this proposed pension fund as a part of the prospectus. Now to do this we have to go to the NASD to get their approval before we can put such a program into effect. And while we have not received formal——

Mr. KEITH. Not so much because of its unique nature, although I assume that is one thing they are bound to look at critically?

Mr. ALGER. It is just that they have control in this area. This is why you have had no change in the marketing structure of mutual funds in the last 25 years.

Mr. KEITH. Just because they did not like your particular way?

Mr. ALGER. Not just mine.

Mr. KEITH. Of establishing the pension funds?

Mr. ALGER. Not just mine.

You would think in such a highly competitive industry, with over 100 managements actively competing for the investor's dollar, that someone would have come up with something different. Everyone has got very fertile minds, but their ideas have been nipped in the bud at the Investment Companies Committee of the NASD.

Mr. KEITH. Mr. Chairman, I would like to ask some other questions.

Mr. MOSS. Certainly.

Mr. KEITH. Are you one of the chief advisers to those in charge of the portfolio of Security Equity Fund?

Mr. ALGER. Yes. We run the portfolio.

Mr. KEITH. What is your relationship? You are the president of the firm that runs the portfolio?

Mr. ALGER. That is correct.

Mr. KEITH. Do you consider yourself a performance fund?

Mr. ALGER. Fully managed. We are a performance fund, fully managed though.

Mr. KEITH. What do you mean by "fully managed"?

Mr. ALGER. Well, I think there is a difference. If I were talking in the industry I would say performance. Outside the industry I would say fully managed, because, for instance, when the SEC is talking about "insulating investment company shareholders," they mention words like "high risk" or "performance," and there is an implication here that it is a kind of rolling dice, and that is not necessarily true.

For instance, rolling dice would probably have implications relating to the sort of stock we would be investing in, an implication extending a little bit further that he would be investing in unseasoned stocks, small capitalizations or something along these lines.

Just to give you an idea of what I mean by fully managed as compared to this orientation. For instance, last year if we had been investing in blue-chip stocks we probably would have done as badly as the market did, which was down 16 percent. In fact, every single one of our accounts was up.

Mr. KEITH. By fully managed, do you perhaps mean that because it is a relatively small fund, you are right with it all the time, and you do not buy for the long trend; you buy what in your view is going to move in the right direction in the next few months as contrasted to buying the true blue chips? Is that what you mean by fully managed?

Mr. ALGER. Well, I mean our minute-by-minute management, trying to get a mix, a broad mix in the fund which performs well as compared with other funds. Now, you cannot go hog wild on this.