that the typical shareholder has shortened his or her holding period. Indeed, a range of empirical evidence suggests that the trend more likely results from high redemption activity of a small percentage of mutual fund investors.

MUTUAL FUND SHAREHOLDERS DO NOT “DRIVE” THE STOCK MARKET

A recent Federal Reserve report refutes the theory that the bull market of the 1990s was driven by cash flows to mutual funds. The report found “little evidence that mutual fund investors have been a destabilizing force in the U.S. equity market in recent years.” Significantly, Federal Reserve researchers also found no evidence that equity fund flows cause market price change, either temporarily or permanently.

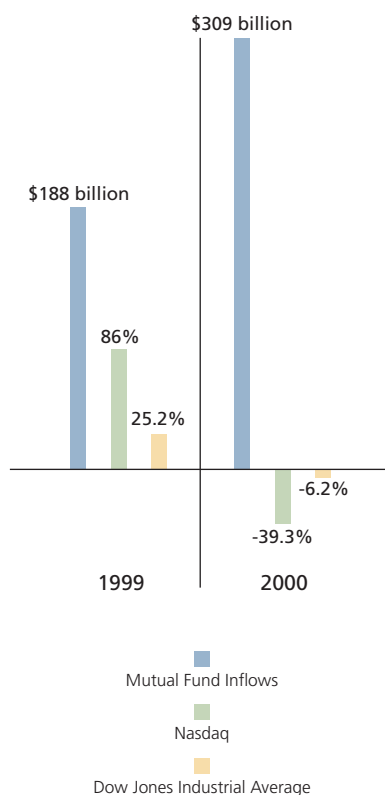
Households, pension funds, and insurance companies directly hold about 80 percent of equities in the domestic stock market, while mutual funds hold about 20 percent. There is no established correlation between mutual fund flows and stock market activity. For example, in 2000, shareholders purchased a record \$309 billion in equity mutual fund shares. Yet, also in 2000, the Nasdaq Composite Index fell 39.3 percent in the worst year since it was created in 1971 and the Dow Jones Industrial Average fell 6.2 percent to suffer its worst year since 1981. One year earlier, equity fund inflows totaled far less—\$188 billion—even though the markets were up significantly, with the Nasdaq rising 86 percent and the Dow Jones Industrial Average gaining 25.2 percent.

FOR MORE INFORMATION:

Mutual Fund Assets and Flows in 2000
www.ici.org/pdf/per07-02.pdf

Mutual Funds and the U.S. Equity Market
www.federalreserve.gov/pubs/bulletin/2000/1200lead.pdf

Mutual Fund Flows and Stock Market Activity, 1999–2000



Source: Investment Company Institute

MONEY MARKET FUNDS

Assets of money market funds rose 14 percent to \$1.8 trillion. Net new cash inflow to these funds—\$159 billion—was down from the pace of the previous two years but was the third-best year on record. Returns on retail money funds remained favorable, indicating that other factors were responsible for the deceleration in inflows. Among these factors were the strength of equity markets early in the year and the increased use by brokerages of bank deposit accounts in place of money funds for retail sweep accounts.

MOST MUTUAL FUND SHAREHOLDERS TRADE INFREQUENTLY

Although redemptions are a normal part of the mutual fund business, a number of ICI surveys of fund owners and other empirical research have consistently found that the vast majority of owners are long-term investors and do not redeem shares during a one- or two-year period. In a recent survey of equity fund owners, 82 percent said they had not redeemed shares from any of their equity funds in a year's time and another 9 percent had redeemed shares only once. A small number of fund owners, however, report that they trade frequently.

The redemption rate for mutual funds is not an appropriate indicator of redemption activity of the typical fund shareholder. Even a few high-turnover shareholders can push up a fund's redemption rate. For example, a fund whose investors all have a holding period of seven years would have an annual redemption rate of 14 percent. A fund with 98 percent of its owners holding shares for seven years and with the other 2 percent redeeming every month would have an annual redemption rate of 38 percent. The 38 percent redemption rate gives the misleading impression that the typical account in this fund turns over in less than three years, even though the vast majority of its shareholders are long-term investors.

Redemption Rates and Holding Periods for Two Hypothetical Funds

	Fund A (all shareholders have a 7-year holding period)	Fund B (98 percent of shareholders have a 7-year holding period; 2 percent have a 1-month holding period)
Redemption Rate	14 percent	38 percent
Average Holding Period	7 years	6.9 years
Median Holding Period	7 years	7 years

Source: Investment Company Institute

FOR MORE INFORMATION:

Redemption Activity of Mutual Fund Owners
www.ici.org/pdf/fm-v10n1.pdf

BOND AND HYBRID FUNDS

Bond fund assets were essentially unchanged in 2000 at \$811 billion. Longer-term interest rates fell in 2000, so that returns on bond funds rebounded. However, a positive investment result was offset by net withdrawals from both taxable and tax-exempt funds. Investor demand for bond funds has flattened in recent years. In this environment, fund companies have merged or liquidated, on net, a modest number of bond funds. This trend continued in 2000 although, as in the past, the typical size of the merged or liquidated funds was small. Assets in hybrid funds—those investing in a mix of stocks and bonds—fell 9 percent to \$350 billion due to net redemptions and a negative investment result.

MUTUAL FUND SHAREHOLDERS REMAIN CALM IN VOLATILE MARKETS

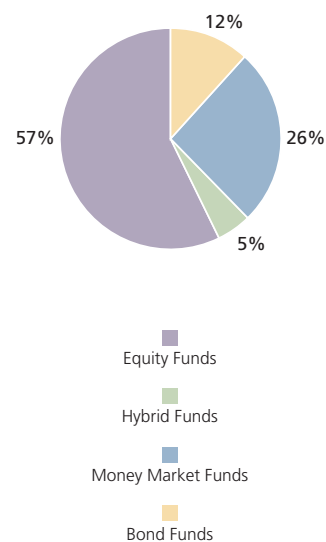
“Panic” is not a word one would associate with mutual fund investors. Mutual fund investors have an adequate understanding of investment risk and tend to take a long-term approach to their investments. The Institute has conducted a number of studies, including an analysis of equity fund flows since World War II, which show that fund investors have never responded to sharp market breaks by redeeming shares *en masse*. There is no evidence that this long-established pattern of behavior will change. While fund shareholders are not insensitive to long-term declines in stock prices, their response has been measured and gradual.

According to Institute research, since 1944 equity fund shareholders have remained calm during periods of stock market volatility. Even the major stock market break of October 19, 1987 failed to trigger substantial outflows from stock mutual funds. An estimated 4.5 percent of stock fund assets were redeemed over the last half of October 1987 and the outflow moderated substantially in the following weeks. In other stock market breaks since 1944, fund shareholder response has been even more restrained. Shareholders are not insensitive to stock price movements, but their response to market movements tends to be spread over time. For example, over the course of a typical cycle in stock prices, the net flow of new cash to stock funds generally increased when stock prices rose and decreased when stock prices declined. In other words, investors tend to buy more when stock prices are increasing and buy less when they are decreasing. Stock, bond, hybrid, and money market mutual funds allow investors to choose among a variety of investment goals and styles to meet their objectives and circumstances.

FOR MORE INFORMATION:

Mutual Fund Shareholder Activity During U.S. Stock Market Cycles, 1944-95
www.ici.org/pdf/per02-02.pdf

How Mutual Fund Assets
Are Invested



Source: *Mutual Fund Assets and Flows in 2000*, Investment Company Institute

OTHER DEVELOPMENTS

- Capital gain distributions are estimated to have totaled \$345 billion in 2000. However, the majority of these distributions were not subject to taxation. An estimated 65 percent of U.S. households' long-term mutual fund assets are in tax-deferred accounts.
- A significant number of new exchange traded funds (ETFs)—funds registered with the U.S. Securities and Exchange Commission (SEC) that are continuously traded on stock exchanges—began operation in 2000. Overall, ETFs attracted inflows of net new investment totaling \$42 billion. Assets in ETFs rose to \$66 billion at the close of 2000.

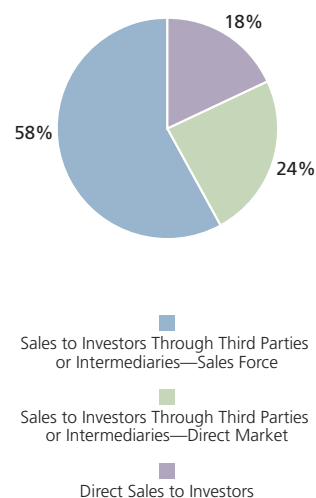
MOST MUTUAL FUND SHAREHOLDERS BUY FUNDS THROUGH INTERMEDIARIES

According to Institute research, an estimated 82 percent of new sales of long-term (equity, bond, and hybrid) funds were made through a third party or intermediary in 1999, up from 77 percent in 1990. During the same period, new sales of long-term funds made directly from fund companies to investors fell to 18 percent from 23 percent. Third parties include banks, insurance companies, stockbrokers, financial planners, and retirement plans. Fund companies and other distributors have developed new outlets for selling mutual funds, and have expanded traditional sales channels amid the rising demand for mutual funds.

FOR MORE INFORMATION:

The 1990s: A Decade of Expansion and Change in the U.S. Mutual Fund Industry
www.ici.org/pdf/per06-03.pdf

Most New Fund Sales Are Made Through Intermediaries



Source: Investment Company Institute

MUTUAL FUNDS AND THE RETIREMENT MARKET

Retirement plans, including Individual Retirement Accounts (IRAs), plans for the self-employed, and 401(k) and other employer-sponsored plans, hold about one-third of all mutual fund industry assets. The share of mutual fund assets in retirement plans, \$2.5 trillion in 2000, has remained fairly stable at about 35 percent in recent years. However, funds hold a relatively small percentage of the nation's retirement assets. Mutual funds account for about 20 percent, or one-fifth, of the assets in the \$12.3 trillion retirement market. The remaining 80 percent of assets in the retirement market is managed by pension funds, insurance companies, banks, and brokerage firms.

SUPPORTING EFFECTIVE LEGISLATION AND REGULATION

“The fund industry’s most enduring factor is our willingness to work together to ensure that laws, regulations and voluntary business practices protect and serve our shareholders.”

— INSTITUTE PRESIDENT MATTHEW P. FINK



ADVANCING THE INTERESTS OF INVESTMENT COMPANY SHAREHOLDERS THROUGH EFFECTIVE LEGISLATION AND REGULATION IS A HALLMARK OF OUR INDUSTRY THAT BEGAN WITH OUR SUPPORT OF THE INVESTMENT COMPANY ACT 60 YEARS AGO. Thus, a considerable portion of the Institute's work concerns representation of the mutual fund industry and its shareholders before Congress, the SEC, other federal regulatory agencies, as well as state and foreign regulators. Our underlying principle is unwavering—to ensure that mutual fund regulation and legislation continues to provide effective investor protection and responds to evolving investor needs and developments in financial markets.

FUND GOVERNANCE

The Investment Company Act created a unique system of corporate governance for mutual funds based on independent directors. This system has protected mutual fund investors since 1940. An effort to identify ways to make a strong system of governance even stronger for America's 88 million mutual fund shareholders has been very productive. The fund industry joined this effort from the beginning, when the Institute announced the formation of an Advisory Group on Best Practices for Fund Directors. The Advisory Group released a report in June 1999 recommending 15 specific fund governance policies and practices designed to enhance the independence and effectiveness of fund directors. The Advisory Group's recommended best practices included a call for independent directors

to represent a "super-majority" on all fund boards rather than the 40 percent required by law. The Advisory Group also recommended that former officers or directors of a fund's investment adviser and key affiliates be precluded from ever serving as independent directors of the fund; that fund independent directors have access to independent, qualified counsel; and that a fund's independent directors meet separately from management as necessary in connection with fulfilling their responsibilities. The Securities and Exchange Commission has adopted a number of rule changes designed to enhance the independence and effectiveness of mutual fund directors. Under the rules, independent directors must constitute at least a majority of the fund's board and must



Dawn-Marie Driscoll, an independent director with Scudder Funds, was among the panelists at the Institute's annual Investment Company Directors Conference, which drew a large number of independent directors and trustees.

select and nominate other independent directors. The rules also require that any legal counsel for the fund's independent directors must be an "independent legal counsel." Along with strong laws and vigorous regulatory oversight, the industry's best practices help to reinforce our commitment to protecting shareholder interests and preserving a strong system of governance that has served the nation's mutual fund investors so well for so long.

SHAREHOLDER PRIVACY

The mutual fund industry takes very seriously all issues concerning the use and protection of shareholders' personal information. The industry strongly supports the privacy requirements included in the Gramm-Leach-Bliley Act. The approach taken by the Act strikes an appropriate balance between the protection of consumer privacy and the legitimate business needs of the mutual funds in which 88 million Americans invest. The Gramm-Leach-Bliley legislation included an important breakthrough in consumer privacy. It requires all financial services firms to inform customers about the use of their personal information, and to give customers an opportunity to decline to have their personal information shared with unaffiliated third parties. Implementation rules, including SEC Regulation S-P, have been adopted, and compliance is required by July 1, 2001. Beginning shortly after passage of this sweeping legislation there have been calls for additional privacy controls on both the federal and state levels. The Institute believes that before new privacy legislation is considered, the unprecedented protections provided under the Gramm-Leach-Bliley Act must be given time to work. In addition, any new federal privacy legislation must harmonize and make uniform the requirements of state law to maximize shareholder protection.



Paul Roye (c.), Director of the SEC's Division of Investment Management, confers with Institute President Matthew P. Fink (l.) and Paul G. Haaga, Jr., Executive Vice President, Capital Research and Management Company, at the Institute's General Membership Meeting.

ELECTRONIC COMMERCE

The Institute supports legislative and regulatory efforts that enhance the ability of funds to use new technologies in order to increase efficiency and enhance the types and quality of services they provide to shareholders. Fund shareholders increasingly are seeking the ability to access relevant investment information and conduct business in a “paperless” manner. As a result, the Institute strongly supports initiatives aimed at removing unnecessary impediments to electronic commerce, such as the Electronic Signatures in Global and National Commerce Act (E-SIGN). This legislation, enacted in July 2000, gives electronic signatures, contracts, and records the same legal status as their written counterparts.



John J. Brennan, Chairman and CEO, The Vanguard Group Inc.; Robert C. Pozen, President and CEO, Fidelity Management & Research Company; and Institute President Matthew P. Fink participate in a panel discussion hosted by the SEC to commemorate the 60th anniversary of the Investment Company Act of 1940.

SECURITIES REGULATORY REFORM

The Institute opposes any legislation that weakens the core investor protection principles established in the Investment Company Act of 1940. For 60 years, these fundamental protections have served to prevent the reemergence of the abuses that occurred in the 1920s and 1930s. Section 17 of the Investment Company Act accomplishes this by preventing those with the potential power to influence or control an investment company from using that power for

their own financial advantage. Section 17(a) is perhaps the most important of these protections because it restricts principal transactions between a fund and its affiliates. For example, fund advisers are restricted from using mutual funds as a “dumping grounds” for securities from unsuccessful underwritings or proprietary trading programs. The Institute opposes any efforts to repeal Section 17(a). However, developments in the financial services industry have led to an increasing number of situations in which the 1940 Act’s restrictions on affiliated transaction inhibit legitimate activities. The SEC’s staff has acknowledged that the impact of current restrictions has grown overly broad and that a focused rulemaking may be appropriate. To assist the staff, the Institute submitted recommendations for new rules and amendments to existing rules.

SEC FUNDING

The Institute has a strong record of support for providing the SEC with adequate financial resources to continue effective regulatory oversight of mutual funds and maintain important investor protection and awareness initiatives. The Institute also supports SEC efforts to raise staff compensation. At the same time, the Institute believes that fees paid to the SEC should be directly related to a level commensurate with the agency's budget. Since 1983, the securities industry has paid much more in fees each year than is allocated to the SEC for regulatory oversight. The Institute believes these fees should not be considered general revenue to be spent on items not related to securities regulation. This excess revenue, in essence, amounts to a needless tax on investors.

U.S. TRADE AND MARKET ACCESS

The Institute's international program seeks to reduce international barriers that prevent U.S. asset management firms from offering their services and products in other countries. The Institute's international agenda is focused on achieving a true cross-border market for mutual funds in Europe; ensuring that publicly offered mutual funds can be used as funding vehicles in the defined contribution market in Europe and Japan; and reducing barriers to U.S. advisers seeking to offer mutual funds in certain Asian countries.

In pursuing its international agenda, the Institute works with representatives of foreign nations and U.S. government officials to seek regulatory changes to improve the competitiveness of U.S. money management firms abroad. At the same time, the Institute encourages the development—in every country—of sound management of collective investments through effective regulation and a commitment from the asset management industry to investor protection. In 2000, the Institute organized training programs in the



Liliane Corzo (l.), of Capital Research & Management Company, is among the members of the Institute's International Committee to hear a presentation by Claudio Grego (r.), head of legal regulatory affairs for the Borsa Italiana. Grego's remarks focused on the corporate code of conduct he helped develop for companies that list on the Italian exchange.

United States for groups of foreign regulators and industry officials from countries including Mexico, Brazil, and China, and responded to requests from foreign officials for specific information about U.S. regulation. The Institute also organized "Mutual Funds and Asset Management in Asia," an industry conference in Hong Kong for government officials, regulators, and senior executives at Institute member firms and Asian management firms to examine current regulatory issues.



Institute Chairman Terry K. Glenn, the keynote speaker at the Mutual Funds and Investment Management in Asia Conference, said that the mutual fund industry has not yet established a long history of investor satisfaction in developing Asian markets. "We must prove ourselves and show (Asian) investors why they should put their trust in us."

PORTFOLIO INVESTMENT PROGRAMS

Through the increased use of technology, fund shareholders have enjoyed easier access to information, greater choice, and greater efficiency. Technology has also given rise to new products for investors. The Institute believes that some of these products are the functional equivalents of traditional mutual funds and, therefore, should be regulated as such. The differences between these "fund-like" products and traditional mutual funds do not warrant substantially different regulatory treatment. Unless these products are comparably regulated to provide investor protection, the potential for abuse is significant. Regulation under the Investment

Company Act of 1940 has protected investors and served them well for 60 years. These investor protections should not be denied to investors in "fund-like" products.

MARKET ISSUES

The Institute actively represents the interests of mutual funds as investors and has become a proactive voice for "buy-side" issues. In recognition of the Institute's growing prominence as a representative of the buy-side, the SEC asked the Institute to establish a joint working group with the Securities Industry Association to examine limit order transparency. The Institute also participated in several initiatives that would significantly change the structure of the U.S. securities markets. For example, the Institute was actively involved in the debate over the

Nasdaq Stock Market's new order display facility (SuperMontage). While supporting the objectives of the initial SuperMontage proposal, the Institute expressed reservations about the level of transparency in the system and the system's internalization feature. In addition, in response to the SEC's concept release on market fragmentation, the Institute made several recommendations to the SEC to address concerns with current market structures that have contributed to fragmentation. The Institute also is examining the implementation of decimalization in the U.S. securities markets. While the Institute strongly supports the implementation of decimal pricing, the conversion to decimalization increases the importance of several unresolved market structure issues, including the need for the display of a meaningful "depth of the book" by both specialists and market makers and the establishment of priority rules for orders entered into the market. To address these issues, the Institute has recommended several changes to the NYSE's Institutional Xpress system, which would resolve some of the difficulties institutions have encountered trading large blocks of securities on the Exchange since the implementation of decimalization. The Institute also represents the interests of funds as investors in the bond market and advocates increased offering disclosure and price transparency in the bond markets.

STATE LEGISLATIVE ISSUES

The Institute continues to work actively with the states to amend their securities acts and related rules to ensure that the provisions of the National Securities Markets Improvement Act of 1996, which realigned federal-state regulation of mutual funds, are implemented uniformly. All states that impose notice-filing requirements on investment companies have adopted as their filing forms the uniform notice form developed by the North American Securities Administrators Association and the Institute. Thus far, all but a dozen states have simplified the filing requirements imposed on investment companies by eliminating the need to routinely file prospectuses.

ADVANCING INVESTOR AWARENESS AND DISCLOSURE

“Providing investors with the information they need to make informed investment decisions and to set realistic expectations is a longstanding goal of the Institute and its members.”

—INSTITUTE EXECUTIVE VICE PRESIDENT JULIE DOMENICK



NEARLY ONE IN TWO AMERICAN HOUSEHOLDS OWNED MUTUAL FUNDS IN 2000. Overall, fund ownership reached 49 percent of all U.S. households, up from just under 6 percent of U.S. households in 1980 and 25 percent of households in 1990.

The reasons why the typical mutual fund shareholder—who is middle-income, middle-aged, and saving for retirement—is attracted to mutual funds remain unchanged. Mutual funds offer a combination of diversification, professional management, liquidity, convenience, and affordability. Mutual funds also are strictly regulated and the industry has been untainted by major scandal for more than 60 years.

With 88 million Americans now investing in mutual funds, the effectiveness of funds' communications with investors is a matter of utmost importance. The mutual fund industry is committed to helping ensure that shareholders are fully informed when making decisions about their personal finances and their futures. The Institute has for many years conducted investor awareness campaigns to support this goal. The campaigns include public messages, brochures, videos, partnerships with other organizations, and participation in investor education programs.

Full disclosure is also a touchstone of the mutual fund industry. Standardized tables and plain-English descriptions in mutual fund prospectuses help everyone—including investors and those who advise them—make informed investment decisions. Although the disclosure requirements for mutual funds are far more extensive than those of any other financial product, the Institute continues to support improvements that will assist investors in understanding the risks and rewards of mutual fund investing.

PHOTO HIGHLIGHTS FROM "INVESTING FOR SUCCESS" WORKSHOPS



A father and son attend a Los Angeles "Investing for Success" personal finance workshop. Saving for a college education is one topic covered in the workshop.



Participants at the inaugural "Investing for Success" workshop in Philadelphia take notes during a discussion on how to estimate retirement needs.

INVESTOR AWARENESS INITIATIVES

INVESTING FOR SUCCESS PARTNERSHIP WITH THE NATIONAL URBAN LEAGUE

In May 2000, the National Urban League (NUL) and the Investment Company Institute Education Foundation (ICIEF) initiated the “Investing for Success” program, a partnership designed to address an “investment knowledge gap” between African Americans and the U.S. population at large.

According to recent studies, the percentage of African Americans investing in stocks or stock mutual funds is growing faster than in the population as a whole. Yet African Americans still start investing later and direct a smaller portion of their incomes to long-term investments than do other groups with similar incomes. The NUL has found that the primary reason African Americans cite for not investing is a lack of investment knowledge.

To help close that knowledge gap and to inspire African Americans to establish financial goals, and save and invest to achieve them, the NUL and the ICIEF formed the “Investing for Success” partnership. National Urban League President Hugh Price, said the partnership “is one of the first steps toward accomplishing the National Urban League’s mission to enable African Americans to secure economic self-reliance, parity and power in

WHAT WORKSHOP PARTICIPANTS SAY ABOUT “INVESTING FOR SUCCESS”

“Excellent. Long time coming for black communities.”

“Informative, sensitive, necessary. Thank you.”

“This type of workshop is needed more for our people, and all people.”



Boston workshop attendees fill out worksheets that help them test their investment knowledge, assess their risk tolerance, and plan for retirement.



Craig A. Smith, Vice President and Senior Portfolio Manager at AIM Capital Management, Inc., discusses establishing realistic expectations at an “Investing for Success” workshop in Houston.



National Urban League President Hugh B. Price, Institute Executive Vice President Julie Domenick, and Institute Chairman Terry K. Glenn discuss the importance of the “Investing for Success” partnership in helping to inspire African Americans to establish financial goals, and save and invest to achieve them.

the 21st century. The National Urban League and ICI share an important goal of helping African Americans to become economically self-sufficient.”

The centerpiece of the “Investing for Success” program is a series of free, nationwide personal finance workshops and educational materials designed to promote greater understanding about the benefits of long-term investing. Each workshop is jointly sponsored by the NUL, ICIEF, a local NUL affiliate, and a local Investment Company Institute member company. The program has generated

an enthusiastic response from participants at workshops held throughout the country. The workshops are receiving extraordinarily high ratings from participants.

“Investing for Success” has drawn praise from African-American leaders, members of Congress, the SEC, and major media outlets. National Public Radio, *USA Today*, *The Boston Globe*, Reuters, and *Equal Opportunity Journal*, for example, have focused attention on the program’s attempts to close the investment knowledge gap.

OTHER INVESTOR AWARENESS ACTIVITIES

The Institute produces a series of investor awareness publications and videos to help educate investors on different aspects of investing. In 2000, the Investor Awareness series was augmented with the publication of *A Guide to Understanding Mutual Funds* and a series of brochures for the “Investing for Success” partnership. The publications in the series are distributed to the public through libraries, schools, the media, at investor events, and through organizations including the American Savings Education Council, the Alliance for Investor Education, the National Partners for Financial Empowerment, and the Coalition of Black Investors.

The Institute supplemented its efforts to promote investor awareness and realistic investor expectations by publishing a full-page announcement last spring in *The Wall Street Journal*, *The New York Times*, *USA Today*, and *The Washington Post*. The announcement cautioned investors against chasing short-term performance and promoted long-term investing. Its release proved timely, appearing during a period of market turbulence, and drew praise from legislators and regulators. It continues to convey a timeless message.

As part of the Investor Awareness Campaign, the Institute and its members participate in the SEC's "Town Meetings" held throughout the United States. These meetings provide investors with the opportunity to speak with SEC officials and personal finance experts about investment opportunities. The Institute developed a mutual fund presentation that Institute members use to conduct an educational seminar at these meetings.

The Institute's public website, www.ici.org, continues to enhance the Institute's ability to offer convenient access to our education materials, and demonstrate our support for investor awareness. In 2000, a "Newsroom" was launched on the public website designed specifically to meet the needs of the Institute's media audience.

DISCLOSURE

The mutual fund industry has a long history of support for SEC initiatives to enhance disclosure to fund investors. The SEC's ongoing disclosure reform campaign has included the recent overhaul of the mutual fund prospectus, the creation of the fund profile and a plain-English rule. These innovations have enjoyed strong support in the fund industry because they promise to increase individual understanding of investments and strengthen the *quality*, not just the *quantity*, of information disclosed. In 2000, fee and tax disclosure saw increased regulatory attention. The industry's position on these matters, as always, is rooted in our longstanding commitment to clear and useful disclosure.

A Minute of Your Time, Please

A Message to Investors:

Last year, a record number of fund investors achieved extraordinary investment returns. In fact, many fund investors have enjoyed strong investment gains for years. We are privileged to have helped 83 million Americans build their net worth and save for retirement. At the same time, we continue to recognize the need for investors to maintain realistic expectations about the performance of the financial markets.

Lately, the stock markets have moved up and down sharply, sometimes in a single day. Certain sectors of the markets have performed exceedingly well while others have not. In such a volatile market environment, some investors may be tempted to assume risk beyond their tolerance or chase short-term performance.

We urge investors, especially those who are investing for long-term goals such as retirement or a child's education, to keep recent market movements in perspective. We also urge investors to identify their tolerance for risk and invest in a manner consistent with their long-term investment plans.

We believe these basic rules of investing continue to determine the success of a long-term investment program:

- Diversify your investments.
- Understand the relationship between risk and reward.
- Maintain realistic expectations about investment performance.
- Keep short-term market movements in perspective.

Invest wisely. Your future depends on it.

This investor awareness campaign message is brought to you by
**America's Mutual Funds,
Closed-End Funds, and Unit Investment Trusts
Investing for Your Future**

For more information write to: ICI Investor Awareness Campaign, P.O. Box 37848, Washington, DC 20038-7850 or visit the Investor Awareness section of our website at www.ici.org/about/fund/investor_awareness.html. You may also visit the U.S. Securities and Exchange Commission's Investor Education section at www.sec.gov/iead.html.

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The Institute placed a full-page letter to investors in April editions of *The Wall Street Journal*, *The New York Times*, *The Washington Post*, and *USA Today* designed to encourage them to keep short-term market movements in perspective and maintain realistic expectations.

FEE DISCLOSURE

Mutual fund costs are subject to more exacting disclosure requirements than any comparable financial product offered to investors. The industry has dedicated substantial resources to educating investors about fund fees and expenses. Indeed, evidence suggests that investors understand the impact of costs on investment performance. Institute research shows that 78 percent of equity fund shareholder accounts are invested in funds charging less than the industry's simple average.

In its report on mutual fund fees, the SEC examined options for additional fee disclosure to further emphasize to investors the impact that fees can have on their returns. The SEC made clear that easy-to-use, uniform fee disclosure among mutual funds encourages fee-awareness among investors. The SEC recommended adding fee disclosure in a fund's annual reports to enhance the comprehensive and effective system of mutual fund fee regulation that is already in place. This recommendation would add another dimension to the comprehensive disclosures already available to fund shareholders and further enhance the ability of shareholders to determine the cost of their mutual fund investments.

AFTER-TAX DISCLOSURE

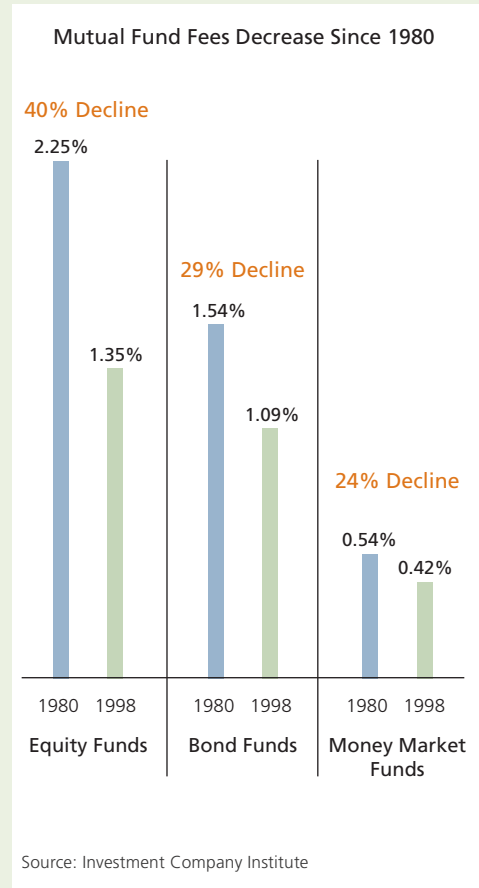
Mutual fund shareholders have more information about the impact of taxes on their investments than any other investors. The Institute supports including after-tax returns in mutual fund prospectuses and has supported legislation directing the SEC to adopt rules in this area. However, the Institute has pointed out that to best serve shareholders, the SEC should consider that only a minimum portion of mutual fund shareholders pay the highest tax rate, that most shareholders do not redeem their shares during a given year, and that after-tax disclosure should be placed in the appropriate context.

SELECTIVE DISCLOSURE (REGULATION FD)

The Institute supported the objectives of the SEC's proposal on selective disclosure and insider trading rules—to promote full and fair disclosure of information by issuers and to clarify and enhance existing prohibitions against insider trading. However, the Institute expressed concern that the proposed selective disclosure

TOTAL SHAREHOLDER COSTS ARE DECREASING

The cost of investing in mutual funds has decreased significantly over the past two decades. Recent studies by the General Accounting Office and the Securities and Exchange Commission have found that, generally, mutual fund operating expense ratios decline with asset growth and that larger funds have lower expense ratios than smaller funds. In a series of studies, the Institute has taken a close look at shareholder cost trends. The SEC and GAO findings are consistent with Institute research, which has determined that the total cost of investing in mutual funds—sales loads and annual fees—has decreased significantly. Equity mutual fund costs decreased 40 percent between 1980 and 1998, while the costs of bond and money market funds dropped 29 percent and 24 percent, respectively, over the same period. Additional Institute research found that large equity funds generally have lower operating expense ratios than small equity funds and that operating expense ratios of individual equity funds have generally declined over time as their assets have grown. In other research, the Institute found that an estimated 86 percent of all equity fund investments are in funds with an expense ratio below the industry's simple average. These and other findings support the conclusion that a substantial majority of equity fund shareholders appear to have benefited from economies of scale.



rules could produce unintended marketplace consequences, and recommended that they be modified. The Institute suggested that proposed Regulation FD be modified to provide greater certainty regarding the appropriate legal standard for communications between issuers and investors, thereby preventing the rule from having a “chilling effect” on those communications.

EXPANDING RETIREMENT SECURITY OPPORTUNITIES

“Giving Americans more opportunities to save for retirement is a top Institute priority and will be for a long time to come.”

—INSTITUTE CHAIRMAN TERRY K. GLENN



A SIGNIFICANT CHALLENGE FACING AMERICANS TODAY IS TO ENSURE THAT THEY ADEQUATELY PREPARE FOR THEIR FINANCIAL NEEDS IN RETIREMENT. This challenge is particularly pressing in light of two demographic events. First, members of the “Baby Boom” generation are rapidly approaching their retirement years. Evidence from recent studies strongly suggests that, as a generation, they have not adequately saved for retirement. Second, Americans today are living longer.

Providing additional opportunities for Americans to save for retirement and removing barriers that limit the ability of many individuals to save are key Institute policy goals.

Employer-sponsored plans, such as 401(k) plans, and individual savings programs, such as the Individual Retirement Account, or IRA, have enabled millions of individuals to prepare for their retirement. Given the success of the current programs for so many individuals, the Institute believes that more Americans should be encouraged to participate in them. Increased incentives for long-term savings would encourage even broader participation in the private pension and savings system. We believe the President and Congress should work together to ensure individuals of all income levels and in all workplaces have adequate opportunities and incentives to achieve retirement income security.

The Institute is a strong proponent of policy measures that would establish simpler and more accessible retirement plans, including support for measures that would encourage small employers to establish retirement plans and would make plan balances more portable. The Institute also strongly supports measures that would expand IRA eligibility and would establish “catch-up rules” to allow additional IRA and 401(k) contributions by individuals 50 years and older who may have been unable to save during their early working years.

MODERNIZATION OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT (ERISA)

The passage of the Employee Retirement Income Security Act (ERISA) in 1974 was a landmark event. Its goal was—and remains—to protect Americans’ pensions. To accomplish its goal, ERISA established new legal standards for retirement plan trustees and other plan fiduciaries. The core fiduciary and trust requirements of ERISA hold plan fiduciaries to the highest standards of loyalty and prudence and assure that plan assets remain segregated from

corporate assets and protected against the claims of company creditors. These broad standards have fostered a safe, secure pension plan environment. Although ERISA was enacted when pension plans were primarily of the defined benefit type, it continues to be a success story. It protects the rights of participants and beneficiaries and plan assets in the current pension environment where defined contribution plans play a significant role.

Nonetheless, in some respects, ERISA has not kept pace with changes in our retirement system or the financial markets. For this reason, we encourage Congress to modernize ERISA to ensure that retirement plan participants are able to obtain the services they need, while continuing to ensure that they and their retirement savings are fully protected from abuses. For instance, plan participants should be able to readily obtain the assistance they need in managing their growing 401(k) plan investments. Additionally, information about their plan and their investment options and various regulatory processes can be streamlined to the benefit of plans and their participants.

EMPLOYER-SPONSORED RETIREMENT PLANS

Increasing retirement plan contribution limits will provide more opportunities for Americans to save. Additionally, providing appropriately structured tax incentives, such as pension plan start-up and contribution tax credits for small employers, would increase plan formation. Simplifying the rules applicable to employer-sponsored plans would result in a greater number of plans, a higher rate of worker coverage, lower plan maintenance costs, and increased individual savings.

To increase retirement savings, Congress must provide working Americans with the incentive to save and the means to achieve adequate retirement security. Current tax law, however, imposes numerous limitations on the amounts that individuals can save in retirement plans. Indeed, under current retirement plan caps, many individuals cannot save as much as they need to. Congress can ease these limitations by updating the rules governing contribution limits to employer-sponsored plans.



Margaret Raymond, Assistant General Counsel at Fidelity Investments, testified on reforms to the Employee Retirement Income Security Act (ERISA) that would allow mutual funds and other retirement plan service providers to supply investment advice to 401(k) plan participants.



After a Labor Department hearing on cross trades, Louis Campagna (far right), the department's Exemptions Division Chief, meets with Institute General Counsel Craig Tyle (l.); Don Myers of Reed, Smith, Shaw & McClay; and Christine Carsman, Vice President and Senior Counsel, Wellington Management Company, LLP. Tyle testified that cross trade exemptions have been too restrictive to be of any practical use to pension plans.

Congress continues to consider various proposals strongly supported by the Institute to increase contribution limits to 401(k), 403(b), and 457 plans in stages to \$15,000; increase contribution limits for SIMPLE plans in stages to \$10,000; eliminate the 25-percent limitation for plans; increase pension portability; allow additional pension contributions for individuals 50 years and older; modify top-heavy rules; and reduce regulatory burdens on employers sponsoring plans.

INDIVIDUAL RETIREMENT ACCOUNTS

The Institute has a long history of support for the IRA, which has become an important way for

millions of Americans to save for retirement. IRAs remain the most important retirement savings tool for Americans without employer-sponsored pension plans. In 2000, significant steps were taken as policymakers focused on the need to improve individual savings outside of Social Security. Legislation has been proposed by Reps. Rob Portman (R-OH) and Ben Cardin (D-MD) to increase the annual IRA contribution limit in stages to \$5,000; increase income limits on eligibility for Roth IRAs; increase the income limit on eligibility for couples to convert a regular IRA to a Roth IRA; and establish catch-up rules to allow additional IRA contributions by individuals 50 years and older. Increasing the individual IRA contribution limit is a top Institute priority because, unlike limits on contributions to employer-sponsored plans, the \$2,000 IRA limit is not indexed for inflation and has not been raised since 1981.

SOCIAL SECURITY

Social Security ensures a floor benefit to the many Americans who have not had the advantage of an employer-sponsored retirement plan or accumulated substantial individual savings. The mutual fund industry's longstanding position regarding Social Security is that lawmakers need to address the long-term health of this vital retirement security program. If lawmakers include individual accounts as part of Social Security reform, they also should ensure that appropriate investor protections, like those available under today's securities laws, are put in place. In addition, the introduction of such a program needs to be preceded and accompanied by a significant public education campaign about the principles of investing, markets and risks, and product disclosure.

RETIREMENT RESEARCH

Institute research in 2000 continued to examine how American workers invest for retirement. The vast majority of mutual fund shareholders say that saving for retirement is their primary financial goal. Recent Institute research shows that 42.5 million U.S. households owned IRAs last year, up from 34.7 million the year before. American workers also are increasingly taking advantage of 401(k) plans to build a foundation for their retirement security. In fact, 65 percent of U.S. household owners of mutual funds in 2000 invested in funds through employer-sponsored retirement plans such as 401(k)s.

Research released in 2000 by the Institute and the Employee Benefit Research Institute (EBRI) indicates that many 401(k) participants appear to allocate their 401(k) assets appropriately. Updated statistics from the EBRI/ICI Participant-Directed Retirement Plan Data Collection Project, the most comprehensive database on participants in 401(k) retirement plans, show that the average account balance, minus any plan loans, was \$55,502 at year-end 1999, an 18 percent increase from the year before. Fifteen percent of plan participants have balances greater than \$100,000. Three-quarters of plan balances are invested directly in equities or indirectly in equity securities. The research also shows that 401(k) plans can provide substantial retirement income for workers with long tenures at their current employers. For example, 38 percent of plan participants

in their sixties with 21 to 30 years of tenure with their current employers have account balances greater than \$100,000. The percentage increases to 49 percent for those in their sixties with more than 30 years of tenure. In contrast, only about 8 percent of participants in their sixties with 10 or fewer years of tenure have account balances of more than \$100,000.

The EBRI/ICI database project is just one example of the Institute's continuing commitment to providing research on retirement topics. Additional Institute research, for example, indicates that investing does not stop with retirement. A survey of recently retired participants in defined contribution plans found that most retirees are not inclined to spend the bulk of their plan assets at retirement. In fact, the majority of those taking lump-sum distributions reinvest all of the proceeds.

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 - *Executive Committee*
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Aquinas Funds, Inc.
Ariel Mutual Funds
Armstrong Associates, Inc.
Artisan Partners Limited Partnership
ASA Limited
Aster Investment Management Co., Inc.
Atalanta/Sosnoff Capital Corporation
Atlas Funds
AXA Rosenberg Mutual Funds

B

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Bancroft/Ellsworth
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Baron Capital
Battery Park Funds, Inc.
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Berger Funds
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Brown Brothers Harriman & Co.
Brundage, Story and Rose
BSG Funds
Bullfinch Fund, Inc.
Burnham Group

C

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Capital Research & Management
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Catholic Funds
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Conseco Capital Management, Inc.
CornerCap Group of Funds
Country Mutual Funds
CRAFund Advisors
Credit Suisse Asset Management
Crowley Group
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D

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Dean Family of Funds
Declaration Investment Advisors
Delaware Investments/Lincoln Financial Group

Dessauer & McIntyre Asset Management, Inc.
Deutsche Asset Management
Directed Services, Inc.
Diversified Investors Fund Group
DLB Fund Group
Dodge & Cox
Domini Social Investments LLC
Dresher Funds
Dreyfus Corporation
Driehaus Capital Management, Inc.

E

E*Trade Funds
Eastcliff Funds
Eaton Vance
Elite Group
Emerald Mutual Funds
Endeavor Management Co.
Enterprise Group of Funds, Inc.
EQ Advisors Trust
Evergreen Funds

F

Farm Bureau
Federated Investors
Fenimore
FFTW Funds, Inc.
Fidelity Investments
First American Capital Management
First American Funds
First Austin Capital Management
First Eagle SoGen Funds
First Investors

First Pacific Mutual Fund, Inc.
Firststar Funds, Inc.
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Fleming Mutual Fund Group, Inc.
Fortis Financial Group
Forum Financial Group
Forward Funds, Inc.
Founders
France Growth Fund
Frank Russell Investment Company
Franklin Templeton Investments
Freedom Capital Management
Fremont Mutual Funds, Inc.
Frontier Funds, Inc.

G

Gabelli Funds
Gannett Welsh & Kotler Funds
Gardner Lewis Investment Trust
Gateway Trust
GE Mutual Funds
General American Investors
Global Asset Management
Goldman Sachs & Co.
Granum Series Trust
Great Hall Investment Funds, Inc.
Green Century Funds
Greenspring Fund
Groupama Asset Management
Growth Fund of Washington
Guardian Investor Services Corporation

H

Hambrecht & Quist Capital Management
Hansberger Global Investors, Inc.
Harbor Fund
Harris & Harris Group, Inc.
Harris Insight Funds
Hartford
Heartland Group
Henssler Funds
Heritage Funds
Herzfeld Advisors
Hilliard-Lyons
Holland Capital Management, L.P.
Homestead Funds, Inc.
Hough Group of Funds
HSBC Funds
Hussman Investment Trust
Hyperion Capital Management, Inc.

I

ICON Funds
iMillennium Capital Management
Impact Management Investment Trust
ING Funds Trust
ING Pilgrim
Integrity Global Asset Management
Integrity Mutual Funds
INVESCO Funds Group
Investec Funds
Investor Service Center, Inc.
Investors Management Group
Investors Research Fund, Inc.
IPS Funds
Irish Investment Fund
Ironwood Capital Management
Ivy Funds

J

J.P. Morgan
Jackson National
Janus
Jefferson Pilot Financial
John Hancock Funds
Johnson Investment Counsel, Inc.
Jones & Babson, Inc.
Jurika & Voyles Fund Group

K

Kaufmann Fund
Kelmoore Investment Co.
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Kenwood Funds
KeyCorp
Khan Funds
Kirr, Marbach & Company
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Kobren Insight Funds
Kopp Funds, Inc.
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L

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Labrador Mutual Fund
Lazard Asset Management
LCM Capital Management
Lebenthal
Legg Mason
Lend Lease Funds
Liberty Funds Group
Light Index Investment Company
LKCM Funds
London Pacific Life and Annuity Company

Longleaf Partners Funds
Lord, Abbett & Co.
LSA Variable Series Trust
Lutheran Brotherhood

M

MainStay Funds
Mairs and Power, Inc.
Managers Funds
Manning & Napier
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Manufacturers Securities Services LLC
Manulife Financial Corporation
Market Street Investment Management Co.
Marsico Funds
MAS Funds
Masters' Select Funds
Matthew 25 Fund Inc.
Matthews International Funds
Maxus Investment Group
Meeder Asset Management, Inc.
Meehan Mutual Funds
MEMBERS Mutual Funds
Merrill Lynch Investment Managers
Merrimac Funds
Merriman Investment Trust
MetaMarkets Investments
meVC Advisers, Inc.
Mexico Fund, Inc.
MFS Investment Management
Monterey Mutual Fund
Montgomery Funds
Monument Group, Inc.
MONY
Morgan Keegan

Morgan Stanley Dean Witter Advisors Inc.
Morgan Stanley Dean Witter Investment
Management
Mosaic Funds
Muhlenkamp
Munder Capital Management
Mutual of America

N

National City Bank
Navellier Securities Corporation
Neuberger Berman Management Inc.
New England Investment Management
New Providence Investment Trust
Nicholas-Applegate
Nomura
Northern Trust Mutual Funds
Northwestern Mutual
Nottingham Investment Trust II
Numeric Investors L.P.
Nuveen
Nvest Companies, L.P.
Nye, Parnell & Emerson Capital
Management

O

Oak Ridge Investments
Oak Value Capital Management, Inc.
Oakmark Family of Funds
Oberweis Asset Management, Inc.
OFFITBANK
Ohio National Fund
Old Dominion Investors Trust
Olstein Funds
One Group Mutual Funds

OpCap Advisors
OppenheimerFunds/MassMutual
Optimum Investment Advisors
Orbitex Management, Inc.

P

Pacholder High Yield Fund, Inc.
Pacific Advisors Fund Inc.
Pacific Life Insurance Company
PaineWebber
Papp (L. Roy) & Associates
Parnassus Investments
Pauze Funds
Pax World
Payden & Rygel
PBHG Funds
Pearl Mutual Funds
Penn Series Funds, Inc.
Penn Street Fund
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PNC Financial Services Group
Polestar Management Company, Inc.
Prairie Fund
Preferred Group
Primary Trend Funds
Principal
Principal Preservation Portfolios, Inc.
Principled Equity Market Fund
Professionally Managed Portfolios

Profit Funds Investment Trust
ProFunds
Progressive Investment Management
Protective Investment Company
Prudential Mutual Funds
Public Service Investment
Purissima Funds
Putnam Funds

Q

Quant Group of Funds
Questar Funds

R

R.O.C. Taiwan Fund
Rainier Investment Management
Righttime Family of Funds
RISA Investment Advisers
RNC Mutual Fund Group, Inc.
Robinson Capital Management, Inc.
Rochdale Investment Management
Roulston & Co.
Royce Funds
RS Investment Management Co. LLC
Rydex Funds

S

SA Funds
SAFECO
Saturna Capital Corporation
Schroder Fund Advisors Inc.
SchwabFunds
Schwartz Investment Counsel, Inc.
SCM Investment Trust

Scudder Kemper Investments
Searay Financial Funds
Security Benefit Group
Security Capital
SEI Investments
Seix Investment Advisors
Seligman
Sentinel
Sentry
SG Cowen Asset Management, Inc.
Shepherd Street Funds
SIFE
Sit Mutual Funds
SM&R
SSB Citi Asset Management
SSgA Funds
STAAR Investment Trust
Standish Funds
State Farm
State Street Research
StockJungle.com
Stratton Mutual Funds
Stratus Funds
Strong Funds
Summit Mutual Funds
SunAmerica Group
Swiss Helvetia Fund, Inc.

T

T. Rowe Price
T.O. Richardson Company, Inc.
Tax Free Fund of Vermont
TCW Galileo Funds, Inc.
TD Waterhouse Asset Management, Inc.

Third Avenue Funds
Thomas White Funds Family
Thompson, Plumb & Associates
TIAA-CREF
Timothy Partners, Ltd.
Tocqueville
Touchstone Family of Funds
Transamerica Investment Services
Transamerica Investors, Inc.
Trust for Investment Managers
Tweedy, Browne Fund Inc.

U

U.S. Global Investors Funds
U.S. Trust Company
Unified Funds
Uniplan, Inc.
United Asset Management
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USAA
UTEK Corporation

V

Value Line
Van Deventer & Hoch
Van Eck
Van Kampen Investments Inc.
Vanguard Group
Vantagepoint Funds
Venture Lending & Leasing, Inc.
Viking Fund Management
Villanova Capital
Volumetric

W

Waddell & Reed Funds

Wade Fund

Wasatch Advisors

Wayne Hummer

Weiss Peck & Greer

Weitz & Company

Wells Asset Management

Wells Fargo

Weston Financial

Whitehall Funds Trust

William Blair Funds

Williamsburg Investment Trust

Wilmington Funds

WM Group of Funds

WWW Trust

Y

Yorktown Management

Z

Zero Gravity Funds

Z-Seven Fund



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