

## APPENDIX A

## MEMORANDUM TO OPEN-END INVESTMENT COMPANIES

Instructions for Completion of the Investment Company  
Size Study Questionnaire

The following instructions should be read carefully before completing the attached questionnaire.

- NOTES: (a) The information transmitted in answer to this questionnaire shall be treated as non-public information except that it will be available to the Securities Research Unit of the Wharton School of Finance and Commerce for the purposes of the study.
- (b) In cases where no dates or time periods are indicated in the questions, information should be provided as of September 30, 1958.
- (c) All questions should be answered, or the statement made in appropriate cases that the question is not applicable.

1. Authorization

The questionnaire is forwarded to open-end Investment Companies for completion in connection with the Study being undertaken by the Securities Research Unit of the Wharton School of Finance and Commerce on behalf of the Securities and Exchange Commission. The study is authorized by the Commission pursuant to Section 14(b) of the Investment Company Act of 1940.

2. Latest Date for Return of Answers

The questionnaire is divided into Parts I, II, III, IV, and V. Full replies to each of the Parts should be forwarded so as to reach the Securities Research Unit, E-4 Dietrich Hall, Wharton School of Finance and Commerce, University of Pennsylvania, Philadelphia 4, not later than the following respective dates:

Part I - January 15, 1959  
Part II - February 28, 1959  
Part III - March 31, 1959  
Part IV - April 30, 1959  
Part V - May 29, 1959

Upon completion of the study, the material will be returned to the Commission for retention in its files.

Investment Companies will find that data and exhibits prepared by them for answers to Parts I and II of the questionnaire may be useful as a basis for supplying subsequent answers. It is suggested that the questionnaire be studied in its entirety before answers to any of the Parts are prepared. For example, material used in preparing an answer to Question 18 may also be useful as a basis for the answer to Question 19.

### 3. Presentation of Data

Attached to the questionnaire are specimen forms indicating the manner in which data should be prepared.\* Each Company should use forms of uniform size (any size conveniently suited to its own operations will be acceptable) and columns as indicated on the attached specimens should be used. Further notations or explanations may be attached or noted clearly on the face or reverse of the forms.

In those cases where more than one fund or investment series is operated under the control of common management, separate data as called for should be supplied for each such fund or series.

Each form submitted, and each page of the Investment Company's reply in those cases where quantitative answers are not called for should be clearly marked as to

- ( i) Name of Company
- ( ii) Number of the question and sub-question to which the answer refers, and
- ( iii) Number of pages of data and/or text submitted in reply to the corresponding question.

All questions should be answered on forms or sheets separate from the questionnaire. The wording of the question should not be repeated prior to the Company's answer. The answers should be submitted in the order in which the corresponding questions appear in the questionnaire.

### 4. Definitions

The following definitions are appended for guidance in particular cases. In cases of doubt as to the intended coverage of any question, reference should be made to the Securities Research Unit of the Wharton School of Finance and Commerce by letter or by telephone - EVergreen 6-0100, Extension 616.

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\* The specimen forms are omitted from this appendix.

**Question 1.** - Investment Company or the Company when used in either of these forms means the Investment Company, or Investment Trust or Investment Fund to which the Questionnaire is addressed. In those cases where one Company or Fund is operating more than one investment series, the Company will mean any one such series.

**Question 4.** - Date organized means the date on which the Company assumed its present form.

**Question 5.** - Sales charges - In those cases where the management of more than one fund or investment series is under the control of one management group information is also requested as to the scale of sales charges attached to the transfer of shareholdings between the respective funds or series.

**Question 6.** - Affiliated as used in Question 6 and other parts of the questionnaire is to be understood as in Section 2(a)(3) of the Investment Company Act of 1940.

- Assets initially acquired in subquestions (v) and (vi) of this Question is not to be understood as restricted to the minimum net worth of \$100,000 referred to in Section 14(a) of the Investment Company Act of 1940, but will include also the further proceeds of an initial public or private offering of shares.

**Question 7.** - Manager as used in Questions 7 to 10 and other parts of the questionnaire means the persons, group or organization to whom authority or responsibility has been given for the selection and supervision of portfolio securities, or for the management in general of the business activities of the Company. In many instances the functions of management as here envisaged will be performed by the Company's Investment Advisers and if such is the case this should be clearly indicated in reply to the questionnaire. In answering Question 10 (i), for example, a clear description should be given of the division of responsibilities between the Manager and the Investment Advisers, if answers are supplied to both 10 (i) (a) and 10 (i) (b).

- Director is to be defined as in Section 2(a)(12) of the Investment Company Act of 1940.

**NOTE:** In those cases where an Advisory Board, as defined in Section 2(a)(1) of the Investment Company Act of 1940, is retained by the Company, information relative to its membership should be supplied similar to that called for in relation to the Company's directors.

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- Investment Advisers is here defined as in Section 2(a)(19) of the Investment Company Act of 1940.

Question 10. - Manager and Investment Advisers are to be understood as referred to in the preceding note.

- Fringe benefits as used in Question 10 (v) should include the totals of amounts accruing to the persons referred to in the forms of

- (a) Cash bonuses
- (b) Contributions to retirement plans
- (c) Insurance benefits
- (d) Other bonuses or emoluments, if any.

Question 12. - "Nominees" should be substituted for "shareholders" in subquestion (i) where any of the largest twenty shareholdings are held by nominees.

Question 16. - In the division of corporate bond holdings into "investment grade" and "other" as called for in this question and in other parts of the questionnaire (e. g. Questions 20, 21, and 27), bonds should be classified as "Investment Grade" if they were so rated by Moody's (e. g. Baa or superior) or Standard and Poor's (e. g. B1+ or superior) or other rating services or, in the case of unrated bonds, if the Investment Company considered them to have been of equivalent quality as of the date of listing.

Question 18. - Months as used throughout the questionnaire for purposes of requesting data is to be understood as calling for data on a commitment basis each month and not on a settlement basis.

- Addition of new stock, as used in this Question and in other parts of the questionnaire (e. g. Question 25), means the purchase of a stock which was not, at the time of purchase, already represented in the Company's portfolio, even though it may have been held in the portfolio at some previous time.

Question 19. - Transaction as used in this Question and in other contexts, notably Question 36, is to be understood as synonymous with "order executed," and is defined as follows:

Each transaction means the total amount of each security purchased or sold at one price on any one day through any one broker-dealer in one market.

Question 25. - Weeks in this and similar contexts is to be understood as indicating the weeks in which commitments are made, analogous

with months in Question 18, and not as weeks in which settlement is effected.

Question 29. - The gross dollar cost of acquiring shares of stock by means of first purchasing rights as referred to in sub-question (a) of this question should include the cost of purchasing such rights in addition to the cost of acquiring the shares.

Question 30. - Average monthly offering prices in sub-question (ii) (a) of this question means the total gross dollar proceeds of the sale of own shares in each month divided by the total number of shares sold.

- Average monthly redemption prices of own shares repurchased, as referred to in sub-question (ii) (b) of Question 30 means the total dollar amount of shares repurchased in each month divided by the number of shares repurchased.

- The total gross dollar proceeds of own shares sold as referred to in this question will include the dollar values of shares sold by means of reinvestment of dividends and/or capital gains distributions as well as for cash. It will be seen from the attached form of table relating to this question that proceeds of the sales of own shares are called for on both a gross and net basis (i. e. net of sales charges).

Question 36. - New position in Note 2 following Question 36 means the largest net addition which it was decided to make to an existing holding, or the largest purchase commitment it was decided to undertake in order to establish a holding in a security not previously included in the Company's portfolio.

- Liquidation refers to the largest amount of an existing holding which it had been decided to sell.

Question 47. - Proxies - In so far as Company records allow, full information as to the handling of proxies should be given as called for in this question. If, however, Companies should not have maintained records of their handling of proxies it is requested that as much information as possible be given relative to recent years.

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Budget Bureau #71-5801  
Expires 12/31/59

## SECURITIES AND EXCHANGE COMMISSION

Investment Company Size Study Questionnaire  
For Open-End Companies

Prepared for the Commission by  
Securities Research Unit  
Wharton School of Finance and Commerce  
(University of Pennsylvania)

NOTE: The attached "Instructions for Completion of the Investment Company Size Study Questionnaire" should be read carefully before answering the following questions.

PART I

1. Name of Investment Company
2. Net assets as of
  - ( i) September 30, 1958 and
  - ( ii) December 31, 1952
3. Address of principal office
4. Date organized
5. ( i) Are the Company's own shares currently being offered?
  - ( ii) If so, specify the method(s) of distribution  
e. g. (a) through dealers  
(b) through the Company's own sales organization  
(c) through a combination of (a) and (b)  
(d) other methods

If more than one method of distribution is used, estimate the relative importance of each in the Company's most recent fiscal year.

- ( iii) What is the schedule of percentage sales charges attached to the sale of the Company's own shares?

Indicate the way in which this sales charge varies in relation to the quantity of shares purchased and type of purchaser.

- ( iv) What is the allocation of the sales charge among the principal underwriter and others engaged in the distribution of the Company's shares?

- ( v ) What, if any, is the percentage charge attached to the redemption of the Company's shares?
- ( vi ) If the Company's shares are being offered under contractual plans specify the method(s) of distribution and attach a copy of the prospectus for each such plan.
- (vii) Are the Company's shares being sold under voluntary systematic investment plans?

If so, attach a copy of the application(s) and the terms and conditions of the plan(s).

- (viii) Does the Company offer shareholders facilities for the reinvestment of
  - (a) Dividends from income and
  - (b) Distribution of capital gains

In either case, describe the reinvestment plan and indicate the schedule of sales charges which is applied.

- 6. ( i ) What individuals or groups initiated or directed the formation of the Company?
  - ( ii ) Were they, or individuals or companies affiliated with them, subsequently affiliated with the Company or with any of its affiliates? If so, state names of persons and details of affiliations.
  - (iii) Are such relationships, if any, still in force? If so, state names of persons and details of affiliations.
  - ( iv ) If the present structure of the Company has resulted from its combination with, or the fusion of, other investment companies since January 1, 1946, state
    - (a) the names, as of January 1, 1946, of all companies which were subsequently involved in combinations or fusions which have led to the present structure of the Company
    - (b) the date on which each combination or fusion since January 1, 1946 occurred, the names of the participating companies and their respective net assets as of the date of combination or fusion
    - (c) the names of the individuals or groups who directed or participated in the fusion.
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- ( v) If the Company was organized since January 1, 1946, other than by combination or fusion as referred to in sub-question (iv) above, was it started by
- (a) a public offering of shares? If so, indicate the date of offering, number of shares offered in the initial underwriting, the person or organization who made the offering, and the total assets thus initially acquired.
  - (b) a private offering or the use of the organizer's own capital? If so, indicate the date of organization and the total assets thus initially acquired.
- ( vi) If a reply has been given to the preceding sub-question (v), indicate the manner in which the total initial assets of the Company were invested (including the general categories -- bonds, preferred stocks, common stocks -- of securities purchased and the markets used) and the length of time necessary to place the total initial assets in portfolio securities, retaining only the intended normal percentage in cash equivalent items.

7. Are any of the directors (or trustees) affiliated with the Manager or Investment Advisers?

If so, state names of directors and their affiliations.

8. Are any of the directors or officers of the Company or of the Manager or any of the Investment Advisers affiliated with any of the following:
- (a) Principal underwriter or wholesale or retail distributor, or the underwriter of the Company's shares under any contractual plans
  - (b) Brokers or dealers with whom Company regularly transacts business
  - (c) Other brokers or dealers
  - (d) Portfolio companies, as directors, officers or employees
  - (e) Other affiliated undertakings

If so, state names of persons and details of affiliations in cases (a) through (e).

9. Are any officers or directors of the Company also directors of, or affiliated with, any other investment company?

If so, state names of such persons and companies and positions held.



10. ( i) List the names and addresses of:
- (a) Manager (if separate from Investment Advisers)
  - (b) Company's Investment Advisers
  - (c) Investment consultants to Investment Advisers or Manager indicating the consultant's other business affiliations and titles in each case
- ( ii) What is the rate and method of calculation of Investment Advisers' and Manager's annual fees?
- ( iii)
- (a) At what dates were the rates and methods of calculation of each of these fees established?
  - (b) What changes, if any, have been made in these respects since January 1, 1946?
- ( iv) List the amounts of fees which have been paid to the Manager and each of the Investment Advisers and consultants in each fiscal year since January 1, 1953.
- ( v) In addition to the fees referred to in the preceding sub-questions list the compensation, including fringe benefits, paid by the Company in each fiscal year since January, 1953 to the directors and officers of the Manager and/or Investment Advisers, including compensation paid to such persons in their capacities as directors and officers of the Manager and/or Investment Advisers and of the Investment Company.
- ( vi) Are the Company's Investment Advisers or Manager affiliated in a similar or other capacity with any other investment company?
- If so, state names of investment companies and types of affiliations.
- ( vii) Are any of the directors or officers of the Company's Investment Advisers or Manager affiliated with any other investment company?
- If so, state the names of such persons, the investment companies with which they are affiliated and the nature of their affiliation.
11. ( i) Name and address of principal underwriter(s)
- ( ii) Is underwriter affiliated in a similar or other capacity with any other investment company?
- If so, state the names of these investment companies and types of affiliations.
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12. ( i) List the names, and principal business affiliations if known, of the largest twenty shareholders in the Company as of September 30, 1958. List also the percentage of voting shares held by each such shareholder.
- ( ii) Has there been a contest for the proxies of the Company during the period January 1, 1953 to September 30, 1958?
- If so,
- (a) What were the affiliations of the persons or groups opposing the Company's management?
- (b) What was the outcome of the contest(s)?
- (iii) List the total number of eligible voting shares, the number of shares voted, and the number of shares voted by the management proxy committee, in the election of the Board of Directors at each annual meeting of the Company between January 1, 1953 and September 30, 1958.
- ( iv) List the number of shares voted at each annual meeting between January 1, 1953 and September 30, 1958 in favor of:
- (a) the reappointment of the Company's underwriter
- (b) the renewal of the Investment Adviser's contract
- (c) the renewal of the Management contract
- ( v) If it is not the Company's procedure to request an annual vote of shareholders on each of the issues referred to in (a), (b), and (c) of the preceding sub-question, indicate the manner in which such reappointments and renewals of contracts are reviewed from time to time, and cite the Company's rules relevant to each of these matters.

13. ( i) Describe the Company's investment policy objectives as set forth in its registration statement, as amended, under the Investment Company Act of 1940 and the Securities Act of 1933.
- ( ii)
- (a) Indicate which of the following classifications of funds applies to your Company:
    - (1) Bond or bond and preferred stock funds
    - (2) Balanced funds
    - (3) Common stock funds
  - (b) Indicate the investment objectives to which your portfolio activities are principally directed:
    - (1) Income
    - (2) Growth
    - (3) Other (Specify)
  - (c) Would you classify your fund as
    - (1) Foreign security fund (invested in securities whose principal market is not in the U.S.A.)
    - (2) Specialty fund (If so, indicate the industry in which your fund is invested)
14. ( i) What was the ratio of cash and near-cash items (including U. S. Government securities) to the Company's net assets at each of the quarter dates September 30, December 31, March 31 and June 30 between July 1, 1956 and September 30, 1958?
- ( ii) What were the approximate highest and lowest values of this ratio within each of the above quarters?
15. ATTACH one copy of each of the following:
- ( i) Company's current share prospectus
  - ( ii) Income account for each fiscal year ended between October 1, 1952 and September 30, 1958
  - ( iii) Balance Sheet for each fiscal year ended between October 1, 1952 and September 30, 1958
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