October 7, 2022

Re: Research Study on Fund Performance Benchmarks; and
        File No: S7-09-20

Dear SEC,

Please accept some feedback on your Research Study on Fund Performance Benchmarks and on the Tailored Shareholder Reports proposed rulemaking.

Research Study Feedback:

➔ The study suggests that all broad-based benchmarks should have a 0.95% correlation to the S&P 500. While I have not studied index performance, it seems odd to assume a single large-cap index is the barometer for being broad-based. This is particularly so because the equity funds reviewed were not limited to domestic funds. The Tailored Shareholder Reports proposed rulemaking should not define or insinuate that a broad-based index must or should have a certain correlation to the S&P 500.

➔ The study relies on Morningstar's description of primary and secondary indices which is unreliable. Of the top 10 broad indices on the list, I would not consider 5 to be 10 indices to be broad-based. On the list of secondary indices, I believe 4 would be considered broad-based.

➔ The paper concluded that descriptions of indices are not helpful to investors and do not improve results. I suggest that this is because the names of the indices suggested already describes what the index does. (e.g., Imprimiis Total U.S. Market Index). I feel the results would have been different if the Index name was less descriptive, such as Impromiis 750 Index. Many of the most common indices do not include a descriptive name (such as S&P 500, S&P 400, S&P 600, Russell 1000, Russell 2000, Russell 3000, Wilshire 5000, etc.). The rulemaking should require a description of indices where the index components are not obvious from the index's name or is not well-known.

➔ Since 40% of fund assets are index funds, it would be interesting to see whether the performance if an index that lines up quite closely with an index fund is useful to investors. I hypothesize that such a presentation provides no benefit to an investor and so should not be permitted as the sole benchmark.

➔ I believe that it is problematic that many funds include narrow indices as their broad-based index and the SEC must enforcement the current or proposed broad-based index requirements.

➔ Seems like a waste of government resources to study a truism such as that comparisons are useful. There are other element of the report, like the expense, which would have been far more useful.

Proposal Feedback:

➔ The proposed shareholder report seems like the right mix of information. However, the report should not include the liquidity risk management disclosure. It should also simplify the fee presentation. The fees should also reflect the fees of underlying funds (as it does in the prospectus) to make the figures more comparable and to avoid making certain fuds, such as affiliated target date funds, appear less expensive than they really are.

➔ Proposed rule 498B is too complex. It should merely state that there is no prospectus delivery obligation if the only change to the summary section of the prospectus from a prior

version that was delivered to investors is to update the performance figures and the fees are not going up.

➔ The fund prospectus risk disclosure is too complex. The summary prospectus should merely be limited to the top 10 risks. You should also consider a risk rating that many funds already include on their websites (and that some foreign jurisdictions require). The prospectus describes the risks, but not the level of risk and that seems to be an important piece of information.

➔ If broad-based indices are important to an investment decision, you should amend rule 482 so that standardized performance presentations include a comparison to a broad-based index.

➔ When changing an index, the SEC should clarify whether a fund needs to show a new index is a better fit in order to change an index (and who must make that finding) or is a fund free to change to any other index as long as it is an appropriate broad-based index (i.e. if the fund were a new fund, could it have picked that new index).

General Comments:

➔ I am a proponent of tagged disclosure and I see its potential. However, when it comes to fund disclosure the SEC has missed the mark. The requirements are too complex and the information is too difficult to find and use. The SEC publishes untimely data in a format that is very hard to use. Even the SEC's own data scientists used Morningstar data for their analysis when the information they analyzed is tagged in SEC filings. The other papers cited in the study and the rulemaking proposal also seem to scrape SEC prospectus information even when the information they are analyzing is tagged. Before increasing the tagging requirement and the associated expenses, the SEC should consider whether their method of tagging is the most usable.

I suggest that you give your most savvy Commission a test and see if he or she can pull a random fund's 5-year performance from your posted XBRL filings.

I also suggest you find a way to make timely iXBRL, N-CEN and N-PORT data available in a more usable format (without requiring users to download half of EDGAR). I note that unlike operating companies, there is no third-party provider that appears to provide access to this data.

Finally, iXBRL filings on EDGAR are very difficult to use. The default view on sec.gov should be a version without an overlay of tags.

➔ I am also a fan of e-delivery because of its environmental impacts. However, something needs to be done about the more sophisticated spam and phishing attacks such that an investor does not know if an email is legitimate. The answer cannot be to look for typos as an indication of fraud. Also, any linked materials in the shareholder report should not require a log-in. These days, logging in with 2-factor authentication is a burden such that investors may not try to click through to more information. Anything linked in the shareholder report (and any fund communication other than statements, tax forms, and transaction confirmations) should be public and should not be behind a firewall.

Best,
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