

ICI Investor Awareness Series

# Understanding the Role of Mutual Fund Directors

INVESTMENT COMPANY INSTITUTE®



# Understanding the Role of Mutual Fund Directors

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*“Mutual fund directors are on the front line for investors.”*

SEC Chairman Arthur Levitt

# Protecting Investors

More than 77 million Americans have chosen mutual funds to gain convenient access to a professionally managed and diversified portfolio of investments.

Investors receive many other benefits by investing in mutual funds, including strong legal protections and full disclosure. In addition, shareholders gain an extra layer of protection because each mutual fund has a board of directors looking out for shareholders' interests.

Unlike the directors of other corporations, mutual fund directors are responsible for protecting consumers, in this case, the fund's investors. This unique "watchdog" role, which does not exist in any other type of company in America, provides investors with the confidence of knowing that directors oversee the advisers who manage and service their investments.

## THE INVESTMENT COMPANY ACT OF 1940

The Investment Company Act of 1940 is the primary federal law governing mutual funds and their directors. The law outlines how a mutual fund must be structured and operated. Importantly, the law contains investor protection provisions not found in laws governing other types of financial institutions. Among other things, the law imposes specific duties upon fund directors. In addition, the U.S. Securities and Exchange Commission (SEC), the government agency that oversees and regulates mutual funds, has issued numerous rules under the Investment Company Act that impose additional responsibilities on mutual fund directors.

In particular, under the Investment Company Act of 1940, the board of directors of a mutual fund is charged with looking after how the fund operates and overseeing matters where the interests of the fund and its shareholders differ from the interests of its investment adviser or management company. In order to enhance this system, at least 40 percent of the board must consist of independent, or outside, directors. Together, these requirements make the concept of investor protection central to the way mutual funds function.

To make this strong system of governance even stronger, the Investment Company Institute's Board of Governors has endorsed a series of best practices recommended by an Advisory Group of investment company independent directors and senior industry executives. Recommendations of the Advisory Group are highlighted (✓) throughout this brochure. A complete list of the group's 15 recommended best practices also is included.

## THE STRUCTURE OF MUTUAL FUNDS

Since a mutual fund normally has no employees of its own, its operations typically are conducted by companies or firms hired by the fund. For example, the fund's portfolio is managed by an investment adviser, which also usually performs various administrative activities on behalf of the fund. The fund's distributor or principal underwriter sells the fund's shares to investors, either directly or through other firms, such as broker-dealers. The fund's transfer agent processes orders to buy and sell shares, and the custodian holds the fund's assets, maintaining them separately to protect shareholder interests. The fund, through its board of directors, negotiates contracts with each of these entities to provide services for shareholders.

# The Role of Mutual Fund Directors

Mutual funds are usually organized as corporations or business trusts, which are similar to corporations. Like any corporation, each fund has a board of directors to oversee the way the business operates and to ensure that corporate policies are followed. But a mutual fund is different from most other businesses, and the composition and responsibilities of a fund's board of directors go far beyond those of boards of other corporations.

## Types of Directors

Mutual fund directors are either *interested* or *independent*. Interested directors typically are employees of the fund's investment adviser.

Independent directors, in contrast, cannot have any significant relationship with the fund's adviser or underwriter, which allows them to provide an independent check on management.

## Independent Directors

Under the Investment Company Act, at least 40 percent of a fund's board must be directors who are not affiliated with the fund, its investment adviser or its principal underwriter. When the principal underwriter is affiliated with the investment adviser, which is usually the case, a majority of the directors must be independent. In fact, virtually all fund boards have a majority of independent directors.

✓ *The Advisory Group on Best Practices for Fund Directors recommends that independent directors represent a "super-majority" (or at least two-thirds on all fund boards) rather than the current 40 percent generally required by law.*

To qualify as an independent director, an individual must meet specific criteria under the Investment Company Act. An independent director cannot be an employee of the adviser or a member of the immediate family of an employee, be an employee or a 5-percent shareholder of a registered broker-dealer, or have an affiliation with any recent legal counsel to the fund.

✓ *The Advisory Group on Best Practices for Fund Directors recommends that former officers or directors of a fund's investment adviser, principal underwriter or certain affiliates not serve as independent directors of the fund.*

Independent directors are often prominent individuals with diverse backgrounds in business, government or academia, often with distinguished careers and experience. Such individuals are well-suited for the position because they can be expected to exercise independent business judgment on behalf of the fund and its shareholders with integrity and diligence.

## INDEPENDENCE AND EFFECTIVENESS

In an effort to enhance the independence and effectiveness of mutual fund directors, the Board of Governors of the Investment Company Institute voted unanimously to approve a resolution strongly endorsing a series of recommended best practices to strengthen the system of governance that protects mutual fund shareholders. The Institute's governing body urged all investment companies to take appropriate actions to implement the 15 recommended practices determined by the Advisory Group on Best Practices for Fund Directors. The Advisory Group, which consisted of mutual fund independent directors and industry leaders, was appointed in March 1999 to identify the best practices used by investment company boards of directors and to recommend practices that should be considered by all investment company boards. Among the recommendations cited in the Advisory Group's report is a call for independent directors to represent a "super-majority" (or at least two-thirds on all fund boards) rather than the current 40 percent generally required by law. The report also recommends that former officers or directors of a fund's investment adviser, principal underwriter or certain affiliates not serve as independent directors of the fund; that fund independent directors have legal counsel; and that a fund's independent directors meet separately from management.



✓ *The Advisory Group on Best Practices for Fund Directors recommends that new fund directors receive appropriate orientation and all fund directors keep abreast of industry and regulatory developments.*

Independent directors play an important role in the way mutual funds are governed. Over the years, the SEC has given these directors increasing responsibility to look out for investors' interests—a sign of the SEC's confidence in this governance arrangement.

## Types of Boards

Many investment advisers manage several different mutual funds, each with its own investment policies and strategies. These are often referred to as “fund complexes” or “fund families.” It is very common for mutual fund complexes to use a *pooled board* structure—the same group of individuals to oversee all the funds in the fund family.

A *clustered board* structure may be used by a fund complex with a particularly large number of funds. Under this arrangement, different groups of individuals oversee certain sets of funds, such as all stock funds or all bond funds.

One reason fund groups employ pooled or clustered boards is to prevent duplication of presentations and discussions on issues common to many funds in a complex, such as shareholder servicing or audit matters.

✓ *The Advisory Group on Best Practices for Fund Directors recommends that investment company boards of directors generally be organized either as a unitary board for all the funds in a complex or as cluster boards for groups of funds within a complex, rather than as separate boards for each individual fund.*

## Types of Committees

Given the volume and complexity of the business administered by a fund board, directors often form committees to handle specific matters. Typically, these committees meet apart from full board meetings several times a year. Independent director representation on committees usually is very high; in some cases, committees are comprised solely of independent directors.

Although not required by law, common practice in the industry is to have an *audit committee* to oversee the financial reporting and internal controls of the fund. Many funds also have a *corporate governance committee*, composed primarily of independent directors, to deal with issues relating to the independent directors. For example, if a fund has a 12b-1 plan (a fee based on fund assets to compensate sales professionals or otherwise pay for marketing the fund), the SEC requires that only the independent directors select and nominate new independent directors. Other boards have considered and adopted policies on mandatory retirement, share ownership and board evaluations.

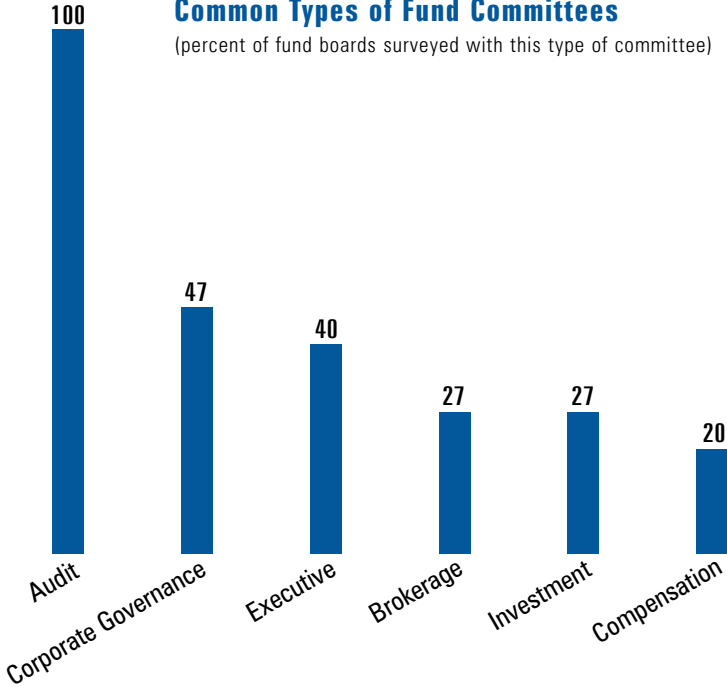
✓ *The Advisory Group on Best Practices for Fund Directors recommends that investment company boards establish Audit Committees composed entirely of independent directors; that the committee meet with the fund's independent auditors at least once a year outside the presence of management representatives; that the committee secure from the auditor an annual representation of its independence from management; and that the committee have a written charter spelling out its duties and powers.*

✓ *The Advisory Group on Best Practices for Fund Directors recommends that independent directors be selected and nominated by the incumbent independent directors.*

✓ *The Advisory Group on Best Practices for Fund Directors recommends that fund directors invest in funds on whose boards they serve.*

## Common Types of Fund Committees

(percent of fund boards surveyed with this type of committee)



Source: Management Practice Inc., 1998 survey

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### THE LEAD DIRECTOR

Many fund boards appoint a lead director to enhance the efficiency and effectiveness of the board. He or she may schedule, set and prioritize board meeting agendas and make sure the board receives reports from management on essential matters. The lead director also may be the chief contact for the board's counsel or the fund's auditors. If the lead director is an independent director, he or she may represent the other independent directors in discussions with the fund management.

- ✓ *The Advisory Group on Best Practices for Fund Directors recommends that fund boards adopt policies on retirement of directors.*
- ✓ *The Advisory Group on Best Practices for Fund Directors recommends that fund directors evaluate periodically the board's effectiveness.*
- ✓ *The Advisory Group on Best Practices for Fund Directors recommends that all independent directors on all fund boards designate one or more "lead" independent directors.*

## Meeting Frequency

As with other types of corporate boards, state law requires mutual fund boards to hold meetings on a regular basis. These meetings allow board members to be informed about the affairs of the fund, to ask questions, and to deliberate and vote on issues important to the fund and its shareholders. Most boards meet at least quarterly, although some boards meet more often. In addition to meetings of the full board, independent directors often meet separately to discuss and resolve their particular responsibilities.

*“Yours is a complex job that requires enormous diligence, skill and responsibility. You must be prepared to step in at any time; you must know what to look for and you must know when to act.”*

SEC Chairman Arthur Levitt

## The Duties of Mutual Fund Directors

Because mutual fund directors are, in essence, looking out for shareholders' money, the law holds directors to a very high standard of behavior in carrying out their responsibilities. They must act with the same degree of care and skill that a reasonably prudent person would use in the same situation or in connection with his or her own money. Lawyers call this being a “fiduciary” or having a “fiduciary duty.” This means a director is expected to obtain adequate information about items that come before the board and to exercise his or her “business judgment,” a legal concept that involves a good-faith effort by the director. The board may, if appropriate, seek the assistance of outside counsel or other experts in the performance of its duties.

✓ *The Advisory Group on Best Practices for Fund Directors recommends that independent directors have qualified investment company counsel, independent from the investment adviser and the fund's other service providers; and that independent directors have express authority to consult with the fund's independent auditors or other experts, as appropriate, when faced with issues that they believe require special expertise.*

While some corporate directors have similar responsibilities, mutual fund directors have specific responsibilities established by the SEC. The following chart shows the far-reaching responsibilities of mutual fund directors.

*continued on page 14*

## Fund Directors' Duties

Description of Duty	Corporate Director	Fund Director
Authorize issuance of securities	X	X
Declare dividends	X	X
Elect officers	X	X
Appoint committees	X	X
Serve on committees:		
Audit committee	X	X
Nominating committee	X	X
Call shareholder meetings	X	X
Adopt and amend bylaws, if necessary	X	X
Select independent public accountants	X	X
Approve mergers or other transactions	X	X
Review registration statement (including prospectus)	X	X
Review proxy statements	X	X
Review financial reports	X	X
Handle extraordinary situations:		
Takeovers	X	X
Regulatory problems	X	X
Approve investment advisory and subadvisory contract		X
Approve underwriting or distribution contract		X
Approve service contracts:		
Transfer agent		X
Custodian		X
Handle disputes or claims arising under the company's contracts with service providers		X
Approve foreign custodian arrangements		X
Approve securities depositories		X

Description of Duty	Corporate Director	Fund Director
Approve time for calculation of net asset value		X
Approve procedures for valuation of securities		X
Approve trading practices and procedures:		
Principal transactions with affiliates		X
Underwritings		X
Affiliated broker transactions		X
Repurchase agreements		X
Securities lending		X
Approve insurance arrangements:		
Fidelity bond		X
D&O/E&O		X
Approve investment objectives and policies		X
Approve code of ethics		X
Monitor investments in derivatives		X
Monitor liquidity of portfolio		X
Determine policies for voting of proxies in connection with portfolio securities		X
Oversee personal investing by fund managers		X
Approve 12b-1 plan		X
Approve multiple-class arrangements		X
Money market funds:		
Monitor portfolio credit quality and valuation in connection with the use of amortized cost		X
Closed-end funds:		
Approve borrowing		X
Approve repurchases of shares		X
Approve conversion to an open-end company, if appropriate		X
Authorize issuance of new shares		X

✓ *The Advisory Group on Best Practices for Fund Directors recommends that fund boards obtain directors' and officers' errors and omissions insurance coverage and/or indemnification from the fund that is adequate to ensure the independence and effectiveness of independent directors.*

The law also requires a high degree of loyalty to the fund. Directors must act honestly and resolve conflicts of interest in favor of the fund and its shareholders. Because of this responsibility, even a director's family should not engage in business in competition with the fund or obtain any unfair gain from the fund's operations.

✓ *The Advisory Group on Best Practices for Fund Directors recommends that independent directors complete on an annual basis a questionnaire on business, financial and family relationships, if any, with the adviser, principal underwriter, other service providers and their affiliates.*

## Portfolio Management

One of a fund board's most important areas of responsibility is its oversight of how the fund's portfolio of securities is managed.

Directors' responsibilities fall into five broad areas: performance evaluation, contract approval, fee approval, pricing of fund shares, and oversight of portfolio management and compliance issues.

### Performance Evaluation

Directors evaluate a fund's investment performance continually. This does not mean that directors second-guess the portfolio manager's decisions to buy or sell particular securities. Rather, the directors look at a fund's performance as a whole, taking into consideration its investment objectives,



strategies and risks—all of which are stated in the fund’s prospectus. For example, if a fund is performing much worse or much better than other comparable funds, directors might question the reasons behind the unusual performance. Directors also are responsible for seeing that fund managers are complying with the policies set for the particular fund in achieving its performance goals.

## Contract Approval

Under the Investment Company Act, a mutual fund’s relationship with its investment adviser must be governed by a written contract. Because this relationship is so important, directors have substantial obligations regarding this contract. For example, the board must approve or renew the investment advisory contract on an annual basis. The board has the power to terminate the contract at any time, without penalty, on 60-days notice.

Independent directors have special responsibilities regarding the advisory contract. A majority of the independent directors must vote in person at a specially designated meeting to approve the advisory contract and its renewal every year.

Before approving or renewing the contract, fund directors typically spend considerable time reviewing the investment strategy, performance and investment policies of portfolio managers, focusing particularly on such key items as long-term investment performance, how well portfolio managers have controlled and monitored risk, and the fees paid to the adviser.

✓ *The Advisory Group on Best Practices for Fund Directors recommends that independent directors meet separately from management in connection with their consideration of the fund’s advisory and underwriting contracts and otherwise as they deem appropriate.*

## Fee Approval

Fees are a major consideration when directors approve or renew the advisory contract. Directors are responsible for ensuring that the level of fees paid by shareholders is reasonable, and that shareholders receive value for the fees they pay.

To do so, directors consider a number of factors, including the services provided and the quality of those services, the adviser's costs and the extent to which the adviser realizes any economies of scale, and how the fees compare to those of other funds.

SEC Chairman Arthur Levitt summed up directors' obligation toward the level of fund fees when he said: "Directors don't have to guarantee that a fund pays the lowest rates. But they do have to make sure that fees fall within a reasonable band."

Directors also review and vote on fees and contracts with the fund's distributor, the custodian of the fund's assets, and other service providers.

### *Adviser's Soft-dollar Policies*

Directors also review a fund's use of "soft dollars," a practice by which some money managers, including mutual fund advisers, use brokerage commissions generated by their clients' securities transactions to obtain research and related services from broker-dealers for the clients' benefit. Directors review their fund adviser's soft-dollar practices as part of their review of the advisory contract. They do this because services received from soft-dollar arrangements might otherwise have to be paid for by the adviser.

## Pricing the Fund's Shares

Directors oversee the pricing of fund's shares. Mutual funds are required by law to determine the price of their shares at least once each business day. Share price (or net asset value) is the value of the securities in the fund's portfolio, minus liabilities, divided by the number of shares outstanding.

Some securities are easy to value because market quotations are readily available. For certain securities, however, there may be no market price. In these cases, the fund must determine a "fair value" for the securities. The board of directors reviews and approves guidelines used by the adviser in valuing these assets. Directors also must set the time of day when the fund's shares are priced, and approve any change to the time. And, if a significant error in pricing occurs, the board's job is to consider what, if any, corrective action should be taken.

A related concern for directors is securities in the fund's portfolio that are difficult to sell; called illiquid securities. The SEC limits the amount of a fund's assets that are illiquid to 15 percent, 10 percent for money market funds. Directors usually review and approve a fund's guidelines for illiquid securities.

## Oversight and Compliance

A 1992 SEC report emphasized that mutual fund directors should not be required to "micro-manage" a fund's daily operations.

As a practical matter, fund advisers or administrators typically have compliance officers responsible for performing the day-to-day compliance checks demanded by the many rules that govern mutual funds, and directors frequently rely on compliance officers to help them fulfill their oversight role.

This does not lessen, however, the particular oversight responsibilities that mutual fund directors have with regard to compliance areas. A compliance officer may report directly to the board, bringing to directors' attention any problems and corrective steps that may have been taken.

### *Investment Policies and Restrictions*

Every fund is required to state its investment policies and restrictions in its prospectus, making current and prospective investors aware of the types of investments the fund may make and the goals it is trying to achieve. Directors monitor the fund to see that it complies with its stated investment policies and restrictions.

### *Personal Investing by Fund Employees*

Mutual fund groups, unlike any other financial institution, are required to adopt codes of ethics that govern their employees' personal investments. This requirement is intended to ensure that these individuals do not unfairly use their position with the fund group to their own advantage. Fund boards are responsible for ensuring that the fund has adopted a code of ethics.

The SEC has adopted a rule expanding directors' responsibilities, requiring boards to affirmatively approve the fund's code and review the codes of the fund's investment adviser and principal underwriter. The rule also requires the management of the fund, adviser and underwriter to report at least annually to the fund's board on issues that have arisen in administering the code. In fact, many boards currently receive regular reports on any matters that have arisen under the fund's code of ethics.

### *Technology Issues*

Currently, the mutual fund industry and many other industries are addressing important technology issues. Because computer systems affect many areas of a fund's operations, including portfolio management and shareholder servicing, problems in these areas could adversely affect shareholders. The SEC has required all investment advisers and mutual funds to report on their Year 2000 compliance efforts. As part of their broad responsibility, fund directors monitor advisers and other service providers to see that vital technology issues are addressed, and to ensure that sufficient capital investments in technology and operational controls are made.

## Share Distribution

A mutual fund's arrangements for distribution of its shares to investors are significant to its shareholders. Recognizing this, the Investment Company Act places specific obligations on independent directors concerning the approval of underwriting contracts.

### *12b-1 Fees*

Some mutual funds pay for distribution expenses, such as advertising, marketing or payments to investment professionals, by implementing a fee permitted under SEC Rule 12b-1. Fund directors have several obligations in connection with these payments.

In general, the board is expected to determine that these payments are reasonably likely to produce benefits for the fund and its shareholders, set the level of 12b-1 fees, and monitor the arrangement once it is established.

Any payments that a mutual fund makes for distribution must be in accordance with a written plan that must be approved by a majority of the independent directors. Both the full board and the independent directors must vote at least annually to renew the plan. Also, independent directors may terminate the 12b-1 plan at any time without penalty.

### *Share Classes*

In recent years, it has become common for some mutual funds to offer different "classes" of shares for the same mutual fund, with each class having a different fee and distribution arrangement.

For example, a fund may have "Class A" shares, which charge a front-end load or sales commission; "Class B" shares, which charge a back-end load; and "Class C" shares, which charge a "level load" every year. Shareholders in these different classes own the same fund, but they have different options for paying distribution expenses to best suit their individual needs.

Directors must approve a plan describing the class structure the fund is adopting, including how expenses will be allocated among the classes. Any change to the plan also must be approved by a majority of the directors, including a majority of the independent directors. Directors also must find that the plan is in the best interest of each class and the fund as a whole.

## Affiliated Transactions

Central to the way mutual funds are regulated is the concept of prohibited or restricted transactions with “affiliates,” that is, the fund’s investment adviser or other people or businesses with whom it has a close relationship.

The prohibitions placed on transactions with affiliates represent one very important way the Investment Company Act serves to protect investors.

Some types of transactions with affiliates are prohibited. In other cases, the transactions are permitted only in accordance with SEC rules, which improve conditions designed to protect investors and require fund directors to adopt and review procedures designed to ensure compliance.

For example, the fund’s board of directors, including a majority of the independent directors, must adopt procedures before a fund may engage in:

- ▶ Transactions in which the fund purchases a security from an underwriting syndicate of which the fund’s adviser (or its affiliate) is a member;
- ▶ Purchases and sales of securities between the fund and other funds in the same complex; and
- ▶ Purchases and sales of securities for which a broker affiliated with the fund receives commissions.

In each of these examples, the board must approve changes to the procedures when necessary, and determine at least quarterly that any transactions subject to the procedures that were made during the preceding quarter complied with those procedures.

## Director Compensation

Mutual fund directors are paid for their services and responsibilities by the fund. The directors, not the investment adviser, set their own compensation. Unlike corporate directors, mutual fund directors do not receive options or similar benefits.

✓ *The Advisory Group on Best Practices for Fund Directors recommends that independent directors establish the appropriate compensation for serving on fund boards.*

According to a 1998 survey by Management Practice Inc., median total compensation for mutual fund directors ranges from \$6,500 for fund groups with less than \$1 billion in assets to \$86,000 for fund groups with assets greater than \$25 billion.

Director compensation represents, on average, one-third of one basis point of fund complex assets (0.000033). For example, a fund complex with \$10 billion in assets might pay \$330,000 for all the directors of all the funds in the complex (\$10 billion x 0.000033).

## Enhancing a Culture of Independence and Effectiveness

The mutual fund industry's corporate governance system has succeeded in keeping the industry free from major scandals. Each director bears a tremendous responsibility to represent the best interests of shareholders. This responsibility constitutes both a crucial and unique role for mutual fund directors in the protection of consumers. In a 1992 report, the SEC concluded: "The oversight function performed by investment company boards of directors, especially the 'watchdog' function performed by the independent directors, has served investors well, at minimal cost."

### Making a Strong System Stronger

The SEC recently focused on the appropriate role of independent directors and their specific responsibilities. SEC Chairman Arthur Levitt also called on the fund industry to work with the SEC to further enhance the effectiveness of fund directors. The Investment Company Institute responded with the creation of the Advisory Group on Best Practices for Fund Directors.

The Advisory Group recommended a series of policies and practices that go beyond what is required by law and regulation and are designed to enhance the role of independent investment company directors and the effectiveness of fund boards in general. These practices, the Advisory Group concluded, will help ensure that fund directors continue to effectively represent the best interests of America's mutual fund investors.



## Recommendations

Listed below are the best practices identified by the Advisory Group and endorsed by the Institute's Board of Governors for investment company boards of directors.

The Advisory Group recommends that:

- ▶ At least two-thirds of the directors of all investment companies be independent directors.
- ▶ Former officers or directors of a fund's investment adviser, principal underwriter or certain of their affiliates not serve as independent directors of the fund.
- ▶ Independent directors be selected and nominated by the incumbent independent directors.
- ▶ Independent directors establish the appropriate compensation for serving on fund boards.
- ▶ Fund directors invest in funds on whose boards they serve.
- ▶ Independent directors have qualified investment company counsel who is independent from the investment adviser and the fund's other service providers; and that independent directors have express authority to consult with the fund's independent auditors or other experts, as appropriate, when faced with issues that they believe require special expertise.
- ▶ Independent directors complete on an annual basis a questionnaire on business, financial and family relationships, if any, with the adviser, principal underwriter, other service providers and their affiliates.

- ▶ Investment company boards establish Audit Committees composed entirely of independent directors; that the committee meet with the fund's independent auditors at least once a year outside the presence of management representatives; that the committee secure from the auditor an annual representation of its independence from management; and that the committee have a written charter spelling out its duties and powers.
- ▶ Independent directors meet separately from management in connection with their consideration of the fund's advisory and underwriting contracts and otherwise as they deem appropriate.
- ▶ Independent directors designate one or more "lead" independent directors.
- ▶ Fund boards obtain directors' and officers' errors and omissions insurance coverage and/or indemnification from the fund that is adequate to ensure the independence and effectiveness of independent directors.
- ▶ Investment company boards of directors generally be organized either as a unitary board for all the funds in a complex or as cluster boards for groups of funds within a complex, rather than as separate boards for each individual fund.
- ▶ Fund boards adopt policies on retirement of directors.
- ▶ Fund directors evaluate periodically the board's effectiveness.
- ▶ New fund directors receive appropriate orientation and all fund directors keep abreast of industry and regulatory developments.

## The Investment Company Institute

The Investment Company Institute is the national association of the investment company industry. Its services include publications and annual conferences for the continuing professional education of directors of mutual funds. The Institute's website, *ICI Mutual Fund Connection*, located at [www.ici.org](http://www.ici.org), provides educational and reference materials for individuals seeking information about mutual funds.

This guide is part of the Institute's Investor Awareness series, to help you build your understanding and set realistic expectations about mutual funds, unit investment trusts and closed-end funds. If you would like to know more, please visit our website or write for a catalogue of additional investor awareness materials to:

### **ICI Investor Awareness Campaign**

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- ▶ *A Guide to Mutual Funds*
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- ▶ *A Guide to Bond Mutual Funds*
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- ▶ *A Guide to Understanding Mutual Funds*
- ▶ *Questions You Should Ask Before You Invest in a Mutual Fund*
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