

MEMO# 1708

February 7, 1990

SIMPLIFYING THE PROSPECTUS

February 7, 1990 TO: SHAREHOLDER COMMUNICATIONS COMMITTEE NO. 4-90 RE: Simplifying the Prospectus _____ A committee member called me recently to express concern over the length and readability (or lack thereof) of fund prospectuses. He inquired what other fund groups are doing to shorten or simplify these documents. Because this is an area of interest to the entire committee, I thought I'd share this information with everyone. Please note the following is NOT based on a scientific survey, random sample, or anything more rigorous than a quick trip through the prospectus file. Of 34 1988 or '89 prospectuses (each from a different fund group), the median number of pages was 18. Forty percent were using some device to direct the investor's attention to key information. These included the use of call-outs, margin notes, and color or graphic elements to emphasize selected text. The most common approach, however, was to ignore the readability issue in the prospectus itself and provide either a wrapper or a separate card or leaflet that summarizes key points, such as investment objective, fees, services, and how to purchase or redeem shares. These are typically "plain English" pieces that use color and graphics to add visual interest. If any of you have additional ideas on prospectus simplification or would like to share your approach with the committee at our April meeting, please call me (202/955-3538)--or committee chair Anne Patenaude at Pioneer (617/742-7825). Thanks. Sue Duncan

Source URL: <https://icinew-stage.ici.org/memo-1708>

Copyright © by the Investment Company Institute. All rights reserved. Information may be abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice.