

Mr. MURPHY. No questions.

Mr. MOSS. Mr. Keith.

Mr. KEITH. Thank you, Mr. Chairman.

With reference to management fees, you say on page 3, "The reservoir of individuals with outstanding managerial talent is never excessive in a growing economy, and such executives must be compensated according to the values they create."

The portfolios of these funds in many respects are similar and certainly the research which pays off for one stock of one company considered for the portfolio of one fund pays off to the other funds. They are well compensated for the work that they do.

The evidence that we have seen here would indicate that, particularly when you contrast the success of their portfolios with others. But that is an observation, not a question.

When you go on in the third paragraph on that same page and say, "To have these directors make a specific finding regarding any management fee contract may also be in order."

Don't you argue that they in effect do that now, these particular directors?

Mr. DAVANT. I can't answer in the specific instances. I think it is quite usual in boards for outside directors to perform this function. I think it would be desirable to have them do so.

Mr. KEITH. Actually, it seems to me what it does is invite attention to the fact that these unaffiliated directors have to stand up for the fund shareholders.

Mr. Chairman, I have some questions that are not specifically for this witness. It is my understanding that we may ask these questions of any witness by correspondence and that the time will not expire today.

Mr. MOSS. That is correct. You have 2 weeks following the close of these hearings to direct written inquiries to any of the witnesses who have appeared before us.

Mr. KEITH. And then they would have 2 weeks in which to respond.

Mr. MOSS. A maximum of 2 weeks.

Mr. KEITH. I would be perfectly satisfied if you gave us less so as to shorten the total span. If you wanted to, the period might be 5 days for committee members to ask questions and 2 weeks for response.

Mr. MOSS. Is there unanimous consent?

Mr. WATKINS. No, I object to that. I don't see any reason for rushing this.

Mr. MOSS. Counsel advises me that the record shows that the original unanimous-consent request was the period of time would be a total of 2 weeks after the witness made his appearance, so that will accommodate the gentleman from Massachusetts.

Mr. KEITH. In other words, if I expect them to do an adequate job I should get my questions in fairly soon.

Mr. MOSS. Yes.

Mr. KEITH. I have no further questions, Mr. Chairman.

Mr. MOSS. Mr. Davant, I note that in reference to the mutual fund industry you state the management sales role and management fee should be retained in order to have a sound functioning and profitable securities business. It is my recollection that several years ago the