

**MEMO# 11491**

December 23, 1999

## **ECONOMIES OF SCALE IN EQUITY MUTUAL FUNDS**

[11491] December 23, 1999 TO: BOARD OF GOVERNORS No. 76-99 RE: ECONOMIES OF  
SCALE IN EQUITY MUTUAL FUNDS

\_\_\_\_\_ The Institute  
has just released the latest in its series of research on trends in mutual fund fees and  
expenses. The enclosed study, Operating Expenses Ratios, Assets and Economies of Scale  
in Equity Mutual Funds, finds that operating expense ratios generally decline with asset  
growth and that large funds generally have significantly lower operating expense ratios  
than small funds. The news release, which is being distributed to media across the country,  
and an overview of key findings are also enclosed. Please feel free to distribute this  
information to appropriate members of your firm. Should you have any questions regarding  
the study, please contact John Rea at 202/326-5910. Matthew P. Fink President Enclosure

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