

Fund Investors Welcome SEC's Summary Prospectus Concept, March 2008

Fund Investors Welcome SEC's Summary Prospectus Concept

ICI Survey Confirms Enthusiasm for Shorter, Clearer Disclosure Backed by Internet

Washington, DC, March 17, 2008 - Fund investors agree that the Securities and Exchange Commission's proposed Summary Prospectus is the right length, makes it easier to compare funds, contains enough information when backed by additional disclosure on the Internet or upon request, and is a document that they are more likely to use than the current long-form prospectus, according to a survey released today by the Investment Company Institute.

The survey of more than 500 fund investors confirmed once again that investors would prefer a shorter document as long as additional information is made available.

"Our survey shows that investors support the SEC's proposal for a simple and concise disclosure document," said Paul Schott Stevens, President and CEO of the Institute. "The Summary Prospectus, combined with the more detailed information available on the Internet, will bring fund disclosure into the 21st century and give investors what they have long desired." Stevens unveiled the study at ICI's 43rd Mutual Funds and Investment Management Conference in Phoenix.

In the survey, ICI showed a mocked-up version of the SEC's Summary Prospectus to investors who had bought funds within the last five years. Respondents were asked about several aspects of the proposed rule change. The great majority of respondents agreed that moving from the current "longer and more detailed" reporting documents to the shorter version the SEC proposed would be a positive step:

- Respondents overwhelmingly 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." Between 94 percent and 96 percent of respondents agreed to these statements; between 65 percent and 83 percent "strongly" agreed.
- Conversely, few respondents agreed that the SEC should require mutual funds to continue providing only the longer traditional prospectus. Only 13 percent agreed with that statement.

The survey also confirmed other ICI research showing that investors are comfortable with alternative document delivery strategies using the Internet:

- About 95 percent of respondents said they accessed the Internet, and about three-fourths reported doing so at least once a day.
- Rates of Internet access and use are lower for people aged 60 and older, but are still significant: 85 percent said they accessed the Internet, and more than half reported accessing the Internet daily.

Virtually all respondents agree with the statement, "getting investment information online is the wave of the future."

The study and Stevens' speech at the Mutual Funds Conference can be found on ICI's website.

