say it was an advertising account. We know that there is good sharp competition to get it.

Now it is in a different sense that you use the word "competition" here, is it not?

Mr. LOEFFLER. It is a different form of competition that I am addressing myself to; yes, sir.

Mr. MOSS. Let's say it is less competitive competition. You are saying it is competition of performance.

Mr. LOEFFLER. No, sir. That would be only part of it. No, sir. I think if I might try to clarify what I am referring to, there are approximately 100 managers of mutual funds, 100 different companies which are managers. What we compete for essentially is the investor dollar of the customer, the ultimate customer.

In doing so, the price of our product to that customer is an aspect of that product. We do not sell to the customer solely on a question of price, as in many other types of commodities which are not sold on price alone, but it is an aspect of it.

We compete with 100 other sponsors of mutual funds who compete for the customer favor, the ultimate consumer, for his dollar, and the cost of our service, which is clearly disclosed on the prospectus, is an aspect of the service that we are selling. It is an aspect of the product.

Mr. MOSS. I have no doubt that as it shows in the prospectus that it is an aspect of the service. I am not always certain how much emphasis might be placed on that, how much of a comparative discussion would be undertaken with a prospective buyer. I would assume that the good salesman would duck that point and go on more to the items of more immediate benefit to the buyer rather than getting into the technical details of management and things of that kind.

Mr. LOEFFLER. No, sir; but the cost he is required to point out, and it is an aspect of it.

Mr. MOSS. It is there.

Mr. LOEFFLER. It is there.

Mr. MOSS. And so it is recognized, but in a comparative sense is it discussed?

Mr. LOEFFLER. It may or may not be, sir.

Mr. MOSS. I don't think a salesman with a relatively unsophisticated buyer would enter into a discussion of that type since it might tend to discourage or confuse him.

Mr. LOEFFLER. I think the cost is very low so we would regard it as a virtue.

Mr. MOSS. I think you have an excellent plan. I am not criticizing it.

Mr. LOEFFLER. I understand.

Mr. MOSS. We are just getting into a discussion of the type of competition.

Mr. LOEFFLER. Yes, sir.

Mr. MOSS. That is brought into play here, because really it was an expression on the part of the SEC that the element of competition as they had hoped it would develop had not developed.

Mr. LOEFFLER. Yes, sir. My contention is that there is an effect from it. Let me go on if I may to clarify that, sir.

Mr. MOSS. Certainly.