

MEMO# 4671

April 6, 1993

PIECING TOGETHER SHAREHOLDER PERCEPTIONS OF INVESTMENT RISK

April 6, 1993 TO: BOARD OF GOVERNORS NO. 28-93 MEMBERS - ONE PER COMPLEX NO. 28-93 DIRECT MARKETING COMMITTEE NO. 24-93 PUBLIC INFORMATION COMMITTEE NO. 22-93 RESEARCH COMMITTEE NO. 12-93 SALES FORCE MARKETING COMMITTEE NO. 24-93 SHAREHOLDER COMMUNICATIONS COMMITTEE NO. 19-93 INDUSTRY STATISTICS COMMITTEE NO. 6-93 RE: Piecing Together Shareholder Perceptions of Investment Risk

_____ I enclose copy of the most recent publication from the Research Department, Piecing Together Shareholder Perceptions of Investment Risk. Financial professionals strive to communicate the meaning of risk, but for the individual investor it remains one of the least understood principles of investing. Based on in-home interviews with more than 300 mutual fund owners, this report investigates shareholders' attitudes about an understanding of risk, concentrating their perception of risk rather than the investment community's definition or risk. The report provides a detailed analysis of the risk assessment, investment orientation, and investment profile of low, moderate, and high risk-tolerant shareholders. The report also presents the results a segmentation analysis of shareholder attitudes toward risk and a comparison of fund owners' and nonfund owners' assessment of risk. For comments or questions about this report please contact Vicky Leonard-Chambers at (202) 955-3563. For additional copies call Ada Hayes at (202) 955-3581. Jacob S. Dreyer Vice President and Chief Economist

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