charged by other fund mangers. There are approximately 100 sponsors of mutual funds, each competing with the others for the investor dollar. We sit down and we review this, and we have it very definitely pointed out to us if another fund manager is using a different system, providing a service here that we do not provide, or charging a lower cost; in turn when we reduce our fees we know that others are having that called to their attention, and so the competitive forces do work.

We have it called to our attention from our sales representatives also. They are out meeting the public, selling these funds to their customers. Each sales representative generally represents or services about 250 accounts. These are generally customers of his who live in the community in which he lives. Most of his new accounts come from referrals from them. He in turn looks at this.

Mr. Moss. My question goes to the forces of competition in providing the management services to the fund, and other than the fact that there is an awareness on the part of a board of directors or the directors of the fund of general practices in the industry, where does the arm's length competition come in?

Do they cover offers from other managers?

Mr. Loeffler. They have had no occasion to do, sir.

Mr. Moss. Well you are saying then that all management——

Mr. Loeffler. They have the power to do so.

Mr. Moss. Can you cite me any instance in any fund where that has happened?

Mr. Loeffler. I think there was a reference here the other day, sir, to a fund which changed its investment managers a couple of years ago. Generally speaking, sir, it does not happen, and I do not mean to contend, and would not suggest, that the unaffiliated directors of the funds—that is, those who have no affiliation with the management company—should sit down and say, "We can get a better deal from another management company or from a bank or someone else over here who will manage this for 2 cents less. Therefore, we shift over here."

Mr. Moss. They do not really know, do they, because they do not invite any competing offers——

Mr. Loeffler. It is all published, sir.

Mr. Moss (continuing). Or proposals?

Mr. Loeffler. This information is all published.

Mr. Moss. Do they entertain any proposals?

Do you go out and submit proposals to other funds?

Mr. Loeffler. To other funds?

Mr. Moss. To undertake management activities for them?

Mr. Loeffler. No, sir.

Mr. Moss. You do not.

Mr. Loeffler. We have never considered this.

Mr. Moss. Do you know of anyone else who does?

In other words, we are going to use terms here. I think if we are going to talk about competition, let's bring it down to——

Mr. Loeffler. That would be one form of competition and I am not contending that that form——

Mr. Moss. I am using it more or less in the orthodox sense. Do you actually compete in that market for that particular account? Let's