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For Immediate Release

National Association of Investors Corporation Petitions SEC to Improve Mutual Fund Portfolio Disclosure

The National Association of Investors Corporation filed a petition today that asks the Securities and Exchange Commission to adopt rules to improve mutual funds' disclosure of their portfolio holdings. With 88 million Americans' invested in mutual funds, representing more than half of U.S. households, the importance of mutual funds to Americans' financial security has never been greater. Americans are increasingly responsible for making investment decisions that will determine their standard of living in retirement, yet they often cannot obtain the information about mutual fund portfolios that they need to make informed investment decisions.

Mutual funds often use names that do not reflect the way that the funds invest shareholders' assets, and they often invest in ways that are not consistent with their stated investment styles. Fund shareholders are kept in the dark about the way their money is being invested because funds are required to report their portfolio holdings only twice a year.

If a mutual fund chooses a name that suggests that it will invest in a particular type of security, it should be required to live up to its promise and invest in that type of security. Further, to ensure that workers have the information they need to ensure their financial security, mutual funds should be required to disclose their portfolios on a monthly basis.

Finally, mutual funds should disclose their portfolios in a user-friendly format on the Internet so that shareholders can use the information to protect themselves against fund managers who stray from their stated strategies. All too often, requiring disclosure does not help investors because the information is inaccessible or hard to understand.

Truth in mutual fund investing not only is critical to the financial security of America's workers; it also is essential to maintain investors' faith in mutual funds and our financial markets. The NAIC encourages the SEC and the mutual fund industry to take steps to promote trust in mutual fund investing and preserve the industry's long-standing reputation for integrity.

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