

MEMO# 1174

May 19, 1989

INVESTMENT COMPANY INSTITUTE SURVEY OF SHAREHOLDER SERVICES AND SERVICING (QUALITY OF SERVICE STUDY - STAGE I)

May 19, 1989 TO: MEMBERS - ONE PER COMPLEX NO. 17-89 RE: INVESTMENT COMPANY INSTITUTE SURVEY OF SHAREHOLDER SERVICES AND SERVICING (QUALITY OF SERVICE STUDY - STAGE I) _____ The explosive growth of the shareholder base over the last decade has led many fund organizations to devote increased attention to service quality issues. The Institute has responded with an industry study to identify the services funds offer to their shareholders and the quality of the services delivered. We invite your organization to participate in this important industry project. The results of this research will be made available on an aggregate basis only to those who participate. This study will be conducted in two stages: Stage I. In-house measurement to provide fund management with industry information on services offered and on servicing (quality of service). Stage II. A questionnaire for fund sponsors to use to measure shareholders' perceptions of their own company's services and servicing. Last fall, the Institute's Operations Committee established a task force to direct research into gathering the Stage I information. As a result, a draft Services and Servicing Survey questionnaire was developed and tested on a pilot group of six members. The results from this pilot were used to revise the questionnaire and the survey is now ready to be conducted on an industry-wide basis. The objective of this Stage I project is to develop a data base on industry service levels and on quality of delivery. This study will provide a rich source of information that members can consult and compare both with their own inhouse reports on service levels, and with the results they obtain from Stage II. Information obtained from survey participants will be handled in complete confidence and the results from the survey will be available in aggregate form only - participating companies will not be identified in any way. - 2 - The Stage I survey will query such matters as: o what type of services are offered (e.g. retirement plan, broker/dealer, wholesaler, exchange, check writing, shareholder information, routine procedures, etc.), o the type, volume, and availability of shareholder service by telephone (e.g. automated voice response, accepted telephone instructions, 800 numbers, timeliness, accuracy, tone, technology, etc.), o the speed and accuracy of internal operations (e.g. volumes, timeliness, accuracy, procedures, etc.), and o the frequency and speed of shareholder transactions (e.g. volumes, timeliness, appearance, accuracy, tone, etc.). Stage I of the survey will gather information from participants via a questionnaire for the three month period ending June 30, 1989. Stage II will provide participating companies with a second questionnaire which can be used to independently survey your shareholders on the same service issues studied in Stage I. This

second questionnaire, which will be developed this summer, will enable fund groups to compare their own shareholders' attitudes and perceptions of service quality against the industry results obtained from Stage I. Participants of the Stage I survey will automatically receive the Stage II questionnaire. Earlier this year, the Institute invited proposals from several consultants to perform the major analysis and reporting for the Stage I project. After a review, we have retained Pauline Taylor, formerly of Fidelity Service Company, who specializes in and has extensive experience in the mutual fund industry operations. The Stage I survey results and the Stage II questionnaire will be provided only to those fund groups that choose to participate, and the cost of this study will be borne by the participants themselves. The obligations of participants are: (1) to furnish the Stage I service and servicing data on a confidential basis to the Institute as requested, and (2) to pay a proportionate share of the cost of the Stage I survey. There will be no additional cost associated with Stage II.

3 - The cost of participation in the survey, which will be billed prior to distribution of the final report, is as follows:

SHAREHOLDER SERVICE SURVEY PARTICIPANTS	Total Assets of Open-end Funds	Member Participation in Complex (as of April 30, 1989)	Fee
Over - \$10 Billion	\$3,500	\$5 - \$10 Billion	\$3,000
\$2 - \$5 Billion	\$2,000	\$1 - \$2 Billion	\$1,000
Under \$.025 Billion	\$750		\$400

ACTION REQUESTED Your organization is invited to participate in this important industry Shareholder Service and Servicing Survey. So that we may proceed with this project as quickly as possible, it is important that we hear from you promptly as to your interest in participating. Please return the attached form to the Institute to indicate whether or not your organization will participate. You may contact Donald O'Connor, Vice President - Operations (202/955-3550) if you have questions about this project.

Donald E. O'Connor Vice President - Operations

Attachment INVESTMENT COMPANY INSTITUTE SHAREHOLDER SERVICE AND SERVICING SURVEY PARTICIPATION FORM

CHECK ONE ☐ The mutual fund group listed below agrees to participate in the Investment Company Institute Shareholder Service and Servicing Survey. Participation includes a commitment to furnish shareholder service and quality of service information for the second quarter 1989 to the Institute as requested, and to pre-pay a share of the survey cost based upon the total open-end fund assets of your group. ☐ The fund group listed below will not participate.

FUND GROUP: ADDRESS: TOTAL ASSETS 04/30/89: SURVEY CONTACT PERSON: TELEPHONE: AUTHORIZED SIGNATURE NAME

RETURN TO: Mr. Donald E. O'Connor Vice President - Operations Investment Company Institute 1600 M Street, N.W. - 6th Floor Washington, D.C. 20036

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