

NEWS RELEASE

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ICI Brochure Explains Mutual Funds and Principles of Investing, November 2000

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Washington, DC, November 16, 2000 - As Americans continue to turn to mutual funds to help achieve their long-term investment goals, the Investment Company Institute is offering an updated version of its brochure, *A Guide to Understanding Mutual Funds* ([HTML](#) or [PDF](#)), to explain mutual funds and the principles of investing. The guide also is designed to help shareholders set financial goals and develop realistic expectations.

Five million Americans became mutual fund shareholders this year, bringing total mutual fund ownership to 88 million individuals, according to [research](#) by the Institute, the national association of the investment company industry, which includes mutual funds, closed-end funds, and unit investment trusts.

"Becoming informed is the most important thing an individual can do before investing," said Institute Executive Vice President Julie Domenick. "We are pleased to offer this resource to help investors accomplish that objective."

A Guide to Understanding Mutual Funds provides investors with information about the extensive disclosure supplied by mutual funds, how to read the fee table included in every mutual fund prospectus, the strong investor protections provided to all mutual fund shareholders, mutual fund taxation, and other areas of importance. Also included are a glossary and a listing of website addresses and telephone numbers for additional investor resources to help investors build their knowledge of funds and investing.

The guide also illustrates essential investing principles designed to help investors determine how mutual funds can fit into a well-formulated, long-term investment plan. For example, the guide explains that successful investors base their performance expectations on historic average returns and keep short-term market movements in perspective regardless of market conditions. Although many investors have enjoyed strong returns on their investments in recent years—as the stock market has returned an average of nearly 18 percent annually over the past decade—the historic average returns since 1926 are about 11 percent.

The guide recommends that individuals follow a few basic rules of investing to help them achieve their goals:

- Diversify investments;
- Understand the relationship between risk and reward;

- Maintain realistic expectations about investment performance;
- Keep short-term market movements in perspective;
- Consider the impact that fees and taxes will have on investment return; and
- Remember that an investment's past performance is not necessarily indicative of its future results.

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