

Mr. LIVINGSTON. No, I was not, and if you bought Tri-Continental you did very well, if you held it long enough, because about 3 or 4 months ago it was selling around 22 or 23.

Mr. KEITH. I held it until my daughter's tuition came around again.

Mr. LIVINGSTON. Well, one should never buy stocks for tuition. But if you had purchased it 4 or 5 months ago, you would have bought it at a discount of 30 percent. The price of the stock would have been about 22 or 23. The market has not gone up very much in the meantime. Tri-Continental is now selling around 29, and the discount has fallen to 20 percent. So actually, people have begun, at least so far as Tri-Continental is concern, to think that this is a good security.

Now, what you get when you buy a closed-end mutual fund is not a guarantee that you will be able to sell the stock at the net asset value of the stocks and bonds and cash behind the shares. What you do get, however, is a bundle of assets 20 to 30 percent more than you are paying for, and these go to work for you. If you bought Tri-Continental today, you would get about \$130 of assets for every hundred you put up.

Mr. KEITH. But aren't you in a sense really speculating as to what the demand will be?

Mr. LIVINGSTON. No, sir, I am not. Hear me out, please. What I am saying is that if you have \$130 working for you, and the fund earns 3 percent on its money, it means that you are getting 30 percent more at 3 percent than if you had brought a no-load mutual fund where you would buy only \$100 of assets for your money, and you are getting a good deal more than if you bought a load mutual fund where instead of getting \$100 for every hundred you put up, you only get \$91 of assets working for you.

So what I am saying is that you are getting a tangible extra by purchasing this, and I am also saying that if Wall Street brokers did not have these two hats, and were not interested in commissions, they would be selling these closed-end mutual funds, and there would be no discounts. And I can give you a specific example on this case if you want me to.

Mr. KEITH. Well, it is a bit difficult for me to follow all of what you have said.

Mr. LIVINGSTON. Can I reexplain it?

Mr. KEITH. I think it isn't really serving our purpose. I would like to have you do so but not at this time because the record need not be developed on that score. But I would like to understand it better and perhaps I will take some of your advice as a result of my further education.

Now, it seems to me that you are pretty hard on the industry and the salesman in your concluding statement, where you have stricken the word "scant" and have said "There is no justification whatever for charging a sales fee on an investment that is to be made in the future."

Mr. LIVINGSTON. That is right, I mean it. I deliberately changed the word. I didn't want to hedge. I don't believe in a contractual front-end load plan; no, sir.

Mr. KEITH. But they charge a sales fee on other than a front-end load.

Mr. LIVINGSTON. I am only talking about a front-end load contractual.