

in stocks chosen at random, or with a dartboard. (Many people would probably do better if they did.)

A real test would be an actual comparison of how typical investors (if there are such animals) fared in the stock market versus the actual performance results of people in mutual funds. The mutual funds results are an open record, as you well know. Stock investments are not, but then perhaps Mr. Cohen, or Professor Samuelson of MIT, would give you their actual monthly stock broker accounts so you could compare what a supposedly informed investor has done in stocks versus the actual performance of mutual funds. I'll bet that on net balance the funds have done pretty well by comparison, if not better.

For that matter, I'll match the return on my mutual fund investments, as documented on the enclosed form, with the stock market return received by either of those men during the same period. Or with any other person you may choose at random. My savings in this particular fund, for example, have increased in value by about 25 to 30 percent just this year (1966).

Thus, my first point; that the average person very likely and very probably can and is doing as well, if not a lot better, with his money in mutual funds than he could do in the stock market.

Secondly, the much criticised contractual, or "front-load" plan, should be modified but not abolished.

I personally would not invest in a contractual plan unless I had holes in my head. However, I know people who do invest in them who, very frankly, would never be saving except that they are forced to via a binding contractual plan. As a result it is not at all unlikely that they and their kids will be financially a lot better off in the future, compared with how they would be if there was no contractual plan for them to save with.

Abolishing the plan now might not affect them, to be sure. But it would prevent other people from starting similar savings plans in the future. Again, people are funny animals and some of us may not do what is the most sensible and logical thing economically (or otherwise), we may not always do what is best for us, and allowances should be made for human behavior.

On the other hand, the front-load charge on a contractual plan may well be a rather stiff price to pay in advance. Perhaps the lion's share of the sales load charge could be spread over two years, rather than one year as now. And something probably should be done for people who are forced to cancel out on a contractual plan after being in it for only a few years. Some refund allowance should be made on the excess sales charge they had paid in.

In addition, something also could be done to cut down on some rather dishonest sales practices by *some* salesmen selling the contractual plan, though news of this kind of skullduggery may not have reached the SEC.

Conclusion: Outlawing the contractual plan would be a disservice to a lot of people, and particularly to middle-income people who can really benefit from it over the long haul. It should, however, be reformed.

Third, I oppose a reduction in the maximum allowable management fee paid to mutual fund managers. Cutting the fee is a penny-wise and pound-foolish thing. A person like myself might save all of \$5 to \$10 a year as a result of the SEC's terrific and unrelenting campaign to prevent what they think may be price gouging in the industry (though I seriously doubt that it amounts to that much profiteering).

Cutting down on the fee would, I strongly fear, cut down on the service and performance that people like myself get from our mutual funds. The funds would have less to spend for analysts and for other top-flight people to watch their investments. That not only would be a disservice to the many, many people who invest in funds, but it would end up costing a lot of us much more money than the mere \$5 to \$10 each of us would save on our fees each year.

Sure, there are probably a few funds who are overpaid and underworked, and some fund people may make more money than they deserve. (That statement can go for lots of other groups, such as doctors, lawyers, and government employees.)