

The weighted net current return to certificateholders of all of such funds—at the original offering price in each case—was 3.84 percent, exempt from Federal income taxes. During the period April 1, 1961, to March 15, 1966, inclusive, which was the entire market history of municipal investment funds, the simple average of the Dow, Jones Weekly Municipal Averages (index) was 3.34 percent.

Twenty million dollars of municipal investment funds were created during 1961, \$33 million during 1962, \$27 million during 1963, \$68,500,000 during 1964, and \$80,500,000 during 1965—and \$5 million during 1966 to March 15—thus establishing a rapid upward trend during the initial 5 years of their existence. It is the opinion of the sponsors of municipal investment funds that the volume to be distributed annually in the future will continue to increase.

Additional series of existing municipal investment funds are contemplated by their respective sponsors. It is probable that other investment banking firms will sponsor new municipal investment funds. It appears likely at this time that the existing funds will be vastly expanded as need arises and as the market is developed for this particular type of investment medium.

DESCRIPTION OF MUNICIPAL INVESTMENT FUND PORTFOLIOS

On a composite basis all 20 municipal investment funds contained a total of \$234 million of municipal (public) bonds at their respective creation dates, of which 13.5 percent were classified as general obligation (tax-secured) bonds and 86.5 percent were classified as revenue-secured bonds. The simple average municipal investment fund portfolio contained bonds from 31 different issuers and each issue in the simple average portfolio had an average initial size of \$380,000.

All of the municipal investment funds, excepting only the tax-exempt income fund, series 1 and series 2 sponsored by Goodbody & Co., set forth the Standard & Poor's Corp. "quality" rating of each component of the portfolios. In the aggregate, for 18 municipal investment funds, 1 percent of the total initial portfolio was rated "AAA," 4 percent was rated "AA," 23 percent was rated "A" and 72 percent was rated "BBB," a total of 100 percent. As a generality, municipal (public) bonds carrying a rating of "BBB" or higher are investment category, thus considered eligible for investment by banks.

The total amount of interest earned by all of the funds during each year, a composite based upon each of the funds at its respective date of creation, was \$9,538,790, equal to a weighted gross average return—before selling expense, trustee fees and evaluation fees—of 4.07 percent. A representative trustee fee is approximately 72½ cents per year per \$1,000 principal amount of bonds in the portfolio. The initial selling expense, or sales charge is 4½ percent of public offering price of the funds sponsored by John Nuveen & Co. (Inc.) and by Goodbody & Co. alone, and 4¼ percent of public offering price on the other funds. Funds other than those sponsored by John Nuveen & Co. (Inc.) charge their unitholders a nominal amount for evaluation, or regular pricing. The initial weighted net average current return, after all expenses, of all of such funds was 3.84 percent.