

MEMO# 4322

December 14, 1992

WALL STREET JOURNAL'S EXPANSION OF FUND DATA

December 15, 1992 TO: MARKETING POLICY COMMITTEE NO. 42-92 DIRECT MARKETING COMMITTEE NO. 47-92 INDUSTRY STATISTICS COMMITTEE NO. 9-92 PUBLIC INFORMATION COMMITTEE NO. 45-92 RESEARCH COMMITTEE NO. 24-92 SALES FORCE MARKETING COMMITTEE NO. 47-92 SHAREHOLDER COMMUNICATIONS COMMITTEE NO. 38-92 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 Michael Lipper'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. Following extensive discussions with the chairs of seven Institute Committees (Marketing Policy, Direct Marketing, Industry Statistics, Public Information, Research, Sales Force Marketing, and Shareholder Communications), as well as with senior people at a number of ICI member firms, we decided to request a meeting with the Journal editors responsible for this project so we would make sure they understood our concerns--even if it were unlikely that we could change their minds. The meeting was held at Journal headquarters in New York City on October 27. The Journal group consisted of John Prestbo, markets editor and the person mainly responsible for the project; Gay Miller, the editor who supervises mutual fund and personal finance coverage; and the two mutual fund reporters: Jonathan Clements and Bob McGough. The Institute and fund industry were represented by Joyce Fensterstock of PaineWebber, who chairs the Institute's Marketing Policy Committee, and myself. Joyce and I were both pleasantly surprised to discover that the Journal people were quite interested in our expressions of concern and soon began to suggest possible alternative approaches. In our comments, we stressed that from our perspective 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 their 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 to 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 now intends to start running this additional data in mid-January. We will keep you advised of any further developoments. L. Erick Kanter Vice President, Public Information & Marketing

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