

NEWS RELEASE

May 18, 2000

ICI Chairman Urges Investors to Maintain Realistic Expectations, May 2000

ICI Chairman Urges Investors to Maintain Realistic Expectations

Washington, DC, May 18, 2000 - Investment Company Institute Chairman John J. Brennan today said one of the key challenges facing the investment company industry is educating investors about the importance of maintaining long-term investment goals while keeping short-term market movements in perspective.

"We must continue to emphasize to investors the importance of reasonable expectations," Brennan, also Chairman and CEO of The Vanguard Group, said in [remarks](#) during the Institute's [General Membership Meeting](#). "There's no doubt in my mind that a decade from now, the most successful investors will be those who began the new century with a fundamental understanding of risk and a great sense of discipline about their investment programs."

John J. Brennan at the 2000 General Membership Meeting.

Brennan urged the investment company industry to take an active role in educating investors about the risks and rewards of investing. "Open communication has been a vital element in the confidence that the mutual fund industry has earned with investors throughout its history," he said.

He urged investors, especially those who are investing for long-term goals such as retirement or a child's education, to keep recent market movements in perspective. Brennan cautioned against engaging in rapid trading and chasing short-term performance. "Constant trading activity is perilous for the investor who engages in it, as well as for everyone else," he said.

Looking ahead, Brennan observed that some of the industry greatest challenges, and opportunities, relate to advances in technology. "As an industry, we'll continue to use technology to develop innovative products and services that benefit our shareholders. Because it offers education, service, and advice and guidance, the Internet is an incredibly powerful tool for investors," he said.

"While technology also gives us a new channel for communicating with our shareholders, at the same time, it makes it more difficult for our voices to be heard," Brennan said, noting

that investors are exposed to a steady stream of information and advice from the financial media and the "self-appointed experts" in Internet chat rooms. "We must find a way to cut through the noise and convey the basic rules of investing in a manner that is clear, consistent, and convincing," he said.

Brennan expressed confidence in the continued ability of the mutual fund industry to help millions of Americans reach their long-term investment goals.

"Mutual funds remain the best investment vehicle ever invented for long-term investors, even in an intensely competitive post-Glass-Steagall environment," Brennan said. He urged the industry to continue defining its fundamental and enduring value proposition—"sound investment products and exceptionally good service at a fair price."

"This is a business where it is decades, not years, that matter; where the interests of the client take precedence over any single fund provider's self-interest; and where embracing change means finding new ways to better serve our clients with integrity, fair dealing, and a commitment to their well-being."