The following table shows IDS's after-tax profit from mutual fund operations for each of the past five years and for 1967, as annualized from the first eight months, and measures that profit against gross income from mutual fund operations, mutual fund assets and mutual fund sales.

	1962	1963	1964	1965	1966	8 months 1967 (annualized)
Profit from mutual fund operations	$4,633,579	$4,152,025	$5,850,418	$7,375,497	$7,624,910	$6,550,000
Ratio of profit (percent):						
To gross income	11.85	10.52	11.4	12.23	13.48	13
To average net assets	.15	.11	.14	.15	.15	.12
To mutual fund sales (excluding reinvestment of dividends and capital gains)	1.33	1.30	.120	1.22	1.42	1.6

Companies of comparable size elsewhere in the financial community are vastly more profitable. For example, banks and insurance companies with comparable assets enjoy profits four times those earned by IDS from its fund operations. The facts will not support the SEC's charge of overpricing and excessive profits in the fund business. They do not justify the claim of need for drastic restructuring of the industry, with admittedly incalculable consequences, which the SEC proposals would produce.

Mr. LOEFFLER. Mr. Chairman, members of the committee, with me is Mr. Joseph F. Grinnell, general counsel of Investors Diversified Services.

As you have suggested, rather than read the entirety of the statement, in deference to the committee's time I will endeavor to summarize it and make certain points which I feel perhaps should be particularly made and stressed rather than cover the entirety of the statement.

Mr. STUCKEY. Without objection.

Mr. LOEFFLER. I am a director and vice president–law of Investors Diversified Services, of Minneapolis. I think I should first describe just a little bit about IDS, as Investors Diversified Service is commonly referred to.

IDS is the creator and sponsor of four mutual funds for which it serves as the investment manager and as the sole and exclusive distributor of the funds' shares. The assets of these four funds collectively total about $6 billion, and constitute about 15 percent of the total assets of the mutual fund industry.

IDS distributes the shares of these funds through its own sales force of approximately 4,000 men and women who work full time solely as career sales representatives of IDS. The sales of the IDS sales force amount to approximately 15 percent of the total sales of the mutual fund industry. They distribute throughout all of the 50 States.

I would like to comment first on the Commission's proposal with respect to the sales load, particularly to reduce the sales load to a statutory maximum of 5 percent. Before doing so, I should mention that IDS is a fully integrated distribution system. By that, I mean that IDS performs all of the distribution functions from that of principal underwriter down to the direct sale to the customer and subsequently the servicing of the customer account. It is all performed by IDS.