

This document is an excerpted report. The portions contained herein are relevant to mutual fund prospectuses. [Pages i-iv, 8-51, 74-109, 125-28 and 136-63 of the full report are omitted.]



Mandatory Disclosure Documents Telephone Survey

July 30, 2008

Submitted to
The Securities and Exchange Commission
Office of Investor Education and Advocacy
1000 F Street, NE
Washington, DC 20549

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[Pages i- iv omitted]

INTRODUCTION

Background

In 1998, the Securities and Exchange Commission (SEC) approved “plain English” rules with the goal of making SEC mandated disclosure documents simpler, clearer and more useful to investors. A decade later, in 2008, the SEC Office of Investor Education and Advocacy (OIEA) seeks to evaluate whether the plain English initiative has been working as expected with investors. To this end, the OIEA commissioned the 2008 Mandatory Disclosure Survey as a national telephone survey of investors in the United States. This survey was designed to inform the OIEA about the views and opinions of investors regarding various disclosure documents filed by companies, including mutual funds. More specifically, the goal of the OIEA survey was to learn from investors whether current disclosures are written in plain English as defined by the initiative, which parts of each disclosure are typically read, and what key information might be missing. In this survey, investors were asked about four key investment documents: operating company annual reports and proxy statements and mutual fund prospectuses and shareholder reports.

Methodology

The 2008 Mandatory Disclosure Document Telephone Survey was conducted by Abt SRBI, a national survey research organization. A total of 1,000 telephone interviews were conducted among a national population sample of adults who invest in stocks, bonds and/or mutual funds, outside of an employer-sponsored retirement plan. The survey, conducted from March 17, 2008 to May 9, 2008, took an average of 15 minutes to complete. It consisted of a series of questions about disclosure documents depending on the types of investments the investor owned. Respondents who owned multiple types of investments were randomly assigned to answer some specific sections of the survey.

The telephone survey included questions about where these investors typically go for investment information, their investment literacy, and information regarding their investments and household characteristics. Investment literacy was measured using ten items from the Financial Industry Regulatory Authority (FINRA) investment literacy scale (http://apps.finra.org/Investor_Information/quiz/InvestorQuiz.asp). There were also many items on the survey designed to target different aspects of “Plain English” as defined in the Securities and Exchange Commission’s Plain English Handbook. A copy of the telephone survey questionnaire is found in Appendix B.

The first stage of the national sample of investors was drawn as a probability sample of telephone households in the United States, using random digit dialing (RDD). The national household sample was screened to determine whether there were any investors in the household. The introduction of the survey included a screening section designed to identify respondents with SEC-regulated investments. Data collection was performed by experienced SRBI interviewers using in-house telephone facilities. Interviews were randomly monitored by an SRBI supervisor for quality control purposes.

Mandatory Disclosure Documents Telephone Survey

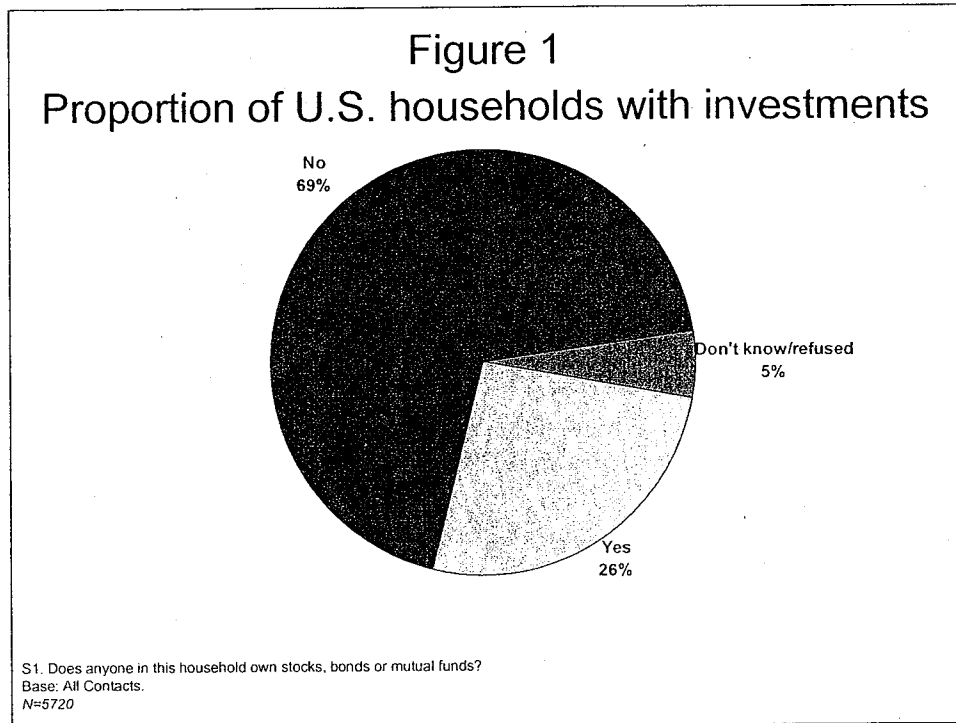
The maximum expected sampling variability (margin of error) for a simple random sample of 1,000 is plus or minus 3.1 percent at the 95 percent confidence level.

Percentages for some items contained in this report may not add to 100 percent due to rounding, or because the question allowed for more than one response. In addition, the number of cases involved in subgroup analyses may not sum to the grand total who responded to the primary questionnaire item being analyzed. Reasons for this include some form of nonresponse on the grouping variable (e.g., "Don't Know" or "Refused"), or use of only selected subgroups in the analysis. The abbreviations DK and Ref are frequently listed as response categories in the report. DK stands for "Don't Know" and Ref stands for "Refused". For most questions, the persons who answered "Don't Know" vastly outnumbered those who refused to answer the question. Only statistically significant differences at the 85% confidence level among sub-groups (such as demographics) are discussed.

SECTION 1: Summary of Investors

Proportion of U.S. Households with Investments

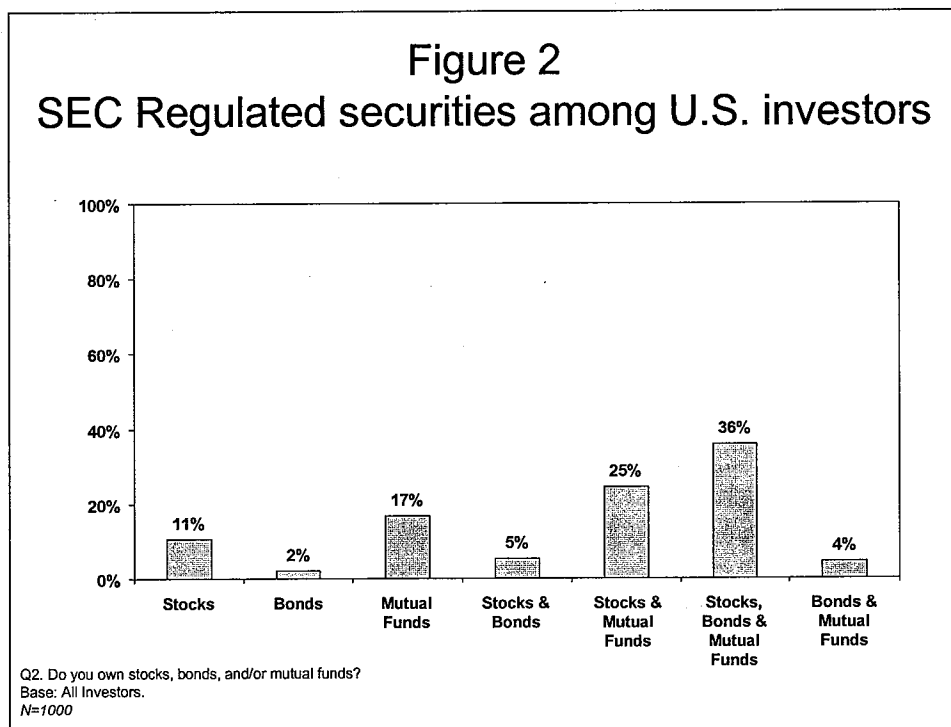
Published estimates indicate that, outside of employer retirement plans, approximately 20 percent of American households invest in stocks and that approximately 26 percent invest in mutual funds. The findings of the 2008 Mandatory Disclosure Document Telephone Survey are consistent with these estimates. Twenty-six percent of all screened households reported that someone in the household owned stocks, bonds or mutual funds outside of employer retirement plans (Figure 1).



SEC Regulated Securities among U.S. Investors

Among the 1,000 investors interviewed in the survey 77% owned stocks, 48% owned bonds, and 82% owned mutual funds. There was a substantial amount of overlap between the different types of investments owned by these investors. Most commonly, 36% of this national sample of investors had a portfolio which included all three types of investments, while another 25% owned both stocks and mutual funds, but not bonds. Only 2% owned only bonds, while 11% owned only stocks, and 17% reported owning only mutual funds (Figure 2).

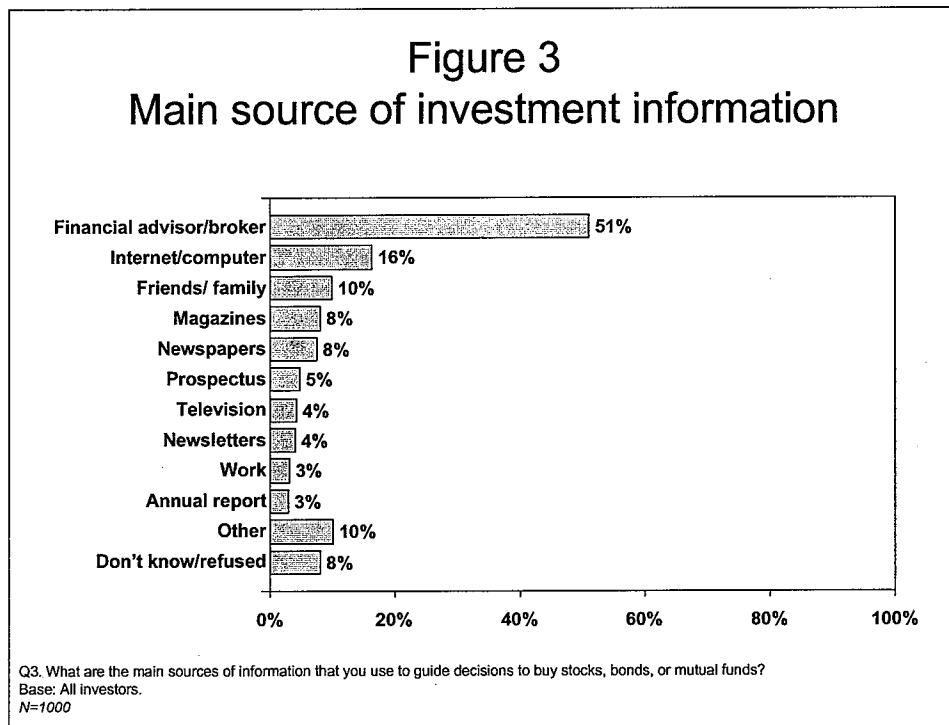
In terms of demographic differences in ownership of the three types of investments, the ownership of mutual funds is positively associated with respondent income: 86% of investors who have completed graduate study have mutual funds, compared with 74% who completed high school or less. In addition, 93% of respondents with a high investment literacy score own mutual funds, compared with 76% of respondents with a low literacy score.



Main Sources for Investment Information

Investors were asked what main sources of information they used to guide their decisions when buying stocks, bonds and mutual funds. Multiple responses were allowed to this question, and nearly 30 percent of respondents mentioned more than one “main” source of information. Getting information from a financial advisor or broker was the most frequently cited response, followed by the Internet or computer, friends and family, magazines and newspapers. Ten percent cited some other source, while an additional eight percent stated they didn’t know what their main source was. Five percent cited prospectuses and three percent cited annual reports (Figure 3).

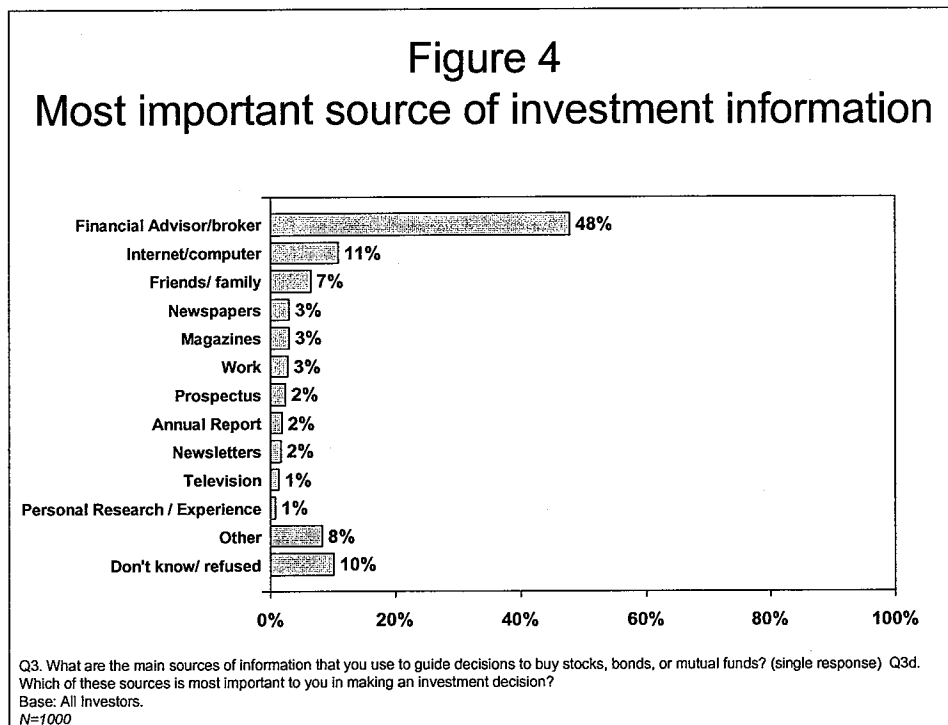
More likely than other respondents to say that they use a financial advisor or broker are female respondents, those age 60 or more, and those with low investment literacy scores. In contrast, more highly educated respondents tend to say that they use annual reports, prospectuses, magazines, newsletters, and the Internet as sources of investment information, compared with less educated investors.



Most Important Source of Investment Information

Respondents who mentioned more than one “main” source of investment information were asked which of these sources is most important. These responses, along with those from respondents who mentioned only a single source of investment information, are summarized in Figure 4. Nearly one-half (48%) said that their financial advisor or broker was their most important source of information. This was followed by the Internet (11%), friends and family (7%), newspapers (3%), magazines (3%), and television (3%). Annual reports were cited as the primary source of investment information by two percent of investors, as were prospectuses (Figure 4).

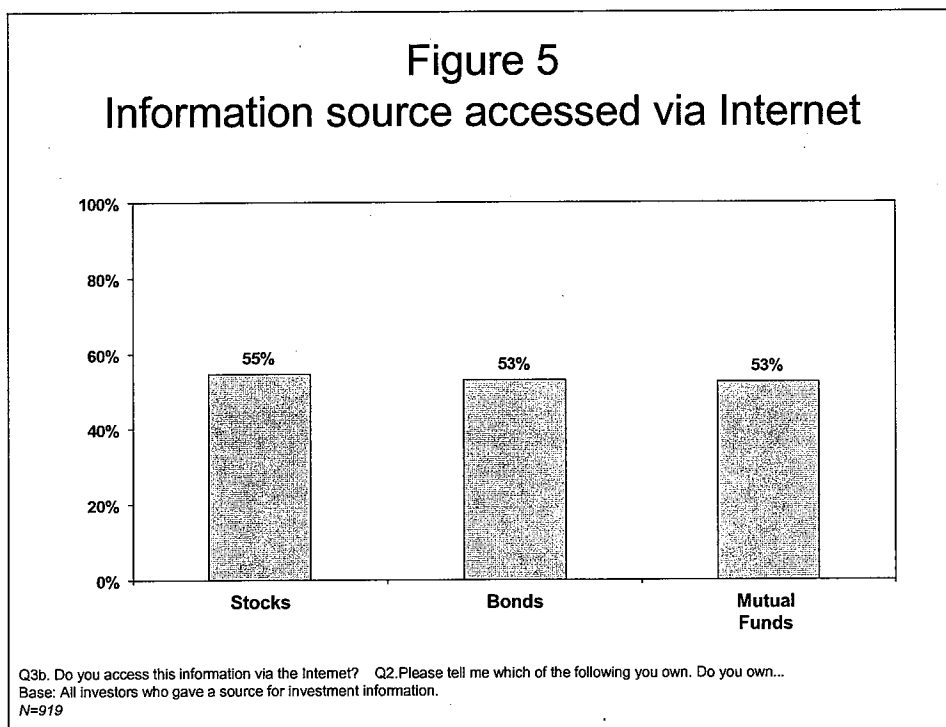
Among respondents who utilize *multiple* sources of investment information, 12% of women respondents said that their main source of investment information is friends and/or family, compared with only 1% of men. Respondents with low investment literacy scores are more likely than other respondents to say that their main source of information is family and/or friends (14%), or their financial advisor or broker (51%).



Internet Access to Investment Information

Regardless of the source of information used to guide investment decisions, investors who used information to guide their decisions were asked if they accessed that information over the Internet. Among investors who own stocks and cited a source for their investment information, over half (55%) stated that they access that information via the Internet. A similar proportion of those who own bonds (53%) and mutual funds (53%) said they access their source of investment information via Internet (Figure 5).

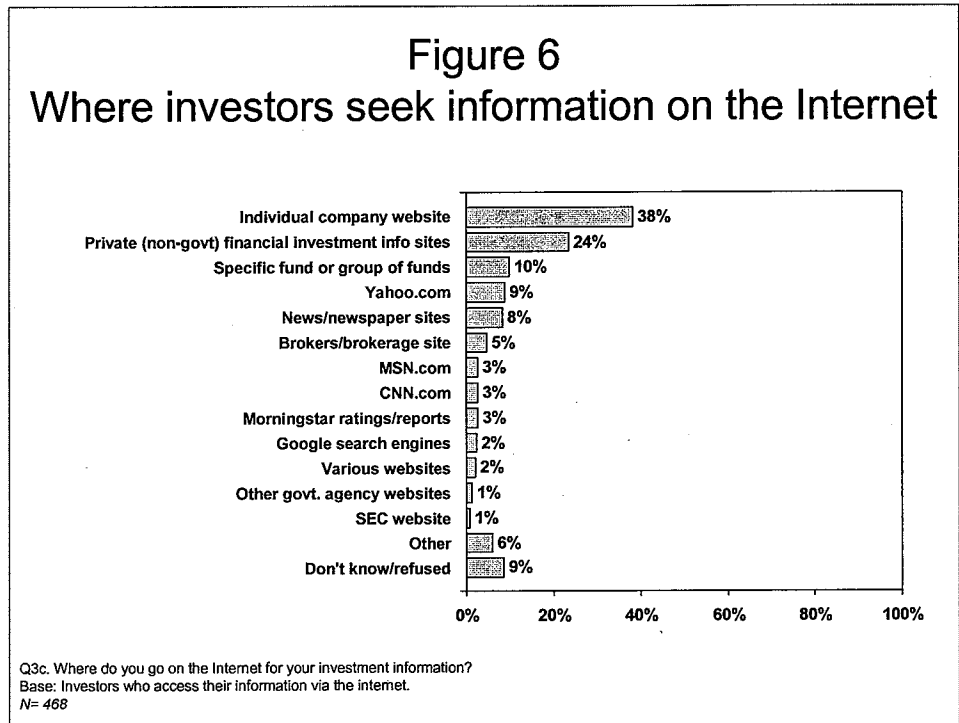
Sixty-two percent of male investors say they use the internet as a source of investment information, compared with 39% of women. Use of the internet for investment information is also positively associated with investment literacy, household income, and respondent education.



Internet Sources for Investment Information

Investors who accessed information over the Internet to guide their investment decisions were asked where they go on the Internet to get that information. The Internet sources most often cited by investors for investment information were individual company web sites (38%), followed by private (non-government) financial investment information web sites (24%), specific funds (10%), Yahoo (9%) and news or newspaper sites (8%). Only about one percent of investors who use the Internet as the source of their investment information cited the SEC web site, and other government agency web sites (Figure 6).

Forty-nine percent of women investors who turn to the internet for investment information use individual company websites, compared with 42 percent of men. Sixteen percent of respondents with high investment scores consult www.yahoo.com during their online research, compared with only 1% of respondents with low scores.



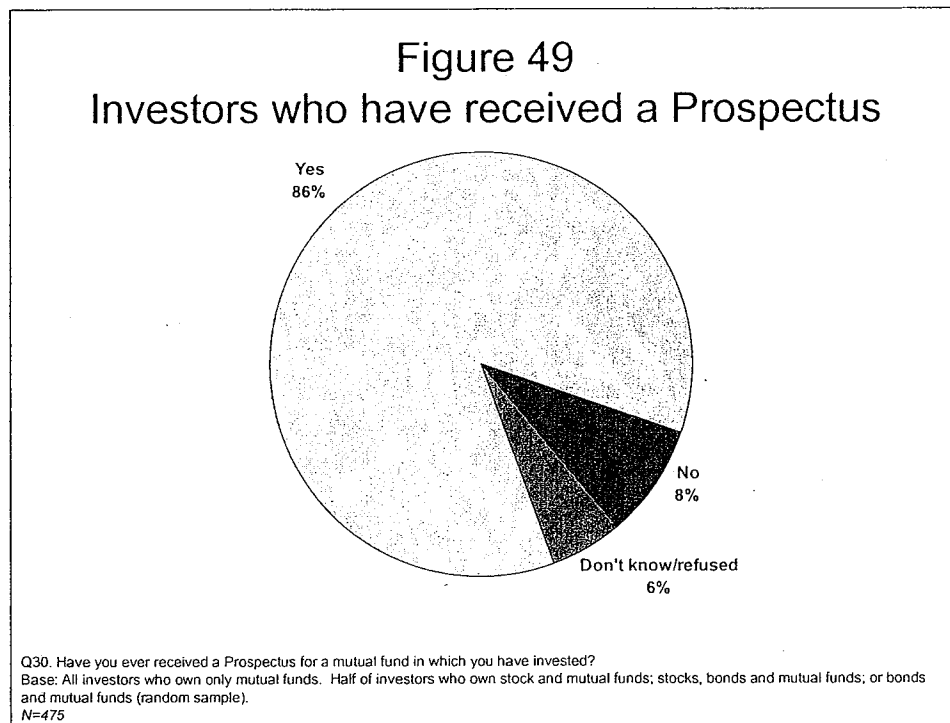
[Pages 8 – 51 omitted]

SECTION 4: Mutual Fund Prospectuses

Investors Who Have Received a Mutual Fund Prospectus

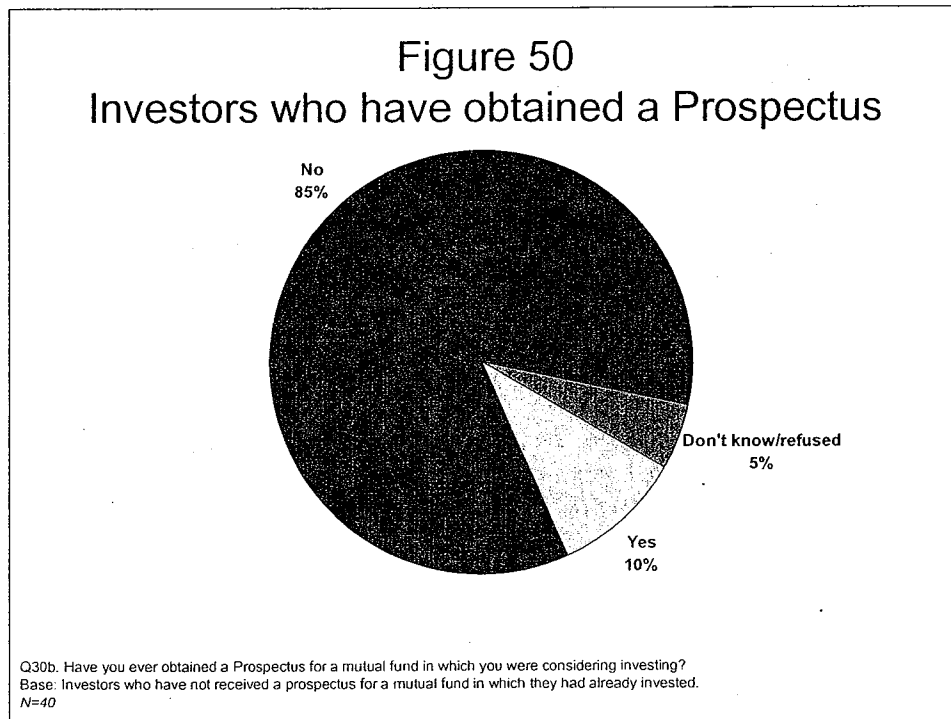
Nearly nine out of ten investors who have mutual funds (86%) reported having received a prospectus from a mutual fund in which they had invested. Only eight percent said that they had never received a prospectus from a mutual fund in which they had invested. Another 6% were not sure if they had ever received a mutual fund prospectus (Figure 49).

Investors with a college education were more likely than those without to report having received a prospectus from a mutual fund in which they had invested. Those with higher levels of investment literacy were also more likely to report having received a prospectus (low = 75%, medium = 87%, high = 96%).



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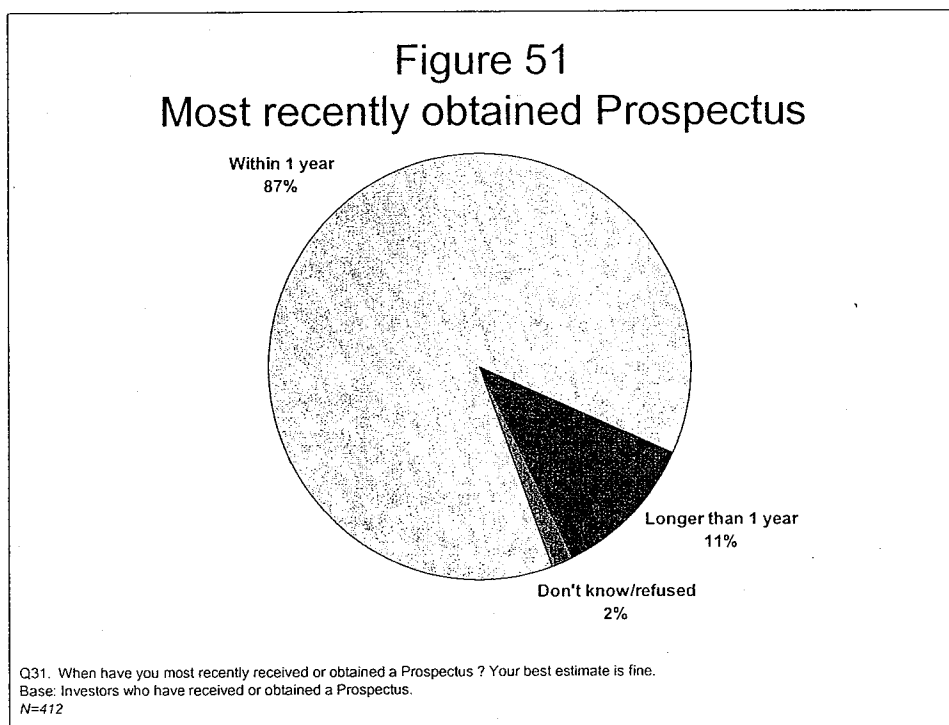
Investors with mutual funds, who had not received a prospectus from a fund in which they had invested, were asked if they had ever received a prospectus from a mutual fund in which they were considering investing. Ten percent of investors who had not received a prospectus from a mutual fund in which they had invested reported having obtained a prospectus from a fund in which they were considering investing. In general, those who did not recall receiving a prospectus from a fund that they invested in, had never received a prospectus from a fund in which they were considering investing (Figure 50).



Most Recently Obtained Mutual Fund Prospectus

Those investors who had ever received a prospectus from a mutual fund in which they had invested or were considering investing in were asked when they had received or obtained their most recent prospectus. Most investors who had received or obtained a mutual fund prospectus (87%) reported doing so within the last year. A small number (11%) said that it had been more than a year since they had last received a mutual fund prospectus (Figure 51).

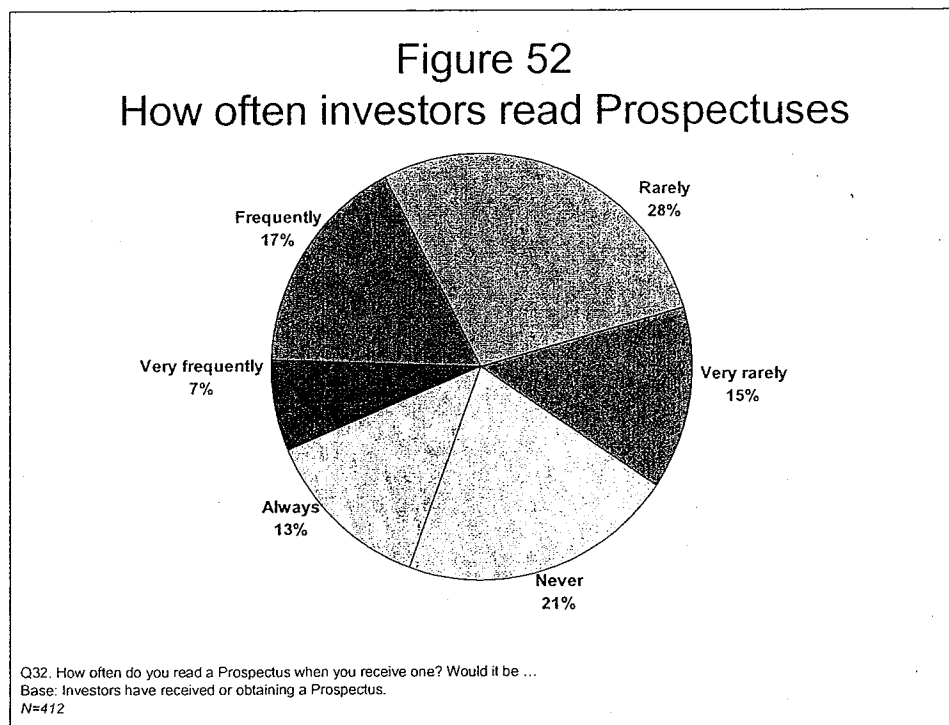
Among respondents who have reported having received a mutual fund prospectus, 91% of females reported receiving a prospectus within 1 year, compared with only 83% of males. Younger investors were also more likely to report having received a mutual fund prospectus within the last year. (under age 40 = 93%, age 41 to 60 = 86%, and age 60+ = 86%).



How Often Investors Read Mutual Fund Prospectuses

Investors who had received or obtained a mutual fund prospectus were asked how often they read prospectuses when received. Investors are split on the likelihood of reading prospectuses for mutual funds in which they have invested or are considering investing. Thirteen percent said they always read mutual fund prospectuses when they receive them, while an additional 7% said they read them very frequently, and 17% said they read them frequently. However nearly two-thirds of investors who received mutual fund prospectuses said they rarely (28%), very rarely (15%) or never (21%) read prospectuses when they received them (Figure 52).

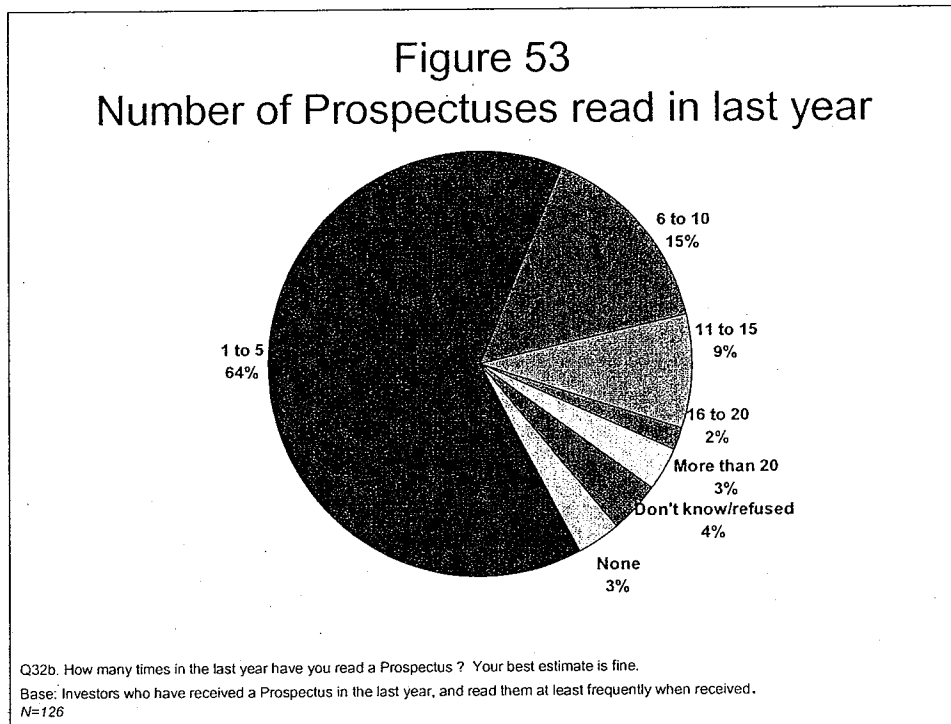
Men were more likely to report that they read mutual fund prospectuses when they receive them (always / very frequently = 44%, as opposed to 30% of women). Investors with a college education were also more likely to read mutual fund prospectuses than those with a high school diploma or less education. Similarly, those with high levels of investment literacy (46%), were more likely than those with medium levels (34%), and low levels (31%) to read mutual fund prospectuses always or very frequently when received.



Number of Mutual Fund Prospectuses Read in the Last Year

Those who said that they had received a mutual fund prospectus within the past year and read them at least frequently when received were asked how many prospectuses they had read in the past year. Approximately two thirds (64%) reported having read less than six mutual fund prospectuses within the last year. Another 15 percent said that they read from six to ten mutual prospectuses in the past year, while 9 percent read from eleven to fifteen mutual fund prospectuses, 2 percent read from sixteen to twenty and 3 percent read more than twenty mutual fund prospectuses in the past year (Figure 53).

Men reported reading more mutual fund prospectuses in the previous year than did women. Women were more likely than men to have read 1 to 5 mutual fund prospectuses, while men were more likely to have read 7 to 10 or 11 to 15 mutual fund prospectuses.

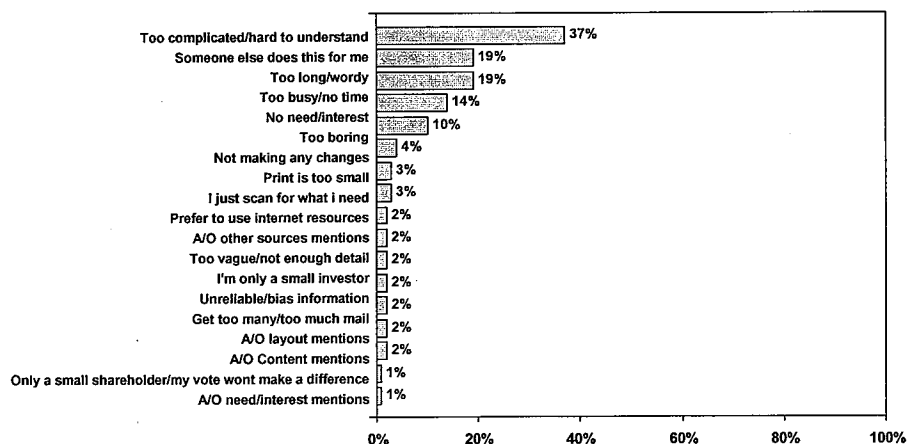


Reasons Investors Do Not Read Mutual Fund Prospectuses

Those investors who received a mutual fund prospectus, but said that they rarely, very rarely or never read them were asked why they choose not to read these prospectuses. Most commonly, investors who do not read prospectuses from mutual funds in which they invest or are considering investing stated that the reason they do not read them was that they were too complicated or hard to understand (37%). Nearly one-fifth said that someone else does this for them (19%), or that they are too long and wordy (19%), while 14 percent said they did not read them because they are too busy. Another 10 percent said that had no interest in reading mutual fund prospectuses (Figure 54).

Women were more likely than men to report that the reason they do not read mutual fund prospectuses is that they are too complicated or hard to understand (women = 47%, men = 24%). Younger investors were more likely than those age 60+ to say that mutual fund prospectuses were too long or wordy. Investors with graduate training or degree, and those with a high school diploma or less were more likely to than those with some college or a college degree to say that mutual fund prospectuses were too complicated or difficult to understand, while those with a college degree or higher were more likely than those with less education to say that they were too wordy. Finally, those with a high level of investment literacy were more likely than those with less literacy to say mutual fund prospectuses are too long or wordy. Investors under the age of 40 were more likely to say they were too busy to read mutual fund prospectuses.

Figure 54
Reasons investors do not read Prospectuses

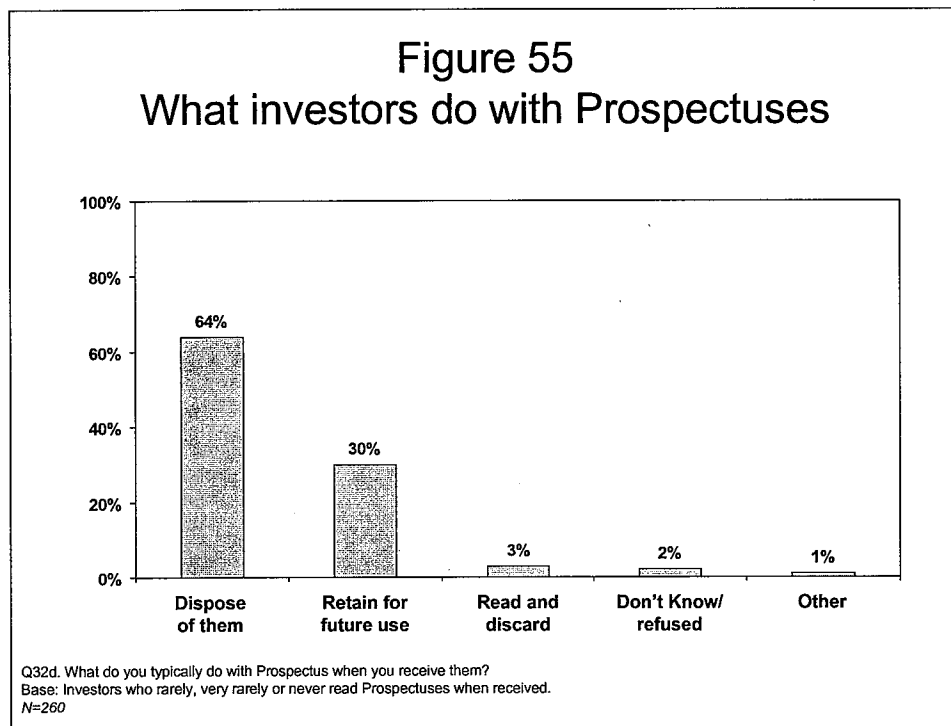


Q32c. Could you please tell me why you do not make more use of Prospectuses?
Base: Investors who rarely, very rarely or never read Prospectuses when received.
N=260

What Investors Do With Mutual Fund Prospectuses

Of investors who rarely, very rarely or never read mutual fund prospectuses, about two-thirds (64%) said they dispose of them, while thirty percent said they retain them for future use. Approximately 3 percent said they read them and throw them away, while a smaller number (2%) reported not knowing what they did with them (Figure 55).

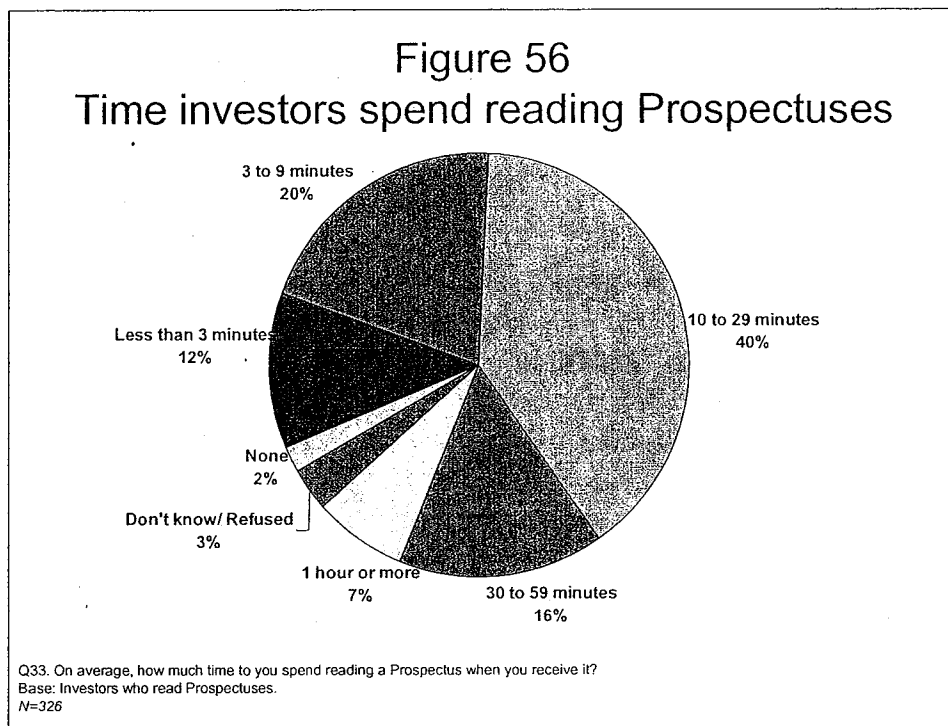
Female investors (34%) were more likely than males (24%) to retain mutual fund prospectuses for future use. Seventy-one percent of male investors reported that they typically dispose of mutual fund prospectuses when they receive them, compared to 58% of females. Younger investors were significantly more likely to retain prospectuses for future use (Under 40 = 41%, 41-60 = 29%, 60+ = 21%). Those with lower levels of investment literacy (low= 36%, medium = 31%), were more likely to retain them for future use, while those with higher levels were more likely to dispose of them (low = 53%, medium, 66%, high = 73%).



Time Investors Spend Reading Mutual Fund Prospectuses

Those investors who ever read prospectuses for mutual funds in which they have invested or considered investing were asked how much time, on average, they spend reading prospectuses when they receive them. Very few investors (12%) who read mutual fund prospectuses say that they spend less than three minutes, on average, reading them. An additional 20 percent of investors who read mutual fund prospectuses said that they spend less than 10 minutes, on average, in reading them. Most commonly, 40 percent of investors say that they spend from ten to twenty-nine minutes reading mutual fund prospectuses when they receive them. Nearly one-fourth of investors report that they spend from thirty to fifty-nine minutes (16%) or an hour or more (7%) reading mutual fund prospectuses when they receive them (Figure 56).

Women were more likely than men to say they spend no time reading mutual fund prospectuses (3% vs. 1%), while men were more likely to say they spend an hour or more (11% vs. 3%).

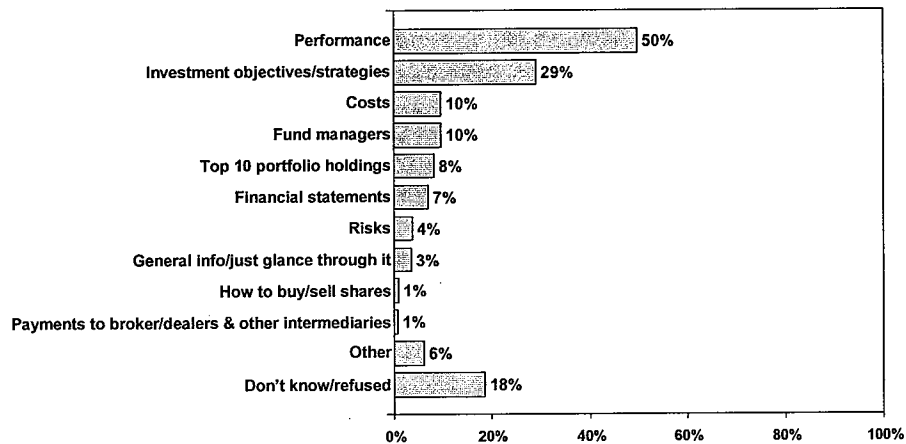


Information Investors Look for in Mutual Fund Prospectuses

When investors who read mutual fund prospectuses were asked what information they typically look for when they read prospectuses, half cited performance (50%). Investors who read mutual fund prospectuses also said that they typically look for investment strategies (29%), costs (10%) and fund managers (10%). Less commonly, investors who read mutual fund prospectuses say that they typically look for top ten holdings (8%), financial statements (7%) and risks (4%). Additionally, 18 percent of investors who say that they read the prospectuses that they receive said they did not know what they typically look for in the reports (Figure 57).

Fifty-four percent of males typically look for performance when they read a mutual fund prospectus, compared with 45% of females. Younger respondents (Under 40 = 60%) were more likely to look for performance when they read a mutual fund prospectus, compared with older respondents (41-60 = 47%, 60+ = 48%). Males (34%) were more likely to look for investment objectives and strategies when reading a prospectus, compared with only 24% of females. Investors with high levels of investment literacy were more likely to say they look for investment objectives and strategies, costs, performance, portfolio holdings, fund managers, and financial statements. Those with low levels of investment literacy were more likely to say they do not know what to look for when reading a mutual fund prospectus.

Figure 57
Information investors look for in Prospectuses

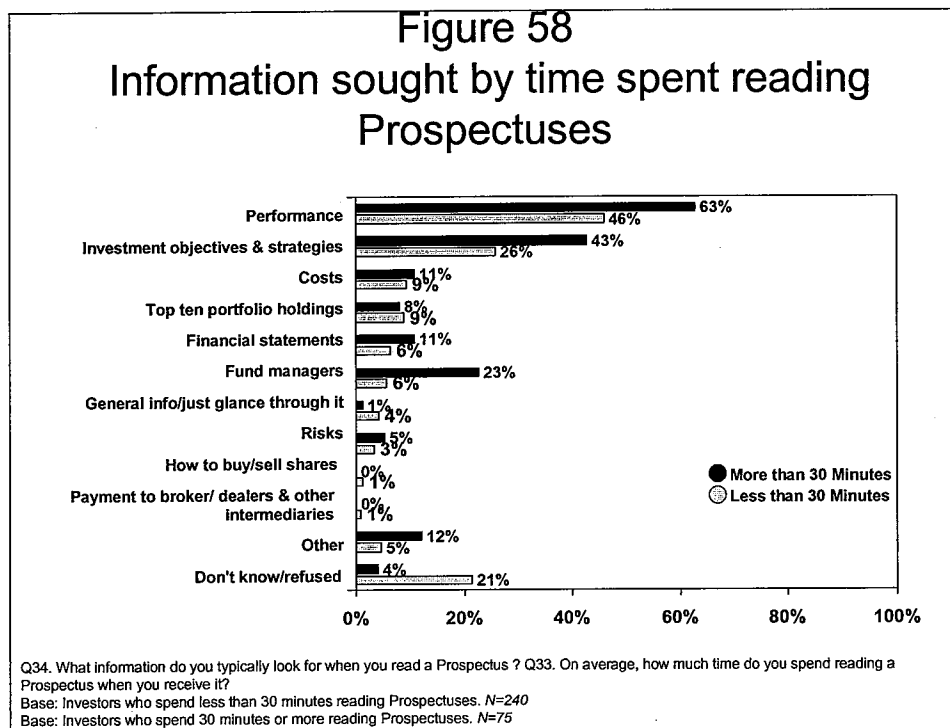


Q34. What information do you typically look for when you read a Prospectus ?
 Base: Investors who read Prospectuses.
 N=326

Information Sought by Time Spent Reading Mutual Fund Prospectuses

Among investors who spend less than 30 minutes reading mutual fund prospectuses, they report seeking the same types of information as all investors who read the reports. They cited performance most often (46%), followed by the investment strategies (26%), costs (9%), and top ten holdings (9%). Nearly one-quarter (21%) said they did not know.

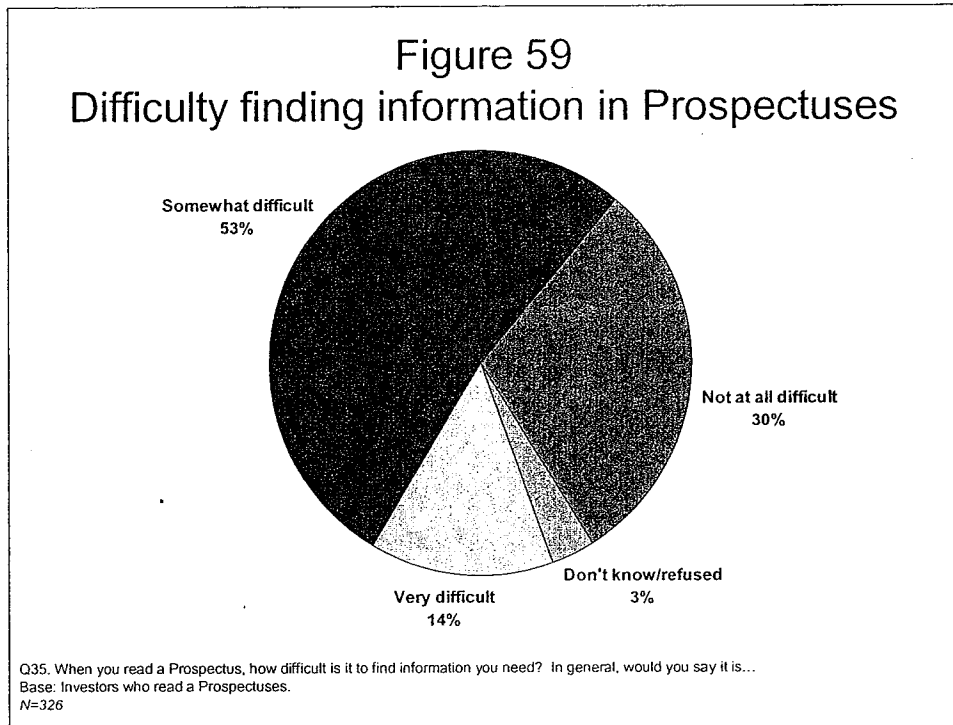
When investors who spend 30 minutes or more reading mutual fund prospectuses were asked what information they look for when reading them, they cited performance most often (63%), followed by investment strategies (43%), fund managers (23%), costs (11%), financial statements (11%), and top ten holdings (8%). Four percent said they did not know (Figure 58).



Difficulty Finding Information in Mutual Fund Prospectuses

Investors who read mutual fund prospectuses were asked how difficult it is to find the information they need to make good investment decisions in prospectuses. Investors were split on the difficulty in getting the information they need from mutual fund prospectuses. On the one hand, 14 percent of investors who read mutual fund prospectuses said it was very difficult to get the information they needed. Over one-half (53%) of investors who read mutual fund prospectuses said that it was somewhat difficult to get the information they need from prospectuses. By contrast, nearly one-third (30%) of investors who read mutual fund prospectuses said that it was not at all difficult to get the information they need from prospectuses (Figure 59).

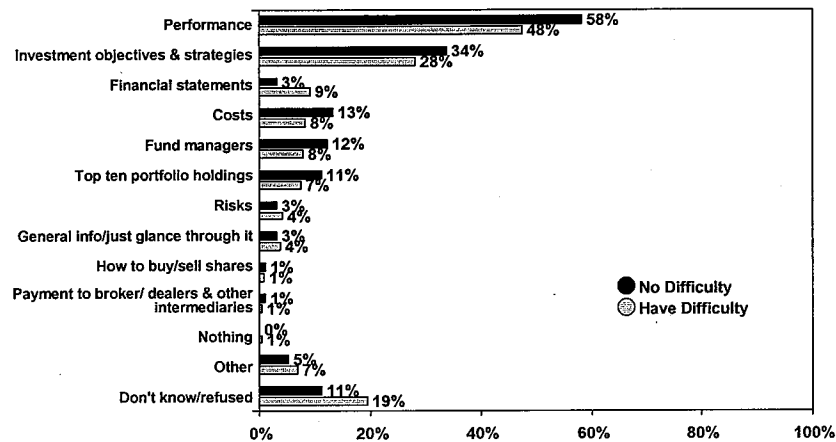
Thirty-six percent of male investors reported that it is not at all difficult to find the information needed when reading a mutual fund prospectus, compared to 24% of females. Conversely, female investors were more likely to say that it is very difficult (18% vs. 10% respectively). Older investors were also more likely to report that it is very difficult to find the information they needed (under 40: 5%, 41 to 60: 15%, 60 or more: 18%), as were those with a high school diploma or less education.



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There was no difference in the types of information sought from mutual fund prospectuses between those who reported difficulty in getting the information they needed from prospectuses and those who did not (Figure 60).

Figure 60
Information sought by difficulty finding information in Prospectuses



Q34. What information do you typically look for when you read a Prospectus? Q35. When you read a Prospectus, how difficult is it to find information you need?

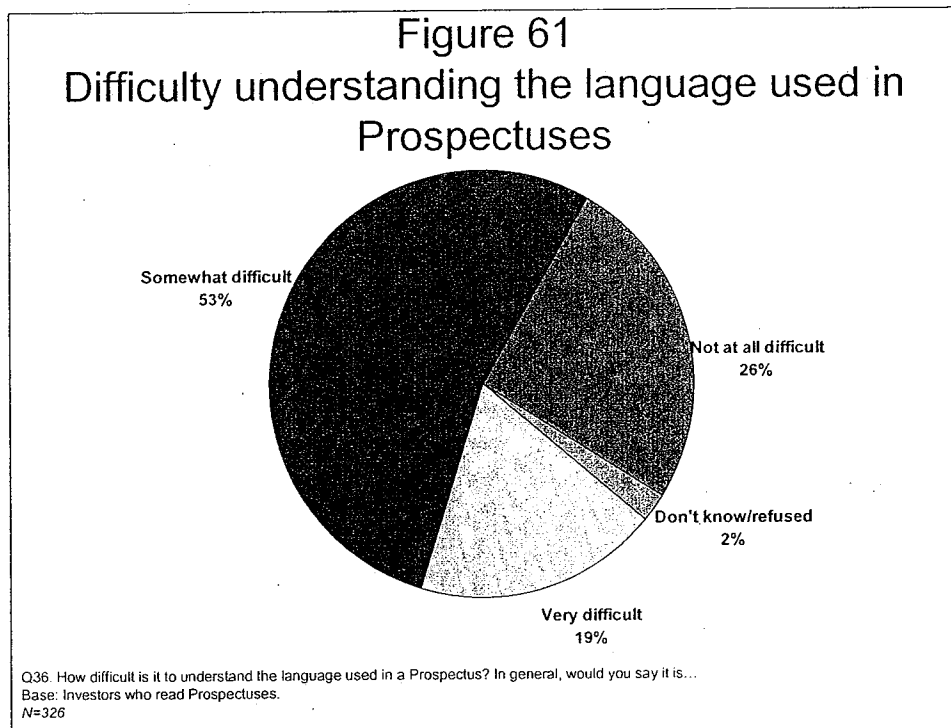
Base: Investors who have difficulty finding information in Prospectuses. N=217

Base: Investors who have no difficulty finding information in Prospectuses. N=98

Difficulty Understanding the Language Used in Mutual Fund Prospectuses

When investors who read mutual fund prospectuses were asked how difficult it was to understand the language used in them, they were also divided. On the one hand, nearly one-fifth (19%) of investors who read mutual fund prospectuses said it was very difficult to understand the language used in prospectuses. Slightly more than one-half (53%) said it was somewhat difficult to understand the language used in mutual fund prospectuses. By contrast, more than one-quarter (26%) of investors who read mutual fund prospectuses said it was not at all difficult to understand the language in them (Figure 61).

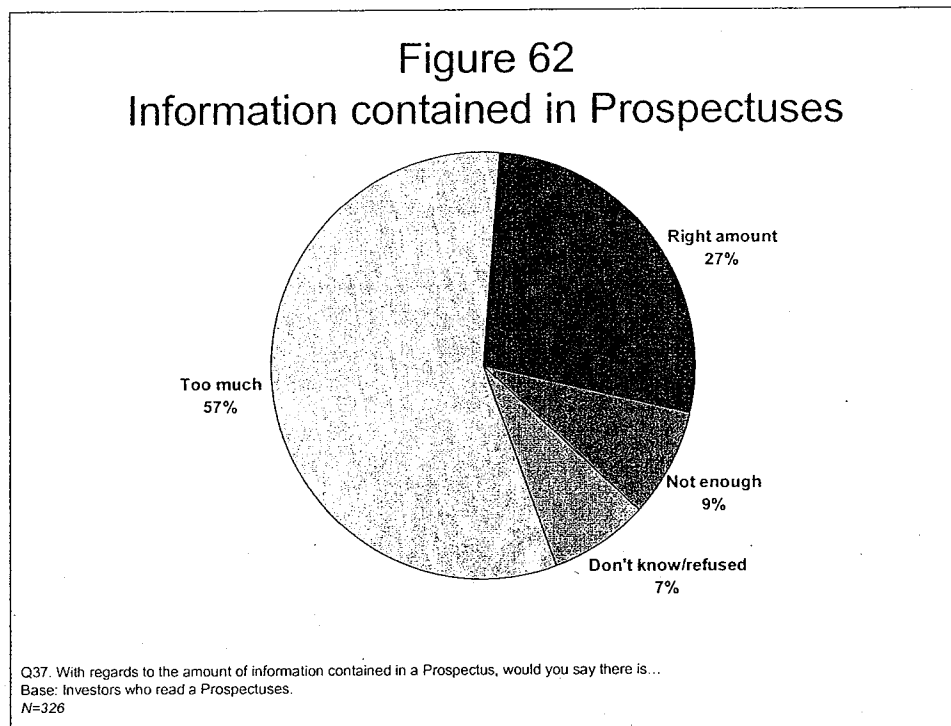
Female investors were more likely than male investors to say that it was very difficult to understand the language used in mutual fund prospectuses (27% vs. 11% respectively). Conversely, male investors were more likely to say it was somewhat or not at all difficult. As expected, education level was also related to difficulty understanding the language used in mutual fund prospectuses. Investors with a high school diploma or less were more likely to find it very difficult, while those with a college degree or higher were more likely to say it was not at all difficult.



Information Contained in Mutual Fund Prospectuses

There was more agreement among investors on the amount of information contained in mutual fund prospectuses. The majority of investors who read mutual fund prospectuses (57%) said that they contain too much information. Nearly three out of ten investors who read mutual fund prospectuses (27%) said they contain the right amount of information. Only 9 percent of investors who read mutual fund prospectuses said they didn't have enough information. Only 9 percent of investors who read mutual fund prospectuses said they didn't have enough information (Figure 62).

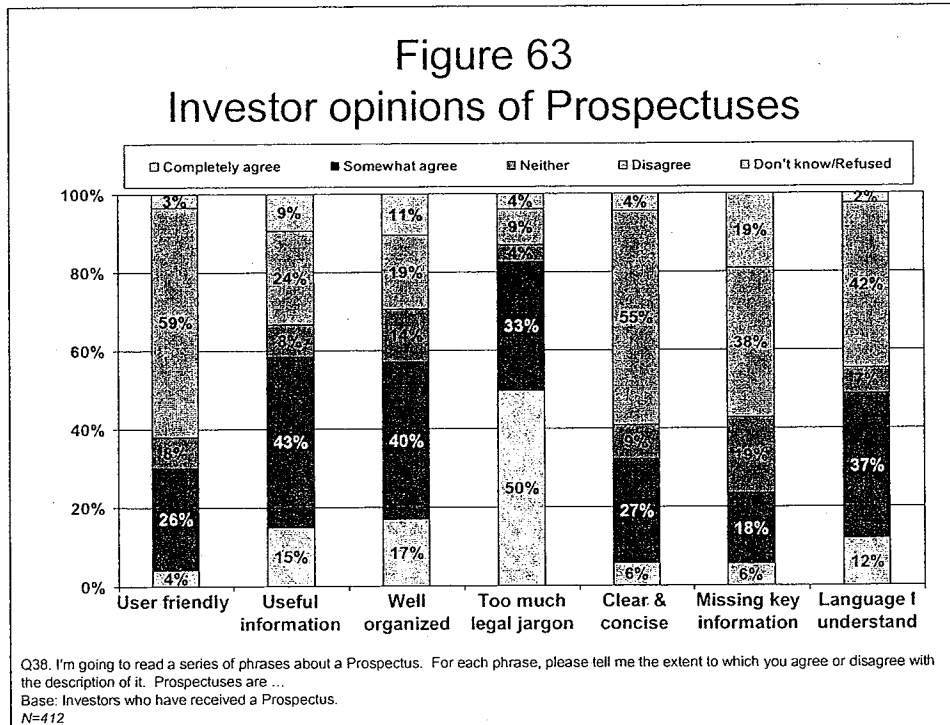
Sixty-five percent of female investors reported that there is too much information in mutual fund prospectuses, compared with 50% of male investors. Male investors were more likely to say there is not enough information. Investors with high levels of investment literacy were more likely to say mutual fund prospectuses contained the right amount of information, while those with low investment literacy were more likely to say they did not contain enough information.



Investor Opinions of Mutual Fund Prospectuses

All investors who reported having received a mutual fund prospectus were asked to state the degree to which they agreed or disagreed with a series of statements about mutual fund prospectuses. Among the positive statements presented, more than half (58%) agreed that they highlight useful information (24% disagreed), and 57 percent agreed that they are well organized (19% disagreed). In addition, nearly half (49%) agreed that mutual fund prospectuses are written in a language they understand (42% disagreed). Three out of ten (30%) agreed that mutual fund prospectuses are user friendly (59% disagreed), while slightly more agree that they are clear and concise (33% agreed, 55% disagreed). Among the negative statements, eighty three percent agreed that they contain too much legal jargon (9% disagreed), while only 24 percent agreed that they are missing key information (38% disagreed – 19% were not sure). (Figure 63)

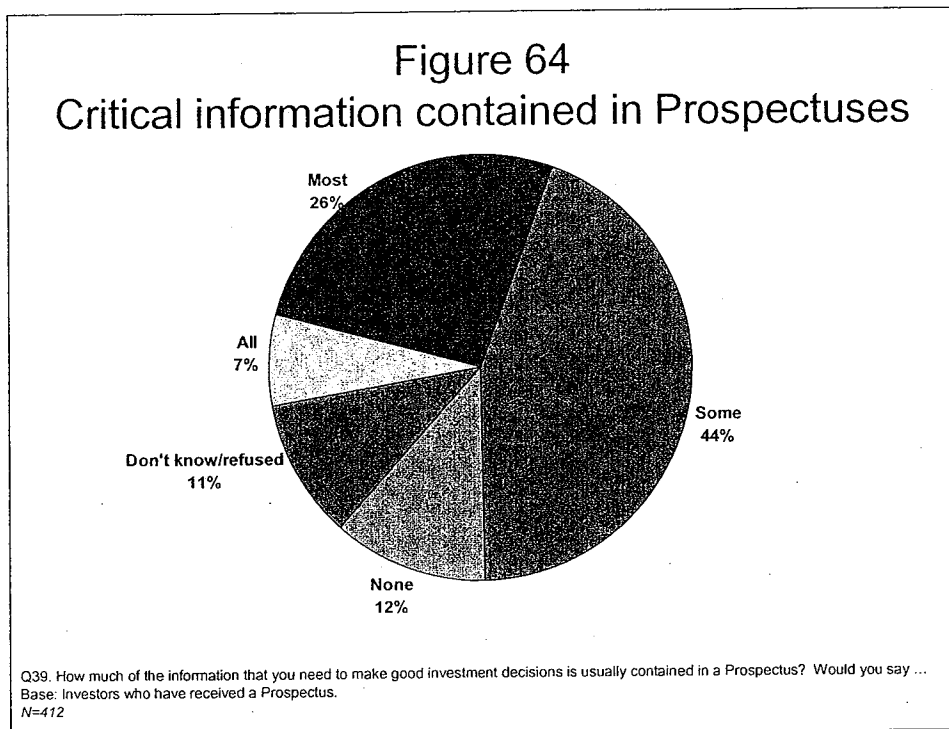
Male investors and those with high investment literacy were more likely to think that mutual fund prospectuses are well organized. Investors with a college degree, graduate training or degree were more likely to disagree with the statement that mutual fund prospectuses are clear and concise than those with less education. Male investors were also more likely to agree that mutual fund prospectuses are missing key information, while those with high investment literacy were more likely to disagree. Male investors were more likely to agree that mutual fund prospectuses are written in a language they understand, while female investors were more likely to disagree. Investors with a high school education or less were less likely to agree to this.



Critical Information in Mutual Fund Prospectuses

Although most investors said that mutual fund prospectuses contained too much information, this does not mean that they are satisfied that the information they need is usually contained in prospectuses. When asked how much of the information they need to make good investment decisions is contained in mutual fund prospectuses, only one-third of investors said that all (7%) or most (26%) of the information is there. Most commonly, 44 percent of investors said that some of the information they need to make good investment decisions is usually contained in a prospectus. Twelve percent of investors said that none of the information they need to make good investment decisions is usually contained in a prospectus (Figure 64).

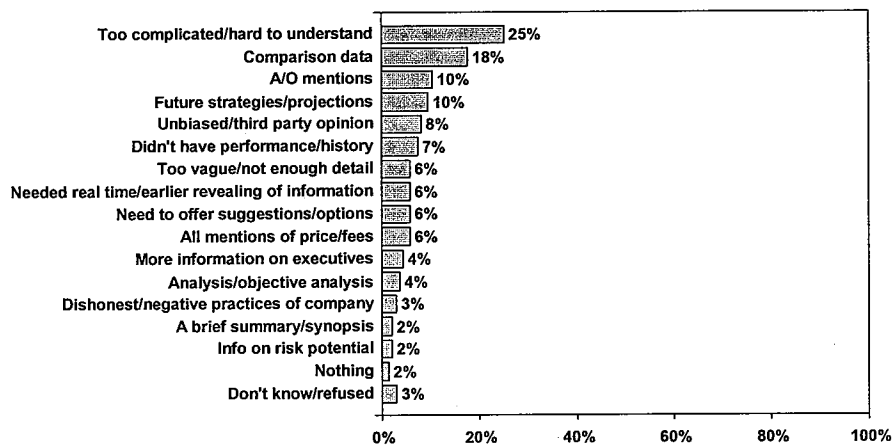
Male investors were more likely to say that mutual fund prospectuses contain the information they need (all = 10%, most = 30%) than female investors (all = 4%, most = 23%). Investors with lower income levels, and those with low investment literacy were more likely to say that they contain none of the information they need. Investors with high investment literacy were more likely to say that mutual fund prospectuses contain most of the information they need.



Critical Information Missing from Mutual Fund Prospectuses

When investors who said mutual fund prospectuses are missing critical information were asked what critical information was missing, they listed comparison data (18%), future strategies and projections (10%), unbiased third party opinions (8%), performance history (7%) and real time information (6%). A small number of those who said that mutual fund prospectuses did not contain all of the information they needed said they did not know what was missing (3%) or that nothing (2%) was missing (Figure 65).

Figure 65
Critical information missing from Prospectuses

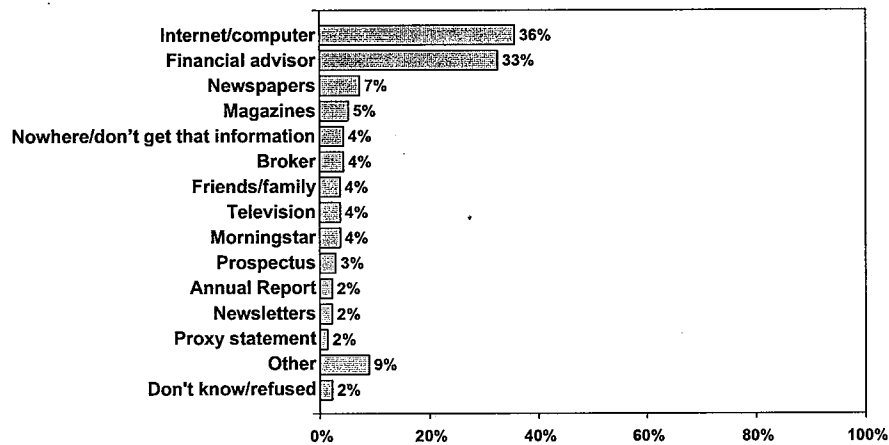


Q40. What critical information is usually missing from a Prospectus?
 Base: Investors who said that Prospectus are missing necessary information.
 N=135

Source for Information Missing from Mutual Fund Prospectuses

For those who indicated that there were critical pieces of information missing from mutual fund prospectuses, most said they get the information from their financial advisor or broker (37%). More than one-third said they get this information from the Internet or computer (36%), while 7 percent also get the information from newspapers. In addition, 5 percent of these investors said that they would typically get the information from magazines, and 4 percent from friends and family, TV, or Morningstar while the same percentage said they do not get the information (Figure 66).

Figure 66
Source for information missing from Prospectuses

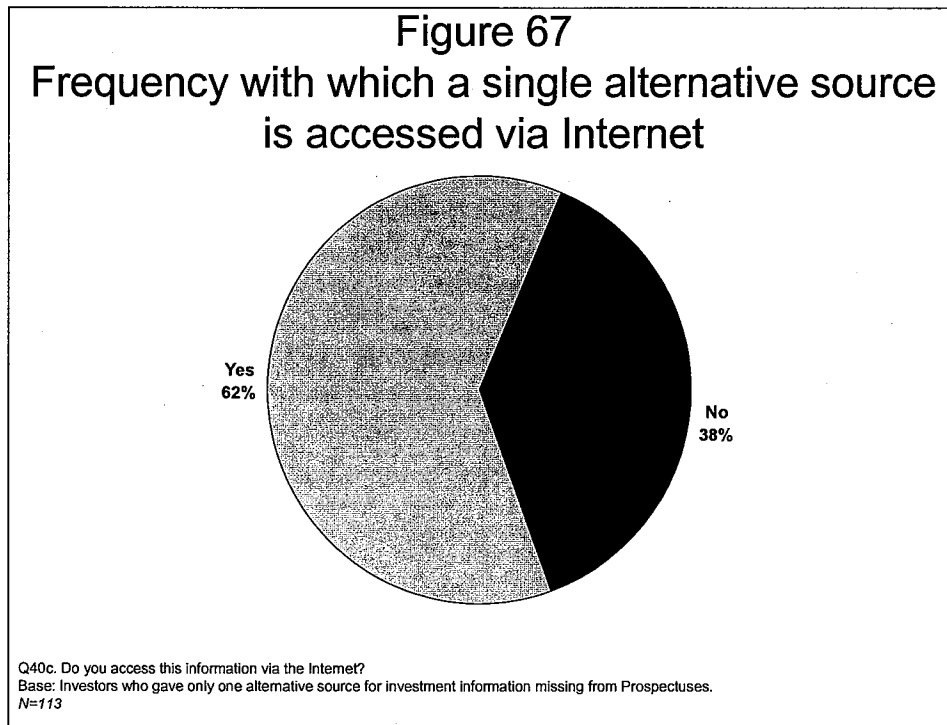


Q40b. From what source do you typically obtain this information?
Base: Investors who gave an alternative source for investment information missing from Prospectuses.
N=135

Frequency With Which Alternative Information Sources are Accessed via Internet

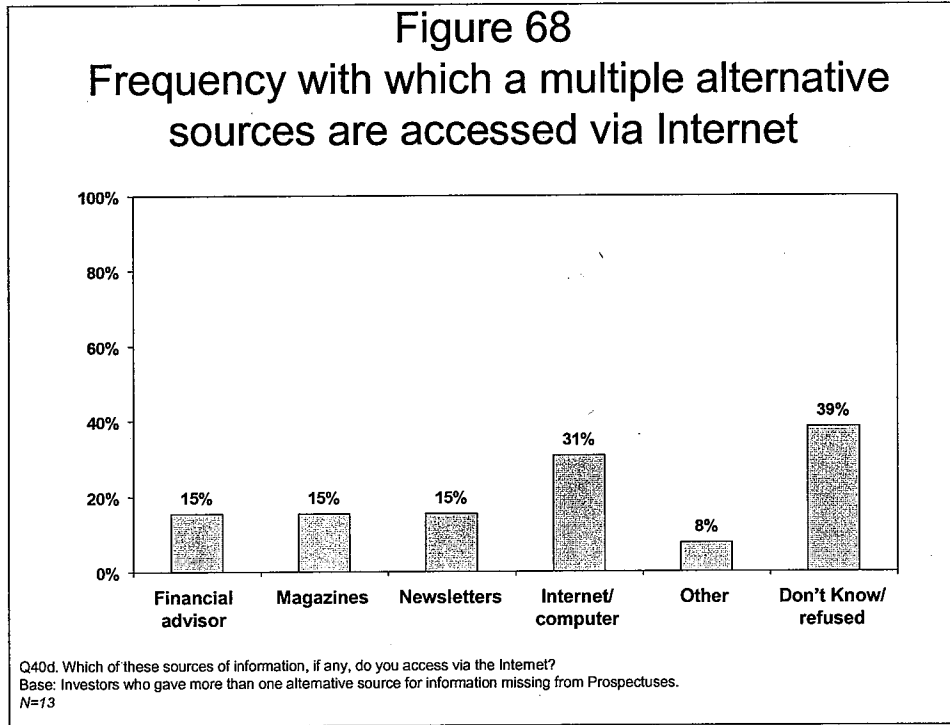
When investors who gave one alternative source of information missing from mutual fund prospectuses were asked if they access the information via the Internet, more than three out of five said yes (62%). (Figure 67)

Seventy percent of male investors reported that they accessed this information via the Internet, compared with 51% of female investors.



Alternative Information Sources Being Accessed via Internet

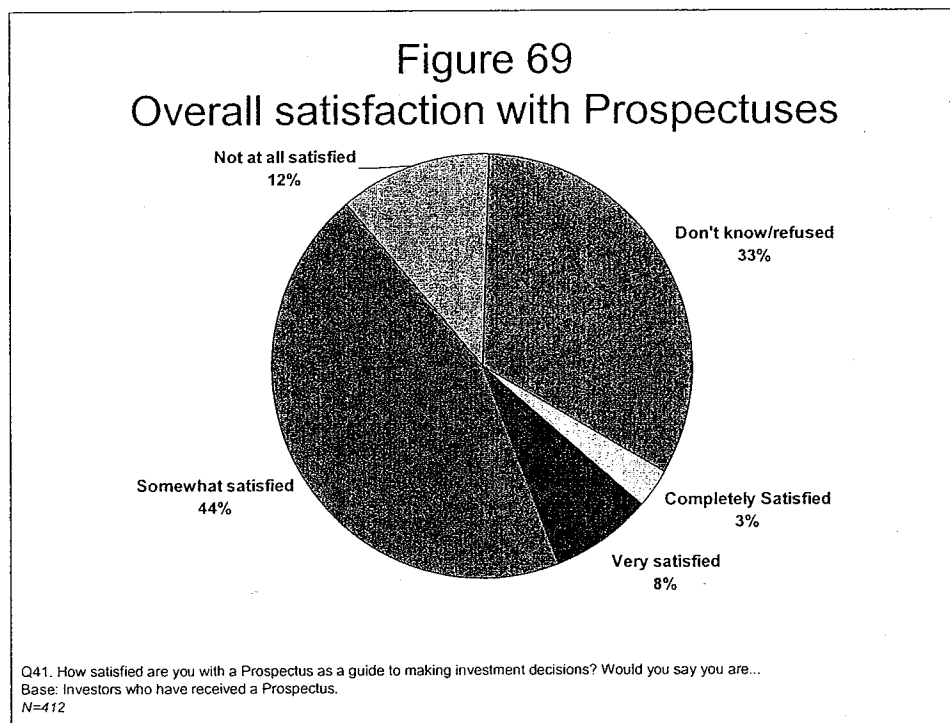
Investors who cited multiple alternative sources for the information missing from mutual fund prospectuses were asked which, if any, they access via the Internet. Notable responses from these investors were Internet resources (31%), financial advisor (15%), magazines (15%) and newsletters (15%). (Figure 68)



Overall Satisfaction with Mutual Fund Prospectuses

Investor satisfaction with mutual fund prospectuses as a guide to making investment decisions is mixed. When asked how satisfied they were with mutual fund prospectuses as a guide to making investment decisions, only eleven percent of investors were completely (3%) or very satisfied (8%). More than 2 in 5 investors (44%) report that they are somewhat satisfied with mutual fund prospectuses. However, a small number of investors (12%) said they are not at all satisfied with mutual fund prospectuses as a guide to making investment decisions (Figure 69).

Male investors, those with more than one member in the household, and those with medium and high investment literacy were more likely to be dissatisfied with mutual fund prospectuses as a guide to making investment decisions.

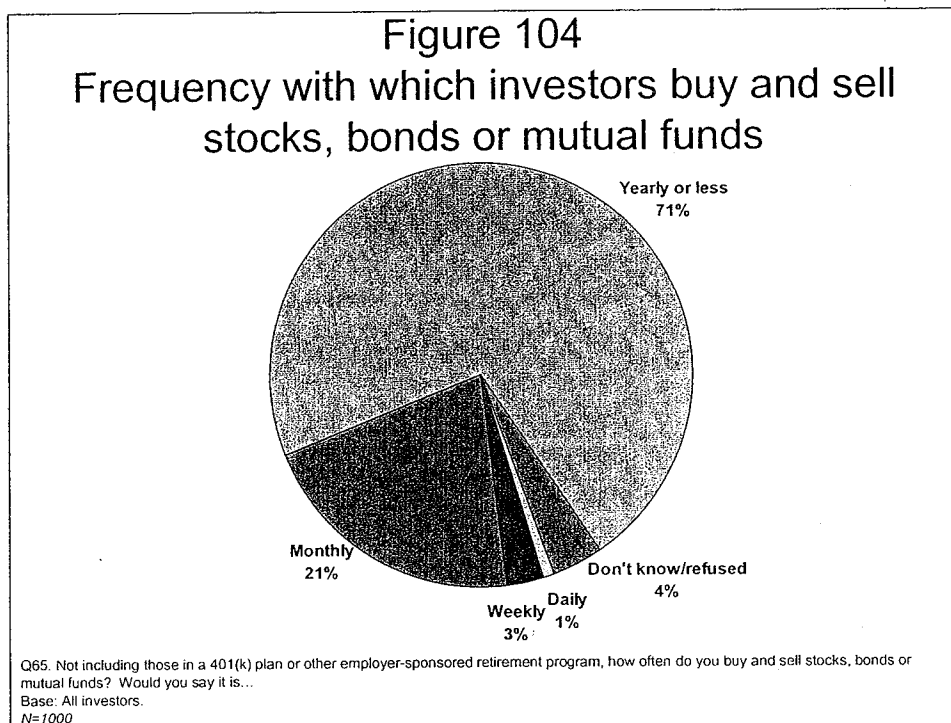


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SECTION 7: Investor Characteristics

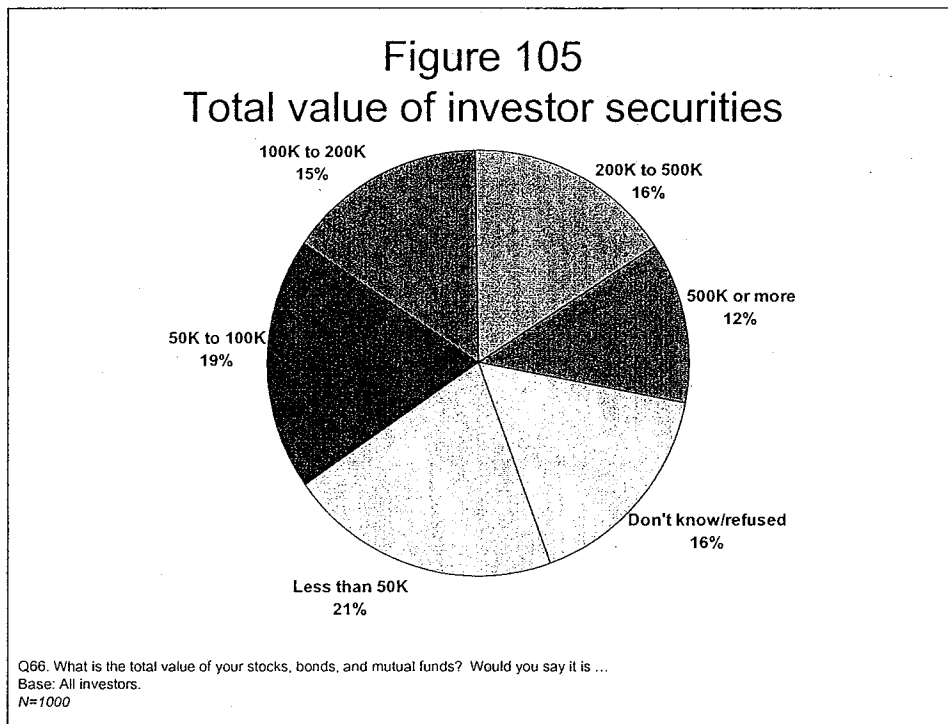
Frequency with Which Investors Buy Stocks, Bonds or Mutual Funds

All investors were asked how often they purchased stocks, bonds or mutual funds, not including 401(k) plans or other employer-sponsored retirement programs. Approximately one-fifth of investors (21%) said they trade securities on a monthly basis. Most (71%) said they do so yearly or less. A small number of investors said they trade securities on a weekly (3%) or daily basis (1%). (Figure 104)



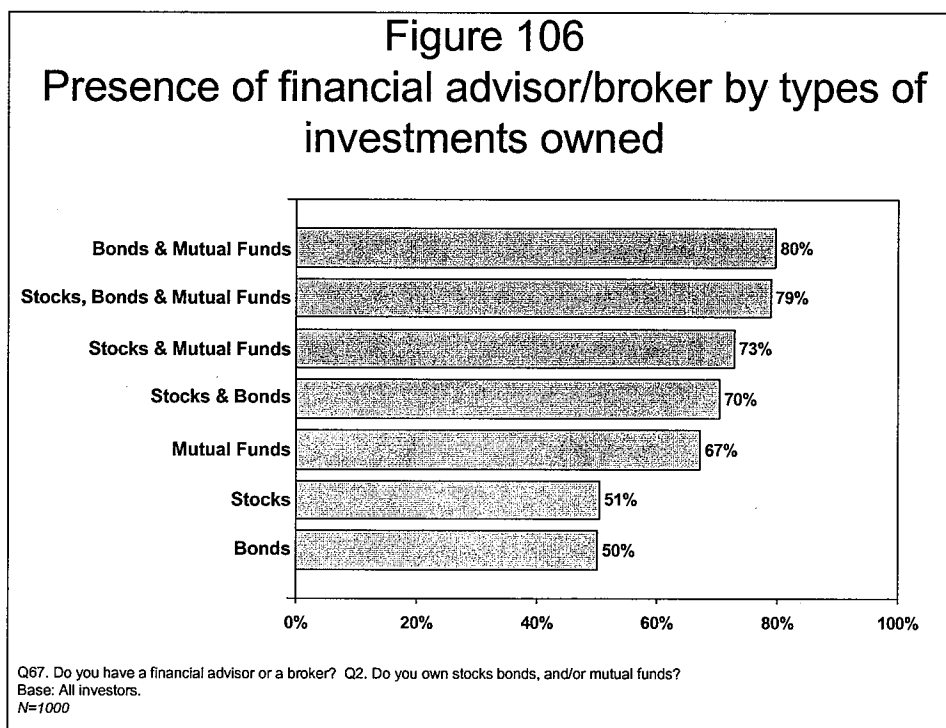
Total Value of Investor Securities

This national sample of investors were asked about the total value of their stocks, bonds and mutual funds. Approximately one-fifth of investors (21%) reported that the total value of their stocks, bonds and mutual funds was less than 50 thousand dollars. Nearly the same number of investors said the total value of these securities were between 50 and 100 thousand dollars (19%). Slightly less owned securities that had a total value between 100 and 200 thousand dollars (15%), between 200 and 500 thousand dollars (16%), or 500 thousand or more (12%). Only 16% of the sample said they did not know or refused to disclose the total amount of their investments (Figure 105).



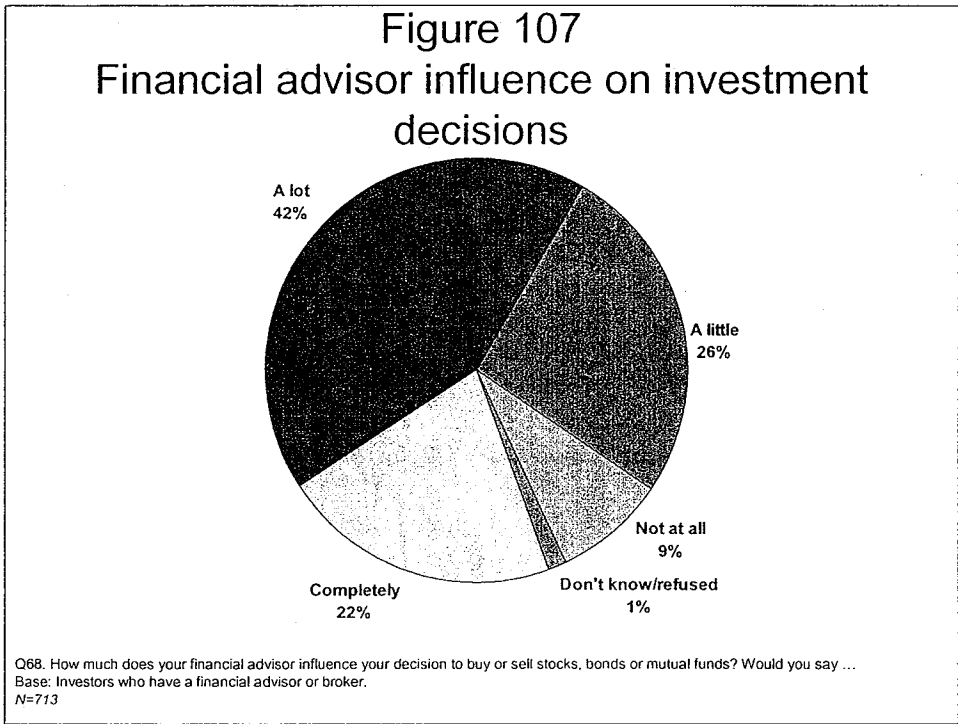
Presence of a Financial Advisor / Broker by Type of Investments Owned

Nearly three-quarters of all investors (71%) report that they have a financial advisor or broker. In general, it seems that the more diversified an investor's portfolio, the more likely he or she is to report having a financial advisor. Approximately 80 percent of investors who owned stocks, bonds and mutual funds or bonds and mutual funds reported having a financial advisor. Slightly less of the investors who owned stocks and mutual funds (73%), or stocks and bonds (70%) had a financial advisor. In contrast, only 67 percent of those who owned only mutual funds, 51 percent of those who owned only stocks, and 50 percent of those who owned only bonds reported having a financial advisor (Figure 106).



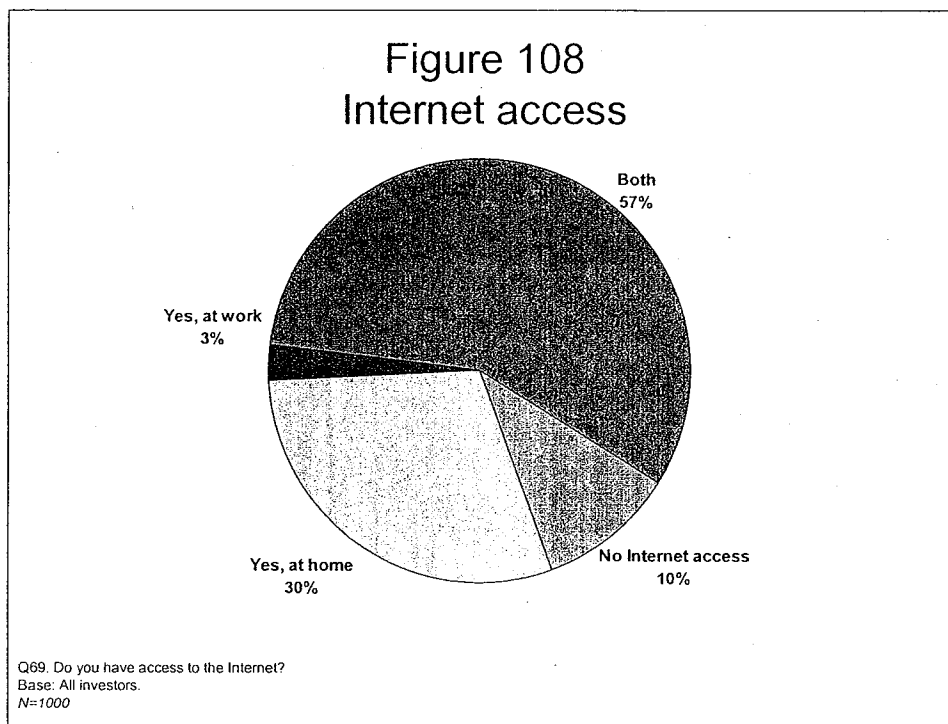
Financial Advisor Influence on Investment Decisions

Investors with a financial advisor or broker were asked how much influence the financial advisor has in their investment decisions. Approximately one-fifth of investors (22%) reported that their financial advisor has complete influence on their investment decisions. Most commonly, investors (42%) said their financial advisor has a lot of influence. On the other hand, about one-quarter (26%) of investors with a financial advisor or broker said their advisor has a little influence, while another 9 percent said that their broker or advisor has no influence on their decision to buy or sell stocks, bonds or mutual funds (Figure 107).



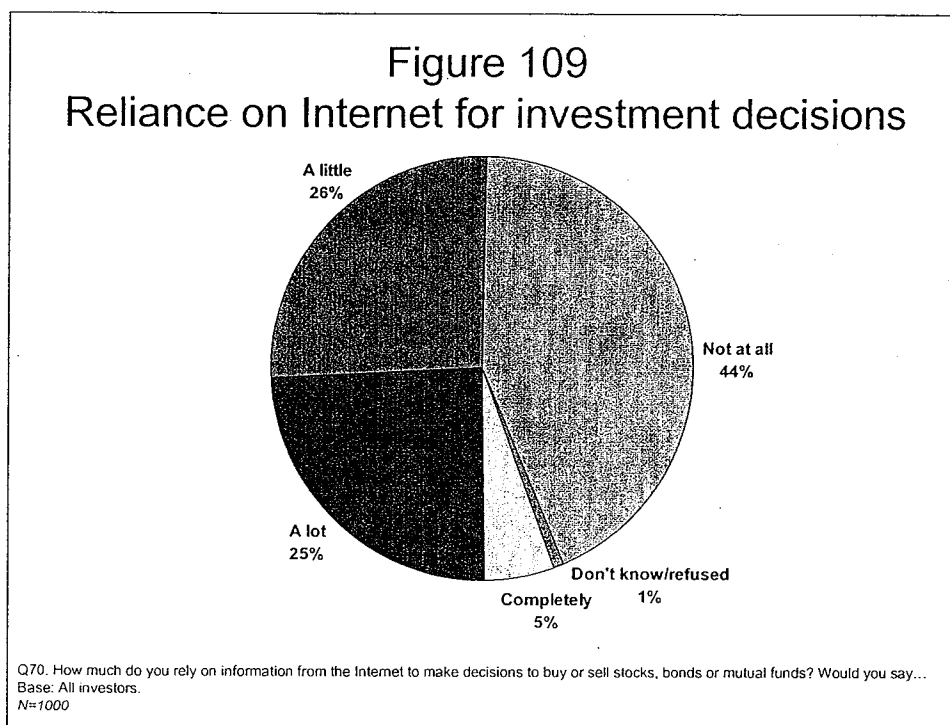
Internet Access

Approximately all investors (90%) said they had access to the Internet. Most of these investors had Internet access both at home and work (57%), while nearly a third only had access at home (30%), and very few (3%) only had access at work. Only 10 percent of investors did not have Internet access (Figure 108).



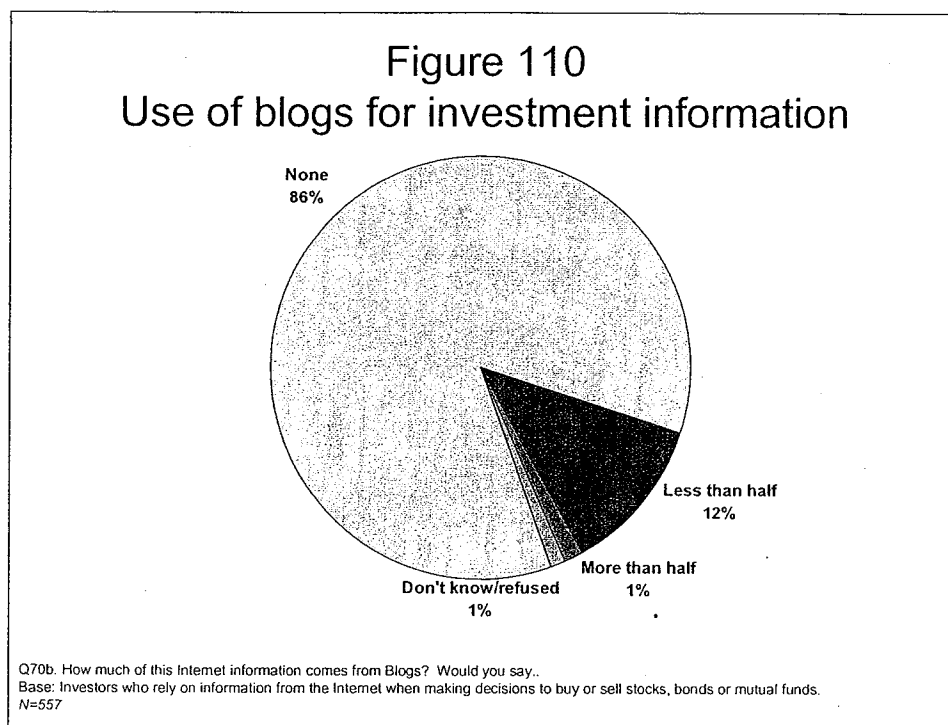
Reliance on Internet for Investment Decisions

Three in ten investors said they rely on information from Internet completely (5%) or a lot (25%) to guide their investment decisions. Another quarter of investors (26%) said they rely on it a little for their decisions to buy or sell stocks, bonds and mutual funds. Although 90% of investors have Internet access, a significant number of investors (44%) said they do not rely on Internet information at all for investment information (Figure 109).



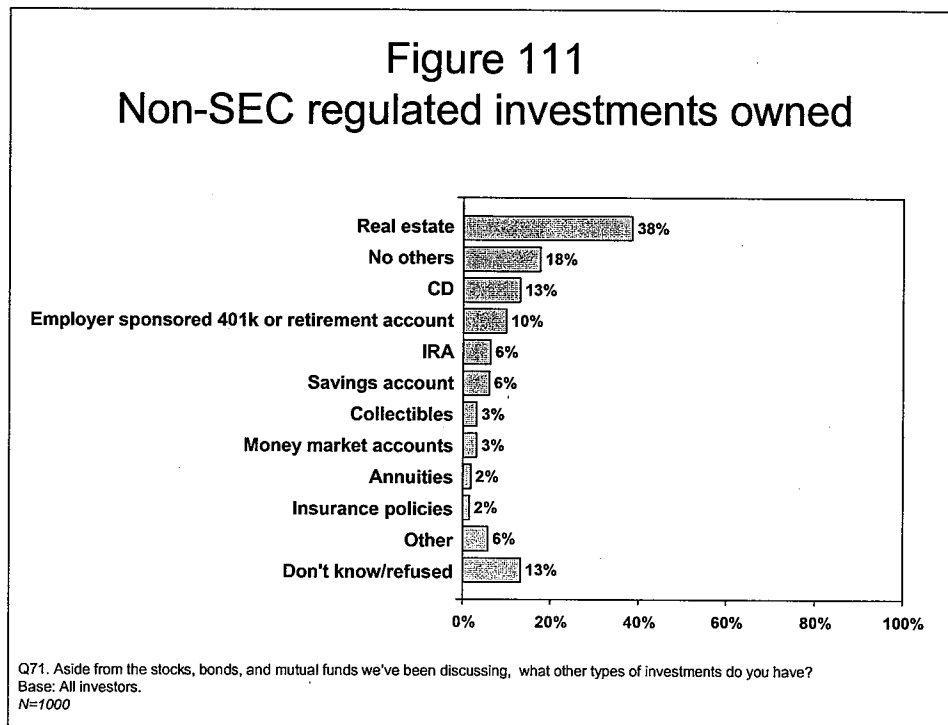
Use of Blogs for Investment Information

Of those investors who rely on Internet information at least a little to guide their investment decisions, only 13 percent said they use blogs. Most of these investors said they use blogs for less than half of their investment information (12%). Most investors (86%) who utilize Internet information for guiding investment decisions said that they do not use blogs at all (Figure 110).



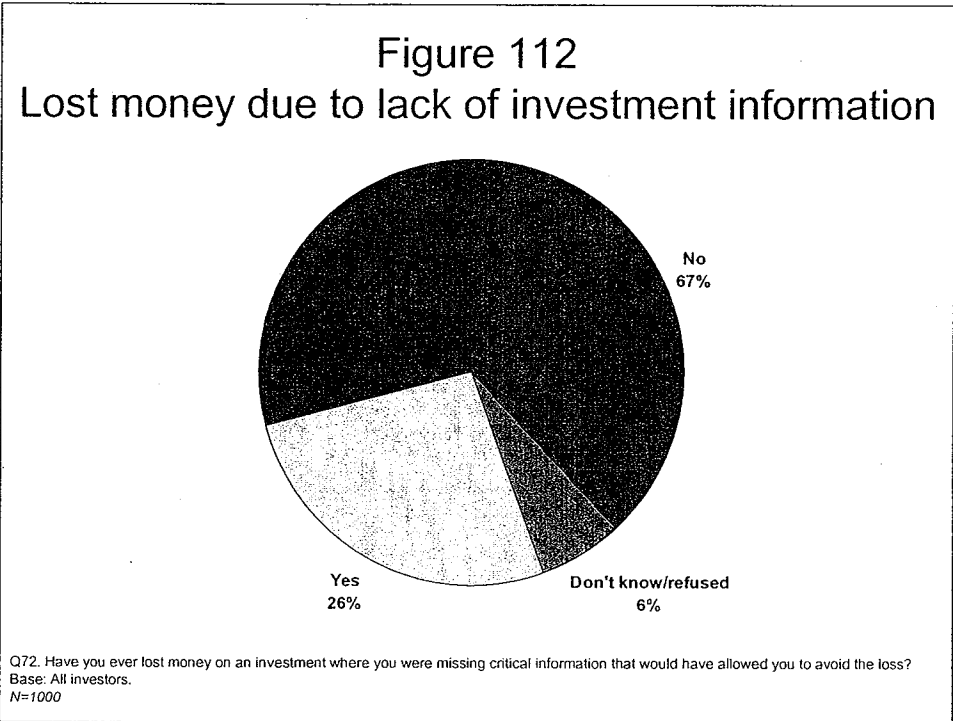
Non-SEC Regulated Investments Owned

This national sample of investors with stocks, bonds or mutual funds were asked what other types of investment they had. Real estate was cited most often (38%) by these investors. Nearly one in five (18%) said they had no other investments, followed by Certificates of Deposit (13%), and employer-sponsored 401(k) plans or other retirement plans (10%). (Figure 111)



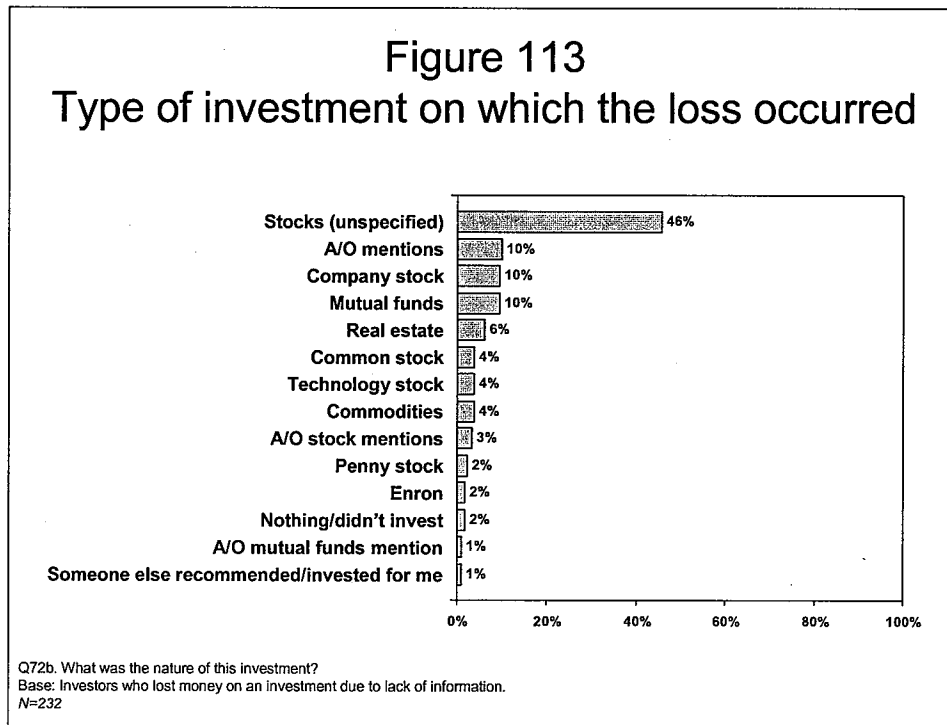
Lost Money Due to Lack of Investment Information

Understanding financial risk is a key element in investment and in mandatory disclosure policies. Hence, this national sample of investors was asked whether they had ever lost money on an investment where they were missing critical information that would have allowed them to avoid the loss. The majority of investors (67%) said they had not lost money on an investment due to a lack of critical information. However, slightly more than one-quarter of investors (26%) said they had lost money on a investment because they were missing critical information (Figure 112).



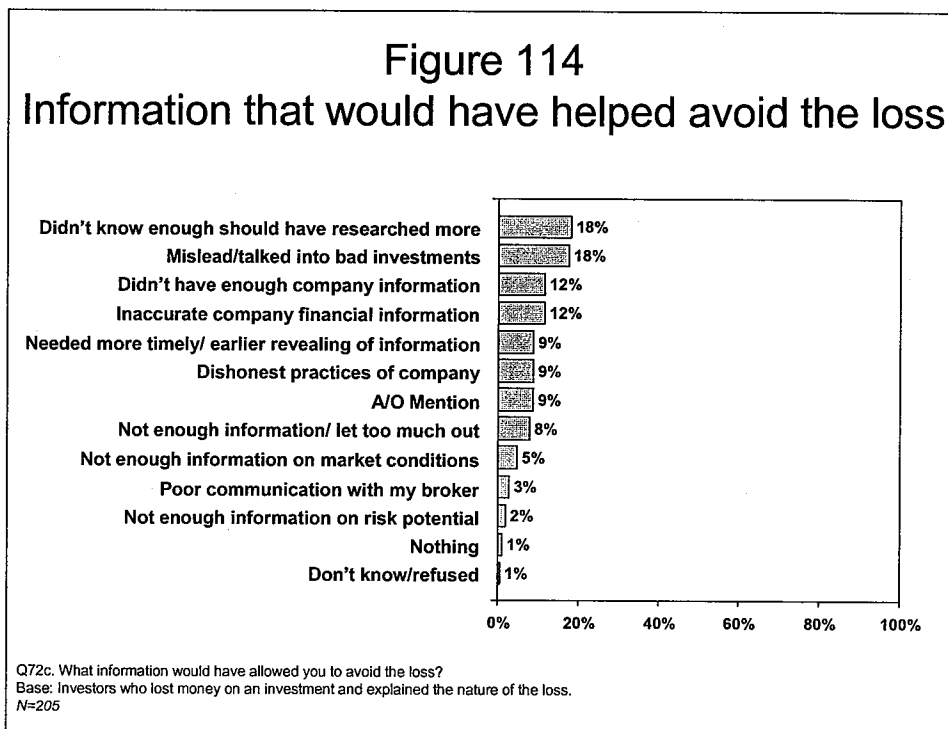
Type of Investment on Which the Loss Occurred

Those who reported that they had lost money on an investment because critical information was missing were asked the nature of the investment. Stocks were the most frequently cited type of investment upon which investors reported losing money due to a lack of information (72%). Other specific types of investments cited were mutual funds (11%), and real estate (6%). (Figure 113)



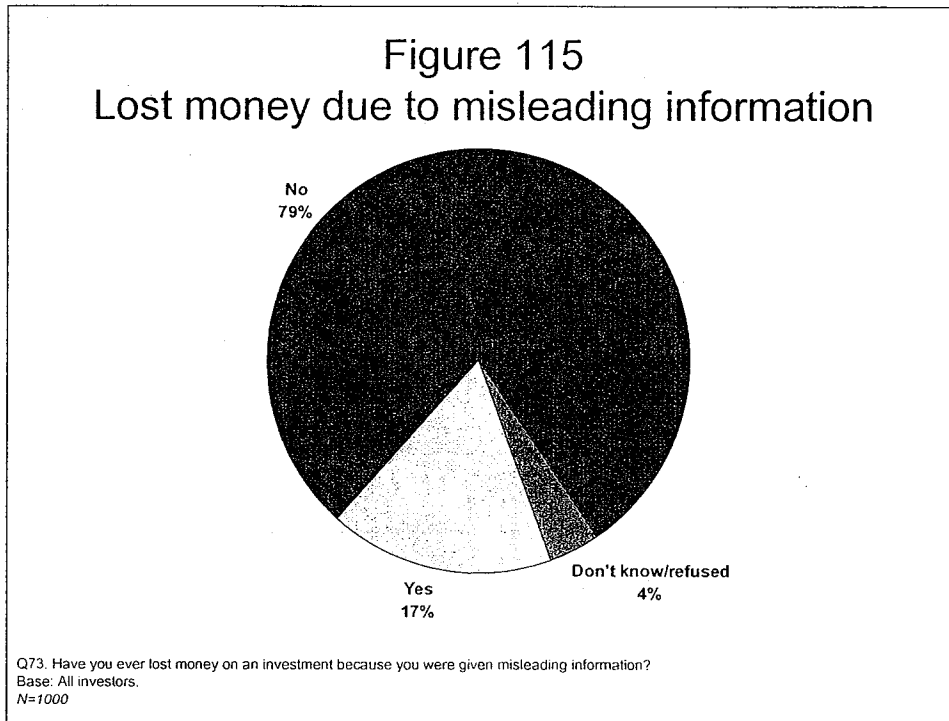
Information That Would Have Helped Avoid the Loss

When asked what information, had they had it, would have helped them avoid the loss, most responses were somewhat vague. Most said they should have done more research (18%), or that they were misled or talked into the purchase (18%). Others said they did not have enough company information (12%), had inaccurate information regarding the companies financial statements (12%), or that they information they had was not up to date (9%). (Figure 114)



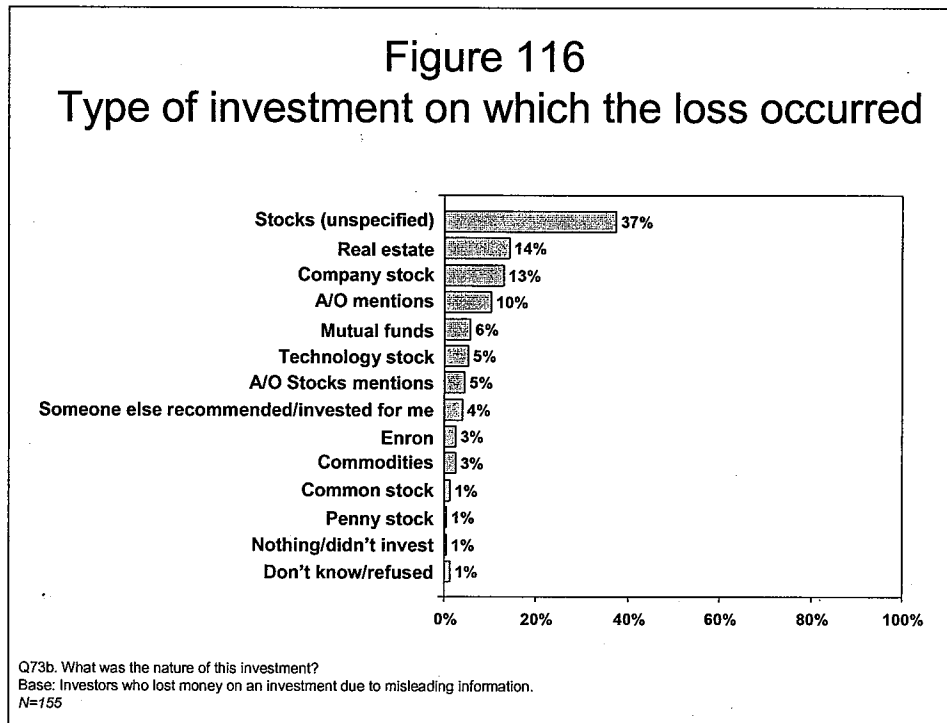
Lost Money Due to Misleading Information

Aside from missing information that may have led to an investment error, investors were asked whether they had ever lost money on an investment because they were given misleading information. The majority of investors (79%) said they had not lost money on an investment due to misleading information. However, nearly one in five investors (17%) said they had lost money on an investment as a result of misleading information (Figure 115).



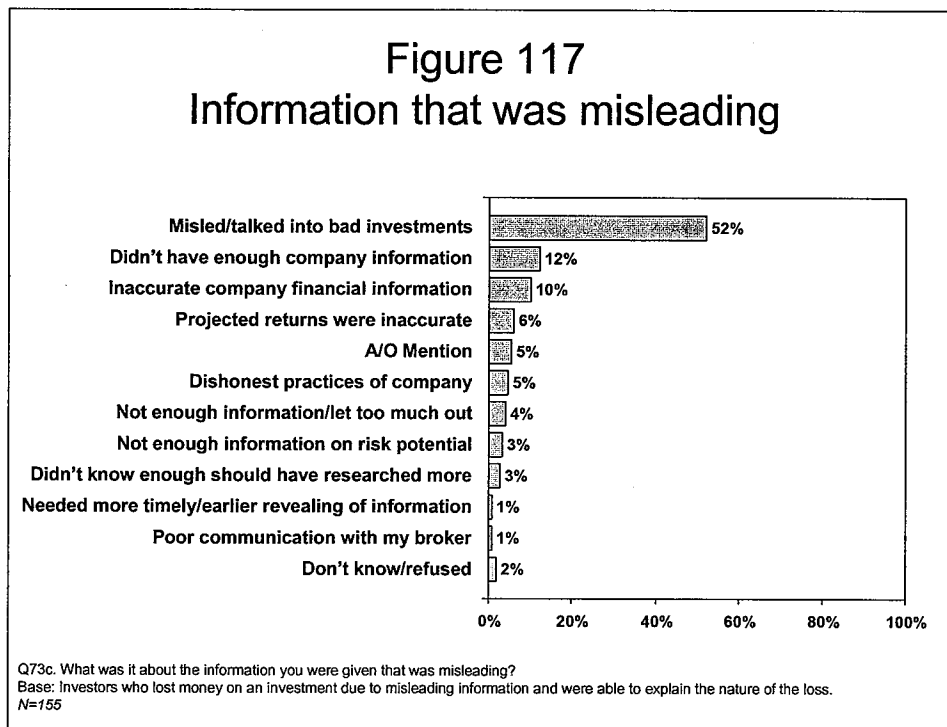
Type of Investment on Which the Loss Occurred

Among those who reported investment losses as a result of misleading information, stocks were the most frequently cited type of investment upon which investors reported losing money due to misleading information (68%). Other specific types of investments cited by investors as the source of financial loss due to misleading information were real estate (14%), and mutual funds (6%). (Figure 116)



Information That Was Misleading

When asked what about the information they were given was misleading, most (52%) said they were just talked into bad investments. Others said they did not have enough company information (12%), had inaccurate information regarding the companies financial statements (10%), or that projected returns were inaccurate (6%). (Figure 117)

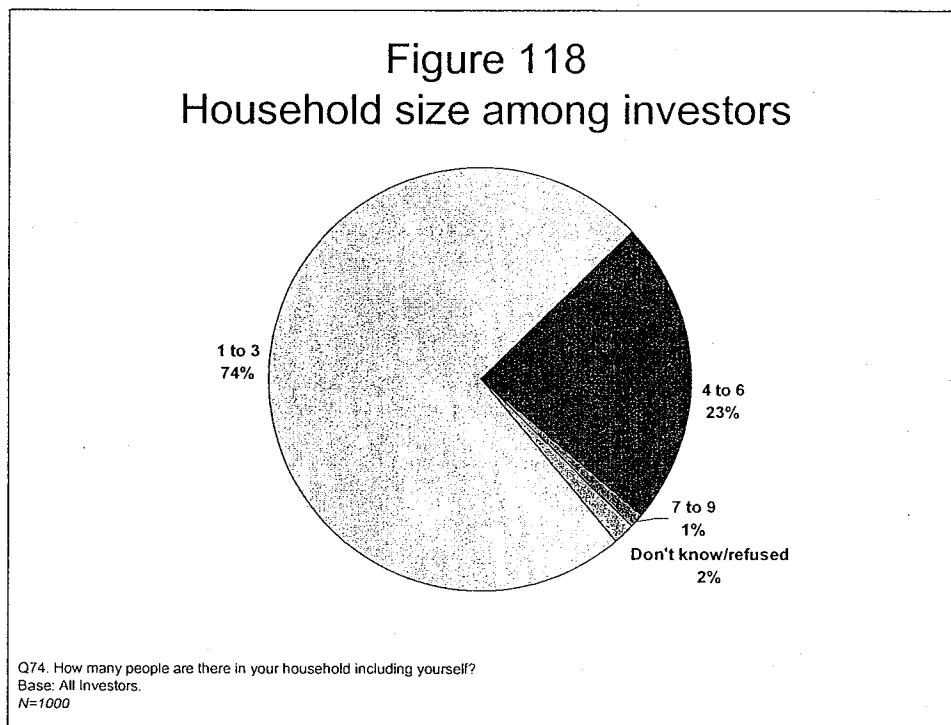


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Appendix A: Demographics

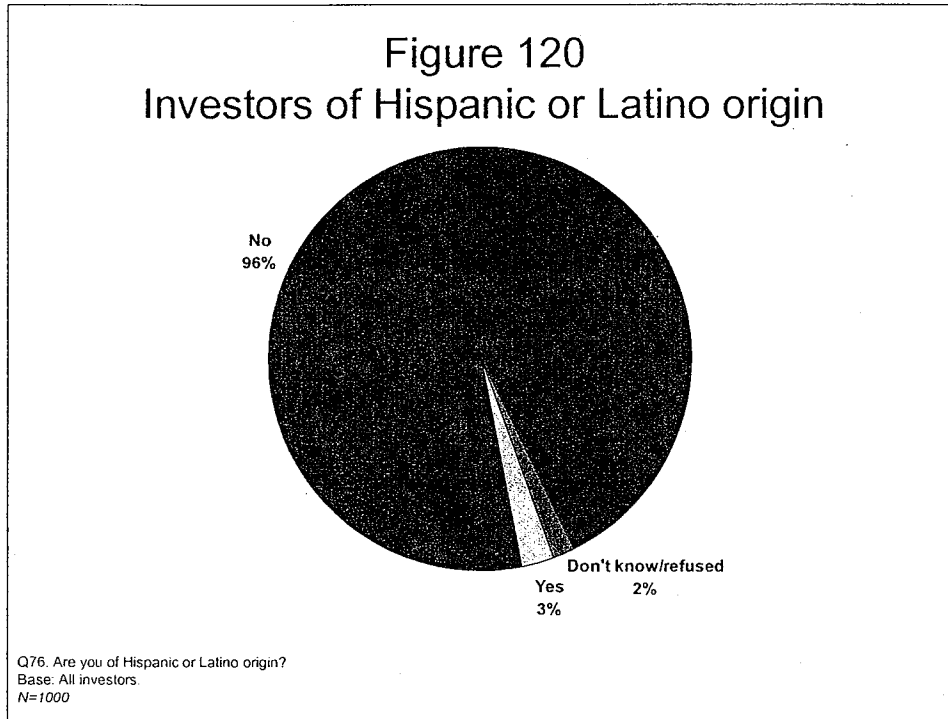
Household Size Among Investors

Nearly three-quarters of investors (74%) live in households with 3 people or less. Most of the remaining investors (23%) live in households with 4 to 6 people. A small number live in households with 7 to 9 members (1%) (Figure 118).



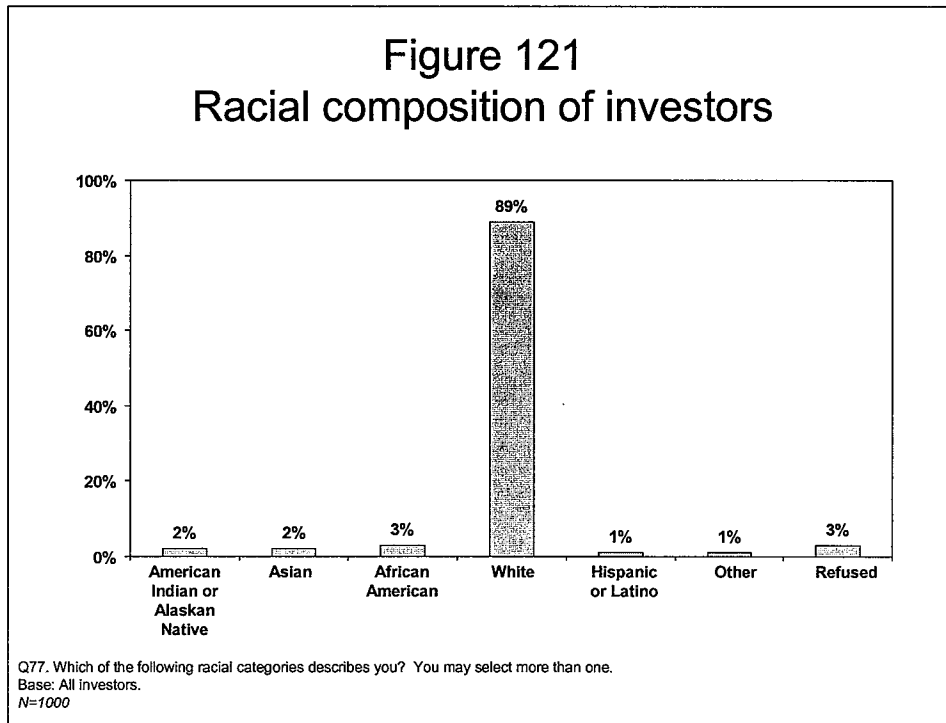
Investors of Hispanic or Latino Origin

Only a very small number of investors (3%) reported to be of Hispanic or Latino origin (Figure 120).



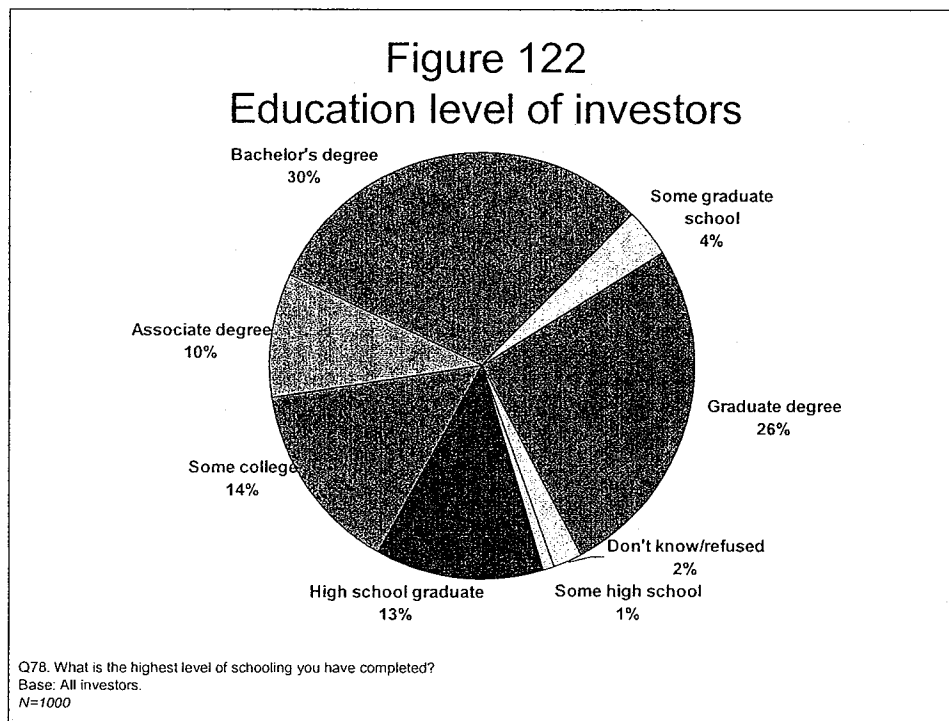
Racial Composition of Investors

Most investors (89%) reported being of White race. Additionally, 3 percent reported being of Black race, 2 percent reported being Asian, and 2 percent were American Indian or Alaska Native (Figure 121).



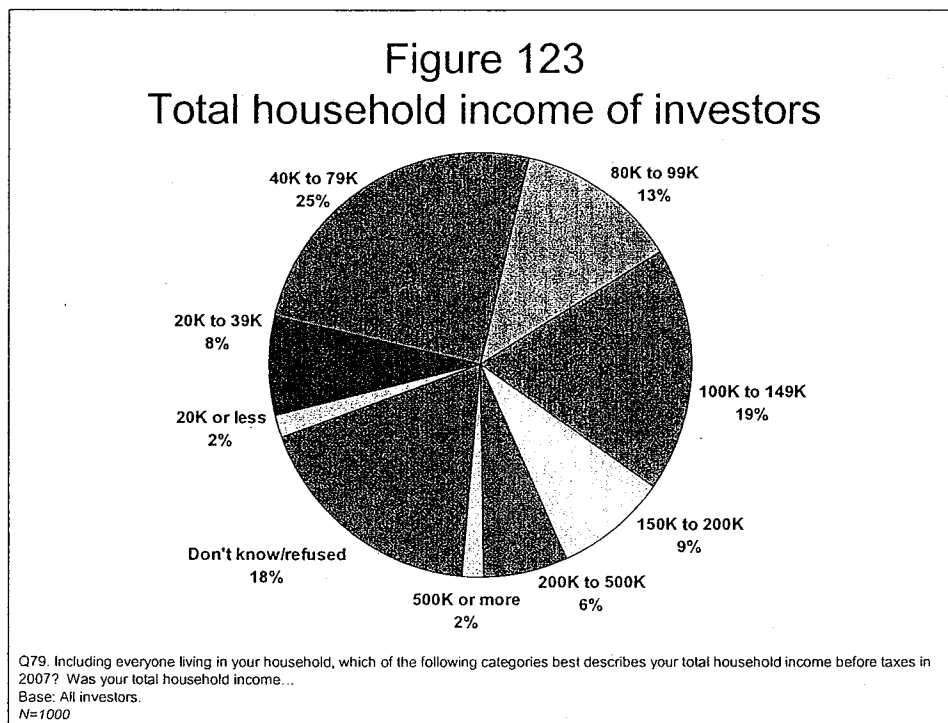
Education Level of Investors

The education level of investors was fairly diverse. Only a small number (1%) did not have a high school diploma, while 13 percent had only a high school diploma. A similar number reported having some college (14%), while 10 percent had an associate's degree, 30 percent had a bachelor's degree, 4 percent had some graduate training, and 26 percent held a graduate degree (Figure 122).



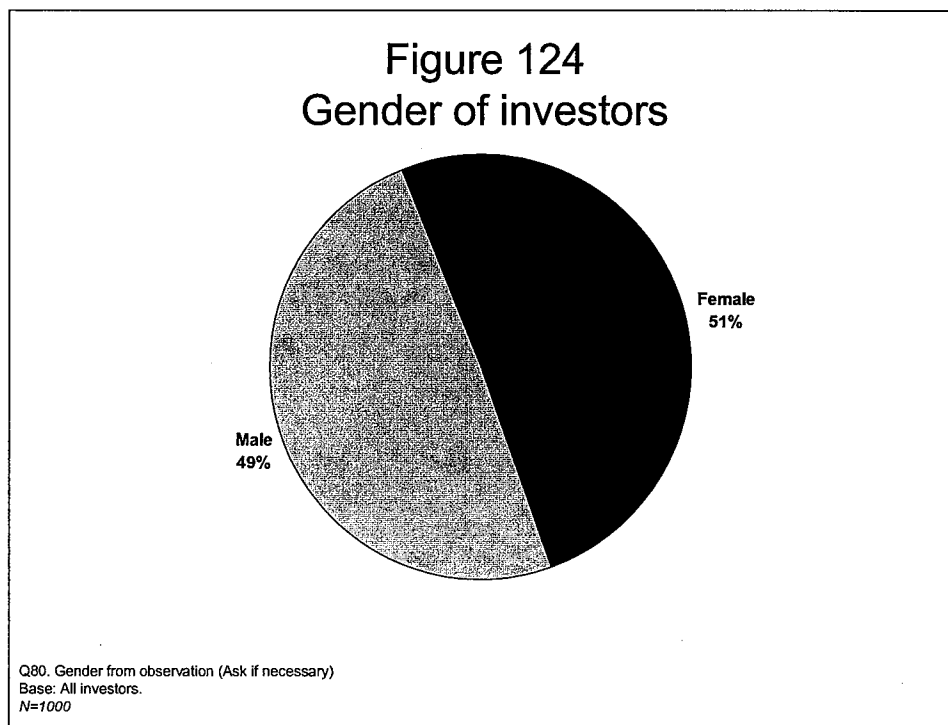
Total household income of investors

One quarter of all investors (25%) reported having a total household income between 40 and 79 thousand dollars. Only 10 percent reported a lesser total household income. Still 13 percent reported a total household income between 80 and 99 thousand, 19 percent between 100 and 149 thousand, 9 percent between 150 and 200 thousand, and 6 percent between 200 and 500 thousand dollars. A very small number (2%) reported a total household income greater than 500 thousand dollars (Figure 123).



Gender of Investors

There were no big surprises when it came to the gender break down of investors. At 49 percent male and 51 percent female, they closely resemble the break down among the population as a whole (Figure 124).



[Pages 136-63 omitted]