

ICI VIEWPOINTS

January 9, 2018

Independent Directors' Stringent Oversight Contributes to Decline in Fund Fees

The following ICI Viewpoints is a letter to the New York Times by Amy B. R. Lancellotta, managing director of the Independent Directors Council, in response to an article published on December 30, 2017:

[“Why Are Mutual Fund Fees So High? This Billionaire Knows”](#) (December 30) presents a myopic view of mutual fund governance and fees. In fact, independent directors are a hallmark of the successful US regulated fund industry, providing stringent oversight on behalf of shareholders. Director oversight is one reason that fund fees, including fees for actively managed funds, have declined markedly over the past two decades.

Fund directors’ diverse backgrounds strengthen fund boards, enabling them to represent investors with varying backgrounds and providing an effective check on fund management. Directors take this oversight responsibility seriously and spend considerable time fulfilling their duties, including review of management fees. Indeed, though the article cites three lawsuits against funds as evidence of lax oversight, in the one case that has gone to trial, the judge disagreed—finding instead that an AXA mutual fund board “robustly reviewed” compensation to fund management and was “careful and conscientious in performing its duties.”

Times readers and mutual fund shareholders deserve a more comprehensive discussion of how fund independent directors protect shareholders’ interests.

Amy B. R. Lancellotta
Managing Director
Independent Directors Council
Washington, DC