

## **SPEECH**

May 23, 2002

# **ICI Chairman, President Discuss Issues Facing the Industry, Investors**

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Washington, DC, May 23, 2002 - Investment Company Institute President Matthew P. Fink and Chairman Terry K. Glenn recently spoke at the Institute's 2002 General Membership Meeting about how the industry and investors dealt with the events of 2001, and steps the industry can take in the future to maintain investor confidence.

Glenn, in his [address](#), focused on the mutual fund industry's tradition of integrity and how, despite the adversity of the past year, the enduring benefits and investor protections of mutual funds continue to attract investors.

Fink, in his [report](#), quoted the first president of the Institute, Paul Bartholet, who stated that the only way to ensure the continued integrity of the mutual fund industry is to judge every action on whether it is in the best interests of fund shareholders. Fink also discussed recent legislation and SEC rulemaking, and the Institute's efforts on several issues currently facing the industry.

Video excerpts from Mr. Glenn's and Mr. Fink's speeches are linked below.

## **Fund industry has an unparalleled success story...**

Text of video clip [Terry K. Glenn, ICI Chairman]:

"The mutual fund industry continues to be attractive to long-term investors. One out of every three individuals and more than half of all American households now own mutual funds. Those of you who have been in our industry only a decade or two may have grown accustomed to the mutual funds' unparalleled success story. However, for those of us who have been in this business for 30 years or more, those numbers are breathtaking. Over half of the households in the United States and 93 million shareholders have entrusted their money to you and this industry."

## **Mutual fund industry must adhere to one criterion...**

Text of video clip [Matthew P. Fink, ICI President]:

"The theme for this meeting is Continuing a Tradition of Integrity in Challenging Times. I have to say there is only one way to ensure the continued integrity of this industry and that

one way is to judge every single action that we take by one criterion and one criterion alone—whether it is in the best interests of mutual fund shareholders. Shortly after the Investment Company Act was enacted into law in 1940, the first head of the Investment Company Institute, Paul Bartholet, gave a speech in which he predicted that our industry would succeed in the years ahead provided our constant focus was upon meeting that one criterion.”

## **Mutual fund industry, shareholders cope with catastrophe...**

Video produced in Real Video format:low or high bandwidth (51 secs.)(streaming video; may not be available behind a firewall)

Text of video clip [Terry K. Glenn, ICI Chairman]:

“As millions of mutual fund shareholders watched history unfold and waited for our silenced markets to reopen, fund companies across the country established hotlines and extended service hours to answer investors’ questions about their funds and about the markets. In addition, many firms telephoned customers who had entered orders after four o’clock on September 10 to ask if they wanted to carry out their orders or cancel them. Most opted to keep their orders open.... After the markets reopened, major mutual fund companies uniformly reported that the volume of client calls to their service lines was remarkably light. This led Barron’s to conclude that the measured response of mutual fund investors ‘further belies the common image of the retail investor as a slave to emotion ... and eager to act.’”

## **Some retirement savings options remain complex...**

Text of video clip [Matthew P. Fink, ICI President]:

“The number one reason why Americans invest in mutual funds is to save for their retirement. While [last year’s tax bill](#) included several important and long-overdue reforms in several significant ways, I’m sad to say, the law has not kept pace with the needs of people saving for their retirement. IRA rules remain tremendously complex—so much so that many taxpayers that could make deductible contributions do not do so because of the sheer complexity of calculating their deductions. Therefore, the Institute has [urged the repeal](#) of these complex rules in order to encourage personal savings.”

## **Mutual fund shareholders demonstrate fortitude...**

Text of video clip [Terry K. Glenn, ICI Chairman]:

“The fortitude shown by mutual fund shareholders during last year’s market downturn demonstrates the value of educating investors. Two of the key messages of the Institute’s longstanding Investor Awareness program are the importance of diversification and the need for a long-term investment horizon. Events even more recent than September 11, have shown the wisdom of both of these themes. ... Investor education will continue to be important especially in light of the fact that greater responsibility for retirement planning and saving for higher education is being placed on individuals. These areas represent two of the Institute’s key initiatives going forward.”

# **The Institute will continue to support efficient, fair securities markets...**

Text of video clip [Matthew P. Fink, ICI President]:

"I'm sure that if Bartholet could be here, he would agree that advancing the interests of fund investors requires us to support reforms that make our securities markets more efficient, more transparent, and more fair. In recent years, therefore, the Institute has devoted considerable attention to promoting improvements in the structure of our equity markets. We've also led the effort to require improved disclosure of municipal securities. I don't have to tell you that the Enron bankruptcy has prompted a large, large number of legislative and regulatory proposals. As in the past, we will continue to speak out on a proposal when we believe that doing so will benefit our shareholders."

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