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**Washington, DC, October 31, 2000** - American mutual fund investors increasingly are seeking to diversify their portfolios with investments outside the United States. According to the ICI, U.S. mutual funds with a global or international focus now account for 10 percent of industry assets. More than 1,100 funds, with aggregate assets in excess of $608 billion, invest outside the United States—up sharply from about $39 billion of U.S. fund assets that were invested in foreign equity securities in 1991.

Foreign regulations and practices, however, can affect the ability of U.S. funds to maximize shareholder value with respect to foreign investments. To provide a better understanding of shareholder issues that U.S. mutual funds face internationally, the Institute has surveyed corporate governance systems in 11 key countries in Africa, Asia, Europe, and Latin America.

The survey, the first of its kind, examines in detail the legal, regulatory, and practical framework of corporate governance rules and practices in Brazil, Chile, France, Germany, Hong Kong, Italy, Japan, Mexico, South Africa, South Korea, and Taiwan, according to Mary Podesta, senior counsel at the Institute.

Podesta said U.S. funds, which typically invest in foreign securities as minority shareholders, can be hampered by regulations and practices in some countries that affect their ability to vote or lessen the value of their shares.

The survey provides extensive information on shareholder rights to vote and attend meetings, rights of minority shareholders in corporate transactions, procedures for dividend payments, restrictions on affiliated transactions, the role of local regulators and stock exchanges in enforcing shareholder rights, and the disclosure of financial information. It also highlights areas of particular concern to mutual funds, such as limitations on and procedural impediments to exercising voting rights.