

MEMO# 1425

September 27, 1989

REPORT OF THE YIELD SUBCOMMITTEE

September 27, 1989 TO: UNIT INVESTMENT TRUST COMMITTEE NO. 65-89 RE: REPORT OF THE YIELD SUBCOMMITTEE _____ As you know, the SEC has asked that the Institute submit a unit trust performance proposal by December 7. Attached is a copy of the report of the Unit Trust Yield Subcommittee. The Subcommittee met in Chicago on September 7 to discuss developing a standard yield formula. The consensus reached at that meeting, which is described in detail in the attached report, was to follow the formula previously circulated (Memorandum to Unit Investment Trust Committee No. 55-89, dated August 25, 1989), with certain modifications. Perhaps the most significant change is that the current proposal would allow for compounding in a manner similar to the SEC's mutual fund formula. Please review the attached report carefully and make sure that other people in your firms that should review it also do so. To the extent you are able to test the formula (or variations thereon) on actual trusts, please do so. Also, please consider the tactical questions set forth in the attachment. The yield formula will be discussed at the UIT Committee meeting on October 19. If a final consensus is reached, a subsequent meeting will be held between members of the yield subcommittee and mutual fund representatives in order to develop the Institute's submission to the SEC. I would like to thank the Subcommittee members (especially Jim and Cadmus) for all their time and effort. Craig S. Tyle Assistant General Counsel Attachment

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