

MEMO# 4327

December 15, 1992

WALL STREET JOURNAL'S EXPANSION OF FUND DATA

December 15, 1992 TO: BOARD OF GOVERNORS NO. 90-92 RE: WALL STREET JOURNAL'S EXPANSION OF FUND DATA _____ As

you know, the Wall Street Journal recently selected Lipper Analytical Services to provide the Journal with several categories of performance information which will soon be added to the daily mutual fund price listings. The performance information would be updated daily, which will require daily collection of dividend data from fund groups or transfer agents. The Wall Street Journal's original plan was to add three new columns to the three existing (NAV, offering price, and NAV change) columns. With the three additional data columns, the Journal planned to devote one column each day to four week performance data and one column every day to year-to-date performance. The third column would have different data each day, as follows: Monday--1 year performance; Tuesday--3 years; Wednesday--5 years; Thursday--front end load; and Friday--expense ratio. As these plans became known to mutual fund organizations, primarily through Lipper Analytical's letter of request for assistance in obtaining the necessary daily data, many fund executives expressed their concerns about certain aspects of the proposal. The main areas of concern were the emphasis on short term performance and the possibility of confusing readers-- especially with the presentation of load and expense ratio data on different days, and having funds with completely different investment objectives (and thus very different performance) listed next to each other. Joyce Fensterstock, who chairs the Institute's Marketing Policy Committee, and Erick Kanter of the Institute staff met with several editors and reporters at Journal headquarters in New York on October 27. The Journal group included John Prestbo, markets editor and the person mainly responsible for the project. Ms. Fensterstock and Mr. Kanter stressed that the three most important changes that should be made would be: (1) to run expense ratio and load data on the same day to prevent the confusion that would result from the plan to run these on separate days; (2) to reduce emphasis on short-term performance by eliminating the 4-week data; and (3) to add investment objective information for each fund to reduce the chance that readers will directly compare funds in different categories. We have been informed by the Journal that they have subsequently decided to change their proposed format, including the running of the expense ratio and load numbers on the same day--and to reduce the frequency of the 4-week performance data to once a week instead of every day. They will also be adding investment objective information for each fund, although they have not yet determined how many categories they will use. Under the new format, information will be presented as follows: First New Column: Year-to-date total return every day. Second New Column: Monday--Load; Tuesday--4 week total return; Wednesday--13 week; Thursday--26 week; Friday--39 week. Third New Column: Monday--Expense ratio; Tuesday--one year total return; Wednesday--3 years; Thursday--4 years; and Friday--5 years. The Journal intends to start running this additional

data in mid-January. We will keep you advised of developments. Please call Erick Kanter at 202/955-3530 if you have any questions. Matthew P. Fink President

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