

ICI Issues Statement on SEC Report on Mutual Fund Fees and Expenses, January 2001

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Washington, DC, January 10, 2001 - The following is a statement from Investment Company Institute President Matthew P. Fink regarding the U.S. Securities and Exchange Commission's [report on mutual fund fees and expenses](#):

"The SEC fee report confirms that mutual fund shareholders benefit from economies of scale. The SEC found that as stock and bond fund assets increase, automatic fee reductions in place at most mutual funds drive down expense ratios. Expense ratios for funds that have grown to more than \$1 billion in assets, for example, are nearly 50 percent lower than expense ratios for smaller funds that have yet to experience such growth. According to the SEC study, more than three-quarters of all fund shareholder assets are invested in these larger funds.

"All of the SEC's key findings are consistent with the [General Accounting Office \(GAO\) report](#) on mutual fund fees and recent ICI studies. Each study reports that most funds that experience substantial asset growth reduce their fees, with the largest fee reductions occurring in funds that enjoyed the most substantial growth.

"The SEC report, the agency's most comprehensive review of mutual fund fee regulation in a decade, also found that strict regulation of mutual fund fees continues to protect shareholders in today's highly competitive market. The report makes clear that the combination of oversight of management fees by independent directors and easy-to-use, uniform fee disclosures that encourage fee awareness among investors, are serving America's 88 million fund shareholders well.

"The Institute and the fund industry have a long history of supporting SEC initiatives that enhance independent governance and disclosure to mutual fund investors. The Institute will carefully review the SEC's important recommendations, including the recommendation to include fee disclosure in a fund's annual reports to enhance the comprehensive and effective system of mutual fund fee regulation that is already in place."

The Institute offers answers to [frequently asked questions](#) about mutual fund fee disclosure.