

## GMM Chairman Celebrates Industry's Foundation in Investor Service, May 2008

### T. Rowe's Bernard Opens 50th Annual ICI Meeting Celebrates Industry's Foundations, Including Service to Shareholders

**Washington, DC, May 7, 2008** - The mutual fund industry's long-standing dedication to a fiduciary culture is one of the foundations that make funds the investment vehicle of choice for most Americans, Edward C. Bernard, Vice Chairman of T. Rowe Price Group and Chairman of T. Rowe Price Mutual Funds, said today.

Opening the Investment Company Institute's 50th annual General Membership Meeting here, [Bernard described](#) the industry's "embrace of regulation" and "laser-sharp focus on serving investors" as two other core principles for mutual funds, which are held by nearly half of American households, with almost 90 million individual shareholders.

Elaborating on the theme of this year's GMM--"Our Foundations - Our Future"--Bernard added, "Clearly markets and the economy are facing tough conditions.... But I would tell you this: In a market storm, there's no better place for investors than mutual funds."

Bernard, who is chairman of the 50th Annual GMM, stressed that a renewed commitment to these foundations is central to the industry's future success. "Our fiduciary role is part of our culture--and it must be constantly renewed," Bernard said. "We must always remind ourselves of our duty to investors." Industry professionals and fund companies cannot lose their way if they put investors first, he told the more than 1,000 industry representatives attending the GMM.

When investors buy mutual funds, he noted, they buy a diversified, professionally managed portfolio that's transparent, liquid, and typically is not leveraged. These features and the application of strict pricing disciplines mean that "funds are designed to weather the market storms better than most investment vehicles," Bernard said.

The industry seeks ways to build on this legacy of service, the GMM Chairman said. Investor education efforts, begun more than six decades ago, today are bolstered by the millions of dollars funds invest in new technology to inform shareholders. Going forward, Bernard said, the fund industry also will continue its long record of innovation--marked by such products as the money market fund, the emerging market fund, the target-date retirement fund, and the exchange-traded fund--to address investor needs.

Strong governance is also key to funds' success. "Fund boards are at the core of our industry, and independent directors play a vital role," Bernard noted. Investment advisers join in a fiduciary partnership with independent directors to guard the interests of shareholders, he noted.

Turning to a regulatory development that promises to make funds even more attractive to investors, Bernard said that the industry eagerly anticipates completion of the Securities and Exchange Commission's pending proposal for a Summary Prospectus. The concise, short-form document is a "huge step forward for investors and for funds" and, like funds themselves, will serve investor needs in the whole range of market conditions, he said.

This proposal to overhaul mutual fund disclosure is a "perfect example" of rules that serve investor needs without overly burdening funds, Bernard said. The Summary Prospectus proposal would "give investors a short, easy-to-understand document that spells out all the information fund buyers are most likely to need and want," he noted. The full statutory prospectus would be available online for those who want more. The new disclosure document will fit into the strong statutory and governance framework that has supported the growth of mutual funds, making them "central to the finances and the futures of almost 90 million Americans," Bernard said.

ICI research has shown that only one-third of mutual fund purchasers consult the fund prospectus before investing in a fund. [A recent ICI survey](#) showed that about 95 percent of respondents agreed that the Summary Prospectus is "about the right length," "makes it easier to compare funds," "contains enough information" as long as additional information is made available and is a document that

they would be "more likely to use" than the full statutory prospectus.

\* \* \*

ICI is the national trade association for registered investment companies, which include mutual funds, exchange-traded funds, closed-end funds, and unit investment trusts. ICI's 10,334 member funds manage \$12.31 trillion in assets. More than 1,000 industry representatives from around the nation have gathered for ICI's 50th Annual General Membership Meeting.

---

Copyright © by the Investment Company Institute. All rights reserved. Information may be abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice.