



INVESTMENT CONSULTING GROUP, INC.

246 West Third Street, Davenport, Iowa 52801 TEL. (563) 322-2322 * TOLL FREE (800) 824-8668 * FAX (563) 322-4966

ICG TIMELY TOPICS



From the top

The mutual fund industry is now the most recent cause of concern for the investor. Some critics have put the scandal in the same vein as Enron...I don't. I believe the ethics issue, if handled incorrectly, could become worse. However it appears, today, that the fund companies have been willing to admit fault and thereby improve their image. Some of the issues on the table have been Wall Street's "dirty little secrets" for many years. It involves mutual funds, investment managers, brokerage firms and analysts. Now those issues are out on the table.

All businesses need to learn a simple formula...

*"Is it legal, moral and ethical?
A truly successful business
has all three traits."*

Vince Poscente

*"Real excellence does not
come cheaply..."*

Stephen Covey

Donald R. Stanforth, President
Certified Investment
Management Analyst



Hoffman, David "With fund fees, devil is in the details" Investment News Vol. 7, No. 39, October 13, 2003 pp. 7, 22

The Securities and Exchange Commission has suggested a new confirmation rule that would require funds to disclose fee and expense information on confirmation forms sent to investors. The problem with the rule is that it doesn't give investors the information they need to make an informed decision until after they have made the purchase.

Staff "Investment Advice And Fiduciary Liability" 401khelpcenter.com October 1, 2003 www.401khelpcenter.com/advise_and_liability.html

In a study by The Profit Sharing/401k Council of America, 51.9% of respondents provide investment advice. Those who don't provide advice cited three main reasons: 1) Fiduciary concern about liability for advice that results in a loss. 2) Fiduciary concerns about ability to select competent advice provider. 3) Fiduciary concern about ability to monitor advice provider. Many sponsors believe that by not providing advice they can avoid any liability. This might not be the case.

Hansard, Sara "Mutual funds may soon feel proxy pressure" Investment News Vol. 7, No. 39, October 13, 2003 p. 8

The 5 member SEC commission unanimously approved a proposal that would give shareholders of operating companies and mutual funds greater ability to nominate directors through company proxies.

Burr, Barry B. "Study details big disparity in fees paid to managers" Pensions & Investments September 1, 2003 pp. 4, 29

Some institutional investors pay money managers as much as 400% more than others for the same active portfolio services and account size. It is recommended that, to stop these practices, investment managers should explain their fees in terms of the resources they bring to the investment assignment and other 'cost' factors, such as soft dollar and turnover.

Anand, Vineeta "Regulators muddy waters in scandal" Pensions & Investments November 24, 2003 pp. 1, 26

Regulators may be compounding the mess of the mutual fund trading scandal. The SEC is to issue a proposal that would require all mutual fund trades to be submitted by 4:00 p.m. Eastern Time. This could delay the investment changes of participants by 24 hours or more.

Anand, Vineeta "Summaries win OK from Labor Department" Pensions & Investments September 15, 2003 pp. 3, 32

The Department of Labor issued an advisory opinion giving the OK for plan sponsors and administrators to give summary mutual fund prospectuses to participants. A full prospectus must be given, if the participant requests it.