

## Features of Mutual Funds

A mutual fund is an investment company that pools money from shareholders and invests in a diversified portfolio of securities. Mutual fund investors buy fund shares that represent ownership in all of the fund's securities.

### Variety

There are four basic types of mutual funds: stock (also called equity), money market, bond, and hybrid. Money market funds are referred to as short-term funds because they invest in securities that generally mature in about one year or less, while stock, bond, and hybrid funds are known as long-term funds. (Hybrid funds invest in a combination of stocks, bonds, and other securities.) Of the total \$6.97 trillion invested in mutual funds at the end of 2000, \$3.96 trillion was invested in stock funds, \$1.85 trillion in money market funds, \$808 billion in bond funds, and \$350 billion in hybrid funds.

At the end of 2000, about 8,200 mutual funds were available to investors, offering a wide variety of investment objectives, from conservative to aggressive, and investing in a wide range of securities. The Investment Company Institute classifies mutual funds into 33 broad categories according to their basic investment objective (see pages 3-6). The broad selection of funds arose over the years to meet consumer demand for fund products that help meet a variety of financial objectives.

## **Professional Management**

The money accumulated in a mutual fund is managed by professionals who decide on an investment strategy on behalf of the fund's shareholders. These professionals choose investments that best match the fund's objectives as described in its prospectus. Their investment decisions are typically based on extensive knowledge and research of market conditions and the financial performance of individual companies and specific securities. As economic conditions change, the fund may adjust the mix of its investments to adopt a more aggressive or a more defensive posture to meet its investment objective.

## **Diversification**

Fund managers typically invest in a variety of securities, seeking portfolio diversification. A diversified portfolio helps reduce risk by offsetting losses from some securities with gains in others. Mutual funds provide an economical way for the average investor to obtain the same kind of professional money management and diversification of investments that is available to large institutions and wealthy investors.

## MUTUAL FUND INVESTMENT OBJECTIVES

The Investment Company Institute classifies mutual funds into 33 investment objective categories.

### EQUITY FUNDS

**Capital Appreciation Funds** seek capital appreciation; dividends are not a primary consideration.

- *Aggressive growth funds* invest primarily in common stocks of small, growth companies.
- *Growth funds* invest primarily in common stocks of well-established companies.
- *Sector funds* invest primarily in companies in related fields.

**Total Return Funds** seek a combination of current income and capital appreciation.

- *Growth-and-income funds* invest primarily in common stocks of established companies with the potential for growth and a consistent record of dividend payments.
- *Income-equity funds* invest primarily in equity securities of companies with a consistent record of dividend payments. They seek income more than capital appreciation.

**World Equity Funds** invest primarily in stocks of foreign companies.

- *Emerging market funds* invest primarily in companies based in developing regions of the world.
- *Global equity funds* invest primarily in equity securities traded worldwide, including those of U.S. companies.
- *International equity funds* invest primarily in equity securities of companies located outside the United States.
- *Regional equity funds* invest in companies based in a specific part of the world.

### HYBRID FUNDS

**Hybrid Funds** may invest in a mix of equities, fixed-income securities, and derivative instruments.

- *Asset allocation funds* invest in various asset classes including, but not limited to, equities, fixed-income securities, and money market instruments. They seek high total return by maintaining precise weightings in asset classes. Global asset allocation funds invest in a mix of equity and debt securities issued worldwide.
- *Balanced funds* invest in a mix of equity securities and bonds with the three-part objective of conserving principal, providing income, and achieving long-term growth of both principal and income. These funds maintain target percentages in asset classes.

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- *Flexible portfolio funds* invest in common stocks, bonds, other debt securities, and money market securities to provide high total return. These funds may invest up to 100 percent in any one type of security and may easily change weightings depending upon market conditions.
- *Income-mixed funds* invest in a variety of income-producing securities, including equities and fixed-income instruments. These funds seek a high level of current income without regard to capital appreciation.

## TAXABLE BOND FUNDS

**Corporate Bond Funds** seek current income by investing in high-quality debt securities issued by U.S. corporations.

- *Corporate bond funds—general* invest two-thirds or more of their portfolios in U.S. corporate bonds with no explicit restrictions on average maturity.
- *Corporate bond funds—intermediate-term* invest two-thirds or more of their portfolios in U.S. corporate bonds with an average maturity of five to 10 years. These funds seek a high level of income with less price volatility than longer-term bond funds.
- *Corporate bond funds—short-term* invest two-thirds or more of their portfolios in U.S. corporate bonds with an average maturity of one to five years. These funds seek a high level of income with less price volatility than intermediate-term bond funds.

**High-Yield Funds** invest two-thirds or more of their portfolios in lower-rated U.S. corporate bonds (Baa or lower by Moody's and BBB or lower by Standard and Poor's rating services).

**World Bond Funds** invest in debt securities offered by foreign companies and governments. They seek the highest level of current income available worldwide.

- *Global bond funds—general* invest in worldwide debt securities with no stated average maturity or an average maturity of five years or more. These funds may invest up to 25 percent of assets in companies located in the United States.
- *Global bond funds—short-term* invest in debt securities worldwide with an average maturity of one to five years. These funds may invest up to 25 percent of assets in companies located in the United States.
- *Other world bond funds*, such as international bond and emerging market debt funds, invest in foreign government and corporate debt instruments. Two-thirds of an international bond fund's portfolio must be invested outside the United States. Emerging market debt funds invest primarily in debt from underdeveloped regions of the world.

**Government Bond Funds** invest in U.S. government bonds of varying maturities. They seek high current income.

- *Government bond funds—general* invest two-thirds or more of their portfolios in U.S. government securities of no stated average maturity. Securities utilized by investment managers may change with market conditions.
- *Government bond funds—intermediate-term* invest two-thirds or more of their portfolios in U.S. government securities with an average maturity of five to 10 years. Securities utilized by investment managers may change with market conditions.
- *Government bond funds—short-term* invest two-thirds or more of their portfolios in U.S. government securities with an average maturity of one to five years. Securities utilized by investment managers may change with market conditions.
- *Mortgage-backed funds* invest two-thirds or more of their portfolios in pooled mortgage-backed securities.

**Strategic Income Funds** invest in a combination of U.S. fixed-income securities to provide a high level of current income.

#### TAX-FREE BOND FUNDS

**State Municipal Bond Funds** invest primarily in municipal bonds issued by a particular state. These funds seek high after-tax income for residents of individual states.

- *State municipal bond funds—general* invest primarily in single-state municipal bonds with an average maturity of greater than five years or no specific stated maturity. The income from these funds is largely exempt from federal as well as state income tax for residents of the state.
- *State municipal bond funds—short-term* invest primarily in single-state municipal bonds with an average maturity of one to five years. The income of these funds is largely exempt from federal as well as state income tax for residents of the state.

**National Municipal Bond Funds** invest primarily in the bonds of various municipal issuers in the United States. These funds seek high current income free from federal tax.

- *National municipal bond funds—general* invest primarily in municipal bonds with an average maturity of more than five years or no specific stated maturity.
- *National municipal bond funds—short-term* invest primarily in municipal bonds with an average maturity of one to five years.

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## MONEY MARKET FUNDS

**Taxable Money Market Funds** invest in short-term, high-grade money market securities and must have average maturities of 90 days or less. These funds seek the highest level of income consistent with preservation of capital (i.e., maintaining a stable share price).

- *Taxable money market funds—government* invest primarily in U.S. Treasury obligations and other financial instruments issued or guaranteed by the U.S. government, its agencies, or its instrumentalities.
- *Taxable money market funds—nongovernment* invest primarily in a variety of money market instruments, including certificates of deposit from large banks, commercial paper, and bankers acceptances.

**Tax-Exempt Money Market Funds** invest in short-term municipal securities and must have average maturities of 90 days or less. These funds seek the highest level of income—free from federal and, in some cases, state and local taxes—consistent with preservation of capital.

- *National tax-exempt money market funds* invest in short-term securities of various U.S. municipal issuers.
- *State tax-exempt money market funds* invest primarily in short-term securities of municipal issuers in a single state to achieve the highest level of tax-free income for residents of that state.

## Liquidity

Mutual funds are required by law to redeem shares on a daily basis, making mutual fund shares a very liquid investment.

Most mutual funds also continually offer new shares to investors. Many mutual fund companies allow shareholders to transfer money from one fund to another within the same fund family; these transactions are referred to as exchanges.

Mutual funds process sales, redemptions, and exchanges as a normal part of daily business activity. The volume of the transactions fluctuate over time depending on a variety of factors (see page 8).

The price per share at which shares are redeemed is known as the net asset value (NAV). NAV is the current market value of all the fund's assets, minus liabilities, divided by the total number of outstanding shares (see illustration below).

A fund's share price, or offering price, is its NAV per share plus any applicable front-end sales charge (the offering price of a fund without a sales charge would be the same as its NAV per share).

The NAV must reflect the current market value of the fund's securities, as long as market quotations for those securities are readily available. Other assets are priced at fair value, determined in good faith by a fund's board of directors. The Investment Company Act of 1940 requires "forward pricing": shareholders purchasing or redeeming shares receive the next computed share price following the fund's receipt of the transaction order.

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### How a Fund Determines Its Share Price

Mutual Fund X owns a portfolio of stocks worth \$6 million dollars; its liabilities are \$60,000; its shareholders own 500,000 shares.

$$\begin{array}{rcl} \text{Fund Share Price or} & & \text{Market Value in Dollars of a Fund's Securities} \\ \text{Net Asset Value (NAV)} & = & \text{Minus Its Liabilities } (\$6,000,000 - \$60,000) \\ \$11.88 & & \hline & & \text{Number of Investor Shares Outstanding} \\ & & (500,000) \end{array}$$

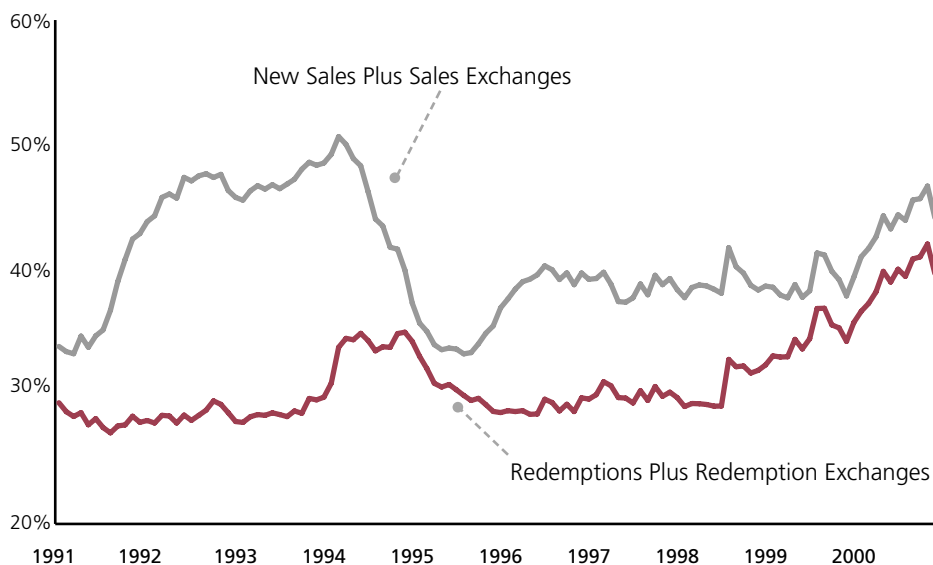
Fund share prices appear in the financial pages of most major newspapers (see page 14).

A fund's share price can also be found in its semiannual and annual reports.

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## Redemptions and New Sales of Long-Term Funds as a Percentage of Net Assets,\* 1991-2000



\*Redemptions and sales are represented as total new sales and redemptions, including exchanges, for running 12-month periods divided by average total net assets at the beginning and end of the 12-month periods.

Note: See page 105 for data points on this chart.

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Any income and expenses (including any fees) must be accrued through the date the share price is calculated. Changes in holdings and in the number of shares must be reflected no later than the first calculation of the share price on the next business day.

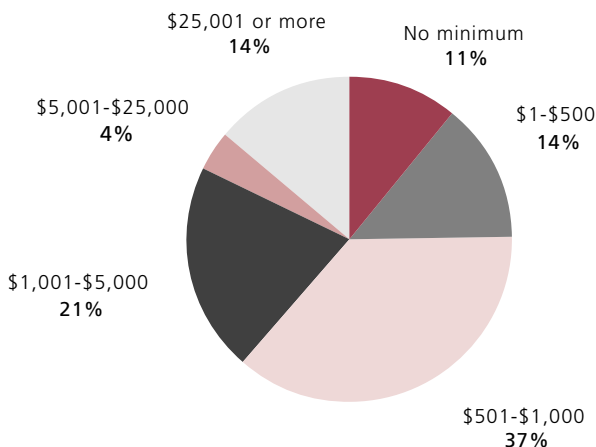
Funds typically value exchange-traded securities using the closing prices from the exchange on which the securities are principally traded, even if the exchange closes before the fund's daily pricing time (which occurs with many foreign securities). If a material event that will likely affect the value of a security occurs after the exchange closed and before the fund's share price is determined, it may be necessary to determine the fair value of the security in light of that event.



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## Mutual Fund Minimum Investment Requirements, 2000

(percent distribution of funds by minimum investment requirement)\*



\*Many mutual funds offer lower investment minimums for Individual Retirement Accounts and automatic investment plans.

Note: Components do not sum to 100 percent due to rounding.

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### Pricing Process

Mutual fund pricing is an intensive process that takes place in a short time frame at the end of each business day. Generally, a fund's pricing process begins at the close of the New York Stock Exchange, normally 4:00 pm Eastern time. Fund accounting agents internally validate the prices received by subjecting them to various control procedures. For example, depending on the nature and extent of its holdings, a fund may use more than one pricing service to ensure accuracy.

### Availability of Share Prices

The vast majority of mutual funds release their daily share prices through Nasdaq. For a fund's share price to be published in the next day's morning newspapers, it must be delivered by 5:50 pm Eastern time to Nasdaq. As prices are received by Nasdaq, they are instantaneously transmitted to wire services and other subscribers. Wire services transmit the prices to their client newspapers (see page 14).

In addition to newspapers, daily fund prices are available from other sources. Many funds offer toll-free telephone service, which provides the fund's share price and other current information.

## **Accessibility**

Mutual fund shares are available through a variety of sources. Investors (outside retirement plans) may purchase fund shares either with the help of an investment professional (e.g., a broker, financial planner, bank representative, or insurance agent) or directly, based on the investor's own research and knowledge. Investment professionals provide services to investors—analyzing the client's financial needs and objectives and recommending appropriate funds. They are compensated for those services, generally through a sales commission or through 12b-1 and/or service fees deducted from the fund's assets.

Many mutual funds can be purchased directly from fund companies without the help of an investment professional. When funds are purchased in this manner, investors are required to do their own research to determine which funds meet their needs.

Mutual funds may also be offered as investment selections in 401(k) plans and other employee benefit plans. See Chapter 5 for more information on mutual funds and the retirement market.

## **Affordability**

Shareholders benefit from competition in the mutual fund industry. Over the past 20 years, this competition has produced substantially lower costs and an array of innovative investment products and services.

Recent Institute research finds that between 1980 and 1998, the average “total shareholder cost” of equity mutual funds has decreased by 40 percent. The cost of bond funds and money market funds have dropped by 29 percent and 24 percent, respectively, over the same period. “Total shareholder cost” accounts for all major fees, expenses, and sales charges, and is based upon the same considerations underlying the fee information required by the U.S. Securities and Exchange Commission (SEC) in every mutual fund prospectus (see pages 12-13). Investors can easily discern all the fees a fund charges by looking at the standardized fee table. The table lists all fees charged by a fund and allows easy comparison of the costs of one fund versus another.

The fees and expenses mutual fund shareholders pay are subject to ongoing oversight and review by the fund's board of directors, including its independent directors. Directors have a responsibility under the law

to protect the interests of shareholders (see pages 17-18). Fees are a major consideration when directors approve or renew the contract of a fund's investment adviser. 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. Directors also review and vote on fees and contracts with a fund's distributor, the custodian of the fund's assets, and other service providers.

## **Shareholder Services**

Mutual funds offer a wide variety of services to shareholders. These services include toll-free telephone service, 24-hour telephone access to account information and transaction processing, consolidated account statements, shareholder cost basis (tax) information, exchanges between funds, automatic investments, checkwriting privileges on money market and some bond funds, automatic reinvestment of fund dividends, and automatic withdrawals. Mutual funds also provide extensive investor education and shareholder communications, including newsletters, brochures, retirement and other planning guides, and websites.

### **Shareholders Benefit from Economies of Scale**

Recent studies by the U.S. Securities and Exchange Commission (SEC) and the General Accounting Office (GAO) confirm that mutual fund shareholders are benefiting 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 estimated to be 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.

The GAO report confirmed that fees for equity funds generally declined in the 1990s. According to the GAO, 89 percent of the equity funds that experienced rapid growth in the past decade reduced the level of their annual fees, with the greatest growth typically leading to the sharpest reductions.

Both studies are consistent with ICI research that has found mutual fund operating expense ratios generally declining as assets grow and larger funds having lower expense ratios than smaller funds. The complete report is on the ICI website at [www.ici.org/newsroom/industry\\_issues\\_fees.html](http://www.ici.org/newsroom/industry_issues_fees.html).

# Mutual Fund Fee Table Required by Federal Law

(example is hypothetical)

## Maximum Sales Charge (Load) Imposed on Purchases

The maximum “front-end load” or sales charge that may be attached to the purchase of mutual fund shares. This fee compensates a financial professional for his or her services. By law, this charge may not exceed 8.5 percent of the investment, although most fund families charge less than the maximum.

## Maximum Deferred Sales Charge (Load)

The maximum “back-end load” or sales charge that a fund may impose when shares are redeemed or sold; an alternative way to compensate financial professionals for their services. A common type of deferred sales charge is a “contingent deferred sales charge,” which typically applies for the first few years of ownership, declining until it disappears.

## Maximum Sales Charge (Load) on Reinvested Dividends

The maximum fee charged by a fund when dividends are reinvested in the purchase of additional shares. Most funds do not charge a fee for this service. Beginning in April 2000, new funds were prohibited from charging this fee.

## Redemption Fee

Like a contingent deferred sales charge, this fee is another type of back-end charge when an investor redeems shares. Unlike contingent deferred sales charges, this fee is paid to the fund. It covers costs, other than sales costs, involved with a redemption. The fee is expressed as a dollar amount or as a percentage of the redemption price.

## Exchange Fee

This fee may be charged when an investor transfers money from one fund to another within the same fund family.

## Annual Account Maintenance Fee

This fee may be charged by some funds, for example, to maintain low-balance accounts.

**Shareholder Fees** are charged directly to an investor for a specific transaction, such as a purchase, redemption, or exchange.

### Shareholder Fees

|   |             |
|---|-------------|
| Maximum Sales Charge (Load) Imposed on Purchases    | <b>4.5%</b> |
| Maximum Deferred Sales Charge (Load)                | <b>None</b> |
| Maximum Sales Charge (Load) on Reinvested Dividends | <b>None</b> |
| Redemption Fee                                      | <b>None</b> |
| Exchange Fee  | <b>None</b> |
| Annual Account Maintenance Fee                      | <b>None</b> |

## Annual Fund Operating Expenses

reflect the normal costs of operating a fund. Unlike transaction fees, these expenses are not charged directly to an investor but are deducted from fund assets before earnings are distributed to shareholders.

### Annual Fund Operating Expenses

|  |              |
|--|--------------|
| Management Fees                                      | <b>0.75%</b> |
| Distribution (12b-1) Fees                            | <b>None</b>  |
| Other Expenses                                       | <b>0.22%</b> |
| Total Annual Fund Operating Expenses (Expense Ratio) | <b>0.97%</b> |

### Example

This example is intended to help an investor compare the cost of investing in different funds. The example assumes a \$10,000 investment in the fund for one, three, five, and 10 years and then a redemption of all fund shares at the end of those periods. The example also assumes that an investment returns 5 percent each year and that the fund's operating expenses remain the same. Although actual costs may be higher or lower, based on these assumptions an investor's costs would be:

|          |                |
|----------|----------------|
| 1 year   | <b>\$99</b>    |
| 3 years  | <b>\$309</b>   |
| 5 years  | <b>\$536</b>   |
| 10 years | <b>\$1,190</b> |

## Management Fees

This is a fee charged by a fund's investment adviser for managing the fund's portfolio of securities and providing related services.

## Distribution (12b-1) Fees

This fee, if charged, is deducted from fund assets to pay marketing and advertising expenses or, more commonly, to compensate sales professionals. By law, 12b-1 fees cannot exceed 1 percent of a fund's average net assets per year. The 12b-1 fee may include a service fee of up to 0.25 percent of average net assets per year to compensate sales professionals for providing services or maintaining shareholder accounts.

## Other Expenses

These expenses include, for example, fees paid to a fund's transfer agent for providing fund shareholder services, such as toll-free phone communications, computerized account services, website services, recordkeeping, printing, and mailing.

## Total Annual Fund Operating Expenses (Expense Ratio)

This represents the sum of all a fund's annual operating costs, expressed as a percentage of average net assets. Total annual fund operating expenses are also known as the fund's expense ratio.

## Example of the effect of expenses on a \$10,000 Investment

This is a hypothetical illustration required by the SEC in every fund's fee table. It is presented in a standardized format and based on specified assumptions (five percent annual return, expenses unchanged) in order to make it easier for investors to compare different funds' fees.

## How to Read Newspaper Fund Quotes

The following is an example of how mutual fund tables appear in many newspapers.

|              | NAV   | Chg.<br>NAV | Tot.<br>Ret.<br>YTD |
|--------------|-------|-------------|---------------------|
| <b>Brld:</b> |       |             |                     |
| Blgr Dfr     | 9.53  | +0.01       | +0.8                |
| Bmo Pnc p    | 35.01 | +0.03       | +3.3                |
| Bto Bmd      | 15.83 | +0.13       | -3.8                |
| <b>Cmyog</b> |       |             |                     |
| MIA r        | 5.61  | +0.01       | +8.1                |
| MIX          | 8.55  | -0.03       | +6.0                |
| MIY t        | 14.90 | -0.03       | -7.7                |
| MBF f        | 9.63  | +0.07       | -1.0                |
| MBI          | 22.16 | +0.67       | +6.1                |
| MBR          | 11.48 | +0.03       | +2.2                |

The first column is the abbreviated fund's name. Several funds listed under a single heading indicate a family of funds.

The second column is the Net Asset Value (NAV) per share as of the close of the preceding business day. In some newspapers, the NAV is identified as the sell or bid price—the amount per share you would receive if you sold your shares (less the deferred sales charge, if any). Each mutual fund determines its net asset value every business day by dividing the market value of its total net assets, less liabilities, by the number of shares outstanding. On any given day, you can determine the value of your holdings by multiplying the NAV by the number of shares you own.

The third column is the change, if any, in net asset value from the preceding day's quotation—in other words, the change over the most recent one-day trading period. This fund, for example, gained \$0.13 per share.

The fourth column is the fund's year-to-date (YTD) return expressed as a percentage of the NAV at the beginning of the year. The YTD return assumes the reinvestment of all distributions and subtracts annual expenses. The YTD return, however, does not reflect sales charges ("loads") or redemption fees. This fund, for example, gained 8.1 percent per share since the beginning of the year.

A "p" following the abbreviated name of the fund denotes a fund that charges an annual fee from assets for marketing and distribution costs, also known as a 12b-1 fee (named after the 1980 U.S. Securities and Exchange Commission rule that permits them).

If the fund name is followed by an "r," the fund has either a contingent deferred sales charge (CDSC) or a redemption fee. A CDSC is a charge if shares are sold within a certain period; a redemption charge is a fee applied whenever shares are sold.

A "t" designates a fund that has both a CDSC or a redemption fee and a 12b-1 fee.

An "f" indicates a fund that reports the previous day's prices, instead of the current day's.

*Other footnotes may apply to a fund listing, and the meaning of footnotes may differ among newspapers. Please see the explanatory notes that accompany mutual fund tables in your newspaper.*

# Regulation and Taxation of Mutual Funds

**M**utual funds are highly regulated financial entities that must comply with federal laws and regulations. In particular, the U.S. Securities and Exchange Commission (SEC) regulates mutual funds under the Investment Company Act of 1940. The 1940 Act imposes restrictions not only on mutual funds but also on their investment advisers, principal underwriters, directors, officers, and employees. The 1940 Act also regulates the two other types of investment companies—closed-end funds and unit investment trusts.

## Four Principal Securities Laws Govern Mutual Funds

**The Investment Company Act of 1940** regulates the structure and operations of mutual funds and other investment companies. Among other things, the 1940 Act requires mutual funds to maintain detailed books and records, safeguard their portfolio securities, and file semiannual reports with the U.S. Securities and Exchange Commission (SEC).

**The Securities Act of 1933** requires federal registration of all public offerings of securities, including mutual fund shares. The 1933 Act also requires that all prospective investors receive a current prospectus describing the fund.

**The Securities Exchange Act of 1934** regulates broker-dealers, including mutual fund principal underwriters and others who sell mutual fund shares, and requires them to register with the SEC. Among other things, the 1934 Act requires registered broker-dealers to maintain extensive books and records, segregate customer securities in adequate custodial accounts, and file detailed, annual financial reports with the SEC.

**The Investment Advisers Act of 1940** requires federal registration of all investment advisers to mutual funds. The Advisers Act contains various antifraud provisions and requires fund advisers to meet recordkeeping, reporting, and other requirements.

Virtually all mutual funds are externally managed. They do not have employees of their own. Instead, their operations are conducted by affiliated organizations and independent contractors. The diagram on page 19 depicts the structure of a typical mutual fund, including its principal service providers.

## **Shareholders**

Like shareholders of other companies, mutual fund shareholders have specific voting rights. These include the right to elect directors at meetings called for that purpose (subject to a limited exception for filling vacancies). Also, material changes in the terms of a fund's investment advisory contract must be approved by a shareholder vote, and funds seeking to change investment objectives or policies deemed fundamental must seek shareholder approval.

## **Mutual Fund Disclosure—Informing Investors**

To protect investors, all mutual funds are highly regulated by the federal government through the U.S. Securities and Exchange Commission (SEC). As part of this government regulation, all funds must provide two types of documents to investors free of charge: a prospectus and a shareholder report.

A mutual fund's prospectus describes the fund's goals, fees and expenses, investment strategies and risks, as well as information on how to buy and sell shares. A fund's current prospectus can be obtained from the fund, a broker, or financial planner. The SEC requires a fund to provide a full prospectus either before an investment or together with the confirmation statement of an initial investment.

Annual and semiannual shareholder reports discuss the fund's recent performance and include other important information, such as the fund's financial statements. By examining these reports, an investor can learn if a fund has been effective in meeting the goals and investment strategies described in the fund's prospectus.



## Directors

A mutual fund is governed by a board of directors. The directors of a mutual fund are responsible for overseeing the management of the fund's business affairs. Because mutual fund directors are, in essence, looking out for shareholders' money, the law holds directors to a very high standard. They must exercise the care that a reasonably prudent person would take with his or her own business. They are expected to exercise sound business judgment, establish procedures, and undertake oversight and review of the performance of the investment adviser, principal underwriter, and others that perform services for the fund. 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.

According to new SEC rules, a majority of most funds' boards of directors must be independent of their fund's investment adviser or principal underwriter (see *SEC Enhances Independence of Fund Directors* on page 18). Independent fund directors serve as watchdogs for the shareholders' interests and oversee a fund's investment adviser and others closely affiliated with the fund.

## Investment Advisers

An investment adviser is responsible for selecting portfolio investments consistent with the objectives and policies stated in the mutual fund's prospectus. The investment adviser places portfolio orders with broker-dealers and is responsible for obtaining the best overall execution of those orders.

A written contract between a mutual fund and its investment adviser specifies the services the adviser performs. Most advisory contracts provide that the adviser receive an annual fee based on a percentage of the fund's average net assets (see *Management Fees* on page 13).

The adviser is subject to numerous legal restrictions, especially regarding transactions between itself and the fund it advises.

## Administrators

Administrative services may be provided to a fund by an affiliate of the fund, such as the investment adviser, or by an unaffiliated third party. Administrative services include overseeing the performance of other companies that provide services to the fund and ensuring that the fund's operations comply with legal requirements. Typically, a fund administrator pays for office costs and personnel, provides general accounting services, and may also prepare and file SEC, tax, shareholder, and other reports.

### SEC Enhances Independence of Fund Directors

Mutual funds are the only companies in America that are required by law to have independent directors. This system of overseeing the interests of mutual fund shareholders has helped the industry avoid systemic problems and contributed significantly to public confidence in mutual funds.

The SEC has long recognized that independent directors play a critical role in the governance of mutual funds. In January 2001, the SEC adopted substantive rule and form amendments designed to enhance the independence of investment company directors and provide investors with more information to assess directors' independence.

**The adopted amendments require, for funds relying on certain exemptive rules, that:**

- independent directors constitute at least a majority of the fund's board of directors;
- independent directors select and nominate other independent directors; and
- any legal counsel for the fund's independent directors be an independent legal counsel.

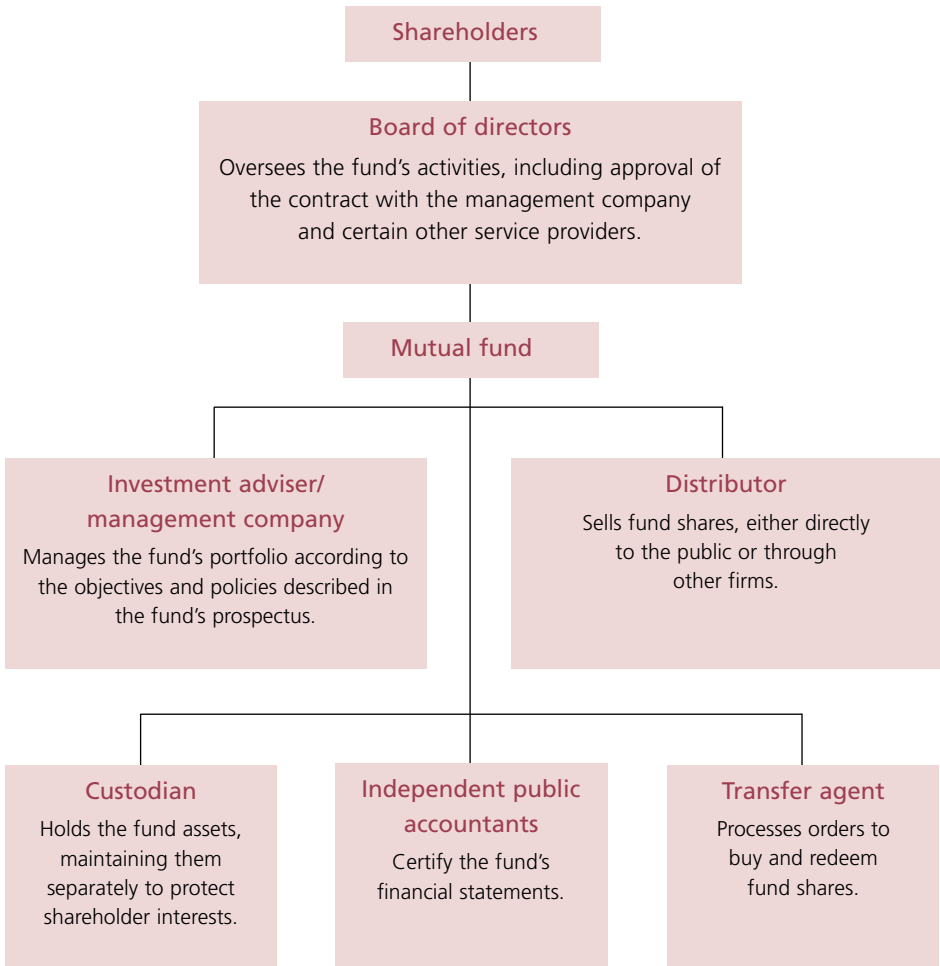
**In addition, the SEC requires funds to provide extensive information about directors, including:**

- basic information about the identity and business experience of directors;
- fund shares owned by directors;
- information about directors that may raise conflict-of-interest concerns; and
- the board's role in governing the fund.

For a detailed discussion of the new fund governance rules, visit ICI's website at [www.ici.org/issues/fund\\_governance.html](http://www.ici.org/issues/fund_governance.html).

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## The Structure of a Mutual Fund



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### Principal Underwriters

Most mutual funds continuously offer new shares to the public at a price based on the current value of fund assets plus any sales charges. Mutual funds usually distribute their shares through principal underwriters. Principal underwriters are regulated as broker-dealers and are subject to National Association of Securities Dealers, Inc. rules governing mutual fund sales practices.

## Custodians

Mutual funds are required by law to protect their portfolio securities by placing them with a custodian. Nearly all mutual funds use qualified bank custodians. The SEC requires mutual fund custodians to segregate mutual fund portfolio securities from other bank assets.

## Transfer Agents

A transfer agent is employed by a mutual fund to conduct recordkeeping and related functions. Transfer agents maintain records of shareholder accounts, calculate and disburse dividends, and prepare and mail shareholder account statements, federal income tax information, and other shareholder notices. Some transfer agents prepare and mail statements confirming shareholder transactions and account balances, and maintain customer service departments to respond to shareholder inquiries.

## Taxation, Tax Exemption, and Tax Deferral

Unlike most corporations, a mutual fund generally distributes all of its earnings each year and is taxed only on amounts it retains. Thus, the fund's earnings typically are taxed only once—when received by the fund's shareholders.

This specialized “pass-through” tax treatment of mutual fund income and capital gains was established under the Revenue Act of 1936 and endures today under Subchapter M of the Internal Revenue Code of 1986. To qualify for this favorable tax treatment under the Code, mutual funds must meet, among other conditions, various investment diversification standards and pass a test regarding the source of their income.

## Types of Distributions

Mutual funds make two types of taxable distributions to shareholders every year: ordinary dividends and capital gains. *Dividend distributions* come primarily from the interest and dividends earned by the securities in a fund's portfolio, after expenses are paid by the fund. These distributions must be reported as dividends on an investor's tax return. *Capital gain distributions* represent a fund's net gains, if any, from the sale of

securities held in its portfolio for more than one year. When gains from these sales exceed losses, they are distributed to shareholders. Beginning in 2001, distributions of capital gains on assets held by the fund for more than five years will be eligible for treatment as “qualified five-year gains”—taxable at an 8 percent rate—instead of the traditional 10 percent rate for these gains.

At tax time, mutual funds send investors Form 1099-DIV, which tells them what earnings, if any, to report on their income tax return. Ordinary dividends are reported as dividend income; capital gain distributions and qualified five-year gain distributions (for eligible investors) are reported as such—regardless of how long the taxpayer has owned the fund shares.

### **Year-End Distributions from Mutual Funds**

Investors often hear suggestions, around November and December, to postpone large, lump-sum mutual fund share purchases until January. Mutual funds sometimes make large taxable distributions around this time, the argument goes, and an investor can avoid taxes by waiting the few weeks until the new tax year begins on January 1.

Several important factors—relating to the type of fund and the amount of any expected distribution—should be considered before pursuing such a “timing” strategy. First, the timing of investments in money market funds is irrelevant. These funds declare dividends daily and seek to maintain a \$1 share price; investors incur a tax liability on the dividends declared each day. Second, funds that distribute their income more frequently (e.g., monthly or quarterly) make the timing issue less important. For example, bond funds usually offer periodic distributions, making year-end payouts typically small. Third, even for funds that distribute only once per year, the year-end payout may not be large. Funds with relatively low portfolio turnover, such as index funds, may have no capital gains to distribute.

Overall, the benefits of timed transactions may be outweighed by the market risks they entail. An increase in a share price while waiting to buy could cost more than the tax an investor is trying to avoid.

## How Dividend and Capital Gain Distributions Affect a Fund's Share Price

Whenever funds distribute dividends and capital gains to shareholders, the share price or net asset value (NAV) drops by the amount distributed. For example, an investor buys 10 shares of a fund for \$100 at an NAV of \$10. Later, the fund distributes a capital gain of 50 cents per share and ordinary income of 50 cents per share (for a total of \$1 per share). At that point, the shareholder receives a \$10 dividend, the NAV drops to \$9 a share, and the total value of the shareholder's 10 shares declines to \$90.

Despite the lower post-distribution price, the total value of the shareholder's investment remains unchanged. If the shareholder reinvested the dividend, 1.1 additional shares (with an NAV of \$9) are purchased for \$10 and the total value of the 11.1 shares returns to \$100. If the \$10 is retained, the investor has 10 shares worth \$90 and \$10 in cash.

## Share Sales and Exchanges

An investor who sells mutual fund shares usually incurs a capital gain or loss in the year the shares are sold; an exchange of shares between funds in the same fund family also results in either a capital gain or loss (see *Tax-Deferred Retirement Accounts* on page 25 for exceptions to these rules).

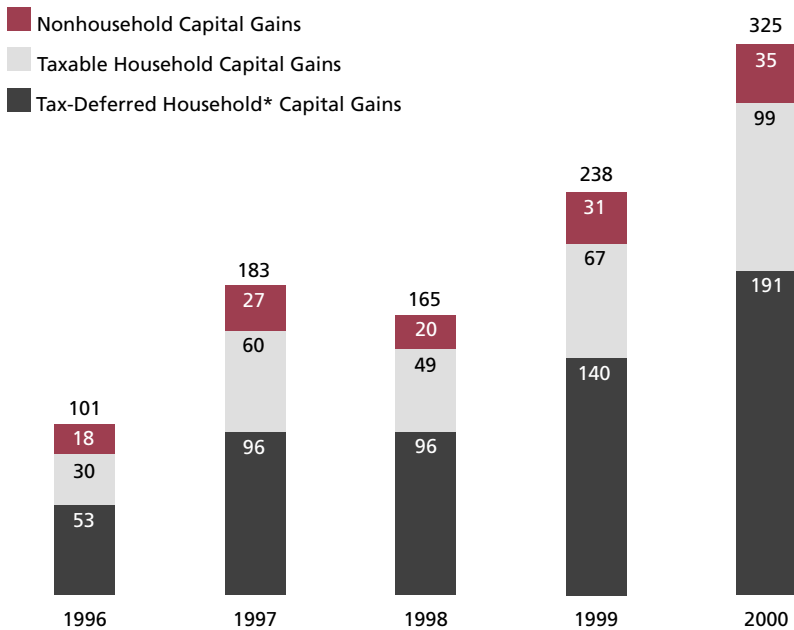
Investors are liable for tax on any capital gain arising from the sale of fund shares, just as they would be if they sold any other security such as a stock or bond. Capital losses from mutual fund share sales and exchanges, like capital losses from other investments, may be used to offset other gains in the current year and thereafter.

The amount of a shareholder's gain or loss on fund shares is determined by the difference between the "cost basis" of the shares (generally, the purchase price for shares, including those acquired with reinvested dividends) and the sale price. To figure the gain or loss on a sale of shares, it is essential to know the cost basis. Many funds provide cost basis information to shareholders or compute gains and losses for shares sold.

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## Capital Gain Distributions Paid by Mutual Funds

(billions of dollars)



\* Households are defined to exclude mutual fund assets attributed to business corporations, financial institutions, nonprofit organizations, other institutional investors, and fiduciaries.

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Gains and losses on the sale or exchange of fund shares are reported on Part I of Schedule D on Form 1040 (*Short-Term Capital Gains and Losses*) if the shares were held for one year or less, and on Part II (*Long-Term Capital Gains and Losses*) if held for more than one year. Beginning in 2001, gains on the sale of shares held for more than five years would be reported (for certain shareholders) as qualified five-year gains.

## After-Tax Returns

Mutual fund shareholders who have taxable accounts should understand the impact that taxes can have on the returns generated by their investments. In January 2001, the SEC adopted a rule that requires mutual funds to disclose standardized after-tax returns for one-, five-, and 10-year periods. After-tax returns, which will accompany before-tax returns in fund prospectuses, are presented in two ways:

- after taxes on fund distributions only (pre-liquidation); and
- after taxes on fund distributions and an assumed redemption of fund shares (post-liquidation).

While understanding the tax consequences of investing in mutual funds is important, shareholders must also be aware that assumptions in the after-tax return calculations may not reflect their current tax situation. For instance, after-tax returns are calculated using the highest individual federal income tax rate—a rate that applies to only a very small portion of fund shareholders. In addition, short-term capital gain rates are used in the one-year after-tax return calculation; however, holding shares for one more day would make them eligible for lower long-term capital gain rates.

## Tax-Exempt Funds

Tax-exempt bond funds pay dividends earned from municipal bond interest. This income is exempt from federal income tax and, in some cases, state and local taxes as well. Tax-exempt money market funds invest in short-term municipal securities and also pay exempt-interest dividends.

Even though income from these two types of funds is generally tax-exempt, investors must report it on their income tax returns. Tax-exempt mutual funds provide investors with this information in a year-end statement, and they typically explain how to handle tax-exempt dividends on a state-by-state basis. For some taxpayers, portions of income earned by tax-exempt funds may also be subject to the federal alternative minimum tax.



Even though municipal bond dividends and interest may be tax-free, an investor who redeems tax-exempt fund shares may realize a taxable capital gain. An investor may also realize a taxable gain from a tax-exempt fund if the fund manager sells securities during the year for a net gain.

## Tax-Deferred Retirement Accounts

Mutual fund investments in certain retirement accounts are tax-deductible and, generally, dividend and capital gain distributions remaining in the accounts accrue tax-deferred until distributed from the account.

In employer-sponsored 401(k) plans, for example, individuals typically contribute pre-tax dollars from their salary to an account in the plan. Similarly, IRA contributions may be tax-deductible, depending upon a person's eligibility to participate in an employer-sponsored retirement plan and their adjusted gross income.

Taxes on mutual fund earnings are deferred when they remain in 401(k) plans, IRAs, and other similar tax-deferred accounts, such as 403(b) accounts. Thus, no tax is incurred as a result of dividend and capital gain distributions, or from the sale of fund shares, until the investor takes distributions from the tax-deferred account.

Distributions are treated as income, which is subject to the investor's federal income tax rate at the time of distribution. (Nondeductible or after-tax contributions to these retirement accounts are not subject to taxation at distribution, and distributions from Roth IRAs also may not be subject to taxation at distribution.)

For most investors, distributions from tax-deferred accounts typically begin at or near retirement age, at which time the individual may be in a lower income tax bracket. Investors who receive proceeds from tax-deferred accounts prior to age 59½ may incur a tax penalty in addition to federal, state, and local income taxes.

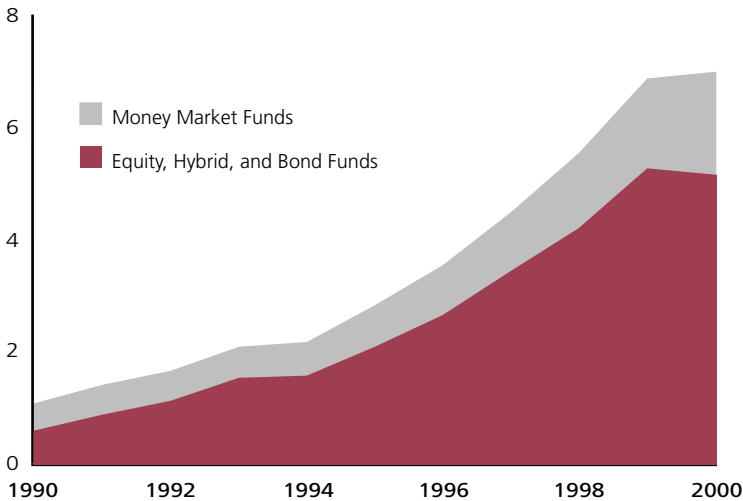


## U.S. Mutual Fund Developments, 1990-2000

Mutual funds grew to be a more important part of the U.S. financial system during the 1990s than they had been in the prior decade. Assets held in U.S.-based mutual funds rose from slightly less than \$1 trillion at the beginning of 1990 to just under \$7 trillion by year-end 2000.

### Assets of Mutual Funds, 1990-2000

(trillions of dollars)



Note: See page 108 for data points on this chart.

A near-perfect set of economic conditions set the stage for the expansion of the mutual fund industry. Strong economic and corporate profit growth, low inflation, technological innovation, exceptional stock returns, and relatively low interest rates all favored securities investments, including mutual funds.

## Asset Growth

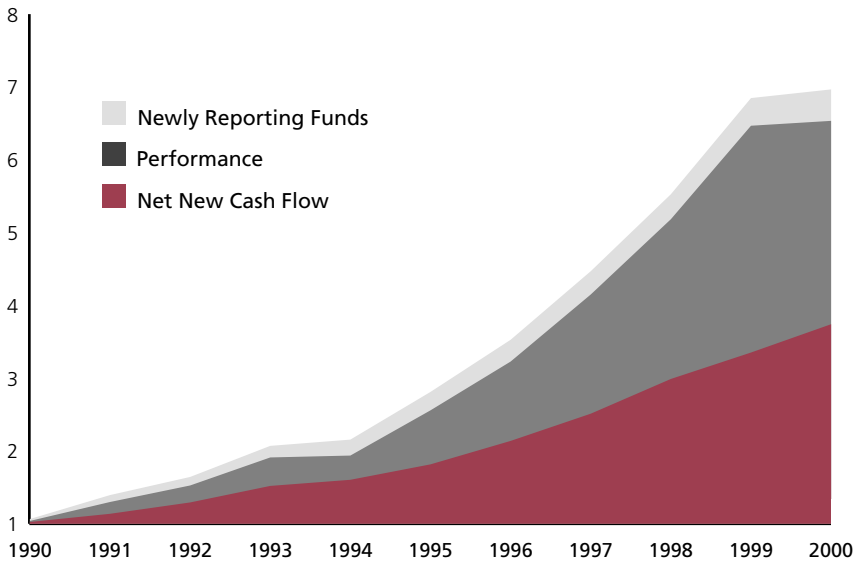
Assets of U.S.-based mutual funds grew at an annual rate of 19.5 percent from the beginning of 1990 through the end of 2000. This growth has made mutual funds the largest financial intermediary in the United States.

Nearly half of the growth during the period was the result of fund performance—asset appreciation plus reinvested dividends and capital gain distributions—while 46 percent came from net new cash from investors, and the remainder was attributable to new funds.

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### Components of Mutual Fund Asset Growth,\* 1990-2000

(trillions of dollars)



\* Newly reporting funds are excluded from the calculation of fund performance and net new cash flow during the month in which they are introduced to the Institute's database. Asset levels plotted in the chart include year-end 1989 assets of \$981 billion.

Note: See page 108 for data points on this chart.

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## Net New Cash Flow to Mutual Funds, 1990-2000

(billions of dollars)

|             | Equity | Hybrid | Bond   | Money Market | Total* | Total Mutual Fund Assets |
|-------------|--------|--------|--------|--------------|--------|--------------------------|
| <b>1990</b> | 12.9   | 1.5    | 6.8    | 23.2         | 44.4   | 1,065.2                  |
| <b>1991</b> | 39.9   | 7.1    | 59.2   | 5.5          | 111.7  | 1,393.2                  |
| <b>1992</b> | 79.0   | 21.8   | 70.9   | (16.3)       | 155.4  | 1,642.5                  |
| <b>1993</b> | 127.3  | 44.2   | 70.6   | (14.1)       | 228.0  | 2,070.0                  |
| <b>1994</b> | 114.5  | 23.1   | (62.5) | 8.8          | 83.9   | 2,155.4                  |
| <b>1995</b> | 124.4  | 4.0    | (6.1)  | 89.4         | 211.7  | 2,811.5                  |
| <b>1996</b> | 217.0  | 12.3   | 2.8    | 89.4         | 321.4  | 3,526.3                  |
| <b>1997</b> | 227.1  | 16.5   | 28.4   | 102.1        | 374.1  | 4,468.2                  |
| <b>1998</b> | 157.0  | 10.2   | 74.6   | 235.3        | 477.1  | 5,525.2                  |
| <b>1999</b> | 187.7  | (12.4) | (5.5)  | 193.6        | 363.4  | 6,846.3                  |
| <b>2000</b> | 309.6  | (31.8) | (48.6) | 159.6        | 388.9  | 6,965.2                  |

\*Components may not sum to the total due to rounding.

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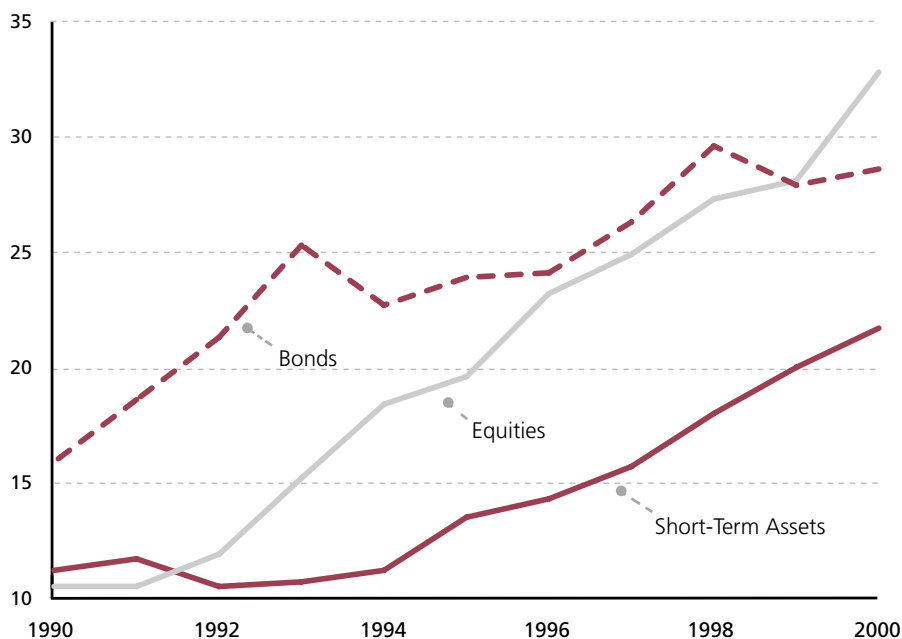
### Household Demand for Mutual Funds

As stocks and other financial assets earned relatively high returns in the 1990s, households shifted their asset allocations away from real estate and other tangible assets to financial assets. During this shift, households showed an increasing preference to invest through mutual funds rather than owning securities directly.

The number of U.S. households owning mutual funds more than doubled from 23.4 million at the beginning of the decade to 50.6 million in 2000. As a result, nearly one-half of U.S. households, representing 87.9 million shareholders, now own mutual funds.

## Share of U.S. Household Bond, Equity, and Short-Term Assets\* Held Through Mutual Funds, 1990-2000

(percent of total)



\*Short-term assets consist of foreign deposits, checkable deposits, currency, time and savings deposits, and money market funds.

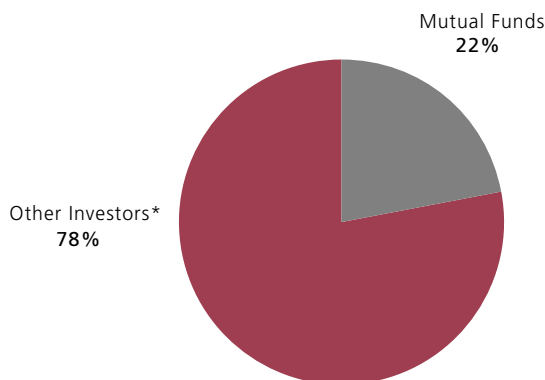
Source: Federal Reserve Board and Investment Company Institute

Note: See page 109 for data points on this chart.

**Equity Funds.** The share of household equity assets held in mutual funds reached 33 percent in 2000, up from 11 percent in 1990. Moreover, 85 percent of equity-owning households held a portion of their stocks through mutual funds in 1999, up from about 50 percent in 1992. Despite households' growing preference for funds during the 1990s, mutual funds hold only about 22 percent of all publicly traded U.S. stocks, with pension funds, insurance companies, and households' direct holdings accounting for the other 78 percent.

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## Mutual Fund Ownership of U.S. Corporate Equity, December 31, 2000



Value of Publicly Held U.S. Equity Outstanding: \$15.1 trillion

*\*Other investors include U.S. households, pension funds, and insurance companies.*

*Source: Investment Company Institute, Nasdaq, AMEX, and NYSE*

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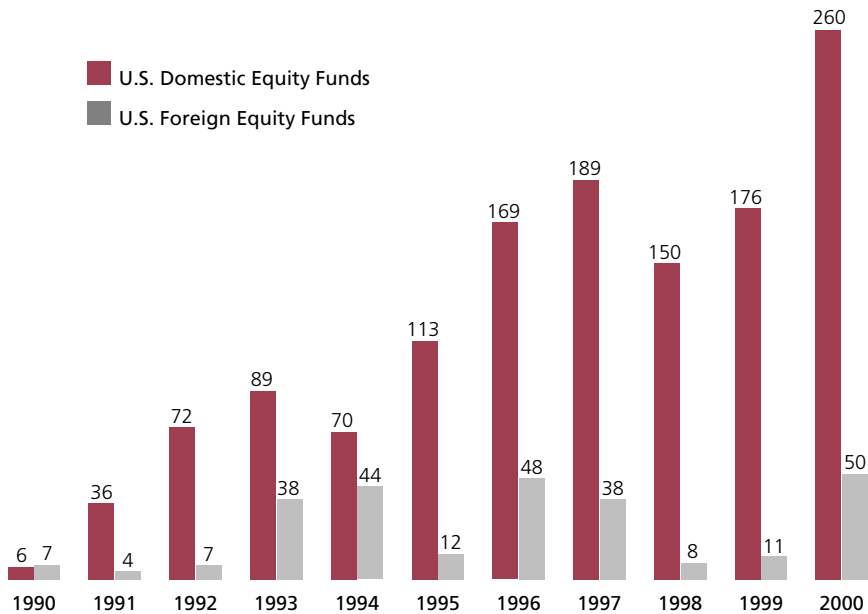
Funds that invested mainly in U.S. securities (domestic equity funds) attracted 83 percent of the net new cash flow to equity funds during the 1990s. In 2000, net new cash flow to domestic equity funds was a record \$260 billion, up from \$176 billion in 1999.

World equity funds, which invest primarily in stocks of foreign companies, were also an important element of the growing mutual fund demand, as some investors increasingly sought to diversify their financial assets through overseas investments. Mutual funds are one of the primary vehicles many investors use to purchase foreign stocks, largely because of the difficulty and expense of making direct purchases of stocks not listed on U.S. exchanges. Annual net flows into world equity funds totaled \$50 billion in 2000, up from \$11 billion in 1999.

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## Net New Cash Flow to U.S. Equity Funds, Domestic vs. Foreign, 1990-2000

(billions of dollars)



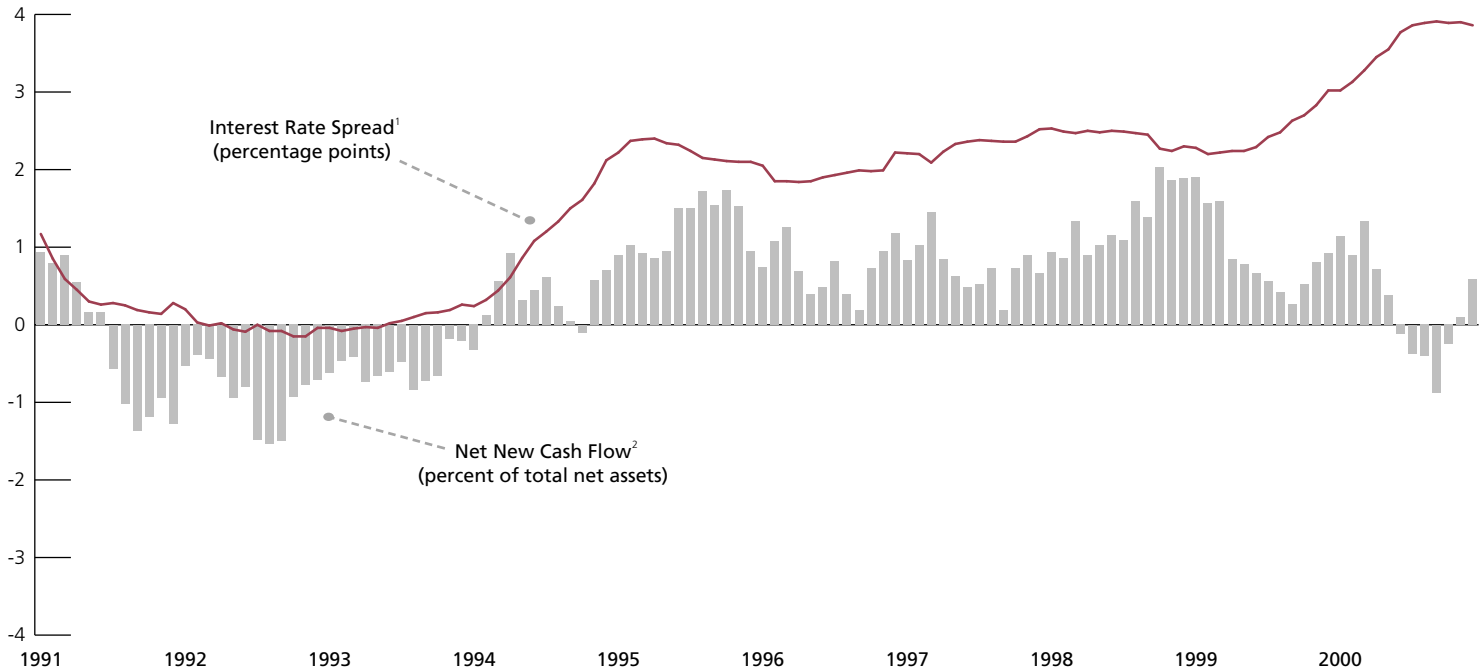
Note: The sum of the net flows to foreign and domestic funds may not equal the total shown on page 29 because of rounding. Data for funds that invest in other mutual funds were excluded from the series.

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***Bond and Hybrid Funds.*** Households increased their share of bond assets held through mutual funds from 16 percent in 1990 to 29 percent in 2000. Bond and hybrid fund returns were lifted by falling interest rates in the early 1990s, boosting inflows. During the second half of the decade, net flows to bond and hybrid funds were notably weaker and the shift toward indirect ownership of bonds slowed. Bond and hybrid funds experienced net outflows in 2000 as rising interest rates dampened household demand for these funds.



## Interest Rate Spread and Net New Cash Flow to Retail Money Market Funds, 1991-2000



<sup>1</sup> The interest rate spread is the difference between the taxable retail money market fund yield and the average interest rate on money market deposit accounts; the series is plotted as a six-month moving average.

<sup>2</sup> Net new cash flow is defined as a percent of retail money market fund assets and is shown as a six-month moving average.

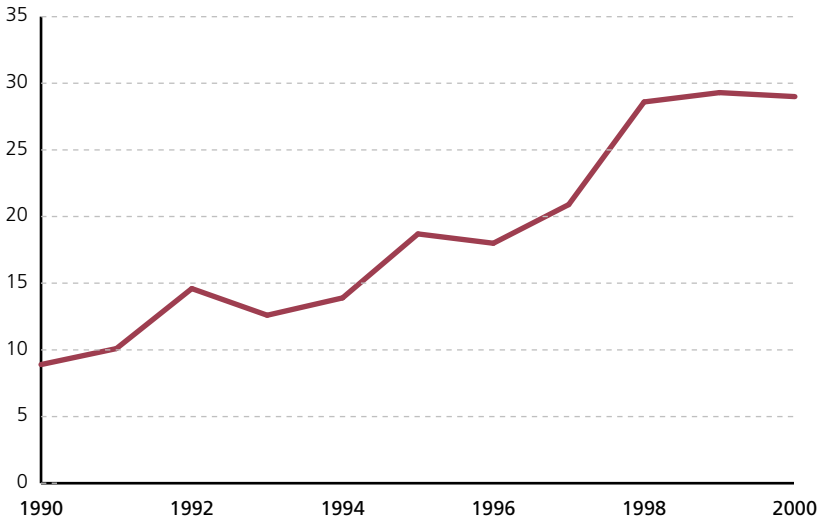
Source: Investment Company Institute, Imoneynet.com, and Bank Rate Monitor

Note: See page 109 for data points on this chart.

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## Share of U.S. Business Short-Term Assets\* Held Through Money Market Funds, 1990-2000

(percent of total)



\*Business short-term assets consist of foreign deposits, checkable deposits, money market funds, repurchase agreements, and commercial paper.

Source: Federal Reserve Board and Investment Company Institute

Note: See page 112 for data points on this chart.

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**Money Market Funds.** The consistently higher yields of money market funds over savings deposits during the last half of the 1990s contributed to money market fund growth. After 1994, money market funds, on average, earned about 2.5 percent more per year than savings deposits. This wide yield spread encouraged retail investors to shift more of their short-term assets into money funds.

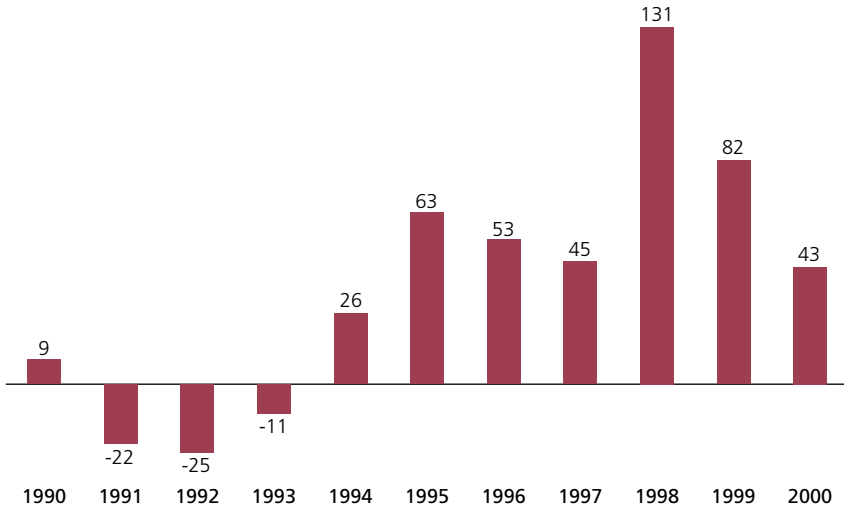
By the end of 2000, 22 percent of households' short-term assets were held in money funds, up from 11 percent in 1990. Between 1994 and 2000, the percentage of U.S. households owning money funds rose from 10 percent to 24 percent.

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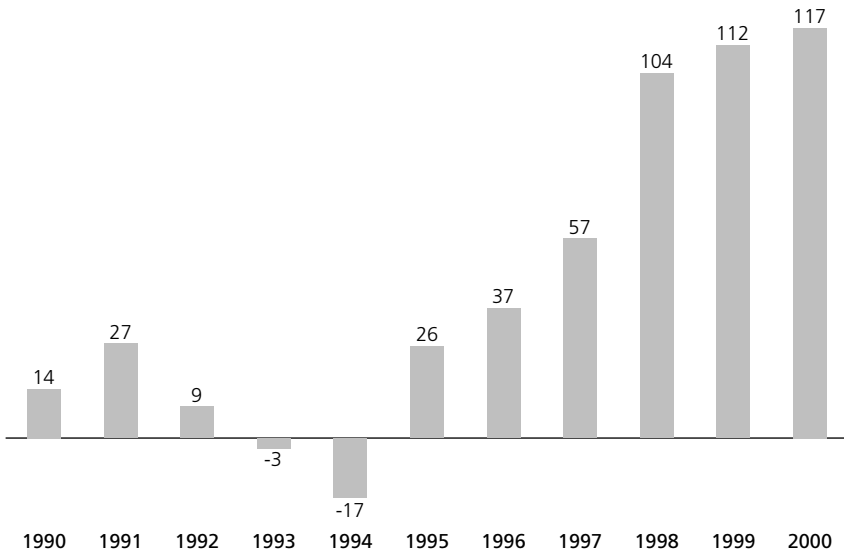
## Net New Cash Flow to Money Market Funds, 1990-2000

(billions of dollars)

### Retail



### Institutional



## Institutional Demand for Money Market Mutual Funds

Businesses increasingly turned to money market funds for cash management during the 1990s. Money fund assets held by businesses (excluding financial services companies) grew at an annual rate of 24 percent between 1990 and 2000 from \$26 billion to \$219 billion. As a result of this growth, money funds' share of short-term business assets rose from 9 percent in 1990 to 29 percent in 2000.

The growth in business holdings of money market mutual funds is partly due to corporations' preference to outsource cash management to mutual funds rather than holding liquid securities directly. By using money funds, these corporations benefit from economies of scale provided by mutual funds that they would be unable to achieve through internal management of their liquid assets.

## Other Industry Developments

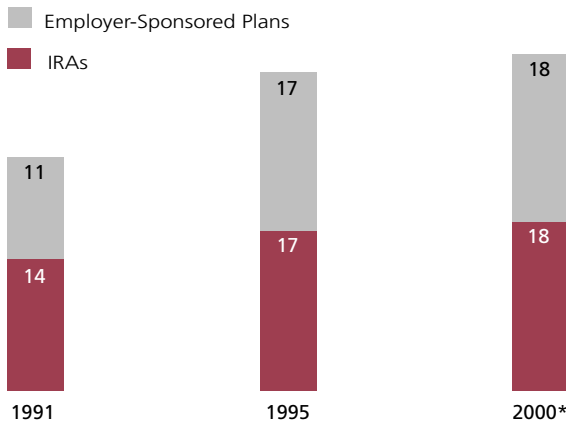
The growing importance of defined contribution retirement plans, the development of new sales channels, a larger variety of funds, and lower costs also led to fund industry growth during the 1990s.

*Retirement Market.* With the growing popularity of defined contribution retirement plans, mutual funds expanded their presence in the private pension system. At the beginning of the decade, most retirement assets in mutual funds were held in IRAs. Employer-sponsored defined contribution plans became an important source of net new flow to mutual funds during the decade, either directly through plan contributions or indirectly from rollovers to IRAs. Plan sponsors increasingly chose mutual funds as plan investment options because funds provided more services than other types of pooled investment products and they satisfied regulatory criteria established for participant-directed plans. By year-end 2000, the shares of mutual fund assets in defined contribution plans and IRAs were roughly equal.

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## Share of Mutual Fund Assets in Retirement Accounts, Selected Years

(percent of total mutual fund assets)



\*Preliminary data

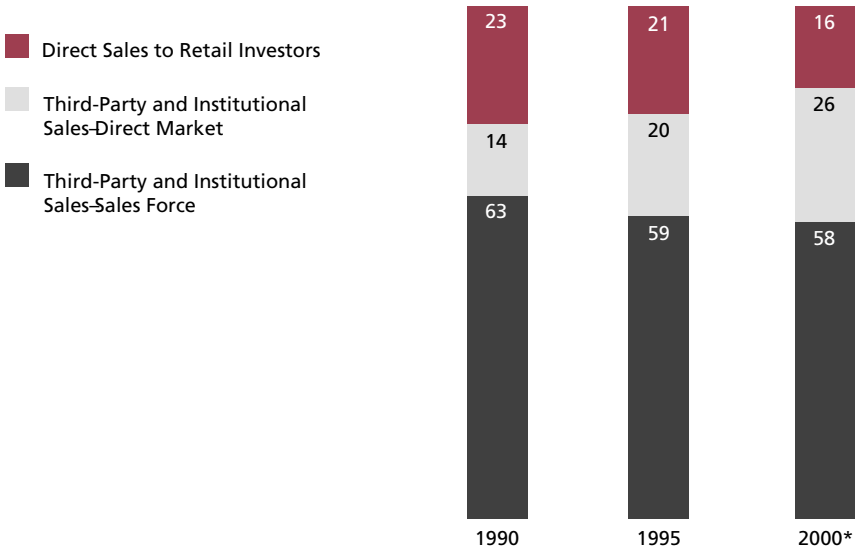
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*Distribution Channels.* With the rising demand for mutual funds in the 1990s, fund companies and distribution companies developed new outlets for selling mutual funds and expanded traditional sales channels. Overall, the estimated share of new long-term fund sales made directly to retail investors decreased from 23 percent in 1990 to 16 percent in 2000. Meanwhile, the new sales of long-term funds made to retail investors through third parties or to institutional investors rose from 77 percent to 84 percent.

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## Share of New Sales of Long-Term Funds by Distribution Channel, Selected Years

(percent)



\*Preliminary data

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Many funds primarily marketed directly to investors turned increasingly to third parties and intermediaries for distribution. (Third-party distribution channels include employer-sponsored plans, mutual fund supermarkets, fee-based advisors, mutual fund wrap account programs, and bank trust departments.) For example, in 1990, an estimated 62 percent of new sales of direct-marketed funds were direct sales to retail investors, such as via mail, by telephone or

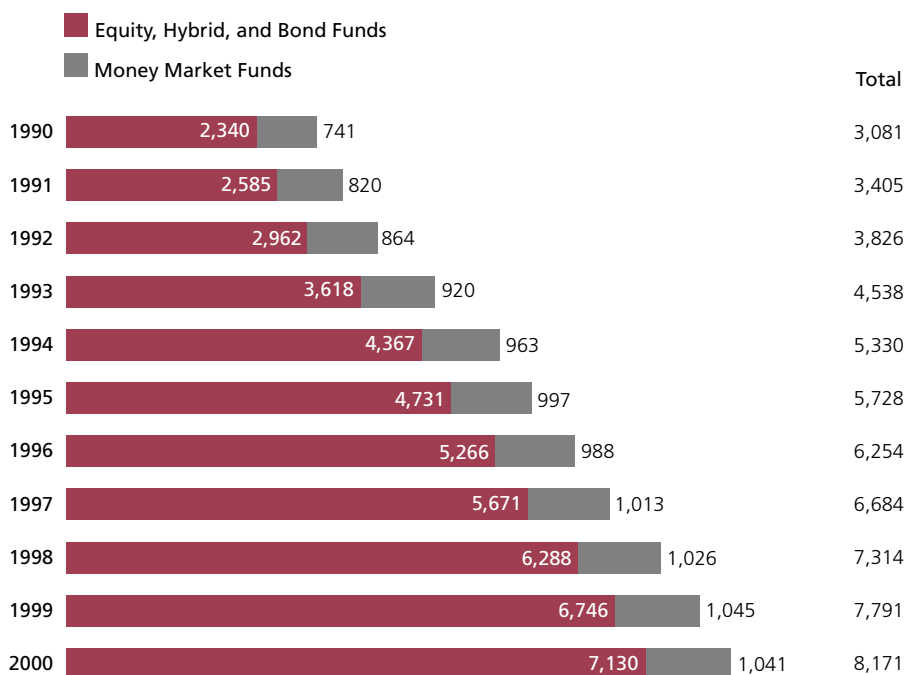
the Internet, or at office locations; by year-end 2000, this share had fallen to 38 percent. Meanwhile, the share of new sales of direct-marketed funds conducted through third-parties or to institutional investors increased from 38 percent to 62 percent.

Likewise, funds that were traditionally sold through a sales force of brokers shifted increasingly to nontraditional sources of sales such as employer-sponsored pension plans, banks, and life insurance companies in the 1990s. By year-end 2000, the share of new sales of sales-force funds through nontraditional sources rose to 67 percent from 41 percent in 1990.

*Size.* The increased demand for mutual funds in the 1990s led to the creation of a large number of new mutual funds. The number of funds rose from around 2,900 at the beginning of the decade to about 8,200 by year-end 2000. Equity funds accounted for more than half of the new funds. Due to the rapid growth in the number of equity funds, the typical fund remained quite small. Half of the equity funds in early 1990 had less than \$50 million in assets. Despite the enormous growth in overall equity fund assets, by 2000, median fund assets had risen to only \$119 million.

The variety of equity funds also expanded, with fund complexes offering specialized funds appealing to diverse investor preferences. Also, domestic funds increasingly differentiated themselves by offering varied investment objectives, tailoring their investment portfolios according to market capitalization, sector, technology, and other attributes (see *Mutual Fund Investment Objectives* on pages 3-6).

## Number of Mutual Funds, 1990-2000



**Concentration.** Although industry assets grew during the 1990s and many fund companies attracted substantial assets, asset concentration among the largest mutual fund complexes changed only marginally during the decade. The five largest fund organizations in 1990 held 37 percent of the industry's assets, whereas in 2000 the top five had 34 percent share.

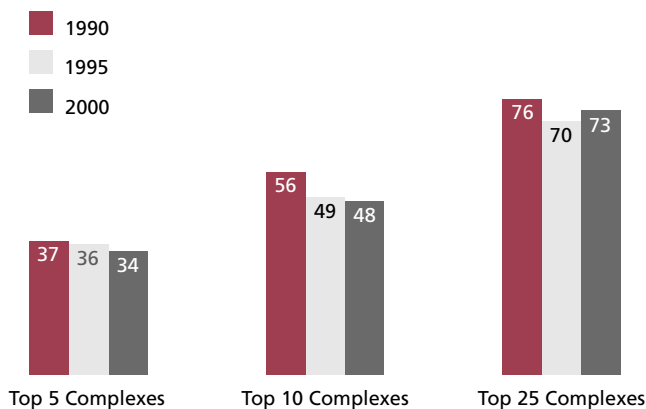
**Cost.** Despite the increasing demand for mutual funds and the increasing number of services funds offered, the cost of owning mutual funds declined substantially across all major types of funds (see *Affordability* on page 10). From 1990 to 1998, total shareholder cost decreased by 25 percent for equity funds, 36 percent for bond funds, and 21 percent for money market funds. Since 1980, total shareholder cost has decreased by 40 percent for equity funds, 29 percent for bond funds, and 24 percent for money market funds.



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## Share of Assets at Largest Mutual Fund Complexes, Selected Years

(percent of industry total)



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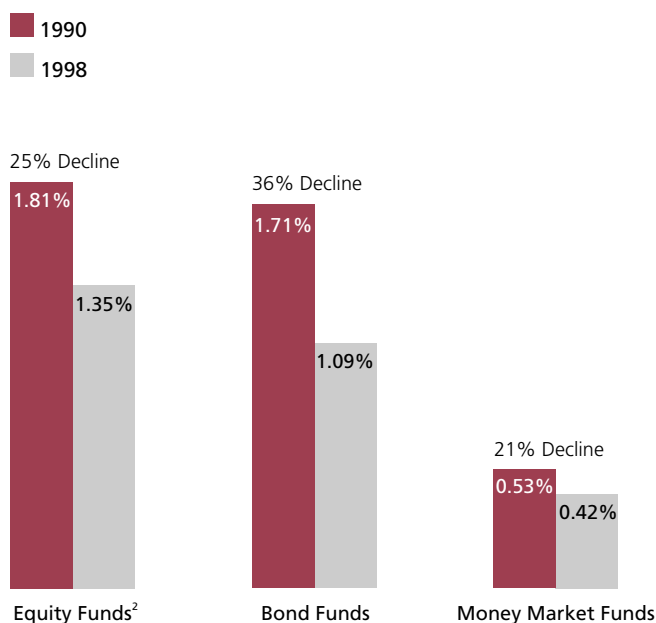
The decrease in shareholder cost likely reflected several factors, including increased competition among funds. Many load funds responded to competitive gains made by no-load funds by lowering distribution costs. In addition, many individual funds achieved economies of scale as their asset growth resulted in greater operating efficiencies. Consequently, many fund complexes were able to offer funds and fund services at a lower cost per dollar of shareholder assets.

### Shareholder Behavior During Market Volatility

The broad, upward movement in U.S. equity prices in the 1990s was interrupted on several occasions by sharp but relatively brief market sell-offs. In addition, foreign stock markets suffered several periods of turmoil that sharply depressed returns on foreign-related stocks funds. The reaction of mutual fund shareholders to these periods of market volatility, however, was marked by restraint with no tendency toward mass redemptions.

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## Total Shareholder Cost for Mutual Funds,<sup>1</sup> 1990 and 1998



<sup>1</sup>Sales-weighted average of total shareholder costs for individual funds.

<sup>2</sup>Includes hybrid funds

Source: Investment Company Institute; Morningstar, Inc.; Lipper Analytical Services, Inc.; Value Line Publishing, Inc.; CDA/Wiesenberger Investment Companies Service; Wiesenberger Investment Companies Service; © CRSP University of Chicago, used with permission, all rights reserved (773.702.7467/www.crsp.com); Primary datasource & © Standard and Poor's Micropal, Inc. 1998 (617.451.1585/www.micropal.com); and Strategic Insight Mutual Fund Research and Consulting, LLC.

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During U.S. market breaks in 1990, 1994, 1997, and 1998, domestic equity funds experienced net outflows that were small relative to assets and brief in duration. Net inflows typically resumed as stock prices recovered. Volatility in emerging markets in 1994, 1997, and 1998 also elicited a muted response from owners of international and emerging market funds.

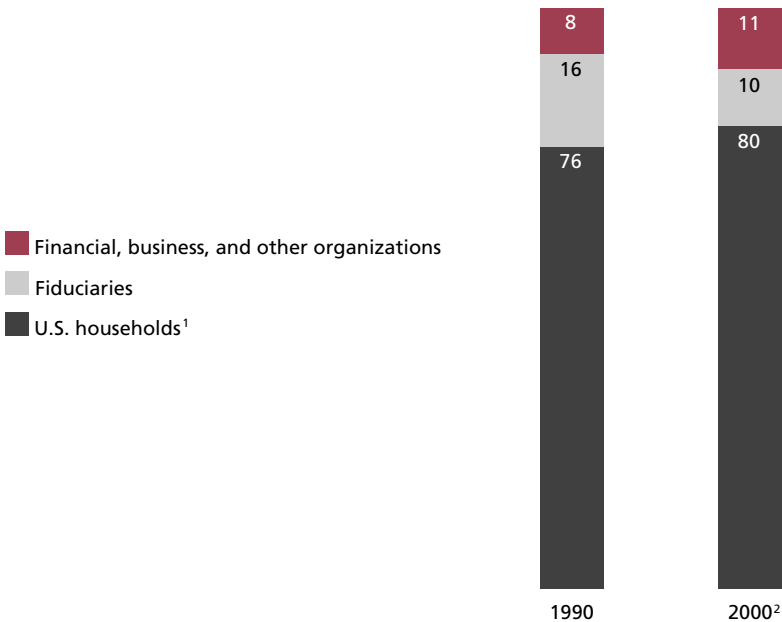
This pattern of net flows is similar to the reaction of mutual fund owners during other market breaks since 1944, demonstrating a consistency in shareholder behavior that was not altered by the expansion of fund ownership during the 1990s.

## Mutual Fund Ownership and Shareholder Characteristics

An estimated 87.9 million individuals in 50.6 million U.S. households own the majority of the mutual fund industry's \$6.965 trillion in assets. As of year-end 2000, they held \$5.5 trillion, or 80 percent, of mutual fund assets, while fiduciaries—banks and individuals serving as trustees, guardians, or administrators—and other institutional investors held the remaining \$1.4 trillion, or 20 percent.

### Composition of Mutual Fund Ownership, 1990 and 2000

(percent of total mutual fund assets)



Note: Total assets of mutual funds were \$1.065 trillion at year-end 1990 and \$6.965 trillion at year-end 2000. Components may not add to 100 percent due to rounding.

<sup>1</sup>Household holdings include mutual funds held in retail accounts as well as through employer-sponsored pension plans, individual retirement accounts, and variable annuities.

<sup>2</sup>Preliminary data

## U.S. Household Financial Assets

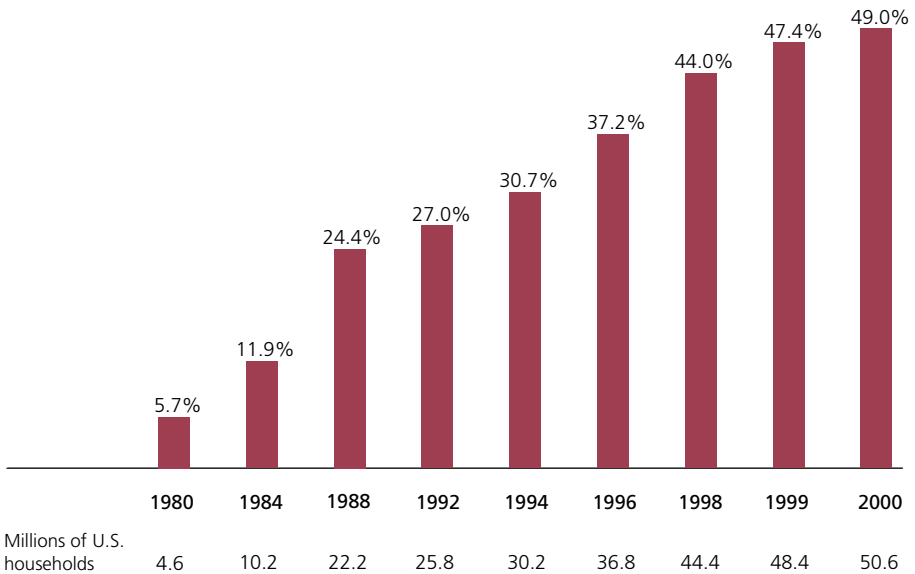
U.S. households own many financial assets, including mutual funds, stocks, bonds, and bank deposits. In 2000, households made \$271 billion net purchases of financial assets, down from \$476 billion in 1999. On balance, households were net sellers of directly held stocks and bonds but net buyers of mutual funds.

U.S. households invested \$446 billion of their total net purchases of financial assets in mutual funds (including reinvested dividends) in 2000. Long-term mutual funds—equity, hybrid, and bond funds—accounted for \$284 billion and money market funds, \$162 billion.

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### U.S. Household Ownership of Mutual Funds, 1980-2000\*

(percent of U.S. households)



\*U.S. households owning mutual funds in 1980 and 1984 were estimated from data on the number of accounts held by individual shareholders and the number of funds owned by fund-owning households; data for 1980 through 1992 exclude households owning mutual funds only through employer-sponsored retirement plans; data for 1994 through 2000 include households owning mutual funds only through employer-sponsored retirement plans. The data for 1998, 1999, and 2000 include fund ownership through variable annuities.

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## U.S. Shareholder Characteristics

The 87.9 million individuals who own mutual funds are, in many respects, a reflection of the U.S. population itself. Investment Company Institute (ICI) research finds that the typical mutual fund investor is middle-aged, married, and saving for retirement. More specifically, the typical fund investor is 44 years old, with median household financial assets of \$80,000.

More than 80 percent of households with mutual fund holdings are headed by individuals in their primary income-earning years from age 25 to 64, with the heaviest concentration in the 35-to-44 age bracket. Only 17 percent of shareholders are retired from their primary occupation.

Most shareholders invest in funds for retirement, are willing to take at least moderate risk for moderate gain, and are not focused on short-term market fluctuations.

More than three-quarters of all mutual fund-owning households participate in an employer-sponsored defined contribution retirement plan. Sixty-two percent of fund-owning households own mutual funds in their defined contribution plans, and half view the workplace as their primary purchase channel for mutual funds. Fifty-seven percent have Individual Retirement Accounts.

The typical fund-owning household has \$25,000 invested in mutual funds, representing nearly a third of household financial assets. Seven out of eight shareholder households include equity funds among their holdings. Eighty-two percent of mutual fund shareholders are employed full- or part-time. In married households, the spouse also tends to work. Half of all household fund owners made their first mutual fund purchase before 1990 and more than one-third did so between 1990 and 1995.

---

## U.S. Mutual Fund Shareholder Characteristics<sup>1</sup>

### Median

|   |          |
|---|----------|
| Age <sup>2</sup>                        | 44 years |
| Household income                        | \$55,000 |
| Household financial assets <sup>3</sup> | \$80,000 |
| Household mutual fund assets            | \$25,000 |
| Number of mutual funds owned            | 4        |

### Percent

|   |    |
|---|----|
| Household investment decisionmaker:                   |    |
| Male is sole decisionmaker                            | 24 |
| Female is sole decisionmaker                          | 22 |
| Co-decisionmakers                                     | 54 |
| Married or living with a partner <sup>2</sup>         | 74 |
| Four-year college degree or more <sup>2</sup>         | 50 |
| Employed <sup>2</sup>                                 | 82 |
| Spouse or partner employed <sup>4</sup>               | 75 |
| Own: <sup>5</sup>                                     |    |
| Equity funds  | 88 |
| Bond funds  | 42 |
| Hybrid funds  | 35 |
| Money market funds                                    | 48 |
| Have variable annuity invested in mutual funds        | 23 |
| Own mutual funds bought: <sup>5</sup>                 |    |
| Outside employer-sponsored retirement plan(s) (total) | 54 |
| Sales force <sup>6</sup>                              | 39 |
| Direct market <sup>7</sup>                            | 25 |
| Inside employer-sponsored retirement plan(s) (total)  | 62 |
| Primary mutual fund purchase channel:                 |    |
| Outside employer-sponsored retirement plan(s) (total) | 50 |
| Sales force <sup>6</sup>                              | 34 |
| Direct market <sup>7</sup>                            | 16 |
| Inside employer-sponsored retirement plan(s)          | 50 |

<sup>1</sup>As of 1998.

<sup>2</sup>Refers to the household's responding financial decisionmaker for mutual fund investments.

<sup>3</sup>Excludes primary residence but includes assets in employer-sponsored retirement plans.

<sup>4</sup>Percent of shareholders married or living with a partner.

<sup>5</sup>Multiple responses included.

<sup>6</sup>Includes funds purchased from full-service brokers, insurance agents, financial planners, and bank representatives.

<sup>7</sup>Includes funds purchased directly from fund companies and through discount brokers.

Note: Number of respondents varies. Data includes households owning mutual funds inside and outside employer-sponsored retirement plans.

---

Investment decisionmaking is shared in 54 percent of fund-owning households. Males are the sole decisionmakers in 24 percent of fund-owning households, females in 22 percent. Members of the Baby Boom Generation (individuals born between 1946 and 1964) make up the greatest percentage of mutual fund shareholders, at 51 percent. Twenty-seven percent of fund shareholders are members of the Silent Generation (born before 1946), and 22 percent are members of Generation X (born in 1965 or later). Thirty-one percent of mutual fund shareholders reside in the Midwest; 30 percent in the South; 21 percent in the West; and 18 percent in the Northeast.

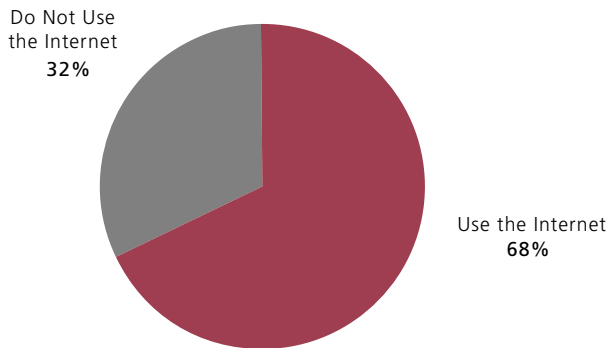
### Shareholders' Use of the Internet

The majority of mutual fund shareholders use the Internet, and nearly half of these online shareholders visit fund-related websites. ICI research finds that 68 percent of U.S. households owning mutual funds used the Internet between April 1999 and March 2000, up from 62 percent between July 1997 and August 1998.

---

#### Mutual Fund Shareholders' Use of the Internet, 2000\*

(percent of U.S. households owning mutual funds)



*\*In the 12 months preceding the survey (April 1999 through March 2000). Excludes shareholders using the Internet only to send or receive e-mail.*

---

The number of shareholders who visited websites offering fund shares (including mutual fund company and unaffiliated distributor websites) increased significantly, from one-third to nearly half, between the same periods. Shareholders who visited fund websites most frequently reviewed fund performance information, share prices, and personal account information.

Eighteen percent of all U.S. households that conducted mutual fund transactions between April 1999 and March 2000 bought or sold fund shares online. The median number of fund transactions conducted over the Internet during the 12-month period was four, while the average number was eight, indicating that a high volume of online transactions were conducted by a small number of shareholders.

Online shareholders were generally younger and had greater household income and financial assets than shareholders who did not use the Internet. The median age of online shareholders was 42, with a median household income of \$63,900 and median household financial assets of \$100,900. Online shareholders typically had \$40,000 invested in four mutual funds and were college-educated. Shareholders who did not use the Internet were typically 51 years old with a median of \$41,000 in household income and \$84,000 in financial assets. These shareholders had a median of \$32,500 invested in three mutual funds, and most did not have a college degree.



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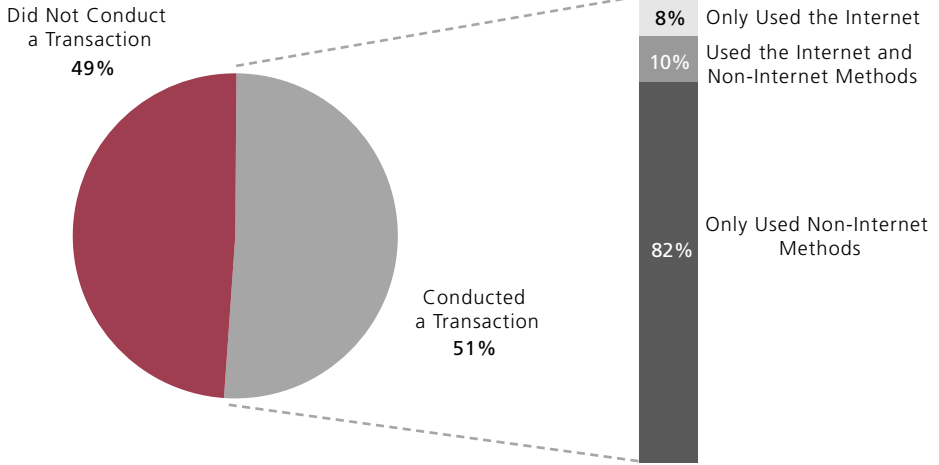
## Use of the Internet to Conduct Mutual Fund Transactions, 2000

### Mutual Fund Transaction Activity\*

(percent of U.S. households owning mutual funds)

### Method Used to Conduct Mutual Fund Transactions\*

(percent of U.S. households owning mutual funds that conducted a mutual fund transaction)



\*In the 12 months preceding the survey (April 1999 through March 2000).

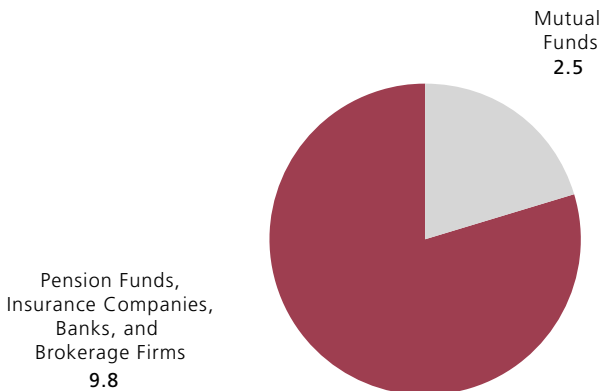
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## Mutual Funds and the Retirement Market

Mutual funds accounted for \$2.5 trillion, or 20 percent, of the \$12.3 trillion U.S. retirement market at year-end 2000. The remaining \$9.8 trillion of assets in the retirement market are managed by pension funds, insurance companies, banks, and brokerage firms.

### U.S. Retirement Market Assets, 2000\*

(trillions of dollars)



\*Preliminary data

Source: Investment Company Institute and Federal Reserve Board

### Retirement Accounts Hold One-Third of Fund Industry Assets

The \$2.5 trillion in mutual fund retirement plan assets represented 35 percent of all mutual fund assets at year-end 2000. Consistent with the slight decline in overall long-term mutual fund assets, which were pulled down by the weak equity market performance, mutual fund retirement plan assets edged down 2 percent during the year.

---

## Mutual Fund Retirement Assets, 1991-2000<sup>1</sup>

(billions of dollars)

|                   | Total Retirement | Employer-Sponsored Accounts <sup>2</sup> | IRAs  |
|-------------------|------------------|--|-------|
| 1991              | 336              | 147                                      | 189   |
| 1992              | 437              | 199                                      | 238   |
| 1993              | 608              | 285                                      | 323   |
| 1994              | 687              | 337                                      | 350   |
| 1995              | 941              | 464                                      | 477   |
| 1996              | 1,193            | 594                                      | 599   |
| 1997              | 1,542            | 774                                      | 767   |
| 1998              | 1,938            | 979                                      | 960   |
| 1999              | 2,510            | 1,266                                    | 1,243 |
| 2000 <sup>1</sup> | 2,453            | 1,221                                    | 1,232 |

<sup>1</sup>Preliminary data

<sup>2</sup>Includes private defined contribution plans (401(k), 403(b), and others), state and local government employee retirement funds (and 457 plans), and private defined benefit plans.

Note: Components may not add to totals due to rounding.

Source: Investment Company Institute, Federal Reserve Board, Internal Revenue Service, and Department of Labor

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Mutual fund retirement assets primarily come from two sources: employer-sponsored defined contribution plans and Individual Retirement Accounts (IRAs). Funds hold roughly the same amount of assets from each source.

### Mutual Funds and the IRA Market

Assets in IRAs have continued to grow during the 1980s and 1990s despite the enactment of the Tax Reform Act of 1986, which limited the availability of tax-deductible contributions to IRAs. Asset growth has been primarily due to investment performance and rollovers from employer-sponsored plans. In addition, legislative changes in the late 1990s introduced new types of IRAs (SIMPLE, Roth, and Education).

Since the mid 1980s, the mutual fund industry's share of the IRA market has increased from 14 percent to 46 percent at year-end 2000. At the end of 2000, mutual funds accounted for \$1.2 trillion of the estimated \$2.7 trillion IRA market.

---

## Assets in the IRA Market, 1990-2000<sup>1</sup>

(billions of dollars)

|                   | Bank and Thrift Deposits <sup>2</sup> | Life Insurance Companies | Mutual Funds | Securities Held Directly Through Brokerage Accounts | Total IRA Assets   |
|-------------------|---------------------------------------|--------------------------|--------------|---|--------------------|
| 1990              | 266                                   | 53                       | 141          | 176   | 636                |
| 1991              | 282                                   | 50                       | 189          | 255   | 776                |
| 1992              | 275                                   | 56                       | 238          | 298   | 866                |
| 1993              | 263                                   | 70                       | 323          | 338   | 993                |
| 1994              | 255                                   | 79                       | 350          | 372   | 1,056              |
| 1995              | 261                                   | 94                       | 477          | 457   | 1,288              |
| 1996              | 258                                   | 110                      | 599          | 499   | 1,467              |
| 1997              | 254                                   | 160                      | 767          | 547   | 1,728              |
| 1998              | 249                                   | 190                      | 960          | 752   | 2,150              |
| 1999              | 244                                   | 245                      | 1,243        | 931 <sup>e</sup>                                    | 2,663 <sup>e</sup> |
| 2000 <sup>1</sup> | 250                                   | 246 <sup>e</sup>         | 1,232        | 922 <sup>e</sup>                                    | 2,650 <sup>e</sup> |

<sup>1</sup>Preliminary data

<sup>2</sup>Bank and thrift deposits include Keogh deposits.

<sup>e</sup>Estimated

Note: Components may not add to totals due to rounding.

Source: Investment Company Institute, Federal Reserve Board, American Council of Life Insurers, and Internal Revenue Service

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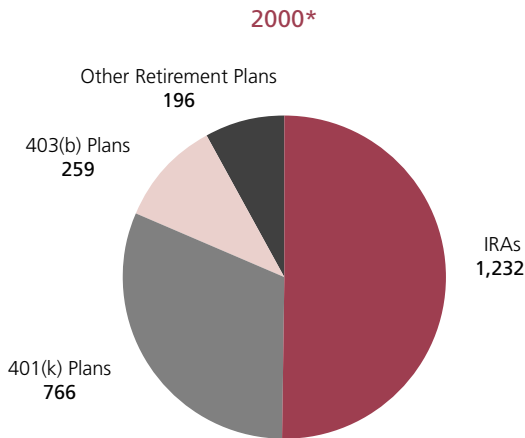
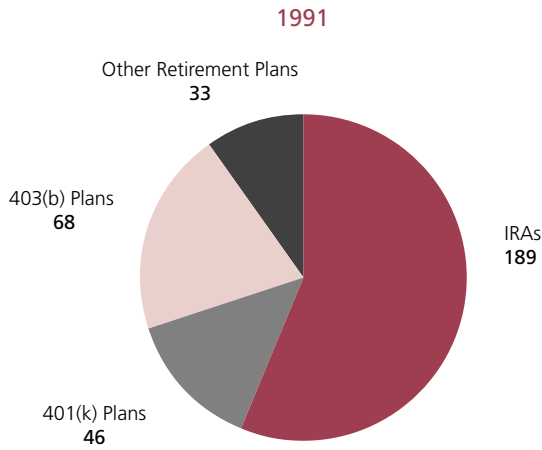
## Mutual Funds and the Employer-Sponsored Pension Market

Mutual fund assets held in employer-sponsored retirement accounts totaled \$1.2 trillion in 2000, a decrease of \$45 billion, or 4 percent, from 1999. Mutual funds accounted for approximately 13 percent of the overall employer-sponsored market at year-end 2000. The employer-sponsored pension market is comprised of \$2.1 trillion in assets in private defined benefit pension funds, \$2.6 trillion in private defined contribution pension funds (and 457 plans), \$3.1 trillion in state and local government employee retirement funds, \$1.0 trillion in annuity reserves, and \$0.7 trillion in federal government defined benefit plans.

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## Mutual Fund Assets by Type of Retirement Plan, 1991 and 2000\*

(billions of dollars)



\*Preliminary data

Source: Investment Company Institute, Federal Reserve Board, Internal Revenue Service, and Department of Labor

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## Mutual Funds and the Defined Contribution Market

The most important source of fund assets in the employer-sponsored plan market is defined contribution plans, especially 401(k) plans. At year-end 2000, 65 percent, or \$766 billion, of mutual fund defined contribution plan assets were held in 401(k) plans. Mutual funds' share of the 401(k) market has increased during the 1990s from 9 percent in 1990 to an estimated 45 percent at year-end 2000. Mutual fund assets in 403(b) plans were about 22 percent of mutual fund assets in defined contribution plans at year-end 2000, or \$259 billion.

---

### Assets in 401(k) Plans, 1990-2000\*

(billions of dollars)

|       | Mutual Fund<br>401(k) Plan Assets | Other<br>401(k) Plan Assets | Total              |
|-------|-----------------------------------|-----------------------------|--------------------|
| 1990  | 35                                | 350                         | 385                |
| 1991  | 46                                | 394                         | 440                |
| 1992  | 82                                | 471                         | 553                |
| 1993  | 140                               | 476                         | 616                |
| 1994  | 184                               | 491                         | 675                |
| 1995  | 266                               | 598                         | 864                |
| 1996  | 345                               | 716                         | 1,061              |
| 1997  | 466                               | 798                         | 1,264              |
| 1998  | 596                               | 863 <sup>e</sup>            | 1,459 <sup>e</sup> |
| 1999  | 780                               | 935 <sup>e</sup>            | 1,715 <sup>e</sup> |
| 2000* | 766                               | 946 <sup>e</sup>            | 1,712 <sup>e</sup> |

\*Preliminary data

<sup>e</sup>Estimated

Source: Investment Company Institute, Federal Reserve Board, and Department of Labor

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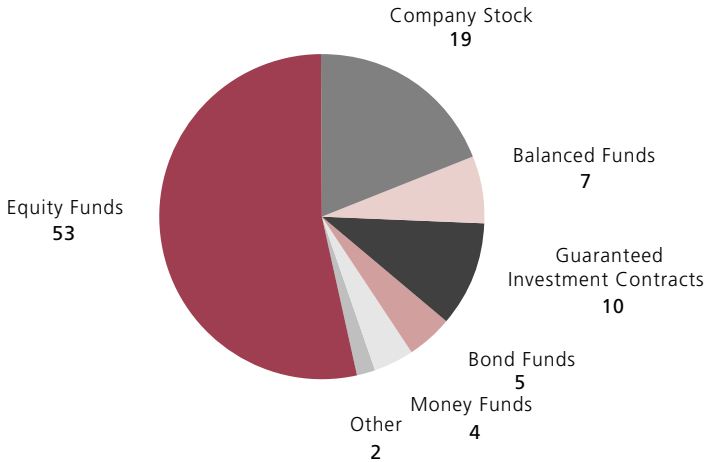
### 401(k) Participants: Asset Allocations, Balances, and Loans

According to research by ICI and the Employee Benefit Research Institute (EBRI), 401(k) plan participants are making sensible investment decisions and accumulating substantial account balances.

---

## Average Asset Allocation for All 401(k) Plan Balances, 1999

(percent)



*Note: Funds include mutual funds and other pooled investments.*

*Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project*

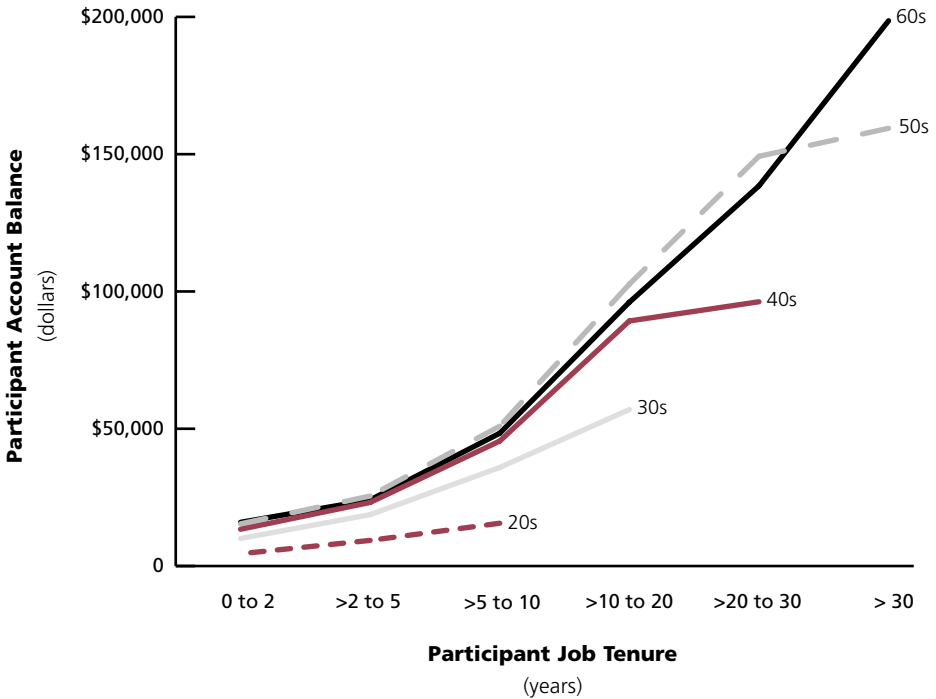
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Younger participants tend to allocate a larger portion of their account balances to equity funds (which include equity mutual funds and other pooled equity investments), while older participants are more likely to invest in guaranteed investment contracts (GICs) and bond funds. For example, on average, individuals in their twenties invested 63 percent of their assets in equity funds, 4 percent in GICs, and 4 percent in bond funds. By comparison, individuals in their sixties invested 44 percent of their assets in equity funds, 19 percent in GICs, and 7 percent in bond funds.

The average 401(k) account balance, excluding plan loans, was \$55,502 at year-end 1999, or 18 percent higher than the average account balance the year before. Workers in their sixties with at least 30 years of job tenure at their current employer had an average 401(k) account balance of \$198,595.

---

## Average 401(k) Account Balance by Age and Tenure, 1999



Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project

Note: See page 113 for data points on this chart.

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Most 401(k) participants do not borrow from their plans. At year-end 1999, only 18 percent of those eligible for loans had loans outstanding. The average unpaid loan balance for these participants represents about 14 percent of their account balances (net of the unpaid loan balances).

### Types of Funds Used by Retirement Plan Investors

Of the \$2.5 trillion in mutual fund retirement assets at year-end 2000, \$1.9 trillion, or 76 percent, were invested in U.S. domestic or foreign equity funds. U.S. domestic equity funds alone comprise \$1.6 trillion, or 67 percent, of mutual fund retirement assets. By comparison, only about 57 percent of overall fund industry assets—including retirement and nonretirement accounts—are invested in domestic and foreign equity funds.



---

## Mutual Fund Retirement Assets by Type of Fund, 2000\*

(billions of dollars)

|                                | Equity   |         | Bond  | Hybrid | Money Market | Total   |
|--------------------------------|----------|---------|-------|--------|--------------|---------|
|                                | Domestic | Foreign |       |        |              |         |
| IRAs                           | \$781    | \$123   | \$95  | \$92   | \$141        | \$1,232 |
| 401(k) Plans                   | 537      | 69      | 36    | 71     | 53           | 766     |
| 403(b) Plans                   | 211      | 16      | 7     | 11     | 13           | 259     |
| Other Employer-Sponsored Plans | 115      | 19      | 33    | 11     | 19           | 196     |
| Total                          | \$1,644  | \$227   | \$171 | \$186  | \$225        | \$2,453 |

\*Preliminary data

Note: Components may not add to totals due to rounding

---

Approximately \$396 billion, or 16 percent, of mutual fund retirement assets are invested in fixed-income funds: bond or money market funds. Bond funds hold \$171 billion, or 7 percent, of mutual fund retirement assets, and money market funds account for \$225 billion, or 9 percent.

The remaining \$186 billion, or approximately 8 percent, of mutual fund retirement assets are held in hybrid funds, which invest in a mix of equity and fixed-income securities and derivative instruments.

---

## About This Data Section

The data in the first five sections represent aggregate statistics reported to the ICI from individual mutual funds representing 95 percent of the U.S. industry's assets. Section Six provides data on open-end investment companies from around the world, and Section Seven features data on other U.S. investment companies besides mutual funds.

The U.S. fund data are classified according to two broad categories: long-term funds and short-term (or money market) funds. Long-term fund data are classified according to three broad fund categories—equity, bond, and hybrid—and further categorized into 29 more specific investment objective groupings. Short-term (or money market) funds are categorized into four taxable and tax-exempt investment objective groupings.

This Data Section begins with a breakdown of U.S. industry totals (pages 63 to 66), including information on fund assets, accounts, and the number of funds. U.S. industry totals are broken down from the short- and long-term categories into five separate ones: equity funds, hybrid funds, bond funds, taxable money market funds, and tax-exempt money market funds. The U.S. Industry Totals section does not provide total sales figures that combine long-term and short-term fund sales. Because of the special nature of short-term funds and their huge, continuous inflows and outflows of money, it would be misleading to add their sales figures to those of long-term funds.

Subsequent data sections on U.S. funds concentrate on:

- long-term fund statistics (pages 67 to 87),
- short-term fund statistics (pages 88 to 93),
- exchanges to and from all types of U.S. funds (pages 94 to 96) and,
- institutional investors in the U.S. industry (pages 97 to 99).

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Section One: U.S. Industry Totals

**Total Industry Net Assets, Number of Funds, Shareholder Accounts, and Complexes**

| Year | Total Net Assets (millions) | Number of Funds | Number of Shareholder Accounts (thousands) | Number of Complexes* |
|------|-----------------------------|-----------------|--|----------------------|
| 1970 | \$47,618.1                  | 361             | 10,690.3                                   | -                    |
| 1971 | 55,045.3                    | 392             | 10,901.0                                   | -                    |
| 1972 | 59,830.6                    | 410             | 10,635.3                                   | -                    |
| 1973 | 46,518.5                    | 421             | 10,330.9                                   | -                    |
| 1974 | 35,776.8                    | 431             | 10,074.2                                   | -                    |
| 1975 | 45,874.4                    | 426             | 9,876.1                                    | -                    |
| 1976 | 51,276.6                    | 452             | 9,060.1                                    | -                    |
| 1977 | 48,936.9                    | 477             | 8,692.6                                    | -                    |
| 1978 | 55,837.7                    | 505             | 8,658.4                                    | -                    |
| 1979 | 94,511.3                    | 524             | 9,790.0                                    | 119                  |
| 1980 | 134,760.9                   | 564             | 12,087.6                                   | 123                  |
| 1981 | 241,365.4                   | 665             | 17,499.0                                   | 134                  |
| 1982 | 296,678.1                   | 857             | 21,448.4                                   | 150                  |
| 1983 | 292,985.1                   | 1,026           | 24,604.7                                   | 164                  |
| 1984 | 370,680.0                   | 1,241           | 28,268.3                                   | 189                  |
| 1985 | 495,385.1                   | 1,527           | 34,762.3                                   | 217                  |
| 1986 | 715,667.8                   | 1,835           | 46,012.8                                   | 261                  |
| 1987 | 769,171.9                   | 2,312           | 54,421.2                                   | 314                  |
| 1988 | 809,370.5                   | 2,708           | 54,676.9                                   | 349                  |
| 1989 | 980,671.1                   | 2,900           | 58,135.0                                   | 357                  |
| 1990 | 1,065,194.1                 | 3,081           | 61,948.6                                   | 361                  |
| 1991 | 1,393,189.3                 | 3,405           | 68,334.8                                   | 361                  |
| 1992 | 1,642,543.0                 | 3,826           | 79,932.8                                   | 364                  |
| 1993 | 2,070,023.5                 | 4,538           | 93,217.3                                   | 375                  |
| 1994 | 2,155,396.0                 | 5,330           | 114,388.3                                  | 398                  |
| 1995 | 2,811,484.0                 | 5,728           | 131,231.1                                  | 401                  |
| 1996 | 3,526,270.0                 | 6,254           | 150,176.5                                  | 417                  |
| 1997 | 4,468,200.6                 | 6,684           | 170,521.1                                  | 424                  |
| 1998 | 5,525,209.3                 | 7,314           | 193,854.0                                  | 419                  |
| 1999 | 6,846,339.2                 | 7,791           | 226,872.9                                  | 433                  |
| 2000 | 6,965,249.1                 | 8,171           | 243,518.9                                  | 431                  |

Note: The data contain a series break beginning in 1990. Data for funds that invest in other mutual funds were excluded from the series. Data prior to 1990 have been restated to create a consistent series back to 1984.

\* A fund complex is a group of funds under substantially common management (or distributorship), composed of one or more families of funds.

Section One: U.S. Industry Totals

**Total Industry Net Assets**

(billions of dollars)

| Year | Equity Funds | Bond & Income Funds | Taxable Money Market Funds | Tax-Exempt Money Market Funds | Total                         |         |
|------|--------------|---------------------|----------------------------|-------------------------------|-------------------------------|---------|
| 1970 | \$45.1       | \$2.5               | –                          | –                             | \$47.6                        |         |
| 1971 | 51.6         | 3.4                 | –                          | –                             | 55.0                          |         |
| 1972 | 55.9         | 3.9                 | –                          | –                             | 59.8                          |         |
| 1973 | 43.0         | 3.5                 | –                          | –                             | 46.5                          |         |
| 1974 | 30.9         | 3.2                 | \$1.7                      | –                             | 35.8                          |         |
| 1975 | 37.5         | 4.7                 | 3.7                        | –                             | 45.9                          |         |
| 1976 | 39.2         | 8.4                 | 3.7                        | –                             | 51.3                          |         |
| 1977 | 34.0         | 11.0                | 3.9                        | –                             | 48.9                          |         |
| 1978 | 32.7         | 12.3                | 10.9                       | –                             | 55.9                          |         |
| 1979 | 35.9         | 13.1                | 45.2                       | \$0.3                         | 94.5                          |         |
| 1980 | 44.4         | 14.0                | 74.5                       | 1.9                           | 134.8                         |         |
| 1981 | 41.2         | 14.0                | 181.9                      | 4.3                           | 241.4                         |         |
| 1982 | 53.7         | 23.2                | 206.6                      | 13.2                          | 296.7                         |         |
| 1983 | 77.0         | 36.6                | 162.5                      | 16.8                          | 292.9                         |         |
|      | Equity Funds | Hybrid Funds        | Bond Funds                 | Taxable Money Market Funds    | Tax-Exempt Money Market Funds | Total   |
| 1984 | 83.1         | 7.8                 | 46.2                       | 209.7                         | 23.8                          | 370.7   |
| 1985 | 116.9        | 12.0                | 122.6                      | 207.5                         | 36.3                          | 495.4   |
| 1986 | 161.4        | 18.8                | 243.3                      | 228.3                         | 63.8                          | 715.7   |
| 1987 | 180.5        | 24.2                | 248.4                      | 254.7                         | 61.4                          | 769.2   |
| 1988 | 194.7        | 21.1                | 255.7                      | 272.3                         | 65.7                          | 809.4   |
| 1989 | 248.8        | 31.8                | 271.9                      | 358.7                         | 69.4                          | 980.7   |
| 1990 | 239.5        | 36.1                | 291.3                      | 414.7                         | 83.6                          | 1,065.2 |
| 1991 | 404.7        | 52.2                | 393.8                      | 452.6                         | 89.9                          | 1,393.2 |
| 1992 | 514.1        | 78.0                | 504.2                      | 451.4                         | 94.8                          | 1,642.5 |
| 1993 | 740.7        | 144.6               | 619.5                      | 461.9                         | 103.4                         | 2,070.0 |
| 1994 | 852.8        | 164.5               | 527.2                      | 500.6                         | 110.4                         | 2,155.4 |
| 1995 | 1,249.1      | 210.5               | 598.9                      | 630.0                         | 123.0                         | 2,811.5 |
| 1996 | 1,726.1      | 252.9               | 645.4                      | 762.0                         | 139.8                         | 3,526.3 |
| 1997 | 2,368.0      | 317.1               | 724.2                      | 898.1                         | 160.8                         | 4,468.2 |
| 1998 | 2,978.2      | 364.7               | 830.6                      | 1,163.2                       | 188.5                         | 5,525.2 |
| 1999 | 4,041.9      | 383.2               | 808.1                      | 1,408.7                       | 204.4                         | 6,846.3 |
| 2000 | 3,962.3      | 349.7               | 808.0                      | 1,607.2                       | 238.1                         | 6,965.2 |

*Note: The data contain a series break beginning in 1990. All funds were reclassified in 1990 and a separate category was created for hybrid funds. At the same time, data for funds that invest in other mutual funds were excluded from the series. Data prior to 1990 have been restated to create a consistent series back to 1984.*

*Components may not sum to the total due to rounding.*

Section One: U.S. Industry Totals

**Total Industry Shareholder Accounts**

(millions)

| Year | Equity Funds | Bond & Income Funds | Taxable Money Market Funds | Tax-Exempt Money Market Funds | Total                         |       |
|------|--------------|---------------------|----------------------------|-------------------------------|-------------------------------|-------|
| 1978 | 6.8          | 1.4                 | 0.5                        | -                             | 8.7                           |       |
| 1979 | 6.1          | 1.4                 | 2.3                        | -                             | 9.8                           |       |
| 1980 | 5.8          | 1.5                 | 4.8                        | -                             | 12.1                          |       |
| 1981 | 5.7          | 1.5                 | 10.3                       | -                             | 17.5                          |       |
| 1982 | 6.2          | 2.0                 | 13.1                       | 0.1                           | 21.4                          |       |
| 1983 | 9.2          | 2.8                 | 12.3                       | 0.3                           | 24.6                          |       |
|      | Equity Funds | Hybrid Funds        | Bond Funds                 | Taxable Money Market Funds    | Tax-Exempt Money Market Funds | Total |
| 1984 | 10.0         | 0.8                 | 3.6                        | 13.6                          | 0.3                           | 28.3  |
| 1985 | 11.5         | 1.5                 | 6.9                        | 14.4                          | 0.5                           | 34.8  |
| 1986 | 16.0         | 2.2                 | 11.6                       | 15.7                          | 0.7                           | 46.0  |
| 1987 | 20.8         | 2.9                 | 13.1                       | 16.8                          | 0.8                           | 54.4  |
| 1988 | 20.1         | 2.7                 | 13.4                       | 17.6                          | 0.9                           | 54.7  |
| 1989 | 20.8         | 2.8                 | 13.3                       | 20.2                          | 1.1                           | 58.1  |
| 1990 | 22.2         | 3.2                 | 13.6                       | 21.6                          | 1.4                           | 61.9  |
| 1991 | 25.6         | 3.6                 | 15.5                       | 21.9                          | 1.7                           | 68.3  |
| 1992 | 32.7         | 4.5                 | 19.0                       | 21.8                          | 1.9                           | 79.9  |
| 1993 | 42.3         | 6.8                 | 20.5                       | 21.6                          | 2.0                           | 93.2  |
| 1994 | 58.0         | 10.3                | 20.8                       | 23.3                          | 2.0                           | 114.4 |
| 1995 | 69.3         | 10.9                | 20.8                       | 27.9                          | 2.3                           | 131.2 |
| 1996 | 85.4         | 12.1                | 20.5                       | 29.9                          | 2.3                           | 150.2 |
| 1997 | 101.8        | 12.9                | 20.2                       | 33.0                          | 2.7                           | 170.5 |
| 1998 | 119.8        | 13.8                | 21.4                       | 36.4                          | 2.4                           | 193.9 |
| 1999 | 148.3        | 14.3                | 20.7                       | 41.2                          | 2.4                           | 226.9 |
| 2000 | 162.5        | 13.1                | 19.7                       | 45.5                          | 2.7                           | 243.5 |

*Note: The data contain a series break beginning in 1990. All funds were reclassified in 1990 and a separate category was created for hybrid funds. At the same time, data for funds that invest in other mutual funds were excluded from the series. Data prior to 1990 have been restated to create a consistent series back to 1984.*

*Components may not sum to the total due to rounding.*



Section One: U.S. Industry Totals

| <b>Total Number of Funds</b> |                     |                                |                                   |                                      |                                      |              |
|------------------------------|---------------------|--------------------------------|-----------------------------------|--------------------------------------|--------------------------------------|--------------|
| <b>Year</b>                  | <b>Equity Funds</b> | <b>Bond &amp; Income Funds</b> | <b>Taxable Money Market Funds</b> | <b>Tax-Exempt Money Market Funds</b> | <b>Total</b>                         |              |
| 1978                         | 294                 | 150                            | 61                                | -                                    | 505                                  |              |
| 1979                         | 289                 | 159                            | 76                                | -                                    | 524                                  |              |
| 1980                         | 288                 | 170                            | 96                                | 10                                   | 564                                  |              |
| 1981                         | 306                 | 180                            | 159                               | 20                                   | 665                                  |              |
| 1982                         | 340                 | 199                            | 281                               | 37                                   | 857                                  |              |
| 1983                         | 396                 | 257                            | 307                               | 66                                   | 1,026                                |              |
|                              | <b>Equity Funds</b> | <b>Hybrid Funds</b>            | <b>Bond Funds</b>                 | <b>Taxable Money Market Funds</b>    | <b>Tax-Exempt Money Market Funds</b> | <b>Total</b> |
| 1984                         | 471                 | 77                             | 272                               | 326                                  | 95                                   | 1,241        |
| 1985                         | 579                 | 87                             | 404                               | 346                                  | 111                                  | 1,527        |
| 1986                         | 698                 | 102                            | 550                               | 359                                  | 126                                  | 1,835        |
| 1987                         | 843                 | 146                            | 782                               | 388                                  | 153                                  | 2,312        |
| 1988                         | 1,011               | 162                            | 930                               | 431                                  | 174                                  | 2,708        |
| 1989                         | 1,069               | 175                            | 992                               | 463                                  | 201                                  | 2,900        |
| 1990                         | 1,100               | 194                            | 1,046                             | 506                                  | 235                                  | 3,081        |
| 1991                         | 1,192               | 213                            | 1,180                             | 553                                  | 267                                  | 3,405        |
| 1992                         | 1,325               | 237                            | 1,400                             | 585                                  | 279                                  | 3,826        |
| 1993                         | 1,587               | 285                            | 1,746                             | 628                                  | 292                                  | 4,538        |
| 1994                         | 1,887               | 365                            | 2,115                             | 646                                  | 317                                  | 5,330        |
| 1995                         | 2,140               | 414                            | 2,177                             | 674                                  | 323                                  | 5,728        |
| 1996                         | 2,572               | 470                            | 2,224                             | 666                                  | 322                                  | 6,254        |
| 1997                         | 2,951               | 501                            | 2,219                             | 682                                  | 331                                  | 6,684        |
| 1998                         | 3,513               | 525                            | 2,250                             | 685                                  | 341                                  | 7,314        |
| 1999                         | 3,952               | 533                            | 2,261                             | 702                                  | 343                                  | 7,791        |
| 2000                         | 4,395               | 525                            | 2,210                             | 704                                  | 337                                  | 8,171        |

*Note: The data contain a series break beginning in 1990. All funds were reclassified in 1990 and a separate category was created for hybrid funds. At the same time data for funds that invest in other mutual funds were excluded from the series. Data prior to 1990 have been restated to create a consistent series back to 1984.*

**An Overview:  
Shareholder Accounts, Total Net Assets, and Liquid Assets  
Equity, Hybrid, and Bond Funds**

| Year | Number of Reporting Funds | Number of Accounts (thousands) | Net Assets (billions of dollars) | Liquid Assets (billions of dollars) |
|------|---------------------------|--------------------------------|----------------------------------|-------------------------------------|
| 1970 | 361                       | 10,690.3                       | \$47.6                           | \$3.1                               |
| 1971 | 392                       | 10,901.0                       | 55.0                             | 2.6                                 |
| 1972 | 410                       | 10,635.3                       | 59.8                             | 2.6                                 |
| 1973 | 421                       | 10,330.9                       | 46.5                             | 3.4                                 |
| 1974 | 416                       | 9,970.4                        | 34.1                             | 3.4                                 |
| 1975 | 390                       | 9,667.3                        | 42.2                             | 3.2                                 |
| 1976 | 404                       | 8,879.4                        | 47.6                             | 2.4                                 |
| 1977 | 427                       | 8,515.1                        | 45.0                             | 3.3                                 |
| 1978 | 444                       | 8,190.6                        | 45.0                             | 4.5                                 |
| 1979 | 446                       | 7,482.2                        | 49.0                             | 4.7                                 |
| 1980 | 458                       | 7,325.5                        | 58.4                             | 5.3                                 |
| 1981 | 486                       | 7,175.5                        | 55.2                             | 5.3                                 |
| 1982 | 539                       | 8,190.3                        | 76.9                             | 6.0                                 |
| 1983 | 653                       | 12,065.0                       | 113.6                            | 8.3                                 |
| 1984 | 820                       | 14,423.6                       | 137.1                            | 12.2                                |
| 1985 | 1,070                     | 19,827.7                       | 251.6                            | 20.6                                |
| 1986 | 1,350                     | 29,699.7                       | 423.5                            | 30.6                                |
| 1987 | 1,771                     | 36,746.4                       | 453.1                            | 37.9                                |
| 1988 | 2,103                     | 36,107.1                       | 471.4                            | 45.0                                |
| 1989 | 2,236                     | 36,820.8                       | 552.6                            | 44.6                                |
| 1990 | 2,340                     | 38,979.8                       | 566.9                            | 48.4                                |
| 1991 | 2,585                     | 44,778.8                       | 850.7                            | 60.4                                |
| 1992 | 2,962                     | 56,285.6                       | 1,096.3                          | 74.0                                |
| 1993 | 3,618                     | 69,632.0                       | 1,504.7                          | 99.4                                |
| 1994 | 4,367                     | 89,009.6                       | 1,544.4                          | 120.4                               |
| 1995 | 4,731                     | 101,094.3                      | 2,058.5                          | 141.8                               |
| 1996 | 5,266                     | 117,976.6                      | 2,624.5                          | 152.0                               |
| 1997 | 5,671                     | 134,897.0                      | 3,409.3                          | 198.8                               |
| 1998 | 6,288                     | 155,006.7                      | 4,173.5                          | 191.4                               |
| 1999 | 6,746                     | 183,257.3                      | 5,233.2                          | 219.1                               |
| 2000 | 7,130                     | 195,380.2                      | 5,120.0                          | 277.2                               |

*Note: Figures for shareholder accounts represent combined totals for member companies; duplications have not been eliminated. The data contain a series break beginning in 1990. Data for funds that invest in other mutual funds were excluded from the series. Data prior to 1990 have been restated to create a consistent series back to 1984.*

Section Two: U.S. Industry Long-Term Funds

**Total Net Assets of Equity, Hybrid, and Bond Funds  
by Investment Objective**

(millions of dollars)

|                                    | 1998                 | 1999                 | 2000                 |
|------------------------------------|----------------------|----------------------|----------------------|
| <b>Total Net Assets</b>            | <b>\$4,173,531.1</b> | <b>\$5,233,193.6</b> | <b>\$5,119,954.0</b> |
| Aggressive Growth                  | 394,175.3            | 623,855.6            | 667,719.5            |
| Growth                             | 890,077.5            | 1,286,616.7          | 1,250,888.0          |
| Sector                             | 120,742.2            | 204,588.1            | 235,127.7            |
| World Equity—Emerging Markets      | 12,674.8             | 22,101.0             | 15,406.8             |
| World Equity—Global                | 159,774.7            | 236,389.7            | 228,050.9            |
| World Equity—International         | 187,185.6            | 276,226.8            | 262,136.1            |
| World Equity—Regional              | 32,002.4             | 50,537.2             | 37,197.2             |
| Growth and Income                  | 1,032,842.7          | 1,202,141.2          | 1,137,450.3          |
| Income Equity                      | 148,751.4            | 139,433.8            | 128,320.0            |
| <b>Total Equity Funds</b>          | <b>\$2,978,226.6</b> | <b>\$4,041,890.1</b> | <b>\$3,962,296.5</b> |
| Asset Allocation                   | 40,113.6             | 39,004.4             | 36,621.6             |
| Balanced                           | 168,368.8            | 184,294.0            | 172,732.6            |
| Flexible Portfolio                 | 85,785.6             | 94,517.1             | 89,007.9             |
| Income—Mixed                       | 70,446.2             | 65,348.3             | 51,300.0             |
| <b>Total Hybrid Funds</b>          | <b>\$364,714.2</b>   | <b>\$383,163.8</b>   | <b>\$349,662.1</b>   |
| Corporate Bond—General             | 37,326.3             | 35,004.1             | 36,222.2             |
| Corporate Bond—Intermediate-term   | 69,035.1             | 70,265.1             | 57,878.8             |
| Corporate Bond—Short-term          | 37,147.6             | 37,761.7             | 35,774.7             |
| High-yield Bond                    | 117,443.5            | 116,904.5            | 90,374.8             |
| World Bond—Global General          | 15,922.1             | 14,919.1             | 12,692.5             |
| World Bond—Global Short-term       | 5,674.3              | 4,044.3              | 3,257.9              |
| World Bond—Other                   | 3,323.7              | 4,622.4              | 4,534.4              |
| Government Bond—General            | 38,338.4             | 34,653.5             | 35,004.0             |
| Government Bond—Intermediate-term  | 25,389.8             | 24,561.8             | 24,672.5             |
| Government Bond—Short-term         | 19,735.0             | 19,599.6             | 17,139.9             |
| Government Bond—Mortgage-backed    | 60,890.9             | 59,981.2             | 56,820.4             |
| Strategic Income                   | 101,769.1            | 114,188.5            | 155,696.7            |
| State Municipal Bond—General       | 129,648.0            | 117,829.2            | 123,337.4            |
| State Municipal Bond—Short-term    | 10,311.9             | 10,059.7             | 9,382.9              |
| National Municipal Bond—General    | 126,756.0            | 112,448.7            | 120,517.1            |
| National Municipal Bond—Short-term | 31,878.6             | 31,296.3             | 24,689.2             |
| <b>Total Bond Funds</b>            | <b>\$830,590.3</b>   | <b>\$808,139.7</b>   | <b>\$807,995.4</b>   |

Note: Data for funds that invest in other mutual funds were excluded from the series.

Section Two: U.S. Industry Long-Term Funds

**Liquid Assets of Equity, Hybrid, and Bond Funds by Investment Objective**

(millions of dollars)

|                                    | 1998               | 1999               | 2000               |
|------------------------------------|--------------------|--------------------|--------------------|
| <b>Total Liquid Assets</b>         | <b>\$191,393.0</b> | <b>\$219,097.9</b> | <b>\$277,208.3</b> |
| Aggressive Growth                  | 20,146.5           | 23,491.9           | 44,156.4           |
| Growth                             | 42,962.7           | 60,079.1           | 69,601.0           |
| Sector                             | 7,288.3            | 11,581.8           | 15,917.7           |
| World Equity–Emerging Markets      | 949.6              | 651.1              | 947.2              |
| World Equity–Global                | 11,224.0           | 14,790.8           | 21,732.5           |
| World Equity–International         | 9,568.4            | 13,846.5           | 17,514.9           |
| World Equity–Regional              | 1,061.9            | 1,754.4            | 1,372.6            |
| Growth and Income                  | 40,579.5           | 41,778.4           | 49,923.2           |
| Income Equity                      | 9,735.8            | 6,717.9            | 6,836.2            |
| <b>Total Equity Funds</b>          | <b>\$143,516.7</b> | <b>\$174,691.9</b> | <b>\$228,001.7</b> |
| Asset Allocation                   | 3,384.4            | 3,013.8            | 2,295.4            |
| Balanced                           | 7,707.3            | 7,667.3            | 8,192.6            |
| Flexible Portfolio                 | 7,869.6            | 7,525.4            | 9,258.6            |
| Income–Mixed                       | 6,607.7            | 3,063.6            | 4,386.1            |
| <b>Total Hybrid Funds</b>          | <b>\$25,569.0</b>  | <b>\$21,270.1</b>  | <b>\$24,132.7</b>  |
| Corporate Bond–General             | 558.0              | 840.2              | 941.5              |
| Corporate Bond–Intermediate-term   | 755.0              | 1,920.6            | 1,192.3            |
| Corporate Bond–Short-term          | 3,282.1            | 3,439.7            | 2,966.5            |
| High-yield Bond                    | 5,350.0            | 5,035.2            | 7,620.4            |
| World Bond–Global General          | 908.2              | 1,022.2            | 497.3              |
| World Bond–Global Short-term       | 458.3              | 312.6              | 276.6              |
| World Bond–Other                   | 147.3              | 281.6              | 130.7              |
| Government Bond–General            | (931.6)            | (633.4)            | 383.1              |
| Government Bond–Intermediate-term  | 482.8              | 472.5              | 1,079.3            |
| Government Bond–Short-term         | 207.8              | (684.9)            | 113.0              |
| Government Bond–Mortgage-backed    | (4,042.0)          | (5,432.5)          | (5,087.9)          |
| Strategic Income                   | 8,855.1            | 10,268.0           | 5,727.2            |
| State Municipal Bond–General       | 2,179.8            | 2,402.4            | 3,703.4            |
| State Municipal Bond–Short-term    | 217.7              | 316.0              | 432.8              |
| National Municipal Bond–General    | 1,924.6            | 2,340.0            | 3,315.7            |
| National Municipal Bond–Short-term | 1,954.2            | 1,235.7            | 1,782.0            |
| <b>Total Bond Funds</b>            | <b>\$22,307.3</b>  | <b>\$23,135.9</b>  | <b>\$25,073.9</b>  |

Note: Data for funds that invest in other mutual funds were excluded from the series.

## Section Two: U.S. Industry Long-Term Funds

## Liquid Asset Ratio—Equity Funds

| Year | January | February | March | April | May  | June | July | August | September | October | November | December |
|------|---------|----------|-------|-------|------|------|------|--------|-----------|---------|----------|----------|
| 1970 | 7.6     | 7.5      | 7.3   | 7.9   | 8.8  | 9.9  | 10.3 | 9.8    | 9.0       | 8.6     | 7.9      | 6.6      |
| 1971 | 6.3     | 6.1      | 5.4   | 4.8   | 4.2  | 4.6  | 4.9  | 4.8    | 4.0       | 4.7     | 5.3      | 4.7      |
| 1972 | 4.7     | 5.1      | 4.7   | 4.1   | 3.9  | 4.4  | 4.8  | 4.9    | 5.0       | 5.5     | 5.0      | 4.2      |
| 1973 | 4.6     | 5.5      | 6.2   | 6.7   | 7.5  | 7.6  | 7.9  | 8.0    | 7.7       | 7.0     | 7.8      | 7.5      |
| 1974 | 8.0     | 8.4      | 8.6   | 8.9   | 9.1  | 9.3  | 9.8  | 10.9   | 11.8      | 10.7    | 10.7     | 10.1     |
| 1975 | 8.8     | 9.7      | 8.2   | 7.8   | 7.5  | 6.8  | 7.1  | 7.5    | 7.8       | 7.4     | 7.6      | 7.6      |
| 1976 | 6.0     | 5.5      | 5.1   | 4.8   | 5.2  | 4.8  | 4.6  | 4.7    | 4.5       | 4.5     | 5.0      | 4.9      |
| 1977 | 5.3     | 6.0      | 6.5   | 6.1   | 6.6  | 6.2  | 6.8  | 7.5    | 7.9       | 8.2     | 8.0      | 7.5      |
| 1978 | 8.5     | 10.2     | 10.3  | 10.1  | 9.5  | 9.2  | 8.0  | 6.9    | 6.5       | 6.7     | 7.9      | 8.2      |
| 1979 | 8.1     | 8.9      | 8.3   | 8.5   | 8.8  | 8.7  | 8.7  | 8.5    | 8.2       | 7.9     | 8.2      | 7.9      |
| 1980 | 8.5     | 9.0      | 9.2   | 9.5   | 10.4 | 10.1 | 10.4 | 10.3   | 9.8       | 9.7     | 9.3      | 9.1      |
| 1981 | 8.1     | 8.4      | 8.3   | 8.5   | 9.0  | 9.0  | 8.7  | 9.4    | 10.4      | 10.8    | 11.4     | 10.5     |
| 1982 | 10.5    | 10.4     | 10.8  | 10.5  | 11.4 | 12.2 | 11.0 | 10.1   | 9.2       | 8.9     | 8.4      | 8.6      |
| 1983 | 9.7     | 9.5      | 9.9   | 9.9   | 9.5  | 9.4  | 9.0  | 7.7    | 8.6       | 7.9     | 8.7      | 7.8      |
| 1984 | 8.0     | 8.5      | 9.1   | 9.4   | 9.3  | 9.7  | 10.1 | 9.5    | 9.3       | 8.8     | 9.1      | 9.2      |
| 1985 | 8.6     | 9.3      | 8.3   | 9.1   | 8.9  | 8.8  | 9.2  | 9.8    | 9.9       | 10.7    | 9.7      | 9.4      |
| 1986 | 9.6     | 8.6      | 9.1   | 9.9   | 9.5  | 9.2  | 9.8  | 9.6    | 10.1      | 9.7     | 9.5      | 9.6      |
| 1987 | 9.4     | 9.4      | 9.0   | 10.3  | 9.3  | 9.3  | 9.3  | 8.8    | 9.2       | 10.4    | 11.2     | 9.2      |
| 1988 | 10.1    | 9.9      | 10.3  | 10.8  | 10.5 | 10.1 | 10.6 | 10.6   | 10.6      | 10.0    | 9.7      | 9.4      |
| 1989 | 9.4     | 9.0      | 8.7   | 8.8   | 9.2  | 9.8  | 9.9  | 10.2   | 10.2      | 10.6    | 11.1     | 10.4     |
| 1990 | 11.5    | 11.6     | 11.9  | 12.5  | 11.3 | 10.7 | 10.7 | 11.9   | 12.8      | 12.9    | 12.4     | 11.4     |
| 1991 | 9.7     | 9.5      | 8.7   | 8.4   | 8.5  | 8.0  | 7.7  | 7.2    | 7.4       | 7.8     | 8.4      | 7.6      |
| 1992 | 7.1     | 7.2      | 7.8   | 8.3   | 8.1  | 8.7  | 8.8  | 9.1    | 8.5       | 8.6     | 8.8      | 8.3      |
| 1993 | 8.2     | 8.8      | 9.1   | 9.5   | 8.5  | 8.4  | 8.5  | 8.0    | 7.8       | 8.1     | 8.0      | 7.8      |
| 1994 | 8.2     | 8.6      | 7.8   | 8.0   | 8.4  | 8.3  | 8.6  | 8.3    | 8.2       | 8.3     | 8.9      | 8.3      |
| 1995 | 8.4     | 8.2      | 7.5   | 7.4   | 7.4  | 7.1  | 7.1  | 7.2    | 7.0       | 7.5     | 7.9      | 7.8      |
| 1996 | 8.1     | 7.4      | 7.0   | 7.0   | 6.6  | 6.5  | 7.0  | 7.1    | 6.7       | 6.3     | 6.3      | 6.2      |
| 1997 | 6.6     | 6.5      | 6.9   | 7.1   | 6.9  | 6.4  | 5.9  | 6.1    | 6.0       | 6.2     | 6.5      | 6.1      |
| 1998 | 6.4     | 5.7      | 5.2   | 4.8   | 4.9  | 5.2  | 5.2  | 6.0    | 6.3       | 5.9     | 5.5      | 4.8      |
| 1999 | 4.9     | 4.9      | 4.6   | 4.8   | 4.9  | 4.8  | 4.8  | 4.8    | 4.9       | 5.0     | 4.6      | 4.3      |
| 2000 | 4.4     | 4.4      | 4.0   | 4.9   | 5.2  | 4.8  | 5.0  | 4.7    | 5.3       | 5.9     | 6.5      | 5.8      |

Note: The data contain a series break beginning in 1990. All funds were reclassified in 1990 and a separate category was created for hybrid funds. At the same time, data for funds that invest in other mutual funds were excluded from the series.

Section Two: U.S. Industry Long-Term Funds

**Distribution of Mutual Fund Assets in Equity, Hybrid, and Bond Funds**

(millions of dollars)

| Year | Total Net Assets | Net Cash & Equivalent | Corporate Bonds | Preferred Stocks | Common Stocks | Municipal Bonds | Long-Term U.S. Gov't | Other  |
|------|------------------|-----------------------|-----------------|------------------|---------------|-----------------|----------------------|--------|
| 1985 | \$251,583        | \$20,598              | \$24,950        | \$3,771          | \$119,644     | \$38,322        | \$43,452             | \$846  |
| 1986 | 423,518          | 30,670                | 47,239          | 7,376            | 153,426       | 70,768          | 111,368              | 2,671  |
| 1987 | 453,081          | 37,942                | 41,591          | 5,557            | 176,076       | 68,463          | 119,653              | 3,799  |
| 1988 | 471,423          | 45,007                | 54,340          | 5,667            | 173,363       | 85,977          | 103,558              | 3,511  |
| 1989 | 552,585          | 44,676                | 52,823          | 4,571            | 240,749       | 84,820          | 117,835              | 7,111  |
| 1990 | 566,853          | 48,441                | 46,065          | 3,391            | 216,402       | 118,892         | 130,131              | 11,531 |
| 1991 | 850,748          | 60,386                | 86,931          | 6,606            | 375,007       | 149,533         | 163,284              | 9,001  |
| 1992 | 1,096,349        | 73,984                | 115,442         | 10,521           | 474,769       | 191,779         | 225,282              | 4,572  |
| 1993 | 1,504,705        | 99,437                | 165,595         | 16,209           | 696,083       | 249,163         | 272,264              | 5,954  |
| 1994 | 1,544,391        | 120,429               | 155,163         | 16,463           | 807,295       | 211,127         | 223,092              | 10,822 |
| 1995 | 2,058,466        | 141,761               | 190,890         | 16,914           | 1,198,422     | 245,331         | 259,117              | 6,031  |
| 1996 | 2,624,463        | 152,025               | 238,046         | 21,168           | 1,697,236     | 245,183         | 265,177              | 5,628  |
| 1997 | 3,409,315        | 198,826               | 292,616         | 29,529           | 2,328,723     | 266,310         | 282,377              | 10,934 |
| 1998 | 4,173,531        | 191,393               | 389,047         | 25,709           | 2,978,590     | 292,505         | 286,514              | 9,773  |
| 1999 | 5,233,194        | 219,098               | 387,809         | 30,909           | 4,028,638     | 267,434         | 294,104              | 5,202  |
| 2000 | 5,119,954        | 277,208               | 349,343         | 28,719           | 3,882,029     | 268,968         | 309,446              | 4,241  |

Note: The data contain a series break beginning in 1990. Data for funds that invest in other mutual funds were excluded from the series. Data prior to 1990 have been restated to create a consistent series back to 1985.

Section Two: U.S. Industry Long-Term Funds

**Net New Cash Flow\* by Investment Objective**

(millions of dollars)

|                                    | 1998               | 1999                | 2000                |
|------------------------------------|--------------------|---------------------|---------------------|
| <b>Total Net New Cash Flow</b>     | <b>\$241,796.1</b> | <b>\$169,779.9</b>  | <b>\$229,204.9</b>  |
| Aggressive Growth                  | \$11,663.9         | \$34,340.2          | \$129,327.1         |
| Growth                             | 64,255.1           | 97,001.6            | 119,079.2           |
| Sector                             | 6,829.4            | 28,948.4            | 62,310.6            |
| World Equity–Emerging Markets      | 98.9               | 763.9               | 108.5               |
| World Equity–Global                | 4,297.5            | 3,091.2             | 22,716.6            |
| World Equity–International         | 831.0              | 5,986.8             | 31,523.1            |
| World Equity–Regional              | 2,299.6            | 1,382.5             | (4,439.1)           |
| Growth and Income                  | 61,893.5           | 30,660.5            | (31,981.6)          |
| Income Equity                      | 4,863.5            | (14,509.4)          | (19,056.3)          |
| <b>Total Equity Funds</b>          | <b>\$157,032.4</b> | <b>\$187,665.7</b>  | <b>\$309,588.1</b>  |
| Asset Allocation                   | (\$4,184.3)        | (\$5,236.5)         | (\$3,002.5)         |
| Balanced                           | 8,077.9            | (140.2)             | (12,238.6)          |
| Flexible Portfolio                 | 2,618.6            | (2,387.3)           | (7,181.9)           |
| Income–Mixed                       | 3,641.9            | (4,587.9)           | (9,361.1)           |
| <b>Total Hybrid Funds</b>          | <b>\$10,154.1</b>  | <b>(\$12,351.9)</b> | <b>(\$31,784.1)</b> |
| Corporate Bond–General             | \$5,745.4          | (\$505.3)           | (\$586.3)           |
| Corporate Bond–Intermediate-term   | 10,198.1           | 3,991.2             | (2,109.3)           |
| Corporate Bond–Short-term          | 4,177.5            | 733.7               | (1,245.7)           |
| High-yield Bond                    | 13,601.7           | (2,545.9)           | (12,232.8)          |
| World Bond–Global General          | (1,306.2)          | (1,423.0)           | (869.8)             |
| World Bond–Global Short-term       | (171.4)            | (559.2)             | (609.2)             |
| World Bond–Other                   | 321.8              | (388.5)             | (870.8)             |
| Government Bond–General            | 1,152.3            | (2,620.0)           | (3,283.5)           |
| Government Bond–Intermediate-term  | 2,352.2            | 846.2               | (2,293.8)           |
| Government Bond–Short-term         | 2,841.2            | (392.8)             | (3,457.7)           |
| Government Bond–Mortgage-backed    | 2,553.0            | 191.5               | (7,321.9)           |
| Strategic Income                   | 17,944.7           | 9,295.1             | 437.7               |
| State Municipal Bond–General       | 6,765.0            | (4,602.4)           | (5,740.5)           |
| State Municipal Bond–Short-term    | 1,234.1            | 19.5                | 227.8               |
| National Municipal Bond–General    | 4,177.4            | (7,009.8)           | (8,564.0)           |
| National Municipal Bond–Short-term | 3,022.8            | (564.2)             | (79.3)              |
| <b>Total Bond Funds</b>            | <b>\$74,609.6</b>  | <b>(\$5,533.9)</b>  | <b>(\$48,599.1)</b> |

Note: Data for funds that invest in other mutual funds were excluded from the series.

\*Net new cash flow is the dollar value of new sales minus redemptions, combined with net exchanges.

Section Two: U.S. Industry Long-Term Funds

**Net New Cash Flow\* and Total Net Assets of Equity Funds**

(millions of dollars)

|              | Net New Cash Flow  | Total Net Assets     |
|--------------|--------------------|----------------------|
| <b>1998</b>  |                    |                      |
| January      | \$14,089.1         | \$2,392,569.3        |
| February     | 24,060.8           | 2,586,483.9          |
| March        | 22,437.6           | 2,733,526.9          |
| April        | 26,191.0           | 2,792,090.0          |
| May          | 18,847.8           | 2,750,361.9          |
| June         | 18,991.9           | 2,835,775.5          |
| July         | 19,341.8           | 2,806,322.9          |
| August       | (11,578.2)         | 2,359,355.7          |
| September    | 6,254.8            | 2,479,182.2          |
| October      | 2,378.3            | 2,646,860.9          |
| November     | 12,821.9           | 2,813,423.8          |
| December     | 3,195.6            | 2,978,226.6          |
| <b>Total</b> | <b>\$157,032.4</b> | <b>\$2,978,226.6</b> |
| <b>1999</b>  |                    |                      |
| January      | \$17,221.8         | \$3,073,611.9        |
| February     | 767.1              | 2,976,057.7          |
| March        | 12,570.4           | 3,109,136.5          |
| April        | 25,849.5           | 3,265,041.1          |
| May          | 14,953.8           | 3,220,462.4          |
| June         | 18,870.3           | 3,424,674.2          |
| July         | 12,335.1           | 3,367,283.3          |
| August       | 9,475.2            | 3,342,455.2          |
| September    | 11,246.5           | 3,301,188.3          |
| October      | 20,964.6           | 3,506,880.2          |
| November     | 18,526.8           | 3,672,348.4          |
| December     | 24,884.6           | 4,041,890.1          |
| <b>Total</b> | <b>\$187,665.7</b> | <b>\$4,041,890.1</b> |
| <b>2000</b>  |                    |                      |
| January      | \$44,541.0         | \$3,956,475.2        |
| February     | 55,616.7           | 4,231,193.9          |
| March        | 40,220.3           | 4,441,463.1          |
| April        | 35,521.5           | 4,246,897.4          |
| May          | 17,254.2           | 4,106,534.5          |
| June         | 21,962.8           | 4,320,183.1          |
| July         | 16,762.5           | 4,246,366.9          |
| August       | 24,139.4           | 4,571,767.0          |
| September    | 17,594.6           | 4,388,756.8          |
| October      | 19,322.1           | 4,283,996.6          |
| November     | 5,048.5            | 3,854,878.6          |
| December     | 11,604.5           | 3,962,296.5          |
| <b>Total</b> | <b>\$309,588.1</b> | <b>\$3,962,296.5</b> |

Note: Data for funds that invest in other mutual funds were excluded from the series.

\*Net new cash flow is the dollar value of new sales minus redemptions, combined with net exchanges.



Section Two: U.S. Industry Long-Term Funds

**Net New Cash Flow\* and Total Net Assets of Hybrid Funds**

(millions of dollars)

|              | Net New Cash Flow   | Total Net Assets   |
|--------------|---------------------|--------------------|
| <b>1998</b>  |                     |                    |
| January      | \$2,555.1           | \$322,207.9        |
| February     | 2,031.9             | 336,637.1          |
| March        | 1,736.7             | 348,350.0          |
| April        | 1,011.3             | 351,738.2          |
| May          | 1,079.4             | 349,746.3          |
| June         | 1,028.1             | 356,698.0          |
| July         | 1,042.1             | 355,125.3          |
| August       | (948.5)             | 321,274.9          |
| September    | (518.2)             | 332,306.0          |
| October      | (208.8)             | 343,891.4          |
| November     | 1,475.0             | 357,419.2          |
| December     | (130.0)             | 364,714.2          |
| <b>Total</b> | <b>\$10,154.1</b>   | <b>\$364,714.2</b> |
| <b>1999</b>  |                     |                    |
| January      | \$597.2             | \$368,855.5        |
| February     | (1,021.8)           | 360,534.6          |
| March        | (1,052.5)           | 366,758.0          |
| April        | (247.7)             | 380,762.3          |
| May          | (220.2)             | 374,697.8          |
| June         | (413.5)             | 384,464.5          |
| July         | (249.1)             | 377,594.6          |
| August       | (854.8)             | 372,966.3          |
| September    | (1,051.8)           | 366,714.0          |
| October      | (813.2)             | 375,011.1          |
| November     | (2,563.4)           | 376,779.5          |
| December     | (4,461.1)           | 383,163.8          |
| <b>Total</b> | <b>(\$12,351.9)</b> | <b>\$383,163.8</b> |
| <b>2000</b>  |                     |                    |
| January      | (\$6,177.3)         | \$355,377.7        |
| February     | (5,136.9)           | 346,494.4          |
| March        | (5,698.1)           | 357,736.0          |
| April        | (1,938.4)           | 350,532.7          |
| May          | (2,089.3)           | 348,107.3          |
| June         | (2,238.9)           | 351,464.7          |
| July         | (1,666.2)           | 352,851.7          |
| August       | (1,605.8)           | 362,974.8          |
| September    | (2,165.0)           | 354,855.7          |
| October      | (1,178.6)           | 353,896.5          |
| November     | (263.1)             | 342,850.0          |
| December     | (1,626.5)           | 349,662.1          |
| <b>Total</b> | <b>(\$31,784.1)</b> | <b>\$349,662.1</b> |

Note: Data for funds that invest in other mutual funds were excluded from the series.

\*Net new cash flow is the dollar value of new sales minus redemptions, combined with net exchanges.

Section Two: U.S. Industry Long-Term Funds

**Net New Cash Flow\* and Total Net Assets of Bond Funds**

(millions of dollars)

|              | Net New Cash Flow   | Total Net Assets   |
|--------------|---------------------|--------------------|
| <b>1998</b>  |                     |                    |
| January      | \$9,102.1           | \$741,639.4        |
| February     | 6,323.6             | 749,512.3          |
| March        | 6,425.9             | 758,718.6          |
| April        | 4,220.1             | 762,945.5          |
| May          | 8,754.0             | 777,085.1          |
| June         | 4,136.9             | 784,849.6          |
| July         | 6,822.8             | 792,635.9          |
| August       | 5,879.9             | 795,774.3          |
| September    | 5,634.2             | 811,490.0          |
| October      | 5,272.4             | 810,201.0          |
| November     | 8,692.2             | 828,125.7          |
| December     | 3,345.5             | 830,590.3          |
| <b>Total</b> | <b>\$74,609.6</b>   | <b>\$830,590.3</b> |
| <b>1999</b>  |                     |                    |
| January      | \$8,330.3           | \$843,956.2        |
| February     | 4,380.2             | 841,827.6          |
| March        | 6,232.6             | 852,026.9          |
| April        | 1,651.4             | 859,105.5          |
| May          | (1,939.5)           | 847,738.0          |
| June         | 1,857.1             | 841,913.1          |
| July         | 494.9               | 839,924.4          |
| August       | (1,007.9)           | 833,062.5          |
| September    | (3,829.9)           | 830,490.8          |
| October      | (3,514.0)           | 823,189.0          |
| November     | (4,649.3)           | 823,651.8          |
| December     | (13,539.8)          | 808,139.7          |
| <b>Total</b> | <b>(\$5,533.9)</b>  | <b>\$808,139.7</b> |
| <b>2000</b>  |                     |                    |
| January      | (\$12,809.1)        | \$802,472.8        |
| February     | (8,155.2)           | 804,580.7          |
| March        | (7,680.3)           | 801,638.6          |
| April        | (6,714.1)           | 788,999.7          |
| May          | (5,086.4)           | 777,309.3          |
| June         | 442.8               | 792,100.2          |
| July         | (238.7)             | 796,895.6          |
| August       | (1,859.3)           | 802,418.2          |
| September    | (3,120.6)           | 797,817.4          |
| October      | (2,019.0)           | 795,379.6          |
| November     | (633.0)             | 795,130.5          |
| December     | (726.2)             | 807,995.4          |
| <b>Total</b> | <b>(\$48,599.1)</b> | <b>\$807,995.4</b> |

Note: Data for funds that invest in other mutual funds were excluded from the series.

\*Net new cash flow is the dollar value of new sales minus redemptions, combined with net exchanges.

Section Two: U.S. Industry Long-Term Funds

**An Overview: Sales, Redemptions, and Net Sales  
of Equity, Hybrid, and Bond Funds**

(millions of dollars)

| Year | Sales       | Redemptions | Net Sales |
|------|-------------|-------------|-----------|
| 1970 | \$4,625.8   | \$2,987.6   | \$1,638.2 |
| 1971 | 5,147.2     | 4,750.2     | 397.0     |
| 1972 | 4,892.5     | 6,562.9     | (1,670.4) |
| 1973 | 4,359.3     | 5,651.1     | (1,291.8) |
| 1974 | 3,091.5     | 3,380.9     | (289.4)   |
| 1975 | 3,307.2     | 3,686.3     | (379.1)   |
| 1976 | 4,360.5     | 6,801.2     | (2,440.7) |
| 1977 | 6,399.6     | 6,026.0     | 373.6     |
| 1978 | 6,705.3     | 7,232.4     | (527.1)   |
| 1979 | 6,826.1     | 8,005.0     | (1,178.9) |
| 1980 | 9,993.7     | 8,200.0     | 1,793.7   |
| 1981 | 9,710.4     | 7,470.4     | 2,240.0   |
| 1982 | 15,738.3    | 7,571.8     | 8,166.5   |
| 1983 | 40,325.1    | 14,677.6    | 25,647.5  |
| 1984 | 45,857.0    | 20,030.4    | 25,826.6  |
| 1985 | 114,233.0   | 33,761.9    | 80,471.1  |
| 1986 | 215,288.2   | 66,970.0    | 148,318.2 |
| 1987 | 190,207.2   | 116,060.6   | 74,146.6  |
| 1988 | 95,115.7    | 92,326.9    | 2,788.8   |
| 1989 | 125,339.0   | 91,526.5    | 33,812.5  |
| 1990 | 149,094.6   | 98,071.3    | 51,023.3  |
| 1991 | 236,342.3   | 116,584.2   | 119,758.1 |
| 1992 | 363,163.3   | 165,308.3   | 197,855.0 |
| 1993 | 509,916.6   | 230,983.9   | 278,932.7 |
| 1994 | 472,439.5   | 329,232.2   | 143,207.3 |
| 1995 | 475,526.9   | 312,936.7   | 162,590.2 |
| 1996 | 681,142.7   | 397,550.2   | 283,592.5 |
| 1997 | 869,025.9   | 541,192.6   | 327,833.3 |
| 1998 | 1,057,820.8 | 747,680.4   | 310,140.4 |
| 1999 | 1,273,620.9 | 1,021,188.8 | 252,432.1 |
| 2000 | 1,631,476.4 | 1,334,283.9 | 297,192.5 |

*Note: The data contain a series break beginning in 1990. Data for funds that invest in other mutual funds were excluded from the series. Data prior to 1990 have been restated to create a consistent series back to 1984.*

Section Two: U.S. Industry Long-Term Funds

**Sales of Equity, Hybrid, and Bond Funds  
by Investment Objective**

(millions of dollars)

|                                    | 1998                 | 1999                 | 2000                 |
|------------------------------------|----------------------|----------------------|----------------------|
| <b>Total Sales</b>                 | <b>\$1,057,820.8</b> | <b>\$1,273,620.9</b> | <b>\$1,631,476.4</b> |
| Aggressive Growth                  | \$113,817.1          | \$153,230.4          | \$290,298.3          |
| Growth                             | 204,846.4            | 294,832.0            | 365,387.1            |
| Sector                             | 32,759.3             | 62,648.9             | 121,563.3            |
| World Equity–Emerging Markets      | 7,511.7              | 7,308.1              | 11,628.1             |
| World Equity–Global                | 39,723.4             | 47,807.3             | 85,584.2             |
| World Equity–International         | 71,644.7             | 108,132.8            | 210,938.4            |
| World Equity–Regional              | 18,096.2             | 22,786.6             | 27,060.6             |
| Growth and Income                  | 205,656.2            | 227,631.8            | 214,467.4            |
| Income Equity                      | 27,995.9             | 21,634.5             | 20,478.9             |
| <b>Total Equity Funds</b>          | <b>\$722,050.9</b>   | <b>\$946,012.4</b>   | <b>\$1,347,406.3</b> |
| Asset Allocation                   | \$7,199.5            | \$6,494.3            | \$6,688.2            |
| Balanced                           | 37,728.0             | 42,799.9             | 39,998.7             |
| Flexible Portfolio                 | 16,240.9             | 17,639.2             | 13,714.5             |
| Income–Mixed                       | 17,093.0             | 14,486.3             | 8,222.6              |
| <b>Total Hybrid Funds</b>          | <b>\$78,261.4</b>    | <b>\$81,419.7</b>    | <b>\$68,624.0</b>    |
| Corporate Bond–General             | \$14,377.1           | \$10,339.3           | \$11,235.0           |
| Corporate Bond–Intermediate-term   | 24,936.7             | 24,907.3             | 16,857.3             |
| Corporate Bond–Short-term          | 18,830.4             | 17,733.1             | 19,276.0             |
| High-yield Bond                    | 48,033.4             | 39,171.9             | 29,403.7             |
| World Bond–Global General          | 4,457.0              | 3,495.0              | 3,724.6              |
| World Bond–Global Short-term       | 1,931.8              | 1,576.7              | 1,367.6              |
| World Bond–Other                   | 2,029.8              | 1,911.4              | 2,017.8              |
| Government Bond–General            | 10,948.2             | 10,536.6             | 9,043.1              |
| Government Bond–Intermediate-term  | 8,032.8              | 8,895.3              | 6,385.5              |
| Government Bond–Short-term         | 10,212.4             | 9,425.7              | 6,968.5              |
| Government Bond–Mortgage-backed    | 14,403.2             | 15,368.1             | 9,854.4              |
| Strategic Income                   | 37,318.6             | 44,406.5             | 50,876.6             |
| State Municipal Bond–General       | 25,620.2             | 23,319.0             | 17,803.2             |
| State Municipal Bond–Short-term    | 3,123.6              | 3,104.7              | 2,607.9              |
| National Municipal Bond–General    | 22,926.0             | 20,628.5             | 18,347.9             |
| National Municipal Bond–Short-term | 10,327.3             | 11,369.7             | 9,677.0              |
| <b>Total Bond Funds</b>            | <b>\$257,508.5</b>   | <b>\$246,188.8</b>   | <b>\$215,446.1</b>   |

Note: Data for funds that invest in other mutual funds were excluded from the series.

Section Two: U.S. Industry Long-Term Funds

**Reinvested Dividends of Equity, Hybrid, and Bond Funds  
by Investment Objective**

(millions of dollars)

|                                    | 1998              | 1999              | 2000              |
|------------------------------------|-------------------|-------------------|-------------------|
| <b>Total Reinvested Dividends</b>  | <b>\$60,038.8</b> | <b>\$69,972.6</b> | <b>\$67,093.5</b> |
| Aggressive Growth                  | \$1,295.1         | \$1,828.2         | \$1,448.6         |
| Growth                             | 3,931.4           | 6,451.3           | 4,935.4           |
| Sector                             | 1,101.2           | 1,413.2           | 1,427.5           |
| World Equity–Emerging Markets      | 156.6             | 86.1              | 110.6             |
| World Equity–Global                | 1,285.4           | 1,732.3           | 1,835.7           |
| World Equity–International         | 2,430.5           | 2,248.0           | 2,705.2           |
| World Equity–Regional              | 356.4             | 298.8             | 247.9             |
| Growth and Income                  | 9,759.5           | 10,739.4          | 10,683.7          |
| Income Equity                      | 2,065.5           | 2,534.7           | 2,006.8           |
| <b>Total Equity Funds</b>          | <b>\$22,381.6</b> | <b>\$27,332.0</b> | <b>\$25,401.4</b> |
| Asset Allocation                   | \$947.4           | \$1,074.8         | \$800.8           |
| Balanced                           | 3,932.2           | 4,846.8           | 4,266.2           |
| Flexible Portfolio                 | 1,801.0           | 2,025.2           | 2,124.5           |
| Income–Mixed                       | 2,843.0           | 2,991.3           | 2,335.6           |
| <b>Total Hybrid Funds</b>          | <b>\$9,523.6</b>  | <b>\$10,938.1</b> | <b>\$9,527.1</b>  |
| Corporate Bond–General             | \$1,219.8         | \$1,336.3         | \$1,494.0         |
| Corporate Bond–Intermediate-term   | 2,560.2           | 3,085.6           | 2,299.6           |
| Corporate Bond–Short-term          | 1,324.9           | 1,470.6           | 1,646.9           |
| High-yield Bond                    | 6,161.3           | 6,812.0           | 6,227.0           |
| World Bond–Global General          | 477.6             | 479.0             | 412.2             |
| World Bond–Global Short-term       | 195.5             | 173.5             | 104.3             |
| World Bond–Other                   | 159.6             | 197.3             | 308.9             |
| Government Bond–General            | 1,299.0           | 1,457.4           | 1,292.0           |
| Government Bond–Intermediate-term  | 774.7             | 907.2             | 924.0             |
| Government Bond–Short-term         | 696.6             | 788.2             | 752.1             |
| Government Bond–Mortgage-backed    | 2,219.8           | 2,500.7           | 2,556.0           |
| Strategic Income                   | 3,509.3           | 4,562.6           | 6,740.7           |
| State Municipal Bond–General       | 3,149.3           | 3,276.5           | 3,107.9           |
| State Municipal Bond–Short-term    | 188.4             | 215.9             | 151.0             |
| National Municipal Bond–General    | 3,416.2           | 3,539.1           | 3,480.7           |
| National Municipal Bond–Short-term | 781.4             | 900.6             | 667.7             |
| <b>Total Bond Funds</b>            | <b>\$28,133.6</b> | <b>\$31,702.5</b> | <b>\$32,165.0</b> |

Note: Data for funds that invest in other mutual funds were excluded from the series.

Section Two: U.S. Industry Long-Term Funds

**Sales Less Reinvested Dividends of Equity, Hybrid, and Bond Funds by Investment Objective**

(millions of dollars)

|                                    | 1998               | 1999                 | 2000                 |
|------------------------------------|--------------------|----------------------|----------------------|
| <b>Total New Sales</b>             | <b>\$997,782.0</b> | <b>\$1,203,648.3</b> | <b>\$1,564,382.9</b> |
| Aggressive Growth                  | \$112,522.0        | \$151,402.2          | \$288,849.7          |
| Growth                             | 200,915.0          | 288,380.7            | 360,451.7            |
| Sector                             | 31,658.1           | 61,235.7             | 120,135.8            |
| World Equity–Emerging Markets      | 7,355.1            | 7,222.0              | 11,517.5             |
| World Equity–Global                | 38,438.0           | 46,075.0             | 83,748.5             |
| World Equity–International         | 69,214.2           | 105,884.8            | 208,233.2            |
| World Equity–Regional              | 17,739.8           | 22,487.8             | 26,812.7             |
| Growth and Income                  | 195,896.7          | 216,892.4            | 203,783.7            |
| Income Equity                      | 25,930.4           | 19,099.8             | 18,472.1             |
| <b>Total Equity Funds</b>          | <b>\$699,669.3</b> | <b>\$918,680.4</b>   | <b>\$1,322,004.9</b> |
| Asset Allocation                   | \$6,252.1          | \$5,419.5            | \$5,887.4            |
| Balanced                           | 33,795.8           | 37,953.1             | 35,732.5             |
| Flexible Portfolio                 | 14,439.9           | 15,614.0             | 11,590.0             |
| Income–Mixed                       | 14,250.0           | 11,495.0             | 5,887.0              |
| <b>Total Hybrid Funds</b>          | <b>\$68,737.8</b>  | <b>\$70,481.6</b>    | <b>\$59,096.9</b>    |
| Corporate Bond–General             | \$13,157.3         | \$9,003.0            | \$9,741.0            |
| Corporate Bond–Intermediate-term   | 22,376.5           | 21,821.7             | 14,557.7             |
| Corporate Bond–Short-term          | 17,505.5           | 16,262.5             | 17,629.1             |
| High-yield Bond                    | 41,872.1           | 32,359.9             | 23,176.7             |
| World Bond–Global General          | 3,979.4            | 3,016.0              | 3,312.4              |
| World Bond–Global Short-term       | 1,736.3            | 1,403.2              | 1,263.3              |
| World Bond–Other                   | 1,870.2            | 1,714.1              | 1,708.9              |
| Government Bond–General            | 9,649.2            | 9,079.2              | 7,751.1              |
| Government Bond–Intermediate-term  | 7,258.1            | 7,988.1              | 5,461.5              |
| Government Bond–Short-term         | 9,515.8            | 8,637.5              | 6,216.4              |
| Government Bond–Mortgage-backed    | 12,183.4           | 12,867.4             | 7,298.4              |
| Strategic Income                   | 33,809.3           | 39,843.9             | 44,135.9             |
| State Municipal Bond–General       | 22,470.9           | 20,042.5             | 14,695.3             |
| State Municipal Bond–Short-term    | 2,935.2            | 2,888.8              | 2,456.9              |
| National Municipal Bond–General    | 19,509.8           | 17,089.4             | 14,867.2             |
| National Municipal Bond–Short-term | 9,545.9            | 10,469.1             | 9,009.3              |
| <b>Total Bond Funds</b>            | <b>\$229,374.9</b> | <b>\$214,486.3</b>   | <b>\$183,281.1</b>   |

Note: Data for funds that invest in other mutual funds were excluded from the series.

## Section Two: U.S. Industry Long-Term Funds

**Equity, Hybrid, and Bond Funds Distributions to Shareholders**

(millions of dollars)

| Year | Dividend Distributions |              |              |            | Capital Gain Distributions |              |              |            |
|------|------------------------|--------------|--------------|------------|----------------------------|--------------|--------------|------------|
|      | Total                  | Equity Funds | Hybrid Funds | Bond Funds | Total                      | Equity Funds | Hybrid Funds | Bond Funds |
| 1985 | \$12,719.3             | \$3,229.0    | \$1,098.1    | \$8,392.2  | \$4,894.5                  | \$3,699.3    | \$738.5      | \$456.7    |
| 1986 | 22,689.3               | 6,328.3      | 1,499.3      | 14,861.7   | 17,660.9                   | 13,942.4     | 1,240.1      | 2,478.4    |
| 1987 | 31,707.9               | 7,246.4      | 1,933.6      | 22,527.9   | 22,925.6                   | 18,602.8     | 1,604.5      | 2,718.3    |
| 1988 | 31,965.9               | 6,554.1      | 1,872.5      | 23,539.3   | 6,353.5                    | 4,785.3      | 620.2        | 948.0      |
| 1989 | 34,102.4               | 10,235.1     | 2,164.9      | 21,702.4   | 14,765.8                   | 12,664.7     | 539.5        | 1,561.6    |
| 1990 | 33,156.0               | 8,787.4      | 2,350.3      | 22,018.3   | 8,017.2                    | 6,832.6      | 442.9        | 741.7      |
| 1991 | 35,145.0               | 9,007.0      | 2,337.1      | 23,800.9   | 13,917.2                   | 11,961.0     | 861.0        | 1,095.2    |
| 1992 | 58,608.3               | 17,022.8     | 4,483.4      | 37,102.1   | 22,088.6                   | 17,294.4     | 1,488.3      | 3,305.9    |
| 1993 | 73,177.6               | 20,230.0     | 6,810.2      | 46,137.4   | 35,904.6                   | 27,704.8     | 3,495.8      | 4,704.0    |
| 1994 | 61,320.5               | 17,336.9     | 6,897.6      | 37,086.0   | 29,825.4                   | 26,431.7     | 2,412.6      | 981.1      |
| 1995 | 67,230.7               | 22,567.2     | 9,053.5      | 35,610.0   | 54,274.5                   | 50,203.9     | 3,346.8      | 723.8      |
| 1996 | 73,291.6               | 25,062.5     | 9,851.6      | 38,377.5   | 100,508.3                  | 88,211.8     | 10,845.7     | 1,450.8    |
| 1997 | 79,896.2               | 27,971.2     | 11,606.7     | 40,318.3   | 183,385.8                  | 161,365.3    | 19,079.9     | 2,940.6    |
| 1998 | 81,013.8               | 25,499.0     | 11,451.8     | 44,063.0   | 164,991.1                  | 138,687.0    | 21,565.1     | 4,739.0    |
| 1999 | 95,443.1               | 32,543.8     | 13,100.6     | 49,798.7   | 237,624.7                  | 219,484.5    | 16,841.0     | 1,299.2    |
| 2000 | 89,121.4               | 28,886.9     | 11,027.6     | 49,206.9   | 324,973.2                  | 306,718.8    | 17,797.8     | 456.6      |

Note: The data contain a series break beginning in 1990. Data for funds that invest in other mutual funds were excluded from the series. Data prior to 1990 have been restated to create a consistent series back to 1985.

Section Two: U.S. Industry Long-Term Funds

**Annual Redemption Rate for Equity, Hybrid, and Bond Funds**

(millions of dollars)

| Year | Average<br>Total Net Assets | Redemptions | Redemption<br>Rate |
|------|-----------------------------|-------------|--------------------|
| 1970 | \$47,954                    | \$2,988     | 6.2%               |
| 1971 | 51,332                      | 4,750       | 9.3                |
| 1972 | 57,438                      | 6,563       | 11.4               |
| 1973 | 53,175                      | 5,651       | 10.6               |
| 1974 | 40,290                      | 3,381       | 8.4                |
| 1975 | 38,120                      | 3,686       | 9.7                |
| 1976 | 44,880                      | 6,801       | 15.2               |
| 1977 | 46,316                      | 6,026       | 13.0               |
| 1978 | 45,014                      | 7,232       | 16.1               |
| 1979 | 46,980                      | 8,005       | 17.0               |
| 1980 | 53,690                      | 8,200       | 15.3               |
| 1981 | 56,803                      | 7,470       | 13.2               |
| 1982 | 66,024                      | 7,572       | 11.5               |
| 1983 | 95,220                      | 14,678      | 15.4               |
| 1984 | 125,363                     | 20,030      | 16.0               |
| 1985 | 194,355                     | 33,762      | 17.4               |
| 1986 | 337,551                     | 66,970      | 19.8               |
| 1987 | 438,300                     | 116,061     | 26.5               |
| 1988 | 462,252                     | 92,327      | 20.0               |
| 1989 | 512,004                     | 91,527      | 17.9               |
| 1990 | 559,719                     | 98,071      | 17.5               |
| 1991 | 708,800                     | 116,584     | 16.4               |
| 1992 | 973,548                     | 165,308     | 17.0               |
| 1993 | 1,300,527                   | 230,984     | 17.8               |
| 1994 | 1,524,548                   | 329,232     | 21.6               |
| 1995 | 1,801,429                   | 312,937     | 17.4               |
| 1996 | 2,341,465                   | 397,550     | 17.0               |
| 1997 | 3,016,889                   | 541,193     | 17.9               |
| 1998 | 3,791,423                   | 747,680     | 19.7               |
| 1999 | 4,703,362                   | 1,021,189   | 21.7               |
| 2000 | 5,176,574                   | 1,334,284   | 25.8               |

Note: "Average Total Net Assets" are an average of values at the beginning of the year and at the end of the year. The redemption rate is the dollar redemption volume as a percent of average assets. The data contain a series break beginning in 1990. Data for funds that invest in other mutual funds were excluded from the series. Data prior to 1990 have been restated to create a consistent series back to 1984.



Section Two: U.S. Industry Long-Term Funds

**Redemptions of Equity, Hybrid, and Bond Funds  
by Investment Objective**

(millions of dollars)

|                                    | 1998               | 1999                 | 2000                 |
|------------------------------------|--------------------|----------------------|----------------------|
| <b>Total Redemptions</b>           | <b>\$747,680.4</b> | <b>\$1,021,188.8</b> | <b>\$1,334,283.9</b> |
| Aggressive Growth                  | \$95,539.8         | \$125,184.3          | \$191,040.5          |
| Growth                             | 141,496.6          | 206,029.4            | 263,493.8            |
| Sector                             | 24,466.4           | 36,468.6             | 71,114.4             |
| World Equity–Emerging Markets      | 6,915.1            | 6,816.1              | 11,259.4             |
| World Equity–Global                | 31,822.0           | 42,334.2             | 63,222.8             |
| World Equity–International         | 65,217.3           | 100,680.6            | 179,181.7            |
| World Equity–Regional              | 15,887.4           | 21,406.7             | 28,461.7             |
| Growth and Income                  | 133,343.7          | 178,907.2            | 206,606.2            |
| Income Equity                      | 19,580.4           | 26,325.6             | 28,343.1             |
| <b>Total Equity Funds</b>          | <b>\$534,268.7</b> | <b>\$744,152.7</b>   | <b>\$1,042,723.6</b> |
| Asset Allocation                   | \$8,507.4          | \$8,506.2            | \$7,527.1            |
| Balanced                           | 24,817.5           | 33,914.3             | 39,370.7             |
| Flexible Portfolio                 | 11,425.3           | 16,322.7             | 17,241.7             |
| Income–Mixed                       | 9,886.3            | 12,774.6             | 11,904.0             |
| <b>Total Hybrid Funds</b>          | <b>\$54,636.5</b>  | <b>\$71,517.8</b>    | <b>\$76,043.5</b>    |
| Corporate Bond–General             | \$7,884.6          | \$8,910.7            | \$9,671.4            |
| Corporate Bond–Intermediate-term   | 13,951.8           | 17,192.6             | 15,936.8             |
| Corporate Bond–Short-term          | 13,531.6           | 16,216.0             | 18,447.8             |
| High-yield Bond                    | 27,246.6           | 32,125.5             | 30,736.0             |
| World Bond–Global General          | 4,756.1            | 3,947.8              | 3,698.2              |
| World Bond–Global Short-term       | 1,861.6            | 1,873.2              | 1,852.3              |
| World Bond–Other                   | 1,418.2            | 1,952.4              | 2,489.2              |
| Government Bond–General            | 9,326.2            | 10,324.8             | 9,857.7              |
| Government Bond–Intermediate-term  | 6,181.2            | 6,669.8              | 7,178.8              |
| Government Bond–Short-term         | 6,097.6            | 7,547.3              | 7,488.3              |
| Government Bond–Mortgage-backed    | 9,947.3            | 12,305.0             | 13,459.6             |
| Strategic Income                   | 17,419.3           | 28,949.9             | 41,366.8             |
| State Municipal Bond–General       | 15,392.5           | 22,381.3             | 19,947.7             |
| State Municipal Bond–Short-term    | 1,811.3            | 2,795.0              | 2,129.4              |
| National Municipal Bond–General    | 15,293.4           | 21,314.2             | 22,422.7             |
| National Municipal Bond–Short-term | 6,655.9            | 11,012.8             | 8,834.1              |
| <b>Total Bond Funds</b>            | <b>\$158,775.2</b> | <b>\$205,518.3</b>   | <b>\$215,516.8</b>   |

Note: Data for funds that invest in other mutual funds were excluded from the series.

Section Two: U.S. Industry Long-Term Funds

**Total Purchases, Total Sales, and Net Purchases of Portfolio Securities by Long-Term Mutual Funds**

(millions of dollars)

| Year | Total Purchases | Total Sales | Net Purchases |
|------|-----------------|-------------|---------------|
| 1970 | \$20,405.0      | \$18,588.5  | \$1,816.5     |
| 1971 | 25,360.2        | 24,793.8    | 566.4         |
| 1972 | 24,467.6        | 25,823.6    | (1,356.0)     |
| 1973 | 19,706.6        | 21,903.0    | (2,196.4)     |
| 1974 | 12,299.7        | 12,213.5    | 86.2          |
| 1975 | 15,396.9        | 15,511.4    | (114.5)       |
| 1976 | 15,348.2        | 16,881.2    | (1,533.0)     |
| 1977 | 18,168.0        | 19,420.7    | (1,252.7)     |
| 1978 | 20,945.6        | 23,069.7    | (2,124.1)     |
| 1979 | 22,412.1        | 23,702.5    | (1,290.4)     |
| 1980 | 32,987.2        | 32,080.6    | 906.6         |
| 1981 | 36,161.7        | 33,709.2    | 2,452.5       |
| 1982 | 55,682.0        | 47,920.7    | 7,761.3       |
| 1983 | 93,009.5        | 71,466.5    | 21,543.0      |
| 1984 | 120,378.4       | 99,742.2    | 20,636.2      |
| 1985 | 262,472.3       | 188,539.3   | 73,933.0      |
| 1986 | 502,935.9       | 365,929.7   | 137,006.2     |
| 1987 | 538,095.8       | 491,428.1   | 46,667.7      |
| 1988 | 410,831.0       | 421,515.0   | (10,684.0)    |
| 1989 | 471,760.2       | 445,459.5   | 26,300.7      |
| 1990 | 554,724.4       | 505,786.6   | 48,937.8      |
| 1991 | 735,682.4       | 608,119.7   | 127,562.7     |
| 1992 | 949,374.4       | 758,480.8   | 190,893.6     |
| 1993 | 1,335,567.3     | 1,060,396.3 | 275,171.0     |
| 1994 | 1,433,875.9     | 1,329,451.3 | 104,424.6     |
| 1995 | 1,550,745.0     | 1,400,837.4 | 149,907.6     |
| 1996 | 2,018,899.4     | 1,737,337.4 | 281,562.0     |
| 1997 | 2,384,639.4     | 2,108,980.6 | 275,658.8     |
| 1998 | 2,861,561.9     | 2,560,074.4 | 301,487.5     |
| 1999 | 3,437,179.7     | 3,224,301.2 | 212,878.5     |
| 2000 | 4,923,571.2     | 4,698,879.8 | 224,691.4     |

Note: The data contain a series break beginning in 1990. Data for funds that invest in other mutual funds were excluded from the series. Data prior to 1990 have been restated to create a consistent series back to 1984.

Section Two: U.S. Industry Long-Term Funds

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**Total Purchases, Total Sales, and Net Purchases of Common Stocks by Long-Term Mutual Funds**

(millions of dollars)

| Year | Total Purchases | Total Sales | Net Purchases |
|------|-----------------|-------------|---------------|
| 1970 | \$17,127.6      | \$15,900.8  | \$1,226.8     |
| 1971 | 21,557.7        | 21,175.1    | 382.6         |
| 1972 | 20,943.5        | 22,552.8    | (1,609.3)     |
| 1973 | 15,560.7        | 17,504.4    | (1,943.7)     |
| 1974 | 9,085.3         | 9,372.1     | (286.8)       |
| 1975 | 10,948.7        | 11,902.3    | (953.6)       |
| 1976 | 10,729.1        | 13,278.3    | (2,549.2)     |
| 1977 | 8,704.7         | 12,211.3    | (3,506.6)     |
| 1978 | 12,832.9        | 14,454.7    | (1,621.8)     |
| 1979 | 13,089.0        | 15,923.0    | (2,834.0)     |
| 1980 | 19,893.8        | 21,799.9    | (1,906.1)     |
| 1981 | 20,859.7        | 21,278.3    | (418.6)       |
| 1982 | 27,397.2        | 24,939.6    | 2,457.6       |
| 1983 | 54,581.7        | 40,813.9    | 13,767.8      |
| 1984 | 56,584.5        | 50,892.1    | 5,692.4       |
| 1985 | 80,721.0        | 72,574.2    | 8,146.8       |
| 1986 | 134,459.8       | 118,033.4   | 16,426.4      |
| 1987 | 198,875.9       | 176,011.6   | 22,864.3      |
| 1988 | 112,742.3       | 128,821.7   | (16,079.4)    |
| 1989 | 142,770.9       | 141,694.3   | 1,076.6       |
| 1990 | 166,401.9       | 146,586.3   | 19,815.6      |
| 1991 | 250,288.7       | 209,279.0   | 41,009.7      |
| 1992 | 327,517.7       | 261,857.2   | 65,660.6      |
| 1993 | 506,735.6       | 380,868.3   | 125,867.3     |
| 1994 | 628,715.4       | 512,380.6   | 116,334.8     |
| 1995 | 790,118.3       | 686,813.5   | 103,304.8     |
| 1996 | 1,151,439.8     | 927,441.0   | 223,998.8     |
| 1997 | 1,457,384.4     | 1,268,983.5 | 188,400.9     |
| 1998 | 1,762,565.3     | 1,597,310.7 | 165,254.6     |
| 1999 | 2,262,505.4     | 2,088,543.7 | 173,961.7     |
| 2000 | 3,561,246.1     | 3,331,039.5 | 230,206.6     |

*Note: The data contain a series break beginning in 1990. Data for funds that invest in other mutual funds were excluded from the series. Data prior to 1990 have been restated to create a consistent series back to 1984.*

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Section Two: U.S. Industry Long-Term Funds

**Total Purchases, Total Sales, and Net Purchases of Securities  
Other Than Common Stocks by Long-Term Mutual Funds**

(millions of dollars)

| Year | Total Purchases | Total Sales | Net Purchases |
|------|-----------------|-------------|---------------|
| 1970 | \$3,277.4       | \$2,687.7   | \$589.7       |
| 1971 | 3,802.5         | 3,618.7     | 183.8         |
| 1972 | 3,524.1         | 3,270.8     | 253.3         |
| 1973 | 4,145.9         | 4,398.6     | (252.7)       |
| 1974 | 3,214.4         | 2,841.4     | 373.0         |
| 1975 | 4,448.2         | 3,609.1     | 839.1         |
| 1976 | 4,619.1         | 3,602.9     | 1,016.2       |
| 1977 | 9,463.3         | 7,209.4     | 2,253.9       |
| 1978 | 8,112.7         | 8,615.0     | (502.3)       |
| 1979 | 9,323.1         | 7,779.5     | 1,543.6       |
| 1980 | 13,093.4        | 10,280.7    | 2,812.7       |
| 1981 | 15,302.0        | 12,430.9    | 2,871.1       |
| 1982 | 28,284.8        | 22,981.1    | 5,303.7       |
| 1983 | 38,427.8        | 30,652.6    | 7,775.2       |
| 1984 | 63,793.9        | 48,850.1    | 14,943.8      |
| 1985 | 181,751.3       | 115,965.1   | 65,786.2      |
| 1986 | 368,476.1       | 247,896.3   | 120,579.8     |
| 1987 | 339,219.9       | 315,416.5   | 23,803.4      |
| 1988 | 298,088.7       | 292,693.3   | 5,395.4       |
| 1989 | 328,989.3       | 303,765.2   | 25,224.1      |
| 1990 | 388,322.5       | 359,200.3   | 29,122.2      |
| 1991 | 485,393.7       | 398,840.7   | 86,553.0      |
| 1992 | 621,856.7       | 496,623.6   | 125,233.0     |
| 1993 | 828,831.7       | 679,528.0   | 149,303.7     |
| 1994 | 805,160.5       | 817,070.7   | (11,910.2)    |
| 1995 | 760,626.7       | 714,023.9   | 46,602.8      |
| 1996 | 867,459.6       | 809,896.4   | 57,563.2      |
| 1997 | 927,255.0       | 839,997.1   | 87,257.9      |
| 1998 | 1,098,996.6     | 962,763.7   | 136,232.9     |
| 1999 | 1,174,674.3     | 1,135,757.5 | 38,916.8      |
| 2000 | 1,362,325.1     | 1,367,840.3 | (5,515.2)     |

Note: The data contain a series break beginning in 1990. Data for funds that invest in other mutual funds were excluded from the series. Data prior to 1990 have been restated to create a consistent series back to 1984.

Section Two: U.S. Industry Long-Term Funds

**Portfolio Purchases by Investment Objective**

(millions of dollars)

|  | All Securities       |                      | Common Stock Only    |                      |
|--|----------------------|----------------------|----------------------|----------------------|
|  | 1999                 | 2000                 | 1999                 | 2000                 |
| <b>Total</b>                           | <b>\$3,437,179.7</b> | <b>\$4,923,571.2</b> | <b>\$2,262,505.4</b> | <b>\$3,561,246.1</b> |
| Aggressive Growth                      | \$454,083.1          | \$869,301.0          | \$444,630.2          | \$848,477.4          |
| Growth                                 | 784,094.6            | 1,193,067.5          | 756,742.0            | 1,165,713.2          |
| Sector                                 | 132,992.1            | 290,744.5            | 130,218.3            | 285,960.4            |
| World Equity—Emerging Markets          | 13,355.9             | 20,440.5             | 11,869.8             | 17,774.0             |
| World Equity—Global                    | 128,176.9            | 225,134.0            | 120,855.3            | 208,514.2            |
| World Equity—International             | 130,952.8            | 280,807.3            | 123,208.4            | 267,088.3            |
| World Equity—Regional                  | 39,452.7             | 32,902.6             | 29,839.2             | 31,807.6             |
| Growth and Income                      | 484,069.6            | 555,355.6            | 453,656.6            | 512,275.3            |
| Income Equity                          | 65,643.3             | 70,116.5             | 55,833.5             | 59,658.4             |
| <b>Total Equity Funds</b>              | <b>\$2,232,821.0</b> | <b>\$3,537,869.5</b> | <b>\$2,126,853.3</b> | <b>\$3,397,268.8</b> |
| Asset Allocation                       | \$38,167.4           | \$43,007.2           | \$22,407.2           | \$27,990.8           |
| Balanced                               | 146,021.4            | 163,040.2            | 69,254.4             | 78,923.9             |
| Flexible Portfolio                     | 64,243.2             | 74,263.8             | 28,719.3             | 41,642.3             |
| Income—Mixed                           | 57,397.4             | 39,320.4             | 7,824.0              | 7,489.3              |
| <b>Total Hybrid Funds</b>              | <b>\$305,829.4</b>   | <b>\$319,631.6</b>   | <b>\$128,204.9</b>   | <b>\$156,046.3</b>   |
| Corporate Bond—General                 | \$41,981.9           | \$46,779.0           | \$191.5              | \$98.6               |
| Corporate Bond—<br>Intermediate-term   | 109,137.4            | 98,361.0             | 657.6                | 1,133.7              |
| Corporate Bond—Short-term              | 32,277.4             | 29,430.7             | 304.4                | 414.6                |
| High-yield Bond                        | 83,377.2             | 62,072.9             | 3,214.8              | 3,023.0              |
| World Bond—Global General              | 21,378.6             | 25,720.1             | 772.8                | 935.2                |
| World Bond—Global Short-term           | 6,601.7              | 5,379.1              | 723.1                | 51.2                 |
| World Bond—Other                       | 9,982.9              | 13,824.0             | 503.0                | 458.4                |
| Government Bond—General                | 61,161.7             | 82,675.7             | 0.0                  | 0.0                  |
| Government Bond—<br>Intermediate-term  | 33,062.5             | 30,436.5             | 0.0                  | 0.0                  |
| Government Bond—Short-term             | 42,136.2             | 33,847.1             | 0.0                  | 0.0                  |
| Government Bond—<br>Mortgage-backed    | 139,162.0            | 139,384.3            | 0.0                  | 0.0                  |
| Strategic Income                       | 187,963.6            | 394,053.2            | 1,080.0              | 1,816.3              |
| State Municipal Bond—General           | 48,354.2             | 37,001.8             | 0.0                  | 0.0                  |
| State Municipal Bond—Short-term        | 4,173.1              | 2,976.2              | 0.0                  | 0.0                  |
| National Municipal Bond—General        | 57,026.8             | 48,360.7             | 0.0                  | 0.0                  |
| National Municipal Bond—<br>Short-term | 20,752.1             | 15,767.8             | 0.0                  | 0.0                  |
| <b>Total Bond Funds</b>                | <b>\$898,529.3</b>   | <b>\$1,066,070.1</b> | <b>\$7,447.2</b>     | <b>\$7,931.0</b>     |

Note: Data for funds that invest in other mutual funds were excluded from the series.

Section Two: U.S. Industry Long-Term Funds

**Portfolio Sales by Investment Objective**

(millions of dollars)

|  | All Securities       |                      | Common Stock Only    |                      |
|--|----------------------|----------------------|----------------------|----------------------|
|  | 1999                 | 2000                 | 1999                 | 2000                 |
| <b>Total</b>                           | <b>\$3,224,301.2</b> | <b>\$4,698,879.8</b> | <b>\$2,088,543.7</b> | <b>\$3,331,039.5</b> |
| Aggressive Growth                      | \$418,860.5          | \$766,926.9          | \$409,657.9          | \$747,586.1          |
| Growth                                 | 698,143.8            | 1,088,946.3          | 672,908.2            | 1,060,024.8          |
| Sector                                 | 108,348.2            | 237,706.8            | 106,263.4            | 233,586.2            |
| World Equity–Emerging Markets          | 12,011.3             | 20,748.3             | 10,810.2             | 18,061.5             |
| World Equity–Global                    | 122,808.9            | 202,325.7            | 114,978.3            | 188,454.5            |
| World Equity–International             | 128,837.2            | 255,458.6            | 120,470.4            | 241,815.7            |
| World Equity–Regional                  | 38,295.2             | 36,775.9             | 27,885.7             | 35,688.3             |
| Growth and Income                      | 447,177.8            | 587,634.4            | 414,151.4            | 548,976.9            |
| Income Equity                          | 75,055.7             | 90,096.3             | 64,378.2             | 78,827.6             |
| <b>Total Equity Funds</b>              | <b>\$2,049,538.6</b> | <b>\$3,286,619.2</b> | <b>\$1,941,503.7</b> | <b>\$3,153,021.6</b> |
| Asset Allocation                       | \$42,624.9           | \$44,795.0           | \$24,237.7           | \$29,943.1           |
| Balanced                               | 142,725.8            | 167,915.2            | 71,936.8             | 84,390.2             |
| Flexible Portfolio                     | 63,433.9             | 80,565.4             | 34,352.7             | 42,881.9             |
| Income–Mixed                           | 55,902.1             | 47,537.5             | 8,197.1              | 11,189.2             |
| <b>Total Hybrid Funds</b>              | <b>\$304,686.7</b>   | <b>\$340,813.1</b>   | <b>\$138,724.3</b>   | <b>\$168,404.4</b>   |
| Corporate Bond–General                 | \$41,287.8           | \$45,001.0           | \$190.1              | \$106.5              |
| Corporate Bond–Intermediate-term       | 102,477.4            | 97,425.1             | 746.1                | 1,186.6              |
| Corporate Bond–Short-term              | 28,847.6             | 28,021.3             | 276.7                | 781.1                |
| High-yield Bond                        | 79,052.6             | 72,365.7             | 3,584.4              | 3,385.0              |
| World Bond–Global General              | 22,196.8             | 25,360.0             | 967.0                | 938.7                |
| World Bond–Global Short-term           | 6,846.8              | 5,741.3              | 786.3                | 45.2                 |
| World Bond–Other                       | 10,406.8             | 14,463.9             | 554.4                | 548.5                |
| Government Bond–General                | 61,347.5             | 83,666.8             | 0.0                  | 0.0                  |
| Government Bond–<br>Intermediate-term  | 31,580.7             | 31,286.3             | 0.0                  | 0.0                  |
| Government Bond–Short-term             | 40,796.2             | 36,872.5             | 0.0                  | 0.0                  |
| Government Bond–<br>Mortgage-backed    | 134,777.1            | 140,585.8            | 0.0                  | 0.0                  |
| Strategic Income                       | 177,209.5            | 377,091.5            | 1,210.7              | 2,621.9              |
| State Municipal Bond–General           | 50,258.4             | 40,723.5             | 0.0                  | 0.0                  |
| State Municipal Bond–Short-term        | 3,705.7              | 3,375.6              | 0.0                  | 0.0                  |
| National Municipal Bond–General        | 60,310.5             | 53,620.1             | 0.0                  | 0.0                  |
| National Municipal Bond–<br>Short-term | 18,974.5             | 15,847.1             | 0.0                  | 0.0                  |
| <b>Total Bond Funds</b>                | <b>\$870,075.9</b>   | <b>\$1,071,447.5</b> | <b>\$8,315.7</b>     | <b>\$9,613.5</b>     |

Note: Data for funds that invest in other mutual funds were excluded from the series.

## Section Three: U.S. Industry Short-Term Funds

**Total Short-Term Funds**

(millions of dollars)

| Year | Total Sales | Total Redemptions | Net Sales  | Net New Cash Flow* | Dividend Distributions | Number of Funds | Total Accounts Outstanding | Total Net Assets |
|------|-------------|-------------------|------------|--------------------|------------------------|-----------------|----------------------------|------------------|
| 1980 | \$237,427.7 | \$207,877.7       | \$29,550.0 | \$24,022.7         | \$7,765.7              | 106             | 4,762,103                  | \$76,361.3       |
| 1981 | 462,422.6   | 354,972.1         | 107,450.5  | 91,143.7           | 18,573.3               | 179             | 10,323,466                 | 186,158.2        |
| 1982 | 611,202.9   | 580,778.4         | 30,424.5   | 9,184.1            | 21,980.0               | 318             | 13,258,143                 | 219,837.5        |
| 1983 | 507,447.0   | 551,151.3         | (43,704.3) | (55,664.9)         | 13,782.3               | 373             | 12,539,688                 | 179,386.5        |
| 1984 | 634,226.7   | 586,992.4         | 47,234.3   | 35,062.4           | 16,434.9               | 421             | 13,844,697                 | 233,553.8        |
| 1985 | 839,498.8   | 831,121.2         | 8,377.6    | (5,381.8)          | 15,707.7               | 457             | 14,934,631                 | 243,802.4        |
| 1986 | 989,816.0   | 948,641.3         | 41,174.7   | 33,861.8           | 14,832.1               | 485             | 16,313,148                 | 292,151.6        |
| 1987 | 1,060,949.2 | 1,062,519.7       | (1,570.5)  | 10,191.2           | 15,654.0               | 541             | 17,674,790                 | 316,096.1        |
| 1988 | 1,081,702.0 | 1,074,373.5       | 7,328.5    | 74.7               | 21,618.1               | 605             | 18,569,817                 | 337,956.5        |
| 1989 | 1,319,492.6 | 1,235,643.0       | 83,849.6   | 64,053.4           | 28,618.8               | 664             | 21,314,228                 | 428,093.2        |
| 1990 | 1,415,701.4 | 1,372,725.2       | 42,976.2   | 23,219.6           | 30,257.9               | 741             | 22,968,817                 | 498,341.3        |
| 1991 | 1,800,758.0 | 1,763,106.3       | 37,651.7   | 5,499.0            | 28,604.3               | 820             | 23,556,000                 | 542,441.6        |
| 1992 | 2,386,288.1 | 2,382,986.3       | 3,301.7    | (16,299.6)         | 20,279.7               | 864             | 23,647,186                 | 546,194.5        |
| 1993 | 2,677,539.5 | 2,673,464.4       | 4,075.1    | (14,110.2)         | 18,991.3               | 920             | 23,585,329                 | 565,319.1        |
| 1994 | 2,603,333.8 | 2,598,992.9       | 4,341.0    | 8,767.0            | 23,736.6               | 963             | 25,378,671                 | 611,004.5        |
| 1995 | 3,125,209.0 | 3,001,928.0       | 123,281.0  | 89,411.1           | 37,037.7               | 997             | 30,136,777                 | 753,017.7        |
| 1996 | 3,990,530.5 | 3,868,771.7       | 121,758.9  | 89,421.8           | 42,554.8               | 988             | 32,199,937                 | 901,807.0        |
| 1997 | 4,930,584.6 | 4,782,897.7       | 147,686.9  | 102,069.4          | 48,842.6               | 1,013           | 35,624,081                 | 1,058,885.7      |
| 1998 | 6,172,574.8 | 5,901,591.3       | 270,983.5  | 235,335.2          | 57,375.5               | 1,026           | 38,847,345                 | 1,351,678.3      |
| 1999 | 7,769,960.3 | 7,540,911.8       | 229,048.5  | 193,630.4          | 69,004.0               | 1,045           | 43,615,576                 | 1,613,145.5      |
| 2000 | 9,479,064.5 | 9,256,074.8       | 222,989.7  | 159,647.8          | 98,219.3               | 1,041           | 48,138,665                 | 1,845,295.1      |

\*Net new cash flow is the dollar value of new sales minus redemptions, combined with net exchanges.

Section Three: U.S. Industry Short-Term Funds

**An Overview: Taxable Money Market Funds**

(millions of dollars)

| Year | Total Sales | Total Redemptions | Net Sales  | Net New Cash Flow* | Dividend Distributions | Number of Funds | Total Accounts Outstanding | Average Maturity (days) | Total Net Assets |
|------|-------------|-------------------|------------|--------------------|------------------------|-----------------|----------------------------|-------------------------|------------------|
| 1980 | \$232,172.8 | \$204,068.5       | \$28,104.3 | \$22,527.6         | \$7,665.7              | 96              | 4,745,572                  | 24                      | \$74,447.7       |
| 1981 | 451,889.5   | 346,701.5         | 105,188.0  | 88,939.7           | 18,473.3               | 159             | 10,282,095                 | 34                      | 181,910.4        |
| 1982 | 581,758.9   | 559,581.1         | 22,177.8   | 1,704.2            | 21,680.0               | 281             | 13,101,347                 | 37                      | 206,607.5        |
| 1983 | 462,978.7   | 508,729.9         | (45,751.2) | (57,437.5)         | 13,182.3               | 307             | 12,276,639                 | 37                      | 162,549.5        |
| 1984 | 571,959.3   | 531,050.9         | 40,908.4   | 29,163.5           | 15,434.9               | 326             | 13,556,180                 | 43                      | 209,731.9        |
| 1985 | 730,073.8   | 732,343.0         | (2,269.2)  | (15,884.1)         | 14,107.7               | 346             | 14,435,386                 | 42                      | 207,535.3        |
| 1986 | 792,349.1   | 776,303.2         | 16,045.9   | 9,028.8            | 12,432.1               | 359             | 15,653,595                 | 45                      | 228,345.8        |
| 1987 | 869,099.1   | 865,668.4         | 3,430.7    | 13,054.6           | 12,832.9               | 388             | 16,832,666                 | 34                      | 254,676.4        |
| 1988 | 903,425.9   | 899,397.3         | 4,028.6    | (1,512.4)          | 17,976.0               | 431             | 17,630,528                 | 31                      | 272,293.3        |
| 1989 | 1,134,647.8 | 1,055,142.4       | 79,505.4   | 62,537.5           | 24,682.9               | 463             | 20,173,265                 | 40                      | 358,719.2        |
| 1990 | 1,218,935.9 | 1,183,085.9       | 35,850.1   | 17,433.2           | 26,447.6               | 506             | 21,577,559                 | 47                      | 414,733.3        |
| 1991 | 1,569,852.0 | 1,536,509.6       | 33,342.4   | 4,420.8            | 25,120.9               | 553             | 21,863,352                 | 56                      | 452,559.2        |
| 1992 | 2,099,796.8 | 2,101,420.8       | (1,624.0)  | (20,468.2)         | 17,196.9               | 585             | 21,770,693                 | 58                      | 451,353.4        |
| 1993 | 2,335,653.0 | 2,336,939.6       | (1,286.7)  | (19,122.8)         | 15,689.5               | 628             | 21,586,862                 | 59                      | 461,903.9        |
| 1994 | 2,234,069.0 | 2,229,036.6       | 5,032.4    | 7,932.4            | 20,500.2               | 646             | 23,339,838                 | 38                      | 500,635.5        |
| 1995 | 2,729,117.5 | 2,617,221.3       | 111,896.2  | 82,127.1           | 32,822.2               | 674             | 27,859,258                 | 57                      | 629,985.8        |
| 1996 | 3,523,786.6 | 3,415,494.5       | 108,292.1  | 79,186.0           | 38,363.9               | 666             | 29,907,471                 | 54                      | 761,989.0        |
| 1997 | 4,394,583.3 | 4,265,341.8       | 129,241.5  | 86,649.7           | 44,109.6               | 682             | 32,960,628                 | 55                      | 898,083.1        |
| 1998 | 5,533,565.3 | 5,289,265.8       | 244,299.4  | 212,408.3          | 52,072.4               | 685             | 36,442,150                 | 56                      | 1,163,166.7      |
| 1999 | 7,083,029.5 | 6,865,682.3       | 217,347.2  | 182,795.8          | 63,107.4               | 702             | 41,177,138                 | 49                      | 1,408,731.0      |
| 2000 | 8,690,835.2 | 8,499,013.2       | 191,822.0  | 133,121.6          | 89,955.8               | 704             | 45,479,747                 | 51                      | 1,607,240.6      |

\*Net new cash flow is the dollar value of new sales minus redemptions, combined with net exchanges.



## Section Three: U.S. Industry Short-Term Funds

**An Overview: Tax-Exempt Money Market Funds**

(millions of dollars)

| Year |          | Total Sales | Total Redemptions | Net Sales   | Net New Cash Flow* | Dividend Distributions | Number of Funds | Total Accounts Outstanding | Total Net Assets |
|------|----------|-------------|-------------------|-------------|--------------------|------------------------|-----------------|----------------------------|------------------|
| 1987 | National | \$179,215.0 | \$185,031.1       | (\$5,816.1) | (\$4,926.4)        | \$2,600.8              | 111             | 731,265                    | \$54,555.8       |
|      | State    | 12,635.1    | 11,820.2          | 814.9       | 2,063.0            | 220.3                  | 42              | 110,859                    | 6,863.9          |
| 1988 | National | 158,085.8   | 158,120.8         | (35.0)      | (2,214.3)          | 2,990.1                | 120             | 754,068                    | 54,541.7         |
|      | State    | 20,190.4    | 16,855.5          | 3,334.9     | 3,801.4            | 652.0                  | 54              | 185,221                    | 11,118.5         |
| 1989 | National | 152,713.4   | 151,851.4         | 862.0       | (2,053.4)          | 3,011.1                | 129             | 875,626                    | 52,824.7         |
|      | State    | 32,131.3    | 28,649.2          | 3,482.1     | 3,569.4            | 924.8                  | 72              | 265,337                    | 16,549.4         |
| 1990 | National | 155,956.9   | 153,363.8         | 2,593.1     | 1,162.5            | 2,688.9                | 133             | 984,301                    | 59,200.5         |
|      | State    | 40,808.5    | 36,275.6          | 4,532.9     | 4,623.9            | 1,121.4                | 102             | 406,957                    | 24,407.6         |
| 1991 | National | 181,137.9   | 178,927.1         | 2,210.8     | 474.1              | 2,463.2                | 141             | 1,139,741                  | 62,338.0         |
|      | State    | 49,768.1    | 47,669.6          | 2,098.5     | 604.1              | 1,020.2                | 126             | 552,907                    | 27,544.5         |
| 1992 | National | 223,414.2   | 220,832.0         | 2,582.3     | 2,659.5            | 2,171.5                | 139             | 1,120,735                  | 64,863.3         |
|      | State    | 63,077.0    | 60,733.5          | 2,343.5     | 1,509.1            | 911.3                  | 140             | 755,758                    | 29,977.9         |
| 1993 | National | 264,844.1   | 261,686.2         | 3,157.9     | 2,753.6            | 2,024.1                | 145             | 1,237,326                  | 70,451.2         |
|      | State    | 77,042.5    | 74,838.6          | 2,203.9     | 2,259.0            | 1,277.7                | 147             | 761,141                    | 32,964.6         |
| 1994 | National | 281,800.3   | 283,647.0         | (1,846.7)   | (932.6)            | 1,810.3                | 154             | 1,267,090                  | 73,120.1         |
|      | State    | 87,464.6    | 86,309.3          | 1,155.3     | 1,767.1            | 1,426.1                | 163             | 771,743                    | 37,248.9         |
| 1995 | National | 291,273.2   | 286,223.2         | 5,050.0     | 2,449.7            | 2,832.0                | 154             | 1,377,008                  | 79,227.4         |
|      | State    | 104,818.3   | 98,483.5          | 6,334.8     | 4,834.3            | 1,383.5                | 169             | 900,511                    | 43,804.5         |
| 1996 | National | 340,669.6   | 334,148.6         | 6,521.0     | 4,359.5            | 2,795.9                | 155             | 1,346,220                  | 88,845.7         |
|      | State    | 126,074.3   | 119,128.6         | 6,945.8     | 5,876.3            | 1,395.0                | 167             | 946,246                    | 50,972.3         |
| 1997 | National | 383,863.2   | 373,233.5         | 10,629.7    | 8,939.7            | 3,059.7                | 156             | 1,557,399                  | 100,911.3        |
|      | State    | 152,138.1   | 144,322.4         | 7,815.7     | 6,480.0            | 1,673.3                | 175             | 1,106,054                  | 59,891.3         |
| 1998 | National | 452,774.4   | 437,679.8         | 15,094.5    | 13,100.6           | 3,446.3                | 155             | 1,284,287                  | 117,374.0        |
|      | State    | 186,235.2   | 174,645.6         | 11,589.5    | 9,826.3            | 1,856.8                | 186             | 1,120,908                  | 71,137.6         |
| 1999 | National | 474,581.0   | 470,076.8         | 4,504.2     | 4,545.9            | 3,709.0                | 158             | 1,310,161                  | 125,397.3        |
|      | State    | 212,349.7   | 205,152.8         | 7,197.0     | 6,288.7            | 2,187.6                | 185             | 1,128,277                  | 79,017.2         |
| 2000 | National | 533,978.0   | 513,080.9         | 20,897.1    | 17,866.9           | 5,256.0                | 151             | 1,411,570                  | 145,280.9        |
|      | State    | 254,251.3   | 243,980.7         | 10,270.6    | 8,659.3            | 3,007.5                | 186             | 1,247,348                  | 92,773.6         |

\*Net new cash flow is the dollar value of new sales minus redemptions, combined with net exchanges.

Section Three: U.S. Industry Short-Term Funds

**Taxable Money Market Fund Monthly Total Net Assets  
by Type of Fund**

(thousands of dollars)

|             | Individual    | Institutional | Total           |
|-------------|---------------|---------------|-----------------|
| <b>1998</b> |               |               |                 |
| January     | \$541,736,108 | \$386,851,460 | \$928,587,568   |
| February    | 558,096,614   | 395,267,596   | 953,364,210     |
| March       | 571,446,356   | 395,975,981   | 967,422,337     |
| April       | 566,224,539   | 404,786,101   | 971,010,640     |
| May         | 580,637,625   | 414,139,292   | 994,776,917     |
| June        | 582,274,631   | 412,897,380   | 995,172,011     |
| July        | 594,941,847   | 420,653,673   | 1,015,595,520   |
| August      | 626,401,648   | 441,589,555   | 1,067,991,203   |
| September   | 632,259,350   | 453,794,810   | 1,086,054,160   |
| October     | 654,352,422   | 477,132,799   | 1,131,485,221   |
| November    | 663,366,187   | 501,843,017   | 1,165,209,204   |
| December    | 668,870,385   | 494,296,330   | 1,163,166,715   |
| <b>1999</b> |               |               |                 |
| January     | \$687,392,158 | \$531,173,129 | \$1,218,565,287 |
| February    | 707,230,347   | 535,929,425   | 1,243,159,772   |
| March       | 715,778,080   | 522,772,065   | 1,238,550,145   |
| April       | 708,031,292   | 521,485,758   | 1,229,517,050   |
| May         | 706,870,696   | 530,347,234   | 1,237,217,930   |
| June        | 705,927,639   | 523,446,737   | 1,229,374,376   |
| July        | 716,513,479   | 534,149,652   | 1,250,663,131   |
| August      | 731,851,214   | 552,689,185   | 1,284,540,399   |
| September   | 737,625,947   | 545,939,984   | 1,283,565,931   |
| October     | 742,125,744   | 581,169,056   | 1,323,294,800   |
| November    | 765,459,578   | 608,202,442   | 1,373,662,020   |
| December    | 774,645,319   | 634,085,681   | 1,408,731,000   |
| <b>2000</b> |               |               |                 |
| January     | \$800,320,727 | \$644,747,466 | \$1,445,068,193 |
| February    | 812,432,623   | 653,132,008   | 1,465,564,631   |
| March       | 835,438,929   | 640,261,873   | 1,475,700,802   |
| April       | 812,083,214   | 628,283,718   | 1,440,366,932   |
| May         | 811,672,056   | 647,693,501   | 1,459,365,557   |
| June        | 797,559,525   | 646,084,068   | 1,443,643,593   |
| July        | 806,707,155   | 670,240,141   | 1,476,947,296   |
| August      | 813,483,214   | 692,952,736   | 1,506,435,950   |
| September   | 814,849,812   | 692,492,103   | 1,507,341,915   |
| October     | 818,407,433   | 715,751,976   | 1,534,159,409   |
| November    | 838,536,028   | 749,677,590   | 1,588,213,618   |
| December    | 846,489,518   | 760,751,044   | 1,607,240,562   |

Section Three: U.S. Industry Short-Term Funds

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**Taxable Money Market Fund  
Shareholder Accounts by Type of Fund**

|             | Individual | Institutional | Total      |
|-------------|------------|---------------|------------|
| <b>1998</b> |            |               |            |
| January     | 29,835,970 | 2,942,434     | 32,778,404 |
| February    | 30,228,820 | 2,942,808     | 33,171,628 |
| March       | 30,389,255 | 3,010,853     | 33,400,108 |
| April       | 30,715,289 | 3,062,307     | 33,777,596 |
| May         | 31,353,479 | 3,044,806     | 34,398,285 |
| June        | 32,765,377 | 3,071,555     | 35,836,932 |
| July        | 31,830,339 | 3,206,041     | 35,036,380 |
| August      | 32,722,981 | 3,268,267     | 35,991,248 |
| September   | 32,638,562 | 3,316,897     | 35,955,459 |
| October     | 33,014,433 | 3,248,164     | 36,262,597 |
| November    | 33,385,847 | 3,229,880     | 36,615,727 |
| December    | 33,144,698 | 3,297,452     | 36,442,150 |
| <b>1999</b> |            |               |            |
| January     | 33,852,847 | 3,339,405     | 37,192,252 |
| February    | 34,379,272 | 3,340,902     | 37,720,174 |
| March       | 34,451,497 | 3,353,784     | 37,805,281 |
| April       | 34,826,780 | 3,426,882     | 38,253,662 |
| May         | 35,402,788 | 3,434,689     | 38,837,477 |
| June        | 35,601,788 | 3,531,522     | 39,133,310 |
| July        | 36,000,523 | 3,957,345     | 39,957,868 |
| August      | 36,324,068 | 4,070,097     | 40,394,165 |
| September   | 36,207,987 | 4,145,864     | 40,353,851 |
| October     | 36,546,644 | 4,282,828     | 40,829,472 |
| November    | 37,118,077 | 4,271,042     | 41,389,119 |
| December    | 36,979,698 | 4,197,440     | 41,177,138 |
| <b>2000</b> |            |               |            |
| January     | 37,201,437 | 3,894,684     | 41,096,121 |
| February    | 37,555,281 | 3,826,930     | 41,382,211 |
| March       | 38,941,031 | 3,891,413     | 42,832,444 |
| April       | 39,419,053 | 3,569,971     | 42,989,024 |
| May         | 39,579,937 | 4,039,662     | 43,619,599 |
| June        | 38,671,054 | 3,899,253     | 42,570,307 |
| July        | 38,699,735 | 3,835,729     | 42,535,464 |
| August      | 38,807,825 | 3,867,723     | 42,675,548 |
| September   | 40,689,801 | 4,302,046     | 44,991,847 |
| October     | 40,539,919 | 4,351,546     | 44,891,465 |
| November    | 41,121,395 | 4,448,092     | 45,569,487 |
| December    | 41,046,136 | 4,433,611     | 45,479,747 |

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Section Three: U.S. Industry Short-Term Funds

**Taxable Money Market Fund Asset Composition**

(millions of dollars)

|                           | 1995               | 1996               | 1997               | 1998                 | 1999                 | 2000                 |
|---------------------------|--------------------|--------------------|--------------------|----------------------|----------------------|----------------------|
| <b>Total Net Assets</b>   | <b>\$629,985.8</b> | <b>\$761,989.0</b> | <b>\$898,083.1</b> | <b>\$1,163,166.7</b> | <b>\$1,408,731.0</b> | <b>\$1,607,240.6</b> |
| U.S. Treasury Bills       | 42,280.8           | 42,195.0           | 40,955.2           | 48,115.7             | 60,054.7             | 54,515.4             |
| Other Treasury Securities | 29,347.6           | 49,644.1           | 47,934.1           | 62,005.4             | 46,311.1             | 37,843.0             |
| U.S. Securities           | 92,752.0           | 104,189.2          | 97,804.1           | 176,043.0            | 195,734.0            | 189,095.2            |
| Repurchase Agreements     | 89,316.2           | 105,710.6          | 128,901.5          | 141,710.8            | 143,975.3            | 186,890.2            |
| Certificates of Deposits  | 39,898.6           | 69,316.8           | 95,565.7           | 111,908.4            | 138,984.6            | 122,573.8            |
| Eurodollar CDs            | 20,066.2           | 23,569.3           | 23,951.8           | 30,713.8             | 42,095.9             | 93,026.8             |
| Commercial Paper          | 237,121.9          | 276,801.4          | 339,501.0          | 420,975.0            | 535,288.5            | 619,718.7            |
| Bank Notes                | 16,727.7           | 12,398.3           | 21,017.4           | 33,668.5             | 33,828.2             | 46,120.5             |
| Bankers Acceptances       | 3,059.6            | 2,619.9            | 3,472.6            | 2,860.5              | 2,884.3              | 1,782.5              |
| Corporate Notes           | 0.0                | 0.0                | 0.0                | 50,255.0             | 94,010.8             | 119,175.6            |
| Cash Reserves             | (3,596.0)          | (1,159.2)          | 1,479.5            | (1,046.9)            | (3,392.7)            | 2,276.1              |
| Other Assets              | 63,011.2           | 76,703.6           | 97,500.2           | 85,957.5             | 118,956.3            | 134,222.8            |
| <br>                      |                    |                    |                    |                      |                      |                      |
| Average Maturity (days)   | 57                 | 54                 | 55                 | 56                   | 49                   | 51                   |
| <br>                      |                    |                    |                    |                      |                      |                      |
| Number of Funds           | 674                | 666                | 682                | 685                  | 702                  | 704                  |

Note: Prior to 1998, corporate notes are included in the "Other Assets" category.

Section Four: Exchanges for All Funds in the U.S. Industry

**Sales Due to Exchanges by Investment Objective**

(millions of dollars)

|   | 1998               | 1999               | 2000                 |
|---|--------------------|--------------------|----------------------|
| <b>Total</b>                            | <b>\$742,855.5</b> | <b>\$949,940.3</b> | <b>\$1,149,770.4</b> |
| Aggressive Growth                       | \$84,596.3         | \$122,117.6        | \$193,321.4          |
| Growth                                  | 91,807.7           | 128,962.1          | 162,319.0            |
| Sector                                  | 41,172.7           | 53,726.9           | 84,483.7             |
| World Equity—Emerging Markets           | 1,510.1            | 3,213.9            | 5,254.7              |
| World Equity—Global                     | 24,477.1           | 38,729.1           | 52,298.9             |
| World Equity—International              | 31,455.4           | 53,143.1           | 75,843.6             |
| World Equity—Regional                   | 19,937.9           | 16,355.9           | 15,681.6             |
| Growth and Income                       | 60,457.5           | 68,447.5           | 57,939.0             |
| Income Equity                           | 10,370.8           | 7,636.4            | 6,914.1              |
| <b>Total Equity Funds</b>               | <b>\$365,785.5</b> | <b>\$492,332.5</b> | <b>\$654,056.0</b>   |
| Asset Allocation                        | \$2,554.2          | \$2,467.2          | \$2,912.9            |
| Balanced                                | 7,558.1            | 8,078.0            | 6,630.1              |
| Flexible Portfolio                      | 2,635.3            | 2,274.4            | 2,340.7              |
| Income—Mixed                            | 2,739.5            | 1,515.5            | 1,577.1              |
| <b>Total Hybrid Funds</b>               | <b>\$15,487.1</b>  | <b>\$14,335.1</b>  | <b>\$13,460.8</b>    |
| Corporate Bond—General                  | \$3,067.0          | \$2,476.0          | \$2,285.1            |
| Corporate Bond—Intermediate-term        | 6,188.7            | 5,330.5            | 3,263.2              |
| Corporate Bond—Short-term               | 3,849.9            | 5,687.0            | 3,633.2              |
| High-yield Bond                         | 13,919.6           | 13,000.2           | 10,270.3             |
| World Bond—Global General               | 1,799.2            | 972.7              | 959.6                |
| World Bond—Global Short-term            | 649.6              | 104.6              | 93.2                 |
| World Bond—Other                        | 491.6              | 316.0              | 342.4                |
| Government Bond—General                 | 6,078.5            | 5,785.6            | 3,615.1              |
| Government Bond—Intermediate-term       | 4,670.3            | 4,262.3            | 2,854.8              |
| Government Bond—Short-term              | 3,882.3            | 5,243.5            | 3,016.3              |
| Government Bond—Mortgage-backed         | 6,160.7            | 7,850.2            | 7,232.9              |
| Strategic Income                        | 8,162.0            | 6,575.4            | 8,122.8              |
| State Municipal Bond—General            | 6,971.7            | 6,383.4            | 5,121.1              |
| State Municipal Bond—Short-term         | 513.3              | 601.0              | 187.7                |
| National Municipal Bond—General         | 14,828.1           | 14,004.5           | 8,992.3              |
| National Municipal Bond—Short-term      | 2,030.1            | 3,051.1            | 1,873.0              |
| <b>Total Bond Funds</b>                 | <b>\$83,262.6</b>  | <b>\$81,644.0</b>  | <b>\$61,863.0</b>    |
| Taxable Money Market—Government         | \$29,338.1         | \$50,027.5         | \$45,339.5           |
| Taxable Money Market—<br>Non-government | 232,955.9          | 289,513.4          | 356,444.1            |
| National Tax-exempt Money Market        | 11,541.2           | 16,250.5           | 12,403.7             |
| State Tax-exempt Money Market           | 4,485.1            | 5,837.3            | 6,203.3              |
| <b>Total Money Market Funds</b>         | <b>\$278,320.3</b> | <b>\$361,628.7</b> | <b>\$420,390.6</b>   |

Note: Data for funds that invest in other mutual funds were excluded from the series.

Section Four: Exchanges for All Funds in the U.S. Industry

**Redemptions Due to Exchanges by Investment Objective**

(millions of dollars)

|   | 1998               | 1999               | 2000                 |
|---|--------------------|--------------------|----------------------|
| <b>Total</b>                            | <b>\$743,366.6</b> | <b>\$947,387.8</b> | <b>\$1,141,235.3</b> |
| Aggressive Growth                       | \$89,914.6         | \$113,995.3        | \$161,803.5          |
| Growth                                  | 86,971.0           | 114,311.8          | 140,197.7            |
| Sector                                  | 41,535.0           | 49,545.6           | 71,194.5             |
| World Equity–Emerging Markets           | 1,851.2            | 2,855.9            | 5,404.3              |
| World Equity–Global                     | 26,795.6           | 39,378.7           | 50,108.0             |
| World Equity–International              | 34,621.3           | 52,360.5           | 73,372.0             |
| World Equity–Regional                   | 19,490.7           | 16,054.5           | 18,471.7             |
| Growth and Income                       | 61,117.0           | 75,772.2           | 87,098.1             |
| Income Equity                           | 11,857.3           | 14,920.0           | 16,099.4             |
| <b>Total Equity Funds</b>               | <b>\$374,153.7</b> | <b>\$479,194.5</b> | <b>\$623,749.2</b>   |
| Asset Allocation                        | \$4,483.2          | \$4,617.0          | \$4,275.8            |
| Balanced                                | 8,458.5            | 12,257.1           | 15,230.5             |
| Flexible Portfolio                      | 3,031.3            | 3,952.9            | 3,870.9              |
| Income–Mixed                            | 3,461.3            | 4,823.8            | 4,921.1              |
| <b>Total Hybrid Funds</b>               | <b>\$19,434.3</b>  | <b>\$25,650.8</b>  | <b>\$28,298.3</b>    |
| Corporate Bond–General                  | \$2,594.2          | \$3,073.6          | \$2,940.9            |
| Corporate Bond–Intermediate-term        | 4,415.2            | 5,968.4            | 3,993.5              |
| Corporate Bond–Short-term               | 3,646.3            | 4,999.8            | 4,060.2              |
| High-yield Bond                         | 14,943.5           | 15,780.5           | 14,943.8             |
| World Bond–Global General               | 2,328.6            | 1,463.9            | 1,443.7              |
| World Bond–Global Short-term            | 695.8              | 193.8              | 113.5                |
| World Bond–Other                        | 621.8              | 466.2              | 432.9                |
| Government Bond–General                 | 5,249.2            | 7,160.0            | 4,791.9              |
| Government Bond–Intermediate-term       | 3,394.9            | 4,734.4            | 3,431.3              |
| Government Bond–Short-term              | 4,459.4            | 6,726.5            | 5,202.2              |
| Government Bond–Mortgage-backed         | 5,843.8            | 8,221.1            | 8,393.5              |
| Strategic Income                        | 6,607.3            | 8,174.3            | 10,454.2             |
| State Municipal Bond–General            | 7,285.1            | 8,647.1            | 5,609.2              |
| State Municipal Bond–Short-term         | 403.1              | 675.3              | 287.4                |
| National Municipal Bond–General         | 14,867.0           | 16,789.5           | 10,000.8             |
| National Municipal Bond–Short-term      | 1,897.4            | 3,071.6            | 2,127.5              |
| <b>Total Bond Funds</b>                 | <b>\$79,252.6</b>  | <b>\$96,146.0</b>  | <b>\$78,226.5</b>    |
| Taxable Money Market–Government         | \$26,875.9         | \$46,285.4         | \$46,013.7           |
| Taxable Money Market–<br>Non-government | 227,799.1          | 281,290.9          | 347,690.6            |
| National Tax-exempt Money Market        | 11,037.6           | 13,640.3           | 11,682.5             |
| State Tax-exempt Money Market           | 4,813.4            | 5,179.9            | 5,574.5              |
| <b>Total Money Market Funds</b>         | <b>\$270,526.0</b> | <b>\$346,396.5</b> | <b>\$410,961.3</b>   |

Note: Data for funds that invest in other mutual funds were excluded from the series.

Section Four: Exchanges for All Funds in the U.S. Industry

**Net Sales Due to Exchanges by Investment Objective**

(millions of dollars)

|                                     | 1998               | 1999                | 2000                |
|-------------------------------------|--------------------|---------------------|---------------------|
| <b>Total</b>                        | <b>(\$511.1)</b>   | <b>\$2,552.5</b>    | <b>\$8,535.1</b>    |
| Aggressive Growth                   | (\$5,318.3)        | \$8,122.3           | \$31,517.9          |
| Growth                              | 4,836.7            | 14,650.3            | 22,121.3            |
| Sector                              | (362.3)            | 4,181.3             | 13,289.2            |
| World Equity—Emerging Markets       | (341.1)            | 358.0               | (149.6)             |
| World Equity—Global                 | (2,318.5)          | (649.6)             | 2,190.9             |
| World Equity—International          | (3,165.9)          | 782.6               | 2,471.6             |
| World Equity—Regional               | 447.2              | 301.4               | (2,790.1)           |
| Growth and Income                   | (659.5)            | (7,324.7)           | (29,159.1)          |
| Income Equity                       | (1,486.5)          | (7,283.6)           | (9,185.3)           |
| <b>Total Equity Funds</b>           | <b>(\$8,368.2)</b> | <b>\$13,138.0</b>   | <b>\$30,306.8</b>   |
| Asset Allocation                    | (\$1,929.0)        | (\$2,149.8)         | (\$1,362.9)         |
| Balanced                            | (900.4)            | (4,179.1)           | (8,600.4)           |
| Flexible Portfolio                  | (396.0)            | (1,678.5)           | (1,530.2)           |
| Income—Mixed                        | (721.8)            | (3,308.4)           | (3,344.0)           |
| <b>Total Hybrid Funds</b>           | <b>(\$3,947.2)</b> | <b>(\$11,315.8)</b> | <b>(\$14,837.5)</b> |
| Corporate Bond—General              | \$472.8            | (\$597.6)           | (\$655.8)           |
| Corporate Bond—Intermediate-term    | 1,773.5            | (637.9)             | (730.3)             |
| Corporate Bond—Short-term           | 203.6              | 687.2               | (427.0)             |
| High-yield Bond                     | (1,023.9)          | (2,780.3)           | (4,673.5)           |
| World Bond—Global General           | (529.4)            | (491.2)             | (484.1)             |
| World Bond—Global Short-term        | (46.2)             | (89.2)              | (20.3)              |
| World Bond—Other                    | (130.2)            | (150.2)             | (90.5)              |
| Government Bond—General             | 829.3              | (1,374.4)           | (1,176.8)           |
| Government Bond—Intermediate-term   | 1,275.4            | (472.1)             | (576.5)             |
| Government Bond—Short-term          | (577.1)            | (1,483.0)           | (2,185.9)           |
| Government Bond—Mortgage-backed     | 316.9              | (370.9)             | (1,160.6)           |
| Strategic Income                    | 1,554.7            | (1,598.9)           | (2,331.4)           |
| State Municipal Bond—General        | (313.4)            | (2,263.6)           | (488.1)             |
| State Municipal Bond—Short-term     | 110.2              | (74.3)              | (99.7)              |
| National Municipal Bond—General     | (38.9)             | (2,785.0)           | (1,008.5)           |
| National Municipal Bond—Short-term  | 132.7              | (20.5)              | (254.5)             |
| <b>Total Bond Funds</b>             | <b>\$4,010.0</b>   | <b>(\$14,501.9)</b> | <b>(\$16,363.5)</b> |
| Taxable Money Market—Government     | \$2,462.2          | \$3,742.1           | (\$674.2)           |
| Taxable Money Market—Non-government | 5,156.8            | 8,222.5             | 8,753.5             |
| National Tax-exempt Money Market    | 503.6              | 2,610.2             | 721.2               |
| State Tax-exempt Money Market       | (328.3)            | 657.4               | 628.8               |
| <b>Total Money Market Funds</b>     | <b>\$7,794.3</b>   | <b>\$15,232.2</b>   | <b>\$9,429.3</b>    |

Note: Data for funds that invest in other mutual funds were excluded from the series.

Section Five: Institutional Investors in the U.S. Industry

**Assets of Major Institutions and Financial Intermediaries**

(millions of dollars)

|                                       | 1994                           | 1995                           | 1996                           | 1997                           | 1998                           | 1999                            | 2000                   |
|---------------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|---------------------------------|------------------------|
| <b>Depository Institutions</b>        | <b>\$5,461,950.0</b>           | <b>\$5,817,216.0</b>           | <b>\$6,072,189.0</b>           | <b>\$6,557,007.0</b>           | <b>\$7,122,098.0</b>           | <b>\$7,555,261.0</b>            | <b>\$8,116,326.0</b>   |
| Commercial Banks <sup>a</sup>         | 4,159,707.0 <sup>R</sup>       | 4,493,798.0 <sup>R</sup>       | 4,710,397.0 <sup>R</sup>       | 5,174,550.0                    | 5,642,181.0 <sup>R</sup>       | 5,989,322.0 <sup>R</sup>        | 6,455,626.0            |
| Credit Unions <sup>b</sup>            | 293,597.0 <sup>R</sup>         | 310,661.0 <sup>R</sup>         | 330,114.0 <sup>R</sup>         | 353,831.0 <sup>R</sup>         | 391,483.0 <sup>R</sup>         | 414,527.0 <sup>R</sup>          | 441,620.0              |
| Savings Institutions <sup>c</sup>     | 1,008,646.0 <sup>R</sup>       | 1,012,757.0 <sup>R</sup>       | 1,031,678.0 <sup>R</sup>       | 1,028,626.0 <sup>R</sup>       | 1,088,434.0 <sup>R</sup>       | 1,151,412.0 <sup>R</sup>        | 1,219,080.0            |
| <b>Life Insurance</b>                 | <b>1,862,888.0<sup>R</sup></b> | <b>2,063,613.0<sup>R</sup></b> | <b>2,246,289.0<sup>R</sup></b> | <b>2,514,802.0<sup>R</sup></b> | <b>2,769,522.0<sup>R</sup></b> | <b>3,067,922.0<sup>R</sup></b>  | <b>3,133,910.0</b>     |
| <b>Investment Institutions</b>        | <b>4,311,878.3</b>             | <b>5,391,975.6</b>             | <b>6,353,023.0</b>             | <b>7,982,754.7</b>             | <b>9,677,672.8</b>             | <b>11,391,835.5<sup>R</sup></b> | <b>7,100,060.4</b>     |
| Bank-administered Trusts <sup>d</sup> | 2,043,197.2 <sup>R</sup>       | 2,444,822.9                    | 2,684,453.4                    | 3,364,446.6                    | 3,999,320.7                    | 4,380,797.8 <sup>R</sup>        | N/A                    |
| Closed-end Investment Companies       | 113,285.1                      | 135,668.7                      | 142,299.6                      | 150,107.5                      | 153,142.8 <sup>R</sup>         | 164,698.5 <sup>R</sup>          | 134,811.3 <sup>e</sup> |
| Mutual Funds <sup>f</sup>             | 2,155,396.0                    | 2,811,484.0                    | 3,526,270.0                    | 4,468,200.6                    | 5,525,209.3                    | 6,846,339.2                     | 6,965,249.1            |

<sup>a</sup>Includes U.S.-chartered commercial banks, foreign banking offices in the U.S., bank holding companies, and banks in affiliated areas.

<sup>b</sup>Includes only federal or federally insured state credit unions serving natural persons.

<sup>c</sup>Includes mutual savings banks, federal savings banks, and savings & loan associations.

<sup>d</sup>Reflects only discretionary trusts and agencies.

<sup>e</sup>Preliminary data.

<sup>f</sup>Includes short-term funds; excludes funds of funds.

<sup>R</sup>Revised

N/A=Not available

Source: Federal Reserve Board, Federal Financial Institutions Examination Council, and Investment Company Institute



Section Five: Institutional Investors in the U.S. Industry

**Assets of Fiduciary, Business, and Other Institutional Investors\***

(millions of dollars)

**Equity, Hybrid, and Bond Funds**

|   | 1998                 | 1999                 | 2000 <sup>P</sup>    |
|---|----------------------|----------------------|----------------------|
| <b>Fiduciaries (Banks and Individuals Serving as Trustees, Guardians, and Administrators)</b> | <b>\$390,780.8</b>   | <b>\$460,590.5</b>   | <b>\$387,015.9</b>   |
| <b>Business Organizations</b>   | <b>1,424,857.3</b>   | <b>1,874,652.3</b>   | <b>1,799,737.5</b>   |
| Business Corporations   | 95,484.3             | 128,892.8            | 129,150.0            |
| Retirement Plans  | 861,446.9            | 1,126,304.2          | 1,071,472.9          |
| Insurance Companies and Other Financial Institutions  | 467,926.1            | 619,455.3            | 599,114.7            |
| <b>Nonprofit Organizations</b>  | <b>41,069.0</b>      | <b>50,752.4</b>      | <b>53,589.7</b>      |
| <b>Other Institutional Investors Not Classified**</b>   | <b>17,658.6</b>      | <b>28,404.1</b>      | <b>30,869.5</b>      |
| <b>Total</b>  | <b>\$1,874,365.8</b> | <b>\$2,414,399.3</b> | <b>\$2,271,212.6</b> |

Note: Reporters of institutional data represented 82.4% of total assets in 1998, 82.2% in 1999, and 84.4% in 2000.

**Taxable Money Market Funds**

|   | 1998               | 1999               | 2000 <sup>P</sup>  |
|---|--------------------|--------------------|--------------------|
| <b>Fiduciaries (Banks and Individuals Serving as Trustees, Guardians, and Administrators)</b> | <b>\$185,823.0</b> | <b>\$220,917.3</b> | <b>\$255,343.8</b> |
| <b>Business Organizations</b>   | <b>332,943.4</b>   | <b>425,003.2</b>   | <b>498,519.7</b>   |
| Business Corporations   | 136,643.0          | 169,022.6          | 218,722.6          |
| Retirement Plans  | 70,328.2           | 83,229.2           | 87,470.1           |
| Insurance Companies and Other Financial Institutions  | 125,972.1          | 172,751.4          | 192,327.0          |
| <b>Nonprofit Organizations</b>  | <b>15,913.2</b>    | <b>15,947.9</b>    | <b>18,525.2</b>    |
| <b>Other Institutional Investors Not Classified**</b>   | <b>15,305.3</b>    | <b>28,156.0</b>    | <b>33,718.8</b>    |
| <b>Total</b>  | <b>\$549,985.0</b> | <b>\$690,024.4</b> | <b>\$806,107.5</b> |

Note: Reporters of institutional data represented 56.5% of total assets in 1998, 59.6% in 1999, and 64.1% in 2000.

**Tax-exempt Money Market Funds**

|   | 1998              | 1999              | 2000 <sup>P</sup> |
|---|-------------------|-------------------|-------------------|
| <b>Fiduciaries (Banks and Individuals Serving as Trustees, Guardians, and Administrators)</b> | <b>\$34,339.8</b> | <b>\$34,699.8</b> | <b>\$43,246.6</b> |
| <b>Business Organizations</b>   | <b>20,969.5</b>   | <b>21,329.9</b>   | <b>23,452.2</b>   |
| Business Corporations   | 10,175.9          | 10,848.0          | 11,556.3          |
| Retirement Plans  | 417.8             | 429.6             | 439.4             |
| Insurance Companies and Other Financial Institutions  | 10,375.8          | 10,052.4          | 11,456.5          |
| <b>Nonprofit Organizations</b>  | <b>1,479.6</b>    | <b>547.7</b>      | <b>582.4</b>      |
| <b>Other Institutional Investors Not Classified**</b>   | <b>748.4</b>      | <b>1,254.4</b>    | <b>2,587.5</b>    |
| <b>Total</b>  | <b>\$57,537.3</b> | <b>\$57,831.8</b> | <b>\$69,868.7</b> |

Note: Tax-exempt money market fund reporters represented 58.6% of total net assets in 1998, 64.3% in 1999, and 66.2% in 2000.

\*Data for funds that invest in other mutual funds were excluded from the series.

<sup>P</sup>Preliminary data.

\*\*Includes institutional assets for which no determination can be made.

Note: Components may not sum to the total due to rounding.

Section Five: Institutional Investors in the U.S. Industry

**Assets of Fiduciary, Business, and Other Institutional Investors in Taxable Money Market Funds by Type of Fund**

(millions of dollars)

|   | Individual         |                    |                    | Institutional      |                    |                    |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|   | 1998               | 1999               | 2000 <sup>P</sup>  | 1998               | 1999               | 2000 <sup>P</sup>  |
| <b>Fiduciaries (Banks and Individuals Serving as Trustees, Guardians, and Administrators)</b> | <b>\$83,270.1</b>  | <b>\$101,673.8</b> | <b>\$112,548.8</b> | <b>\$102,552.9</b> | <b>\$119,243.5</b> | <b>\$142,795.0</b> |
| <b>Business Organizations</b>   | <b>102,475.3</b>   | <b>111,356.4</b>   | <b>128,395.8</b>   | <b>230,468.1</b>   | <b>313,646.9</b>   | <b>370,124.0</b>   |
| Business Corporations   | 47,642.3           | 47,111.2           | 63,534.6           | 89,000.7           | 121,911.5          | 155,188.1          |
| Retirement Plans  | 37,817.9           | 42,339.6           | 43,151.2           | 32,510.4           | 40,889.6           | 44,318.9           |
| Insurance Companies and Other Financial Institutions  | 17,015.1           | 21,905.6           | 21,710.0           | 108,957.0          | 150,845.8          | 170,617.1          |
| <b>Nonprofit Organizations</b>  | <b>5,908.1</b>     | <b>6,953.0</b>     | <b>8,092.3</b>     | <b>10,005.1</b>    | <b>8,994.8</b>     | <b>10,433.0</b>    |
| <b>Other Institutional Investors Not Classified*</b>  | <b>6,498.1</b>     | <b>8,891.1</b>     | <b>10,822.6</b>    | <b>8,807.2</b>     | <b>19,264.9</b>    | <b>22,896.3</b>    |
| <b>Total</b>  | <b>\$198,151.6</b> | <b>\$228,874.3</b> | <b>\$259,859.5</b> | <b>\$351,833.3</b> | <b>\$461,150.1</b> | <b>\$546,248.2</b> |

<sup>P</sup>Preliminary data.

\*Includes institutional accounts for which no determination of classification can be made.

Components may not sum to the total due to rounding

Section Six: Worldwide Totals

**Worldwide Assets of Open-End Investment Companies**

(millions of U.S. dollars)

| NON-USA COUNTRIES           | 1995               | 1996                 | 1997               | 1998                | 1999                | 2000 <sup>a</sup>   |
|-----------------------------|--------------------|----------------------|--------------------|---------------------|---------------------|---------------------|
| Argentina                   | \$631              | \$1,869              | \$5,247            | \$6,930             | \$6,990             | \$7,664             |
| Australia                   | 36,505             | 47,761               | 42,909             | 44,124 <sup>b</sup> | N/A                 | 328,062             |
| Austria <sup>c</sup>        | 33,452             | 39,543               | 44,930             | 63,772              | 75,730              | 76,422              |
| Belgium                     | 25,553             | 29,247               | 33,658             | 56,339              | 65,461              | 65,683              |
| Brazil                      | 63,637             | 103,786              | 108,606            | 118,687             | 117,758             | 151,081             |
| Canada <sup>d</sup>         | 107,812            | 154,529              | 197,985            | 213,451             | 269,825             | 287,783             |
| Chile                       | 2,843              | 2,934                | 4,549              | 2,910               | 4,091               | 4,431 <sup>d</sup>  |
| Czech Republic              | N/A                | N/A                  | 361                | 556                 | 1,473               | 1,754               |
| Denmark                     | 6,455              | 9,338                | 13,037             | 19,450              | 27,545              | 30,739              |
| Finland                     | 1,211              | 2,510                | 3,534              | 5,695               | 10,318              | 12,961              |
| France                      | 519,376            | 534,145              | 495,774            | 626,154             | 656,132             | 686,569             |
| Germany Public              | 134,543            | 137,860              | 146,888            | 195,701             | 237,312             | 240,815             |
| Special                     | 213,047            | 241,642 <sup>e</sup> | N/A                | N/A                 | N/A                 | N/A                 |
| Greece                      | 10,303             | 15,788               | 25,759             | 32,194              | 36,397              | 29,517              |
| Hong Kong                   | 33,695             | 41,017               | 58,456             | 98,767              | 182,265             | 222,963             |
| Hungary                     | N/A                | N/A                  | 713                | 1,476               | 1,725               | 2,004 <sup>d</sup>  |
| India                       | 10,107             | 9,717 <sup>f</sup>   | 9,353              | 8,685               | 13,065              | 12,963              |
| Ireland <sup>g</sup>        | 8,461              | 7,735                | 22,729             | 22,520 <sup>h</sup> | 95,135              | 131,160             |
| Italy                       | 79,878             | 129,992              | 209,410            | 439,701             | 478,530             | 418,874             |
| Japan                       | 469,980            | 420,103              | 311,335            | 376,533             | 502,752             | 491,852             |
| Korea                       | 92,405             | N/A                  | N/A                | N/A                 | 167,177             | 124,865             |
| Luxembourg                  | 285,448            | 338,236              | 390,623            | N/A                 | 659,284             | 727,376             |
| Mexico                      | 9,025 <sup>i</sup> | N/A                  | N/A                | N/A                 | 19,468              | 19,011              |
| Netherlands <sup>j</sup>    | 62,128             | 67,147               | 70,373             | 87,996              | 102,492             | N/A                 |
| New Zealand <sup>k</sup>    | 6,868              | 7,686                | 7,519              | 7,250               | 8,502               | 7,258               |
| Norway                      | 6,834              | 9,930                | 13,058             | 11,148              | 15,107              | 16,195              |
| Philippines                 | N/A                | N/A                  | N/A                | N/A                 | 117                 | 123                 |
| Poland                      | 282                | 475                  | 541                | 517                 | 762                 | 1,279               |
| Portugal                    | 14,233             | 17,079               | 15,472             | 23,299              | 20,574              | 17,005              |
| Russia                      | N/A                | 6                    | 41                 | 29                  | 177                 | 245                 |
| South Africa                | 9,226              | 9,354                | 12,688             | 12,160              | 18,235              | 17,580              |
| Spain                       | 99,923             | 144,134              | 177,192            | 238,917             | 207,603             | 171,751             |
| Sweden                      | 27,388             | 34,981               | 45,452             | 54,923              | 83,250              | 78,989              |
| Switzerland                 | 44,638             | 48,166               | 53,444             | 69,151              | 82,512              | 82,712              |
| Taiwan                      | 4,388              | 8,351 <sup>l</sup>   | 12,365             | 20,310              | 31,153              | 38,896              |
| United Kingdom <sup>m</sup> | 154,452            | 201,304              | 235,683            | 283,711             | 370,962             | 376,831             |
| <b>TOTAL NON-USA</b>        | <b>2,574,727</b>   | <b>2,816,365</b>     | <b>2,769,684</b>   | <b>3,143,056</b>    | <b>4,569,879</b>    | <b>4,883,413</b>    |
| USA (long-term)             | 2,058,466          | 2,624,463            | 3,409,315          | 4,173,531           | 5,233,194           | 5,541,430           |
| (short-term)                | 753,018            | 901,807              | 1,058,886          | 1,351,678           | 1,613,145           | 1,727,690           |
| <b>TOTAL USA</b>            | <b>2,811,484</b>   | <b>3,526,270</b>     | <b>4,468,201</b>   | <b>5,525,209</b>    | <b>6,846,339</b>    | <b>7,269,120</b>    |
| <b>TOTAL WORLD</b>          | <b>\$5,386,211</b> | <b>\$6,342,635</b>   | <b>\$7,237,885</b> | <b>\$8,668,265</b>  | <b>\$11,416,218</b> | <b>\$12,152,533</b> |

<sup>a</sup>As of September 30, 2000, unless otherwise noted.

<sup>b</sup>As of September 30, 1998.

<sup>c</sup>Includes real estate funds.

<sup>d</sup>As of June 30, 2000.

<sup>e</sup>As of September 30, 1996

<sup>f</sup>As of June 30, 1996

<sup>g</sup>Approximately 95 percent relates to life assurance-linked funds; the other 5 percent are unit investment trusts. International Financial Service Center funds are not included.

<sup>h</sup>As of March 31, 1998.

<sup>i</sup>As of March 31, 1995.

<sup>j</sup>Funds of funds not included.

Note: Comparison of annual total assets across countries is not recommended because reporting coverage, dates, and definitions are not consistent.

Source: European Federation of Investment Funds and Companies, Investment Company Institute

Section Six: Worldwide Totals

**Worldwide Number of Open-End Investment Companies**

| NON-USA COUNTRIES            | 1995             | 1996               | 1997          | 1998             | 1999          | 2000 <sup>a</sup> |
|------------------------------|------------------|--------------------|---------------|------------------|---------------|-------------------|
| Argentina                    | 109              | 149                | 195           | 229              | 224           | 226               |
| Australia                    | 752              | 1,047              | 488           | 569 <sup>b</sup> | N/A           | N/A               |
| Austriac                     | 452              | 517                | 625           | 821              | 1,316         | 1,627             |
| Belgium                      | 277              | 330                | 458           | 631              | 784           | 882               |
| Brazil                       | 1,172            | 1,143              | 1,502         | 1,601            | 1,760         | 2,082             |
| Canada <sup>c</sup>          | 916              | 954                | 1,023         | 1,130            | 1,328         | 1,506             |
| Chile                        | 64               | 77                 | 92            | 102              | 116           | 126 <sup>d</sup>  |
| Czech Republic               | N/A              | N/A                | 47            | 56               | 62            | 61                |
| Denmark                      | 168              | 189                | 222           | 240              | 304           | 375               |
| Finland                      | 44               | 62                 | 81            | 114              | 176           | 221               |
| France                       | 4,878            | 5,379              | 5,797         | 6,274            | 6,511         | 7,065             |
| Germany Public               | 583              | 641                | 717           | 848              | 895           | 964               |
| Special                      | 2,609            | 2,839 <sup>e</sup> | N/A           | N/A              | N/A           | N/A               |
| Greece                       | 119              | 148                | 162           | 179              | 208           | 248               |
| Hong Kong                    | 670              | 708                | 772           | 712              | 832           | 899               |
| Hungary                      | N/A              | N/A                | 37            | 66               | 87            | 90 <sup>d</sup>   |
| India                        | 42               | 42 <sup>f</sup>    | 64            | 97               | 155           | 221               |
| Ireland <sup>g</sup>         | 285              | 260                | 260           | 260 <sup>h</sup> | N/A           | 295               |
| Italy                        | 459              | 531                | 626           | 703              | 823           | 952               |
| Japan                        | 6,408            | 5,879              | 5,203         | 4,534            | 3,444         | 2,884             |
| Korea <sup>i</sup>           | 1,943            | N/A                | N/A           | N/A              | 13,606        | 11,677            |
| Luxembourg                   | 3,081            | 3,234              | 4,064         | N/A              | 5,023         | 5,754             |
| Mexico                       | 351 <sup>j</sup> | N/A                | N/A           | N/A              | 280           | 298               |
| Netherlands <sup>c</sup>     | 161              | 179                | 289           | 334              | 348           | N/A               |
| New Zealand <sup>c</sup>     | 475              | 551                | 629           | 633              | 622           | 629               |
| Norway                       | 185              | 188                | 233           | 264              | 309           | 366               |
| Philippines                  | N/A              | N/A                | N/A           | N/A              | 15            | 18                |
| Poland                       | 4                | 5                  | 20            | 38               | 62            | 74                |
| Portugal                     | 150              | 151                | 163           | 197              | 226           | 240               |
| Russia                       | N/A              | 4                  | 18            | 28               | 27            | 32                |
| South Africa                 | 91               | 107                | 149           | 191              | 260           | 324               |
| Spain                        | 743              | 958                | 1,456         | 1,866            | 2,150         | 2,366             |
| Sweden                       | 298              | 316                | 344           | 366              | 412           | 481               |
| Switzerland                  | 218              | 251                | 296           | 325              | 348           | 361               |
| Taiwan                       | 67               | 82 <sup>f</sup>    | 127           | 174              | 318           | 280               |
| United Kingdom <sup>k</sup>  | 1,490            | 1,452              | 1,455         | 1,541            | 1,594         | 1,799             |
| <b>TOTAL NON-USA</b>         | <b>29,264</b>    | <b>28,373</b>      | <b>27,614</b> | <b>25,123</b>    | <b>44,625</b> | <b>45,423</b>     |
| USA <sup>k</sup> (long-term) | 4,731            | 5,266              | 5,671         | 6,288            | 6,746         | 6,987             |
| (short-term)                 | 997              | 988                | 1,013         | 1,026            | 1,045         | 1,040             |
| <b>TOTAL USA</b>             | <b>5,728</b>     | <b>6,254</b>       | <b>6,684</b>  | <b>7,314</b>     | <b>7,791</b>  | <b>8,027</b>      |
| <b>TOTAL WORLD</b>           | <b>34,992</b>    | <b>34,627</b>      | <b>34,298</b> | <b>32,437</b>    | <b>52,416</b> | <b>53,450</b>     |

<sup>a</sup>As of September 30, 2000, unless otherwise noted.

<sup>b</sup>As of September 30, 1998.

<sup>c</sup>Includes real estate funds.

<sup>d</sup>As of June 30, 2000.

<sup>e</sup>As of September 30, 1996.

<sup>f</sup>As of June 30, 1996.

<sup>g</sup>Approximately 95 percent relates to life assurance-linked funds; the other 5 percent are unit investment trusts.

International Financial Service Center funds are not included.

<sup>h</sup>As of March 31, 1998.

<sup>i</sup>Number of funds does not include bank trust funds.

<sup>j</sup>As of March 31, 1995.

<sup>k</sup>Funds of funds not included.

Note: Comparison of annual total assets across countries is not recommended because reporting coverage, dates, and definitions are not consistent.

Source: European Federation of Investment Funds and Companies, Investment Company Institute

## Section Seven: Other U.S. Investment Companies

**New Deposits and Outstanding Assets of Unit Investment Trusts by Type of Trust 1990-1999**

(millions of dollars)

| Year | Total Trusts |                    | Equity Trusts |                    | Taxable Debt Trusts |                    | Tax-Free Debt Trusts |                    |
|------|--------------|--------------------|---------------|--------------------|---------------------|--------------------|----------------------|--------------------|
|      | New Deposits | Outstanding Assets | New Deposits  | Outstanding Assets | New Deposits        | Outstanding Assets | New Deposits         | Outstanding Assets |
| 1990 | \$7,489.1    | \$105,389.5        | \$495.4       | \$4,191.5          | \$1,349.3           | \$9,456.1          | \$5,644.4            | \$91,741.9         |
| 1991 | 8,195.3      | 102,827.6          | 899.7         | 4,939.5            | 1,686.7             | 9,721.0            | 5,608.9              | 88,167.1           |
| 1992 | 8,908.6      | 97,925.0           | 1,771.3       | 6,483.9            | 2,385.0             | 9,976.0            | 4,752.3              | 81,465.1           |
| 1993 | 9,358.7      | 87,573.9           | 3,206.0       | 8,494.3            | 1,597.7             | 8,566.7            | 4,555.1              | 70,512.8           |
| 1994 | 8,915.2      | 73,681.5           | 3,265.0       | 9,284.8            | 1,708.9             | 7,252.3            | 3,941.3              | 57,144.4           |
| 1995 | 11,264.3     | 73,125.1           | 6,743.1       | 14,018.7           | 1,154.4             | 8,093.7            | 3,366.9              | 51,012.7           |
| 1996 | 22,982.3     | 77,974.6           | 19,635.9      | 26,427.3           | 800.1               | 8,485.4            | 2,546.3              | 43,061.9           |
| 1997 | 38,521.9     | 86,058.5           | 35,885.0      | 42,044.7           | 717.5               | 6,480.5            | 1,919.4              | 37,533.3           |
| 1998 | 61,751.3     | 94,542.8           | 60,073.1      | 57,009.7           | 512.2               | 5,382.4            | 1,166.0              | 32,150.7           |
| 1999 | 75,320.1     | 94,602.2           | 73,961.5      | 64,760.2           | 286.4               | 4,283.3            | 1,072.2              | 25,558.7           |

Section Seven: Other U.S. Investment Companies

**Outstanding Assets and Number of Closed-End Funds by Type of Fund 1995-1999**

(millions of dollars)

|                             | 1995                  |                       | 1996                  |                       | 1997                  |                       | 1998                  |                       | 1999                  |                       |
|-----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                             | Assets<br>Outstanding | Number<br>of<br>Funds | Assets<br>Outstanding | Number<br>of<br>Funds | Assets<br>Outstanding | Number<br>of<br>Funds | Assets<br>Outstanding | Number<br>of<br>Funds | Assets<br>Outstanding | Number<br>of<br>Funds |
| Convertible                 | \$956.8               | 9                     | \$1,034.0             | 9                     | \$1,151.3             | 10                    | \$1,156.1             | 10                    | \$1,319.5             | 9                     |
| Taxable Bond                | 26,286.9              | 101                   | 26,576.4              | 99                    | 26,152.1              | 101                   | 32,546.9              | 108                   | 27,379.6              | 99                    |
| Municipal Bond—National     | 41,383.6              | 96                    | 41,113.0              | 94                    | 41,944.6              | 99                    | 43,032.1              | 103                   | 41,926.4              | 106                   |
| Municipal Bond—Single State | 17,540.8              | 106                   | 17,406.4              | 104                   | 17,802.0              | 101                   | 18,851.9              | 108                   | 20,636.7              | 132                   |
| Equity                      | 17,741.6              | 49                    | 20,297.8              | 47                    | 22,303.6              | 48                    | 23,455.0              | 48                    | 25,254.2              | 50                    |
| <b>TOTAL DOMESTIC</b>       | <b>103,909.7</b>      | <b>361</b>            | <b>106,427.6</b>      | <b>353</b>            | <b>109,353.6</b>      | <b>359</b>            | <b>119,042.0</b>      | <b>377</b>            | <b>116,516.4</b>      | <b>396</b>            |
| Multi Country Debt          | 1,198.1               | 7                     | 2,092.8               | 8                     | 2,095.7               | 9                     | 1,493.7               | 8                     | 1,715.7               | 9                     |
| Single Country Debt         | 1,629.4               | 3                     | 2,175.8               | 3                     | 2,407.5               | 3                     | 1,898.1               | 3                     | 1,675.5               | 1                     |
| Multi Country Equity        | 12,781.2              | 30                    | 15,657.5              | 28                    | 18,864.5              | 29                    | 16,792.9              | 27                    | 27,735.3              | 22                    |
| Single Country Equity       | 7,196.1               | 38                    | 7,091.6               | 44                    | 8,961.3               | 52                    | 6,730.3               | 47                    | 9,960.3               | 44                    |
| <b>TOTAL FOREIGN</b>        | <b>22,804.8</b>       | <b>78</b>             | <b>27,017.7</b>       | <b>83</b>             | <b>32,329.0</b>       | <b>93</b>             | <b>26,915.0</b>       | <b>85</b>             | <b>41,086.8</b>       | <b>76</b>             |
| Global Debt                 | 7,734.2               | 20                    | 7,472.4               | 20                    | 6,977.0               | 18                    | 5,945.7               | 17                    | 5,768.7               | 17                    |
| Global Equity               | 1,220.0               | 9                     | 1,381.9               | 10                    | 1,447.9               | 10                    | 1,240.1               | 7                     | 1,326.6               | 6                     |
| <b>TOTAL GLOBAL</b>         | <b>8,954.2</b>        | <b>29</b>             | <b>8,854.3</b>        | <b>30</b>             | <b>8,424.9</b>        | <b>28</b>             | <b>7,185.8</b>        | <b>24</b>             | <b>7,095.3</b>        | <b>23</b>             |
| <b>TOTAL</b>                | <b>135,668.7</b>      | <b>468</b>            | <b>142,299.6</b>      | <b>466</b>            | <b>150,107.5</b>      | <b>480</b>            | <b>153,142.8</b>      | <b>486</b>            | <b>164,698.5</b>      | <b>495</b>            |

# Data Points

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## Page 8 — Redemptions and New Sales of Long-Term Funds as a Percentage of Net Assets, 1991-2000

|            | Redemptions Plus<br>Redemption Exchanges | New Sales<br>Plus Sales Exchanges |
|------------|--|-----------------------------------|
| 01/31/1991 | 29.6                                     | 34.1                              |
| 02/28/1991 | 28.9                                     | 33.7                              |
| 03/31/1991 | 28.5                                     | 33.5                              |
| 04/30/1991 | 28.8                                     | 34.9                              |
| 05/31/1991 | 27.9                                     | 34.0                              |
| 06/30/1991 | 28.4                                     | 34.9                              |
| 07/31/1991 | 27.7                                     | 35.4                              |
| 08/31/1991 | 27.2                                     | 37.0                              |
| 09/30/1991 | 27.8                                     | 39.3                              |
| 10/31/1991 | 27.9                                     | 41.0                              |
| 11/30/1991 | 28.5                                     | 42.6                              |
| 12/31/1991 | 28.1                                     | 43.1                              |
| 01/31/1992 | 28.2                                     | 44.0                              |
| 02/29/1992 | 28.0                                     | 44.5                              |
| 03/31/1992 | 28.6                                     | 45.9                              |
| 04/30/1992 | 28.6                                     | 46.2                              |
| 05/31/1992 | 28.0                                     | 45.9                              |
| 06/30/1992 | 28.6                                     | 47.5                              |
| 07/31/1992 | 28.2                                     | 47.2                              |
| 08/31/1992 | 28.6                                     | 47.6                              |
| 09/30/1992 | 29.0                                     | 47.8                              |
| 10/31/1992 | 29.8                                     | 47.5                              |
| 11/30/1992 | 29.5                                     | 47.8                              |
| 12/31/1992 | 28.8                                     | 46.5                              |
| 01/31/1993 | 28.1                                     | 45.9                              |
| 02/28/1993 | 28.1                                     | 45.7                              |
| 03/31/1993 | 28.5                                     | 46.4                              |
| 04/30/1993 | 28.7                                     | 46.8                              |
| 05/31/1993 | 28.6                                     | 46.6                              |

|            |      |      |
|------------|------|------|
| 06/30/1993 | 28.8 | 46.9 |
| 07/31/1993 | 28.7 | 46.6 |
| 08/31/1993 | 28.5 | 47.0 |
| 09/30/1993 | 29.0 | 47.4 |
| 10/31/1993 | 28.8 | 48.2 |
| 11/30/1993 | 30.0 | 48.7 |
| 12/31/1993 | 29.9 | 48.5 |
| 01/31/1994 | 30.1 | 48.7 |
| 02/28/1994 | 31.2 | 49.3 |
| 03/31/1994 | 34.0 | 50.7 |
| 04/30/1994 | 34.7 | 50.1 |
| 05/31/1994 | 34.6 | 49.0 |
| 06/30/1994 | 35.1 | 48.4 |
| 07/31/1994 | 34.6 | 46.4 |
| 08/31/1994 | 33.7 | 44.2 |
| 09/30/1994 | 34.1 | 43.7 |
| 10/31/1994 | 34.0 | 42.0 |
| 11/30/1994 | 35.1 | 41.8 |
| 12/31/1994 | 35.2 | 40.2 |
| 01/31/1995 | 34.5 | 37.5 |
| 02/28/1995 | 33.3 | 35.9 |
| 03/31/1995 | 32.3 | 35.3 |
| 04/30/1995 | 31.2 | 34.2 |
| 05/31/1995 | 30.9 | 33.8 |
| 06/30/1995 | 31.1 | 34.0 |
| 07/31/1995 | 30.7 | 33.9 |
| 08/31/1995 | 30.2 | 33.5 |
| 09/30/1995 | 29.8 | 33.6 |
| 10/31/1995 | 30.0 | 34.3 |
| 11/30/1995 | 29.5 | 35.1 |
| 12/31/1995 | 28.9 | 35.7 |
| 01/31/1996 | 28.8 | 37.1 |
| 02/29/1996 | 29.0 | 37.9 |
| 03/31/1996 | 28.9 | 38.6 |
| 04/30/1996 | 29.0 | 39.2 |
| 05/31/1996 | 28.7 | 39.4 |
| 06/30/1996 | 28.7 | 39.8 |
| 07/31/1996 | 29.9 | 40.5 |
| 08/31/1996 | 29.6 | 40.2 |
| 09/30/1996 | 29.0 | 39.4 |
| 10/31/1996 | 29.5 | 39.9 |
| 11/30/1996 | 28.9 | 39.0 |
| 12/31/1996 | 30.0 | 39.9 |



|            |      |      |
|------------|------|------|
| 01/31/1997 | 29.9 | 39.4 |
| 02/28/1997 | 30.3 | 39.5 |
| 03/31/1997 | 31.3 | 40.0 |
| 04/30/1997 | 31.0 | 39.0 |
| 05/31/1997 | 30.0 | 37.6 |
| 06/30/1997 | 30.0 | 37.6 |
| 07/31/1997 | 29.6 | 38.0 |
| 08/31/1997 | 30.6 | 39.1 |
| 09/30/1997 | 29.8 | 38.2 |
| 10/31/1997 | 30.9 | 39.7 |
| 11/30/1997 | 30.1 | 39.0 |
| 12/31/1997 | 30.5 | 39.5 |
| 01/31/1998 | 30.0 | 38.6 |
| 02/28/1998 | 29.3 | 38.0 |
| 03/31/1998 | 29.6 | 38.8 |
| 04/30/1998 | 29.5 | 39.0 |
| 05/31/1998 | 29.5 | 38.9 |
| 06/30/1998 | 29.3 | 38.6 |
| 07/31/1998 | 29.4 | 38.3 |
| 08/31/1998 | 33.1 | 41.9 |
| 09/30/1998 | 32.5 | 40.4 |
| 10/31/1998 | 32.5 | 39.9 |
| 11/30/1998 | 32.0 | 38.9 |
| 12/31/1998 | 32.2 | 38.6 |
| 01/31/1999 | 32.6 | 38.9 |
| 02/28/1999 | 33.3 | 38.8 |
| 03/31/1999 | 33.2 | 38.2 |
| 04/30/1999 | 33.3 | 38.0 |
| 05/31/1999 | 34.7 | 39.0 |
| 06/30/1999 | 33.9 | 38.0 |
| 07/31/1999 | 34.7 | 38.5 |
| 08/31/1999 | 37.1 | 41.5 |
| 09/30/1999 | 37.1 | 41.4 |
| 10/31/1999 | 35.8 | 40.1 |
| 11/30/1999 | 35.6 | 39.4 |
| 12/31/1999 | 34.5 | 38.1 |
| 01/31/2000 | 36.0 | 39.6 |
| 02/29/2000 | 36.9 | 41.2 |
| 03/31/2000 | 37.5 | 41.9 |
| 04/30/2000 | 38.4 | 42.8 |
| 05/31/2000 | 40.1 | 44.5 |
| 06/30/2000 | 39.2 | 43.4 |
| 07/31/2000 | 40.2 | 44.5 |

|            |      |      |
|------------|------|------|
| 08/31/2000 | 39.7 | 44.1 |
| 09/30/2000 | 41.0 | 45.7 |
| 10/31/2000 | 41.2 | 45.8 |
| 11/30/2000 | 42.2 | 46.8 |
| 12/31/2000 | 39.9 | 44.3 |

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## Page 27 — Assets of Mutual Funds, 1990-2000

(billions of dollars)

|      | Equity, Hybrid, and<br>Bond Funds | Money Market<br>Funds | Total   |
|------|-----------------------------------|-----------------------|---------|
| 1990 | 566.9                             | 498.3                 | 1,065.2 |
| 1991 | 850.7                             | 542.4                 | 1,393.2 |
| 1992 | 1,096.3                           | 546.2                 | 1,642.5 |
| 1993 | 1,504.7                           | 565.3                 | 2,070.0 |
| 1994 | 1,544.4                           | 611.0                 | 2,155.4 |
| 1995 | 2,058.5                           | 753.0                 | 2,811.5 |
| 1996 | 2,624.5                           | 901.8                 | 3,526.3 |
| 1997 | 3,409.3                           | 1,058.9               | 4,468.2 |
| 1998 | 4,173.5                           | 1,351.7               | 5,525.2 |
| 1999 | 5,233.2                           | 1,613.1               | 6,846.3 |
| 2000 | 5,120.0                           | 1,845.3               | 6,965.2 |

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## Page 28 — Components of Mutual Fund Asset Growth, 1990-2000

(trillions of dollars)

|      | Net New<br>Cash Flow | Performance | Newly Reporting<br>Funds |
|------|----------------------|-------------|--------------------------|
| 1990 | 0.044                | 0.014       | 0.026                    |
| 1991 | 0.156                | 0.162       | 0.095                    |
| 1992 | 0.312                | 0.233       | 0.117                    |
| 1993 | 0.539                | 0.391       | 0.159                    |
| 1994 | 0.623                | 0.333       | 0.219                    |
| 1995 | 0.835                | 0.742       | 0.253                    |
| 1996 | 1.157                | 1.090       | 0.299                    |
| 1997 | 1.531                | 1.637       | 0.320                    |
| 1998 | 2.008                | 2.194       | 0.343                    |
| 1999 | 2.371                | 3.115       | 0.380                    |
| 2000 | 2.760                | 2.793       | 0.432                    |

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**Page 30 — Share of U.S. Household Bond, Equity, and Short-Term Assets Held Through Mutual Funds, 1990-2000**

(percent of total)

|      | Bonds | Equities | Short-Term Assets |
|------|-------|----------|-------------------|
| 1990 | 15.9  | 10.5     | 11.2              |
| 1991 | 18.6  | 10.5     | 11.7              |
| 1992 | 21.3  | 11.9     | 10.5              |
| 1993 | 25.3  | 15.2     | 10.7              |
| 1994 | 22.7  | 18.4     | 11.2              |
| 1995 | 23.9  | 19.6     | 13.5              |
| 1996 | 24.1  | 23.2     | 14.3              |
| 1997 | 26.3  | 24.9     | 15.7              |
| 1998 | 29.6  | 27.3     | 18.0              |
| 1999 | 27.9  | 28.1     | 20.0              |
| 2000 | 28.6  | 32.8     | 21.7              |

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**Page 33 — Interest Rate Spread and Net New Cash Flow to Retail Money Market Funds, 1991-2000**

| Date       | Net New Cash Flow<br>(percent of total net assets) | Interest Rate Spread<br>(percentage points) |
|------------|--|---|
| 01/31/1991 | 0.932  | 1.17  |
| 02/28/1991 | 0.794  | 0.85  |
| 03/31/1991 | 0.891  | 0.59  |
| 04/30/1991 | 0.550  | 0.45  |
| 05/31/1991 | 0.165  | 0.30  |
| 06/30/1991 | 0.163  | 0.26  |
| 07/31/1991 | (0.564)  | 0.28  |
| 08/31/1991 | (1.022)  | 0.25  |
| 09/30/1991 | (1.362)  | 0.19  |
| 10/31/1991 | (1.190)  | 0.16  |
| 11/30/1991 | (0.938)  | 0.14  |
| 12/31/1991 | (1.273)  | 0.28  |
| 01/31/1992 | (0.530)  | 0.20  |
| 02/29/1992 | (0.390)  | 0.03  |
| 03/31/1992 | (0.433)  | (0.01)                                      |
| 04/30/1992 | (0.667)  | 0.02  |
| 05/31/1992 | (0.940)  | (0.06)                                      |
| 06/30/1992 | (0.803)  | (0.09)                                      |
| 07/31/1992 | (1.484)  | 0.00  |
| 08/31/1992 | (1.530)  | (0.08)                                      |

|            |         |        |
|------------|---------|--------|
| 09/30/1992 | (1.500) | (0.08) |
| 10/31/1992 | (0.930) | (0.15) |
| 11/30/1992 | (0.773) | (0.15) |
| 12/31/1992 | (0.709) | (0.04) |
| 01/31/1993 | (0.614) | (0.04) |
| 02/28/1993 | (0.461) | (0.08) |
| 03/31/1993 | (0.406) | (0.05) |
| 04/30/1993 | (0.738) | (0.03) |
| 05/31/1993 | (0.663) | (0.04) |
| 06/30/1993 | (0.599) | 0.02   |
| 07/31/1993 | (0.479) | 0.05   |
| 08/31/1993 | (0.835) | 0.10   |
| 09/30/1993 | (0.718) | 0.15   |
| 10/31/1993 | (0.653) | 0.16   |
| 11/30/1993 | (0.176) | 0.19   |
| 12/31/1993 | (0.206) | 0.26   |
| 01/31/1994 | (0.324) | 0.24   |
| 02/28/1994 | 0.123   | 0.32   |
| 03/31/1994 | 0.563   | 0.44   |
| 04/30/1994 | 0.922   | 0.61   |
| 05/31/1994 | 0.313   | 0.86   |
| 06/30/1994 | 0.439   | 1.08   |
| 07/31/1994 | 0.614   | 1.20   |
| 08/31/1994 | 0.234   | 1.33   |
| 09/30/1994 | 0.047   | 1.50   |
| 10/31/1994 | (0.097) | 1.61   |
| 11/30/1994 | 0.574   | 1.82   |
| 12/31/1994 | 0.699   | 2.12   |
| 01/31/1995 | 0.902   | 2.22   |
| 02/28/1995 | 1.021   | 2.37   |
| 03/31/1995 | 0.921   | 2.39   |
| 04/30/1995 | 0.861   | 2.40   |
| 05/31/1995 | 0.953   | 2.34   |
| 06/30/1995 | 1.496   | 2.32   |
| 07/31/1995 | 1.498   | 2.24   |
| 08/31/1995 | 1.723   | 2.15   |
| 09/30/1995 | 1.546   | 2.13   |
| 10/31/1995 | 1.732   | 2.11   |
| 11/30/1995 | 1.529   | 2.10   |
| 12/31/1995 | 0.942   | 2.10   |
| 01/31/1996 | 0.741   | 2.05   |
| 02/29/1996 | 1.079   | 1.85   |

|            |       |      |
|------------|-------|------|
| 03/31/1996 | 1.261 | 1.85 |
| 04/30/1996 | 0.692 | 1.84 |
| 05/31/1996 | 0.391 | 1.85 |
| 06/30/1996 | 0.478 | 1.90 |
| 07/31/1996 | 0.820 | 1.93 |
| 08/31/1996 | 0.393 | 1.96 |
| 09/30/1996 | 0.190 | 1.99 |
| 10/31/1996 | 0.734 | 1.98 |
| 11/30/1996 | 0.951 | 1.99 |
| 12/31/1996 | 1.180 | 2.22 |
| 01/31/1997 | 0.828 | 2.21 |
| 02/28/1997 | 1.023 | 2.20 |
| 03/31/1997 | 1.455 | 2.09 |
| 04/30/1997 | 0.840 | 2.23 |
| 05/31/1997 | 0.629 | 2.33 |
| 06/30/1997 | 0.484 | 2.36 |
| 07/31/1997 | 0.528 | 2.38 |
| 08/31/1997 | 0.725 | 2.37 |
| 09/30/1997 | 0.190 | 2.36 |
| 10/31/1997 | 0.724 | 2.36 |
| 11/30/1997 | 0.894 | 2.43 |
| 12/31/1997 | 0.658 | 2.52 |
| 01/31/1998 | 0.939 | 2.53 |
| 02/28/1998 | 0.859 | 2.49 |
| 03/31/1998 | 1.336 | 2.47 |
| 04/30/1998 | 0.898 | 2.50 |
| 05/31/1998 | 1.029 | 2.48 |
| 06/30/1998 | 1.159 | 2.50 |
| 07/31/1998 | 1.085 | 2.49 |
| 08/31/1998 | 1.595 | 2.47 |
| 09/30/1998 | 1.382 | 2.45 |
| 10/31/1998 | 2.031 | 2.27 |
| 11/30/1998 | 1.862 | 2.24 |
| 12/31/1998 | 1.894 | 2.30 |
| 01/31/1999 | 1.901 | 2.28 |
| 02/28/1999 | 1.561 | 2.20 |
| 03/31/1999 | 1.587 | 2.22 |
| 04/30/1999 | 0.841 | 2.24 |
| 05/31/1999 | 0.777 | 2.24 |
| 06/30/1999 | 0.664 | 2.29 |
| 07/31/1999 | 0.560 | 2.42 |
| 08/31/1999 | 0.414 | 2.48 |

|            |         |      |
|------------|---------|------|
| 09/30/1999 | 0.263   | 2.63 |
| 10/31/1999 | 0.520   | 2.70 |
| 11/30/1999 | 0.800   | 2.83 |
| 12/31/1999 | 0.923   | 3.02 |
| 01/31/2000 | 1.142   | 3.02 |
| 02/29/2000 | 0.902   | 3.13 |
| 03/31/2000 | 1.335   | 3.28 |
| 04/30/2000 | 0.719   | 3.45 |
| 05/31/2000 | 0.379   | 3.55 |
| 06/30/2000 | (0.117) | 3.77 |
| 07/31/2000 | (0.370) | 3.86 |
| 08/31/2000 | (0.404) | 3.89 |
| 09/30/2000 | (0.876) | 3.91 |
| 10/31/2000 | (0.245) | 3.89 |
| 11/30/2000 | 0.096   | 3.90 |
| 12/31/2000 | 0.591   | 3.86 |

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### **Page 34 — Share of U.S. Business Short-Term Assets Held Through Money Market Funds**

(percent of total)

|      |      |
|------|------|
| 1990 | 8.9  |
| 1991 | 10.1 |
| 1992 | 14.6 |
| 1993 | 12.6 |
| 1994 | 13.9 |
| 1995 | 18.7 |
| 1996 | 18.0 |
| 1997 | 20.9 |
| 1998 | 28.6 |
| 1999 | 29.3 |
| 2000 | 29.0 |

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**Page 57 — Average 401(k) Account Balance by Age and Tenure, 1999**

(dollars)

| Age Cohort | Tenure Category (years) |          |          |           |           |           |
|------------|-------------------------|----------|----------|-----------|-----------|-----------|
|            | 0 to 2                  | >2 to 5  | >5 to 10 | >10 to 20 | >20 to 30 | > 30      |
| 20s        | \$4,480                 | \$9,335  | \$15,589 |           |           |           |
| 30s        | \$10,044                | \$18,710 | \$35,895 | \$57,001  |           |           |
| 40s        | \$13,389                | \$23,165 | \$45,519 | \$89,258  | \$96,250  |           |
| 50s        | \$15,380                | \$25,504 | \$50,945 | \$102,657 | \$149,226 | \$159,422 |
| 60s        | \$15,919                | \$24,084 | \$48,360 | \$96,075  | \$138,453 | \$198,595 |

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## Glossary of Mutual Fund Terms

*For an explanation of fund types, see pages 3-6.*

**Adviser**—An organization employed by a mutual fund to give professional advice on the fund's investments and asset management practices (also called the investment adviser).

**After-Tax Return**—The total return of a fund after the effects of taxes on distributions and/or redemptions have been assessed. Funds are required by federal securities law to calculate after-tax returns using standardized formulas based upon the highest tax rates. (Consequently, they are not representative of the after-tax returns of most mutual fund shareholders.) These standardized after-tax returns are irrelevant for shareholders in tax-deferred retirement accounts.

**Annual and Semiannual Reports**—Summaries that a mutual fund sends to its shareholders that discuss the fund's performance over a certain period and identify the securities in the fund's portfolio on a specific date.

**Appreciation**—An increase in an investment's value.

**Asked or Offering Price**—(As seen in some mutual fund newspaper listings, see page 14.) The price at which a mutual fund's shares can be purchased. The asked or offering price includes the current net asset value per share plus any sales charge.

**Assets**—The current dollar value of the pool of money shareholders have invested in a fund.

**Automatic Reinvestment**—A fund service giving shareholders the option to purchase additional shares using dividend and capital gain distributions.

**Average Portfolio Maturity**—The average maturity of all the bonds in a bond fund's portfolio.

**Bear Market**—A period during which securities prices in a particular market (such as the stock market) are generally falling.



**Bid or Sell Price**—The price at which a mutual fund's shares are redeemed, or bought back, by the fund. The bid or selling price is usually the current net asset value per share.

**Bond**—A debt security, or IOU, issued by a company, municipality, or government agency. A bond investor lends money to the issuer and, in exchange, the issuer promises to repay the loan amount on a specified maturity date; the issuer usually pays the bondholder periodic interest payments over the life of the loan.

**Broker/Dealer (or Dealer)**—A firm that buys and sells mutual fund shares and other securities from and to investors.

**Bull Market**—A period during which securities prices in a particular market (such as the stock market) are generally rising.

**Capital Gain Distribution**—Profits distributed to shareholders resulting from the sale of securities held in the fund's portfolio for more than one year.

**Closed-End Fund**—A type of investment company that has a fixed number of shares which are publicly traded. The price of a closed-end fund's shares fluctuates based on investor supply and demand. Closed-end funds are not required to redeem shares and have managed portfolios.

**Commission**—A fee paid by an investor to a broker or other sales agent for investment advice and assistance.

**Compounding**—Earnings on an investment's earnings. Over time, compounding can produce significant growth in the value of an investment.

**Contingent Deferred Sales Charge (CDSC)**—A fee imposed when shares are redeemed (sold back to the fund) during the first few years of ownership.

**Credit Risk**—The possibility that a bond issuer may not be able to pay interest and repay its debt.

**Custodian**—An organization, usually a bank, that holds the securities and other assets of a mutual fund.

**Depreciation**—A decline in an investment's value.

**Distribution**—1) The payment of dividends and capital gains, or 2) a term used to describe a method of selling to the public.

**Diversification**—The practice of investing broadly across a number of securities to reduce risk.

**Dollar-Cost Averaging**—The practice of investing a fixed amount of money at regular intervals, regardless of whether the securities markets are declining or rising.

**Exchange Privilege**—A fund option enabling shareholders to transfer their investments from one fund to another within the same fund family as their needs or objectives change. Typically, fund companies allow exchanges several times a year for a low or no fee.

**Exchange-Traded Fund (ETF)**—An investment company with shares that trade intraday on stock exchanges at market-determined prices. Investors may buy or sell ETF shares through a broker just as they would the shares of any publicly traded company.

**Ex-Dividend Date**—With regard to mutual funds, this is the day on which declared distributions (dividends or capital gains) are deducted from the fund's assets before it calculates its net asset value (NAV). The NAV per share will drop by the amount of the distribution per share.

**Expense Ratio**—A fund's cost of doing business—disclosed in the prospectus—expressed as a percentage of its assets.

**Face Value**—The amount that a bond's issuer must repay at the maturity date.

**Family of Funds**—A group of mutual funds, each typically with its own investment objective, managed and distributed by the same company.

**401(k) Plan**—An employer-sponsored retirement plan that enables employees to make tax-deferred contributions from their salaries to the plan.

**403(b) Plan**—An employer-sponsored retirement plan that enables employees of universities, public schools, and nonprofit organizations to make tax-deferred contributions from their salaries to the plan.

**457 Plan**—An employer-sponsored retirement plan that enables employees of state and local governments and other tax-exempt employers to make tax-deferred contributions from their salaries to the plan.

**Hedge Fund**—A private investment pool for wealthy investors that, unlike a mutual fund, is exempt from SEC regulation.

**Hybrid Fund**—A mutual fund that invests in a combination of stocks, bonds, and other securities.

**Income**—Dividends, interest, and/or short-term capital gains paid to a mutual fund's shareholders. Income is earned on a fund's investment portfolio after deducting operating expenses.

**Individual Retirement Account (IRA)**—An investor-established, tax-deferred account set up to hold and invest funds until retirement.

**Inflation Risk**—The risk that a portion of an investment's return may be eliminated by inflation.

**Interest Rate Risk**—The possibility that a bond's or bond mutual fund's value will decrease due to rising interest rates.

**Investment Adviser**—An organization employed by a mutual fund to give professional advice on the fund's investments and asset management practices.

**Investment Company**—A corporation, trust, or partnership that invests pooled shareholder dollars in securities appropriate to the organization's objective. Mutual funds, closed-end funds, and unit investment trusts are the three main types of investment companies.

**Investment Objective**—The goal that an investor and mutual fund pursue together (e.g., current income, long-term capital growth, etc.).

**Issuer**—The company, municipality, or government agency that issues a security, such as stocks, bonds, or money market instruments.

**Large-Cap Stocks**—Stocks of large-capitalization companies, which are generally considered to be companies whose total outstanding shares are valued at \$10 billion or more.

**Liquidity**—The ability to gain ready access to invested money. Mutual funds are liquid because their shares can be redeemed for current value (which may be more or less than the original cost) on any business day.

**Long-Term Funds**—A mutual fund industry designation for all funds other than money market funds. Long-term funds are broadly divided into equity (stock), bond, and hybrid funds.

**Management Fee**—The amount paid by a mutual fund to the investment adviser for its services.

**Maturity**—The date by which an issuer promises to repay a bond's face value.

**Mutual Fund**—An investment company that buys a portfolio of securities selected by a professional investment adviser to meet a specified financial goal. Investors buy shares in a fund, which represent ownership in all the fund's securities. A mutual funds stands ready to buy back its shares at their current net asset value, which is the total market value of the fund's investment portfolio, minus its liabilities, divided by the number of shares outstanding. Most mutual funds continuously offer new shares to investors.

**National Association of Securities Dealers, Inc.**

**(NASD)**—A self-regulatory organization with authority over firms that distribute mutual fund shares as well as other securities.

**Net Asset Value (NAV)**—The per-share value of a mutual fund, found by subtracting the fund's liabilities from its assets and dividing by the number of shares outstanding. Mutual funds calculate their NAVs at least once daily.

**No-Load Fund**—A mutual fund whose shares are sold without a sales commission and without a 12b-1 fee of more than .25 percent per year.

**Open-End Investment Company**—The legal name for a mutual fund, indicating that it stands ready to redeem (buy back) its shares from investors.

**Operating Expenses**—Business costs paid from a fund's assets before earnings are distributed to shareholders. These include management fees, 12b-1 fees, and other expenses.

**Payroll Deduction Plan**—An arrangement that some employers offer employees to accumulate mutual fund shares. Employees authorize their employer to deduct a specified amount from their salaries at stated times and transfer the proceeds to the fund.

**Pooling**—The basic concept behind mutual funds in which a fund aggregates the assets of investors who share common financial goals. A fund uses the investment pool to buy a diversified portfolio of investments, and each mutual fund share purchased represents ownership in all the fund's underlying securities.

**Portfolio**—A collection of securities owned by an individual or an institution (such as a mutual fund) that may include stocks, bonds, and money market securities.

**Portfolio Manager**—A specialist employed by a mutual fund’s adviser to invest the fund’s assets in accordance with predetermined investment objectives.

**Portfolio Turnover**—A measure of the trading activity in a fund’s investment portfolio—how often securities are bought and sold by a fund.

**Prepayment Risk**—The possibility that a bond owner will receive his or her principal investment back from the issuer prior to the bond’s maturity date.

**Principal**—See Face Value.

**Professional Management**—The full-time, experienced team of professionals that decides what securities to buy, hold, and sell for a mutual fund portfolio.

**Prospectus**—The official document that describes a mutual fund to prospective investors. The prospectus contains information required by the SEC, such as investment objectives and policies, risks, services, and fees.

**Quality**—The creditworthiness of a bond issuer, which indicates the likelihood that it will be able to repay its debt.

**Redeem**—To cash in mutual fund shares by selling them back to the fund. Mutual fund shares may be redeemed on any business day. An investor receives the current share price, called net asset value, minus any deferred sales charge or redemption fee.

**Redemption Price**—The amount per share (shown as the “bid” in newspaper tables) that mutual fund shareholders receive when they cash in shares. The value of a fund’s shares on any given day depends on the current market value of its underlying investment portfolio at that time.

**Reinvestment Privilege**—An option whereby mutual fund dividend and capital gain distributions automatically buy new fund shares.

**Risk/Reward Tradeoff**—The principle that an investment must offer higher potential returns as compensation for the likelihood of increased volatility.

**Rollover**—The shifting of an investor’s assets from one qualified retirement plan to another—due to changing jobs, for instance—without a tax penalty.

**Sales Charge or Load**—An amount charged for the sale of some fund shares, usually those sold by brokers or other sales professionals. By regulation, a mutual fund sales charge may not exceed 8.5 percent of an investment purchase. The charge may vary depending on the amount invested and the fund chosen. A sales charge or load is reflected in the asked or offering price (see Asked Price).

**Series Fund**—A group of different mutual funds, each with its own investment objective and policies, that is structured as a single corporation or business trust.

**Share Classes (e.g., Class A, Class B, etc.)**—Represent ownership in the same fund, but with different fee charges. This enables shareholders to choose the type of fee structure that best suits their particular needs.

**Shareholder**—An investor who owns shares of a mutual fund or other company.

**Short-Term Funds**—Another term for money market funds.

**Small-Cap Stocks**—Stock of small-capitalization companies, which are generally considered to be companies whose total outstanding shares are valued at less than \$1.6 billion.

**Statement of Additional Information (SAI)**—The supplementary document to a prospectus that contains more detailed information about a mutual fund; also known as “Part B” of the prospectus.

**Stock**—A share of ownership or equity in a corporation.

**Total Return**—A measure of a fund’s performance that encompasses all elements of return: dividends, capital gain distributions, and changes in net asset value. Total return is the change in value of an investment over a given period, assuming reinvestment of any dividends and capital gain distributions, expressed as a percentage of the initial investment.

**Transfer Agent**—The organization employed by a mutual fund to prepare and maintain records relating to shareholder accounts.

**12b-1 Fee**—A mutual fund fee, named for the SEC rule that permits it, used to pay distribution costs, such as advertising and commissions paid to dealers. If a fund has a 12b-1 fee, it will be disclosed in the fee table of a fund’s prospectus.

**Underwriter**—The organization that sells a mutual fund's shares to broker/dealers and investors.

**Unit Investment Trust (UIT)**—An investment company that buys and holds a fixed number of shares until the trust's termination date. When the trust is dissolved, proceeds are paid to shareholders. A UIT has an unmanaged portfolio. Like a mutual fund, shares of a UIT can be redeemed on any business day.

**U.S. Securities and Exchange Commission (SEC)**—The primary U.S. government agency responsible for the regulation of the day-to-day operations and disclosure obligations of mutual funds.

**Variable Annuity**—An investment contract sold by an insurance company; capital is accumulated, often through mutual fund investments, and converted to an income stream later, often at an investor's retirement.

**Withdrawal Plan**—A fund service allowing shareholders to receive income or principal payments from their fund account at regular intervals.

**Yield**—A measure of net income (dividends and interest) earned by the securities in a fund's portfolio less the fund's expenses during a specified period. A fund's yield is expressed as a percentage of the maximum offering price per share on a specified date.