

Mutual Fund Buyers Focus on Fees, Performance, Risk, May 2006

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Most Rely Upon Professional Advisers and Prefer Concise Information

Washington, DC, May 18, 2006 – Mutual fund investors focus primarily on fees, historical performance, and risk when purchasing funds, according to a [survey released today](#) by the Investment Company Institute.

The survey, unveiled at ICI's 48th annual [General Membership Meeting](#) in Washington, also found that recent fund investors make little use of prospectuses or shareholder reports. Around two-thirds of investors did not consult fund prospectuses or shareholder reports in making their purchase decisions. The research also revealed that nearly three-quarters of investors rely upon professional financial advisers in purchasing funds.

"The survey makes clear what we have suspected for some time: fund investors are swamped with disclosure and other information that they largely ignore. Most desire simple, concise information on paramount issues such as fees and historical performance," said Sandy West, Director of Market Policy Research. "The vast majority seeks professional financial advice in making investment decisions. And a growing number are embracing technology to seek information and conduct transactions."

The ICI study found that fund investors are increasingly turning to the Internet as a source of information: About half of investors go online at least once a day and report that their use of the internet has increased over the last 12 months. Investors favor concise information in graphic form over detailed text, with 80 percent preferring short fund descriptions over detailed documents.

The ICI survey is based on more than 700 interviews conducted earlier this year with random investors who had purchased stock, bond, or hybrid funds outside employer retirement plans over the last five years.

Other key findings in the survey, [Understanding Investor Preferences For Mutual Fund Information](#), include:

- Investors seek out a wide range of information before purchasing mutual fund shares. The elements they find most important are fees (74 percent), historical performance (69 percent), risk (61 percent), performance relative to an index (55 percent), and sales charge (52 percent).
- Few investors reviewed information about a fund's portfolio manager (25 percent), proxy voting policies (15 percent) or board of directors (15 percent).
- Nearly nine in 10 investors expressed a preference for receiving mutual fund information in a summary format containing precise descriptions and to documents that use charts and graphs over narrative descriptions of investments.
- Mutual fund investors have embraced technology. Recent investors recognize that the Internet is an important communications tool for investment information. Nearly 9 in 10 believe that obtaining information online is the wave of the future and 84 percent say that online investment information is up to date.

The full text of the report, [Understanding Investor Preferences For Mutual Fund Information](#), is available online.