

Investor Testing of Selected Mutual Fund Annual Reports (Revised)

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This study presents the findings of Siegel & Gale LLC and does not necessarily reflect the views of the U.S. Securities and Exchange Commission (SEC), its Commissioners, or members of the SEC's staff.

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Introduction and Key Research Findings

Introduction

- + This report presents the findings of quantitative and qualitative research on investors' perceptions, use, and comprehension of mutual fund annual reports (sometimes referred to as "annual reports"); the research was conducted through three investor testing exercises: a homework assignment, focus groups and an online survey
- + The SEC's Office of Investor Education and Advocacy (OIEA), in conjunction with the SEC's Division of Investment Management, undertook this study in connection with Outcome 3.1 of the SEC Strategic Plan 2010-2015, which states that "Investors have access to high-quality disclosure materials that are useful to investment decision making"; OIEA contracted with Siegel+Gale, a professional firm with experience in investor surveys, to conduct investor testing for this study
- + The primary objective of this research was to obtain information regarding investors' perceptions, use, and comprehension of mutual fund annual reports, as well as what information investors value and the manner in which investors would prefer to have the information in the annual report delivered to them

Introduction (continued)

- + The data provided in this report, together with comprehension and perception indices described in this report, establish benchmarks that measure individual investor perception, use, and comprehension of certain sections of mutual fund annual reports; the benchmarks also provide a basis for comparing the impact of any subsequent changes to the content and/or formatting of mutual fund annual reports*

*See detailed explanation of comprehension and perception indices on pages 28-30

Introduction: A note on nomenclature in this report

- + For purposes of this report, the term “**participants**” refers to investors in the Baltimore and Dallas areas who took part in the Phase 1 homework assignment and/or focus group research
 - The text and/or the source footnotes clarify whether the text is referring to homework assignment participants or focus group participants (who are a subset of the homework assignment participants)
 - The term “**reader**” is used when homework assignment participants who read a specific annual report are referenced
- + The term “**respondents**” refers to investors across the US who took part in the Phase 2 online survey
- + The term “**annual report**” refers to the mutual fund annual report

Key research findings: Knowledge of certain information

- + 45% of homework assignment participants (page 35) and 32.5% of online survey respondents (page 41) correctly identified the differences among mutual fund share classes
- + Half of the homework assignment participants (page 38) and 54% of the online survey respondents (page 43) strongly or somewhat agreed that they know approximately how much they are paying in fund costs every year

Key research findings: Information needs of investors

- + Fund performance, a fund's portfolio holdings, and fund expenses were all deemed to be “absolutely essential information to any investor” by 45% or more of online survey respondents (page 51)
- + Financial professionals were reported as the most influential source regarding fund investment decisions by both homework assignment participants (page 54) and online survey respondents (page 57)

Key research findings: Use and general perceptions of the annual report

- + Use of the annual report
 - + The vast majority (91%) of homework assignment participants remembered having received a mutual fund annual report (page 60) and the majority (52%) of homework assignment participants reported that they usually read a few key sections of annual reports (page 61)
 - + Similarly, 86% of the online survey respondents recalled having received an annual report (page 67), 64% reported having read an annual report (page 68) and 72% said they usually read a few key sections of an annual report (page 69)
- + Perceptions of the annual report
 - + The majority of both homework assignment participants and online survey respondents reported that they believe that the annual report is written more for advanced/experienced investors, financial professionals, or regulators than for ordinary/casual or less experienced investors (pages 75 and 80)

Key research findings: Delivery of information

- + There was a lack of consensus among online survey respondents regarding their preferences for receiving information about their investments in print or electronically (page 185)
- + Similarly, homework assignment participants were divided regarding their preferences for reading an annual report in print or electronically (page 183)

Key research findings: Expense example section

- + 34% of the homework assignment participants ranked the expense example in the top three most important types of information (page 49), and 45% of the online survey respondents classified the expense example as “absolutely essential information for any investor” (page 51)
- + Most of the focus group participants indicated that they still want the expense example section to remain in the annual report (page 92)
- + Comprehension of this section was high among homework assignment participants (page 99), but many of the online survey respondents seemed to have trouble applying the expense ratio to calculate total expenses (page 94)
- + Two-thirds of online survey respondents indicated that they definitely or probably would use an online tool for calculating fund expenses (page 194)

Key research findings: Fund performance section

- + Information relating to a fund's performance history was ranked first by 41% of homework assignment participants in terms of importance when making a fund investment decision (page 48), and 64% of the online survey respondents classified performance history as “absolutely essential information for any investor” when making a fund investment decision (page 50)
- + This section received very high Comprehension Index* scores from homework assignment participants, and the score was high among online survey respondents (page 115)
- + Both homework assignment participants and online survey respondents rated the fund performance section fairly high on the Perception Index* (page 115)

*See detailed explanation of comprehension and perception indices on pages 28-30

Key research findings: Management's discussion of fund performance section

- + A greater percentage (61%) of homework assignment participants ranked this discussion in the top three in terms of importance than for any other information included in the annual report (page 49), and 51% of the online survey respondents described this section as “absolutely essential information for any investor” (page 51)
- + Management's discussion of fund performance was rated high by homework assignment participants on being helpful and useful (page 124) and being easy to understand (page 125)
- + Generally, comprehension of this section was high among homework assignment participants (page 127)

Key research findings: Financial statements section

- + 24% of homework assignment participants ranked audited financial statements in the top three in terms of important information in an annual report (page 49)
- + 33% of the online survey respondents categorized financial statements as “absolutely essential information for any investor” and 38% categorized them as “important information, but not essential” (page 52)
- + While many homework assignment participants were able to identify the correct answers to the comprehension questions regarding the financial statements (page 140), the majority did not find the financial statements section easy to understand (page 136) and overall the Perception Index* scores for the financial statements section were low (page 140)

*See detailed explanation of comprehension and perception indices on pages 28-30

Key research findings: Portfolio of Investments section

- + 27% of the homework assignment participants ranked the complete list of fund holdings in the top three most important types of information in an annual report and 25% did the same for a summary list of the holdings (page 49)
- + Almost half (48%) of the online survey respondents categorized a summary list of securities held by a fund as “absolutely essential information for any investor” and 45% categorized a complete list of securities held by a fund in the same manner (page 51)
- + Several focus group participants reported reading or scanning this section; they look for a variety of information (e.g., where the fund invests, the specific companies represented, etc.) (page 150)
- + The Comprehension Index* scores were high for the portfolio of investments section, but Perception Index* scores varied (page 155)

*See detailed explanation of comprehension and perception indices on pages 28-30

Key research findings: Portfolio of Investments section (continued)

- + Focus group participants had different opinions on how many holdings should be presented in this section (page 195)
- + There was a lack of consensus among online survey respondents regarding their preferences with respect to the level of detail that should be provided about portfolio holdings (page 196)

Key research findings: Board approval of investment advisory agreements section

- + 5% of homework assignment participants ranked this section in the top three in terms of important information in an annual report (page 49) and 22% of online survey respondents found it to be “absolutely essential information for any investor” (page 52)
- + While the vast majority of homework assignment participants were able to find requested information in this section (page 167), the annual reports tested were rated low on both helpfulness and usefulness (page 163) and ease of understanding (page 164) by homework assignment participants

Methodology

Methodology

- + The investor testing involved more than 500 individuals. Combining quantitative and qualitative approaches, the research comprised three components across two phases:
- + **Phase 1 (Qualitative Research)**
 - Task 1A: A homework assignment in which 105 mutual fund investors reviewed one of four redacted annual reports and completed a questionnaire related to their review of the report
 - Task 1B: Focus groups consisting of a subset of those who completed the homework assignment were asked to discuss annual reports
- + **Phase 2 (Quantitative Research)**
 - Task 2: An online survey of 400 mutual fund investors that explored knowledge about mutual fund investing, and reactions and preferences related to annual reports

Methodology: Rationale

- + The rationale for the first phase of the two-phased testing approach was to first conduct the qualitative phase of the testing to obtain information regarding investor perceptions, use, and comprehension of annual reports as well as what information investors value and how investors would prefer to have the information in the annual report delivered to them
 - Within the first phase, focus groups were conducted among a subset of those who completed the homework assignment to better understand the reasons why participants responded as they did in the homework assignment
- + The rationale for the second phase of the two-phased testing approach was to next conduct the quantitative phase of the testing to further explore, on a nationally representative basis, investor knowledge about mutual fund investing and preferences and reactions related to annual reports

Methodology: Homework Assignment

- + In the homework assignment, one of four redacted mutual fund annual reports—referred to as the annual reports for “Duck” Fund, “Jay” Fund, “Wren” Fund and “Owl” Fund—and a research questionnaire were mailed to each of 121 individuals who invest in mutual funds
- + 105 of these individuals completed the task which included reading an entire annual report and filling out and returning the questionnaire. The number of respondents included:
 - + 24 for the “Duck” Fund annual report
 - + 31 for the “Jay” Fund annual report
 - + 24 for the “Wren” Fund annual report
 - + 26 for the “Owl” Fund annual report
- + The questionnaire included questions regarding the participants’ perceptions, use and comprehension of specific sections of annual reports

Methodology: Focus Groups

- + A subset of those who completed the homework assignment was invited to participate in focus groups to more fully describe their reactions to the mutual fund annual reports
- + Focus group participants were selected from the homework assignment participants based on a judgmental assessment of the quality of the effort they each put into their responses
- + Two groups were held in each of two testing markets: Baltimore, Maryland and Dallas, Texas
- + In each location, participants were segmented into two groups based on how actively they monitor and manage their investments; one was a mix of “actively involved” and “moderately involved” investors and the other was a mix of “moderately involved” and “minimally involved” investors

Screening Criteria for Homework Assignment and Focus Groups

- + Investors who have \$5,000+ currently invested, or \$2,000+ for investors under 35 years of age
- + Reside in Dallas, TX or Baltimore, MD area
- + Relatively even split of participants by gender
- + Mix of ages (older than 20 years of age, up to age 72)
- + Sole or joint responsibility for decision-making on personal financial decisions
- + Have mutual funds in their investment portfolio (including retirement accounts)
- + Mix of method of acquiring/purchasing mutual funds
- + Mix of education levels
- + Mix of levels of involvement in the management of personal investment
- + “Day-traders” were excluded

Screening Criteria for Homework Assignment and Focus Groups (continued)

- + Neither the participants, nor members of their households, currently work for or worked for in the past, any of the following types of companies or agencies: marketing, market research, public relations, media (journalism, web, print, TV), federal or state financial regulators, financial services industry
- + Have not participated in any focus groups / in-depth interviews for the past 6 months; no focus groups or in-depth interviews on financial-related matters in the past 12 months
- + Demonstrated an acceptable level of ability to be articulate over the telephone through their responses to an open-ended question

Methodology: Online survey

- + The online survey was a survey of 400 mutual fund investors that explored, on a nationally representative basis, knowledge about mutual fund investing and preferences and reactions related to annual reports
- + Respondents were presented with redacted sections of annual reports; the online survey tested perceptions, use, and comprehension of annual reports
- + The maximum confidence interval for a percentage derived from the full sample of $n=400$ is ± 4.9 percentage points at the 95% level of confidence

Screening Criteria for the Online Survey

- + Investors who have \$10,000+ currently invested, or \$5,000+ for investors under 35 years of age
- + Relatively even split of participants by gender
- + Mix of ages (older than 20 years of age, up to age 72)
- + Sole or joint responsibility for decision-making on personal financial decisions
- + Have mutual funds in their investment portfolio (including retirement accounts)
- + Mix of method of acquiring/purchasing mutual funds
- + Mix of education levels
- + At least some level of involvement in the management of personal investments
- + Neither the respondents, nor members of their households, currently work for or worked for in the past, any of the following types of companies or agencies: marketing, market research, public relations, media (journalism, web, print, TV), federal or state financial regulators, financial services industry

Methodology (Homework Assignment and Online Survey): Siegel+Gale's SimplicityLab™ approach for testing the effectiveness of documents

Siegel+Gale used its proprietary SimplicityLab™ to evaluate the effectiveness of sections of the annual reports along two metrics: Comprehension and Perception.

The **Comprehension Index** is a composite score based on the respondent's ability to understand factual information that is conveyed in the section presented.

The **Perception Index** is a composite score based on the respondent's response to the section presented measured in 5 areas:

1. **Clarity:** Easy to understand, jargon-free, well-organized, intuitive
2. **Freshness:** Tone, visual appearance, personalized
3. **Honesty:** Straightforward, informative
4. **Usefulness:** Comprehensive, helpful, educates, anticipates questions
5. **Inspiration:** Creates a two-way dialogue, supports action, decision-making and compliance, respects the user and builds a relationship

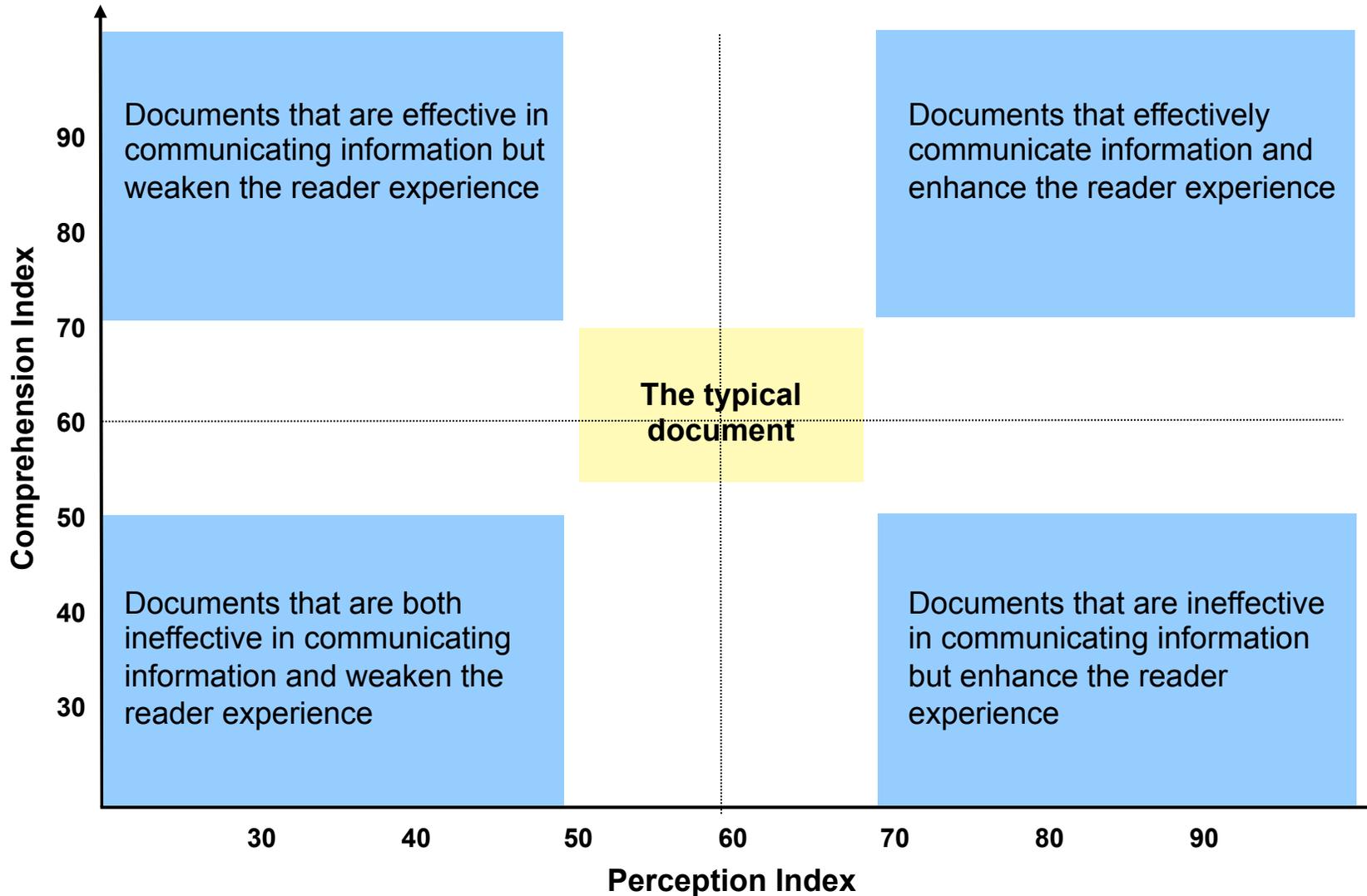
Methodology (Homework Assignment and Online Survey): SimplicityLab™ (continued)

- + Comprehension was tested by asking factual questions (with either closed end responses to multiple choice or true/false questions or open end responses) about the material after the respondent has read the section/excerpt presented
- + This was not a memory test; respondents were able to go back to the section/excerpt presented to find the information
- + Questions were chosen to be representative of what Siegel +Gale believed to be the most important information presented in the section

Methodology (Homework Assignment and Online Survey): SimplicityLab™ (continued)

- + The Comprehension Index for a section/excerpt of the mutual fund annual report was calculated by averaging the percentage of correct responses for the various comprehension questions for that section. For example, if the average percentage of correct responses was 88%, then the Comprehension Index score is 88.
- + The Perception Index for a section/excerpt of the mutual fund annual report was calculated by converting the mean rating for an item from a 1–5 scale to a 0–100 scale and then averaging the converted scores. For example, if the mean rating for a perception statement is 3.5, its converted score is $(3.5 - 1) \times 25$ or 62.5.

The Siegel+Gale SimplicityLab™ norm for a typical document sent to a customer by a U.S. firm is 60 on each Index



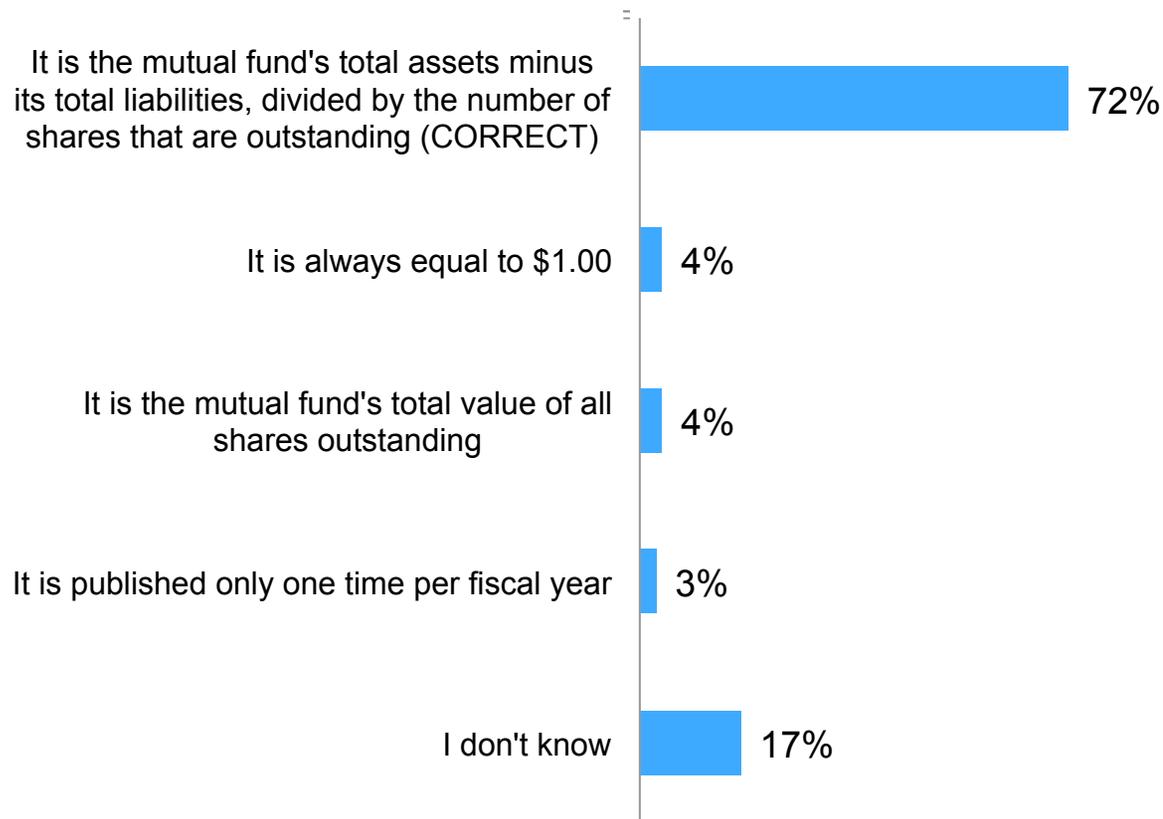
* The “typical document” represents the average scores observed for existing documents across various letters, notices, and other documents tested by Siegel+Gale

Knowledge of Certain Information

Homework Assignment Participants

A majority of homework assignment participants was able to correctly identify what is meant by the net asset value (NAV) of a single share

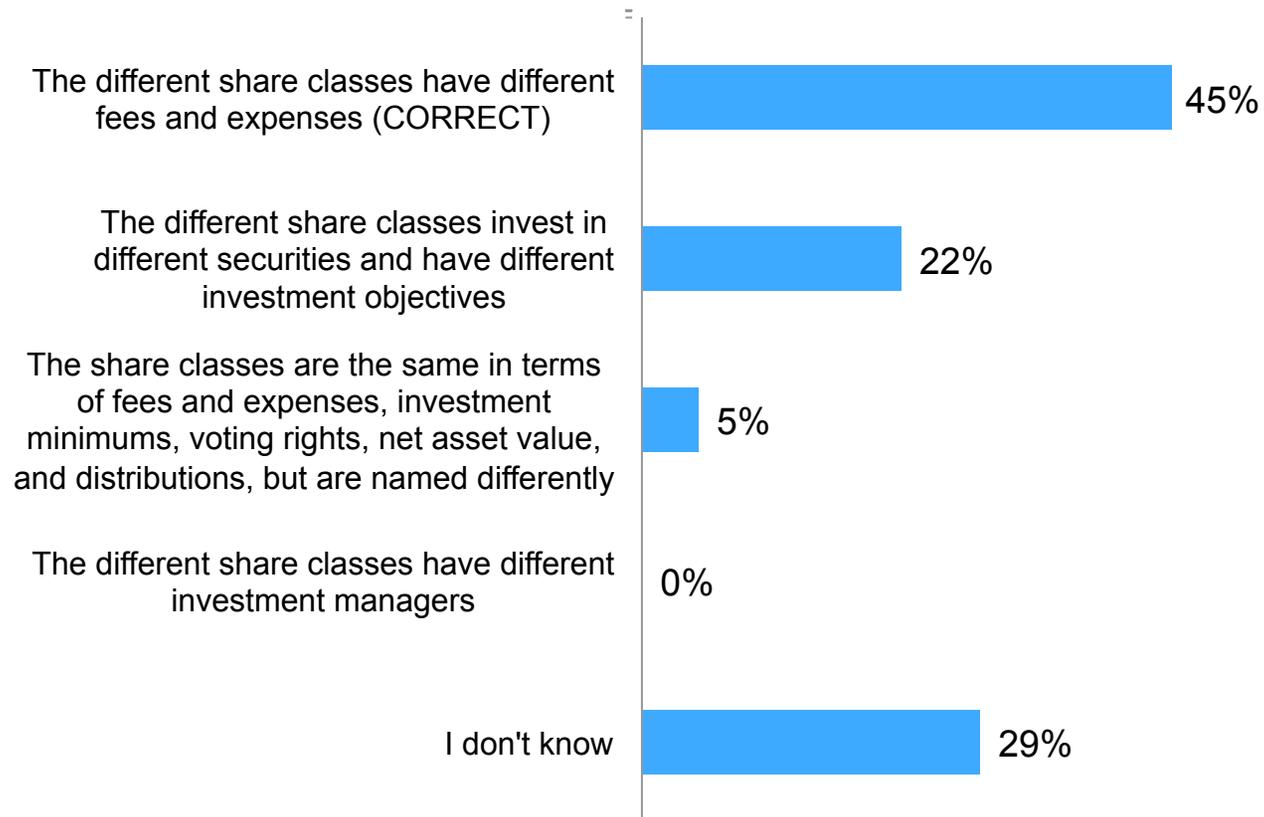
Q7. Which one of the following statements best describes the net asset value (NAV) of a single share of a mutual fund?



Source: Siegel+Gale homework assignment completed by 105 mutual fund investors

While many correctly understood the difference between share classes, more than half of the homework assignment participants were unable to identify the correct answer

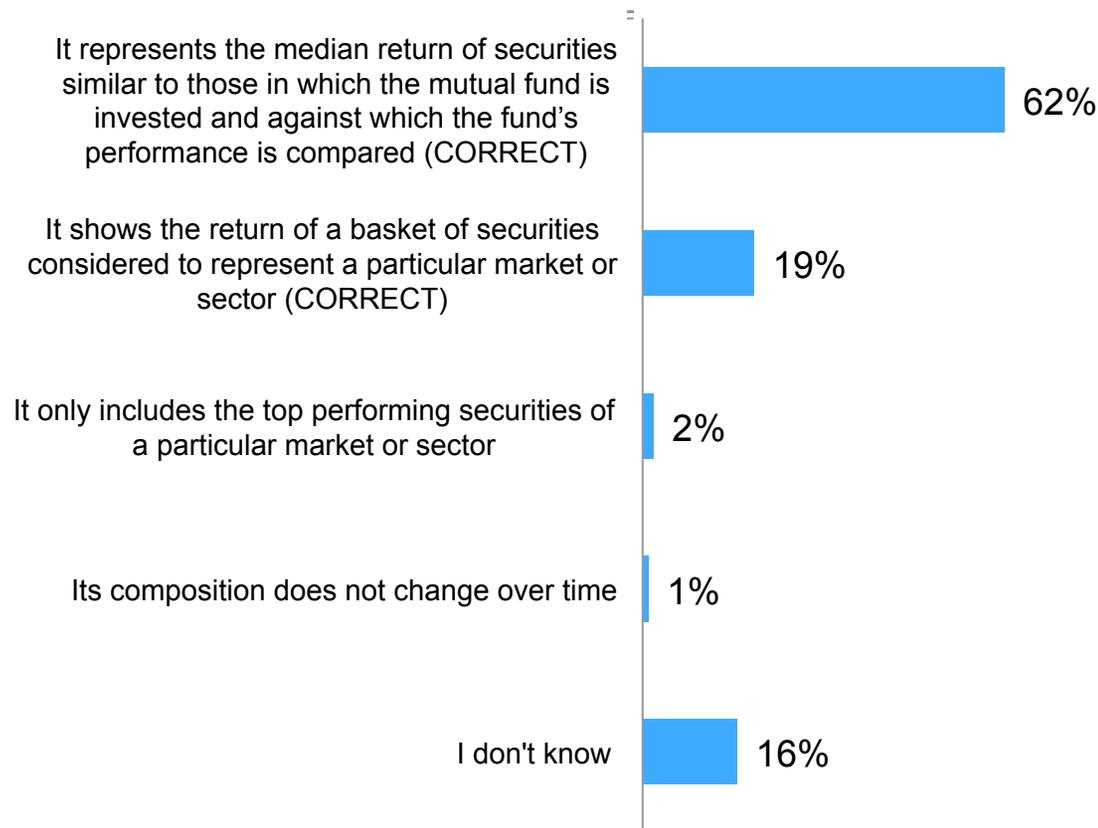
Q5. Which one of the following statements best describes the differences between mutual fund share classes (i.e., Class A, Class B, etc.)?



Source: Siegel+Gale homework assignment completed by 105 mutual fund investors
Note: Figures do not add to 100% due to rounding

Homework assignment participants generally appear to understand how benchmarks are utilized

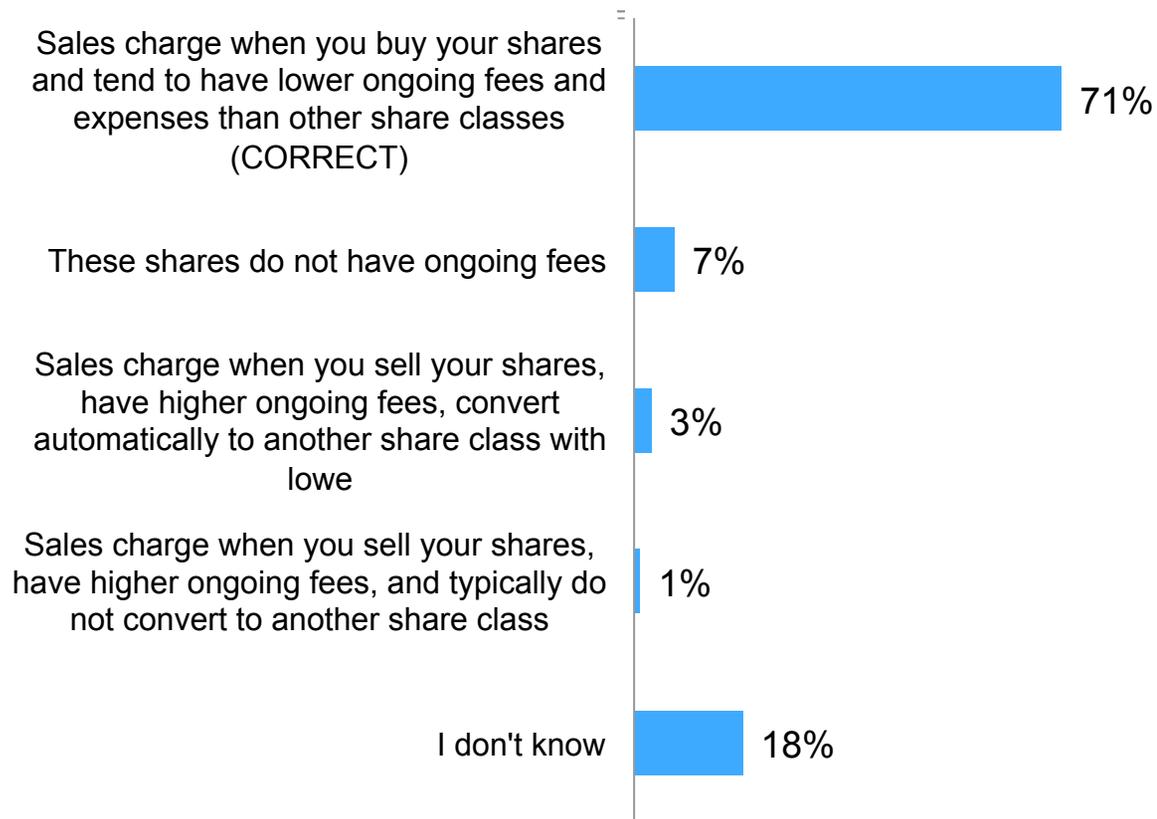
Q8. Which one of the following statements best describes a performance benchmark or index against which a mutual fund's performance is compared?



Source: Siegel+Gale homework assignment completed by 105 mutual fund investors

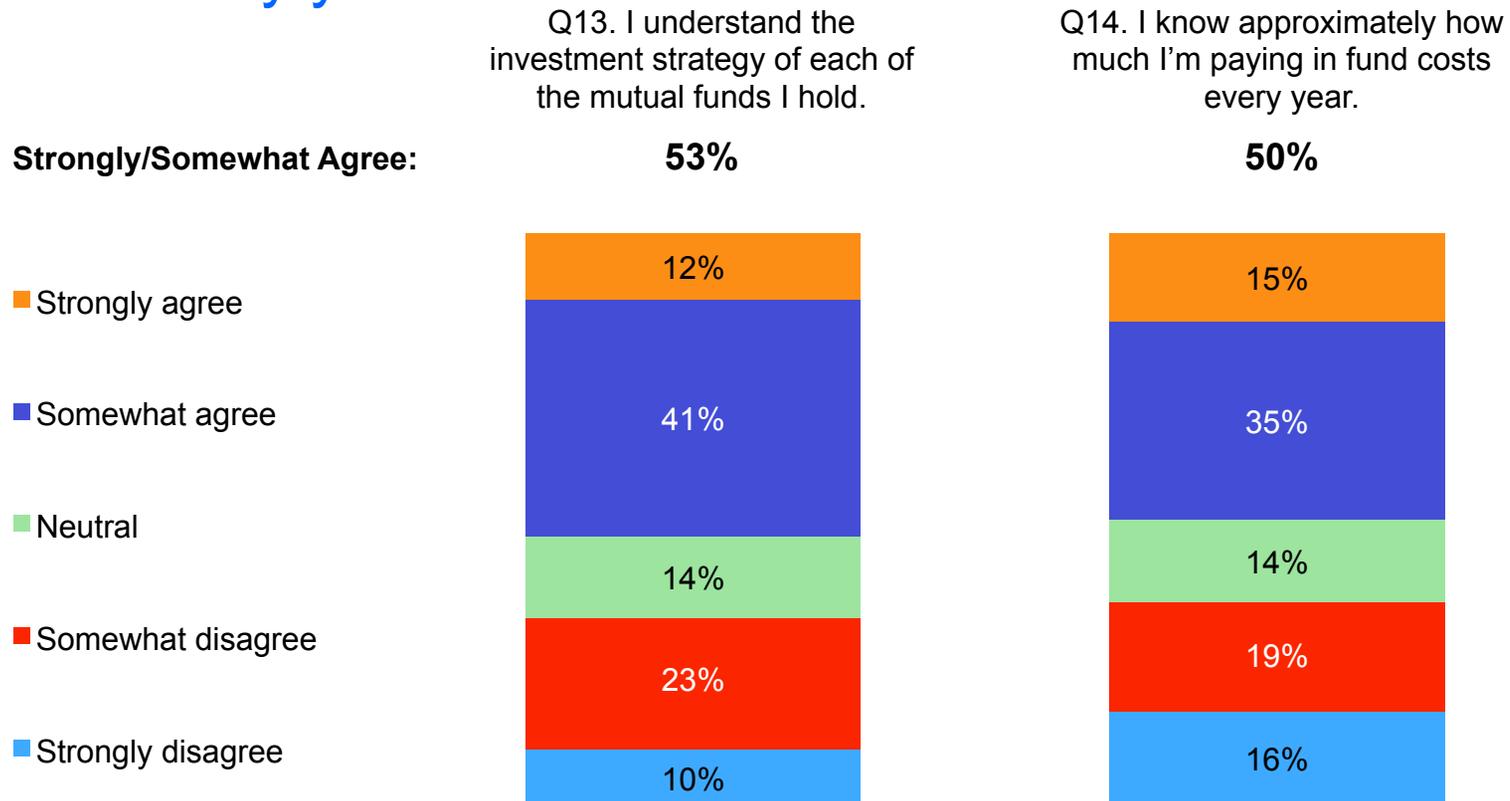
A majority of homework assignment participants were able to correctly identify the meaning of mutual fund shares with a front-end sales charge

Q6. Which one of the following statements best describes mutual fund shares with a *front-end sales charge*?



Source: Siegel+Gale homework assignment completed by 105 mutual fund investors

Just over half (53%) of the homework assignment participants strongly or somewhat agreed that they understand the investment strategy of their mutual funds; a similar percentage strongly or somewhat agreed that they know approximately how much they're paying in fund costs every year

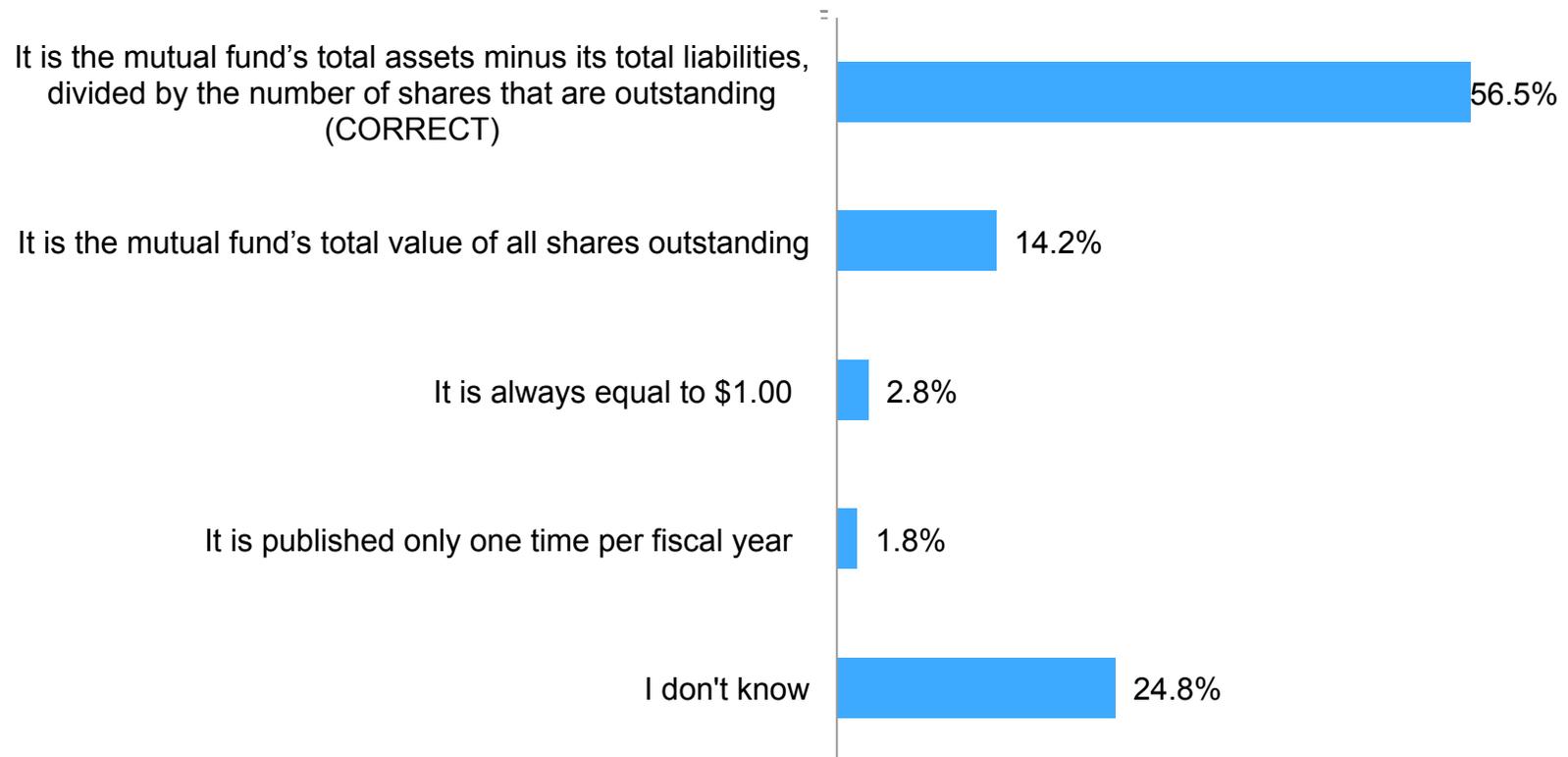


Source: Siegel+Gale homework assignment completed by 105 mutual fund investors
 Note: Figures do not add to 100% due to rounding.

Online Survey Respondents

Over half of the online survey respondents (57%) correctly identified the definition of the net asset value (NAV) of a single share of a mutual fund

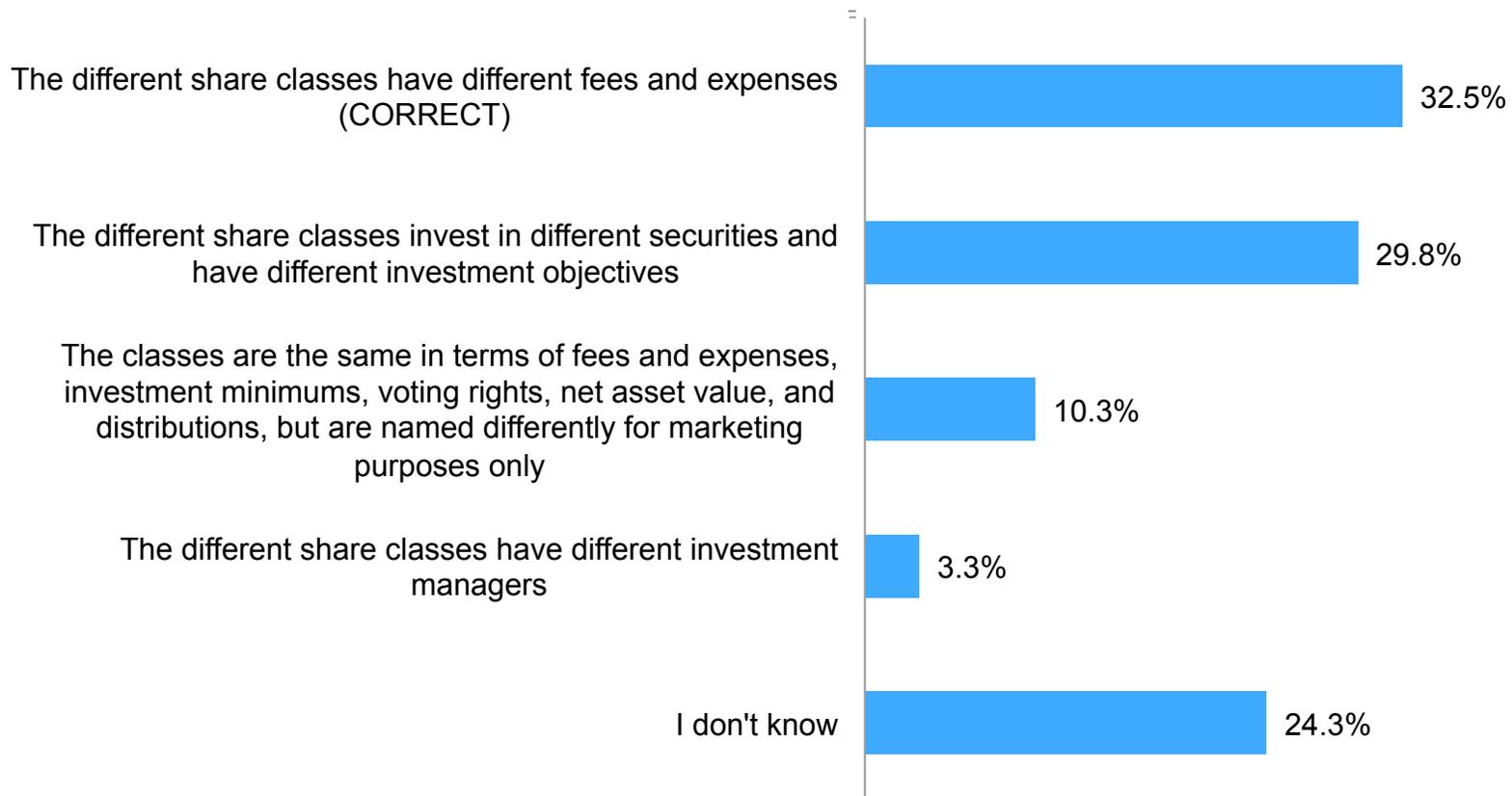
Q3. Which one of the following statements best describes the net asset value (NAV) of a single share of a mutual fund?



Source: Siegel+Gale online survey of 400 mutual fund investors
Note: Figures do not add to 100% due to rounding

One-third of the online survey respondents (33%) were able to identify what differentiates different classes of fund shares

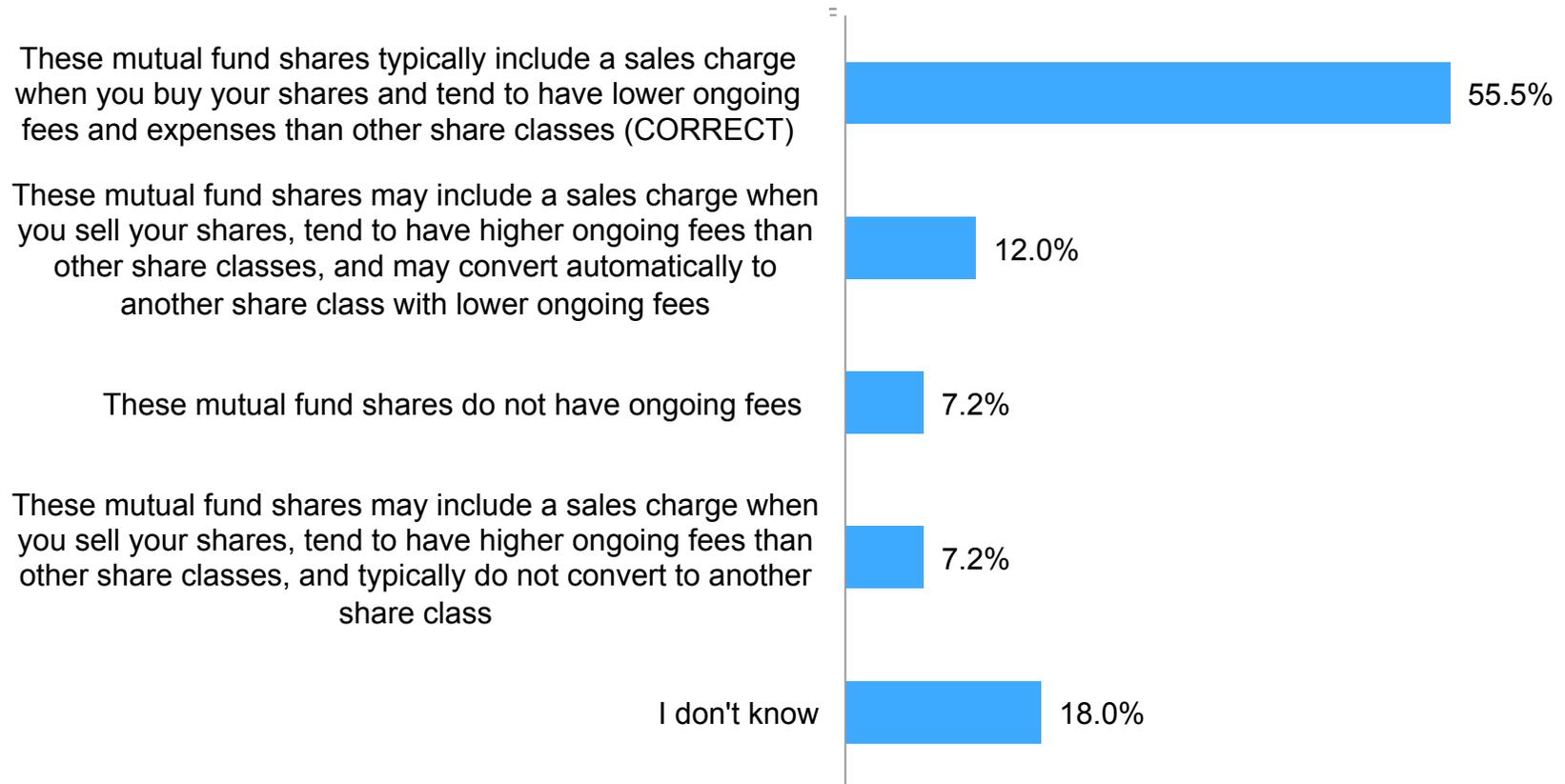
Q4. Which one of the following statements best describes the differences among mutual fund share classes (i.e., Class A, Class C, etc.)?



Source: Siegel+Gale online survey of 400 mutual fund investors
Note: Figures do not add to 100% due to rounding

Over half of the online survey respondents (56%) identified the correct description of an upfront sales charge or load

Q5. Which one of the following statements best describes mutual fund shares with an upfront sales charge, which is also called a front-end sales charge or front-end load?



Source: Siegel+Gale online survey of 400 mutual fund investors
Note: Figures do not add to 100% due to rounding

Just over half (54%) of the online survey respondents strongly or somewhat agreed that they know approximately how much they are paying in fund costs every year

Q7. I know approximately how much I am paying in fund costs every year.

Strongly/Somewhat Agree:

53.6%

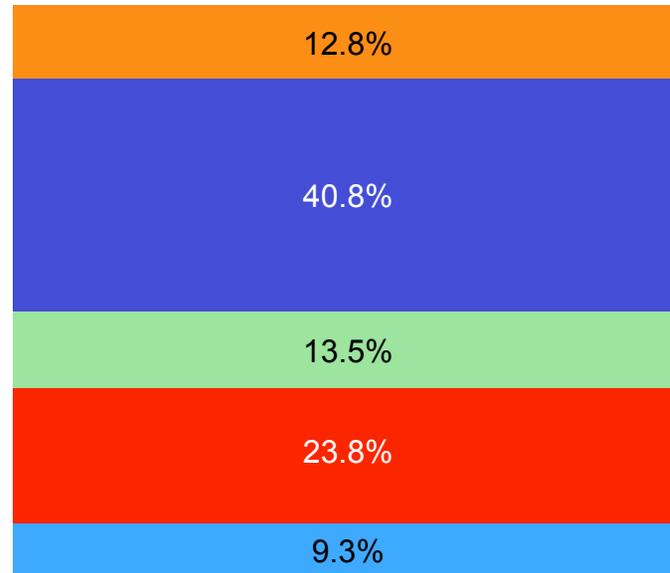
■ Strongly agree

■ Somewhat agree

■ Neutral

■ Somewhat disagree

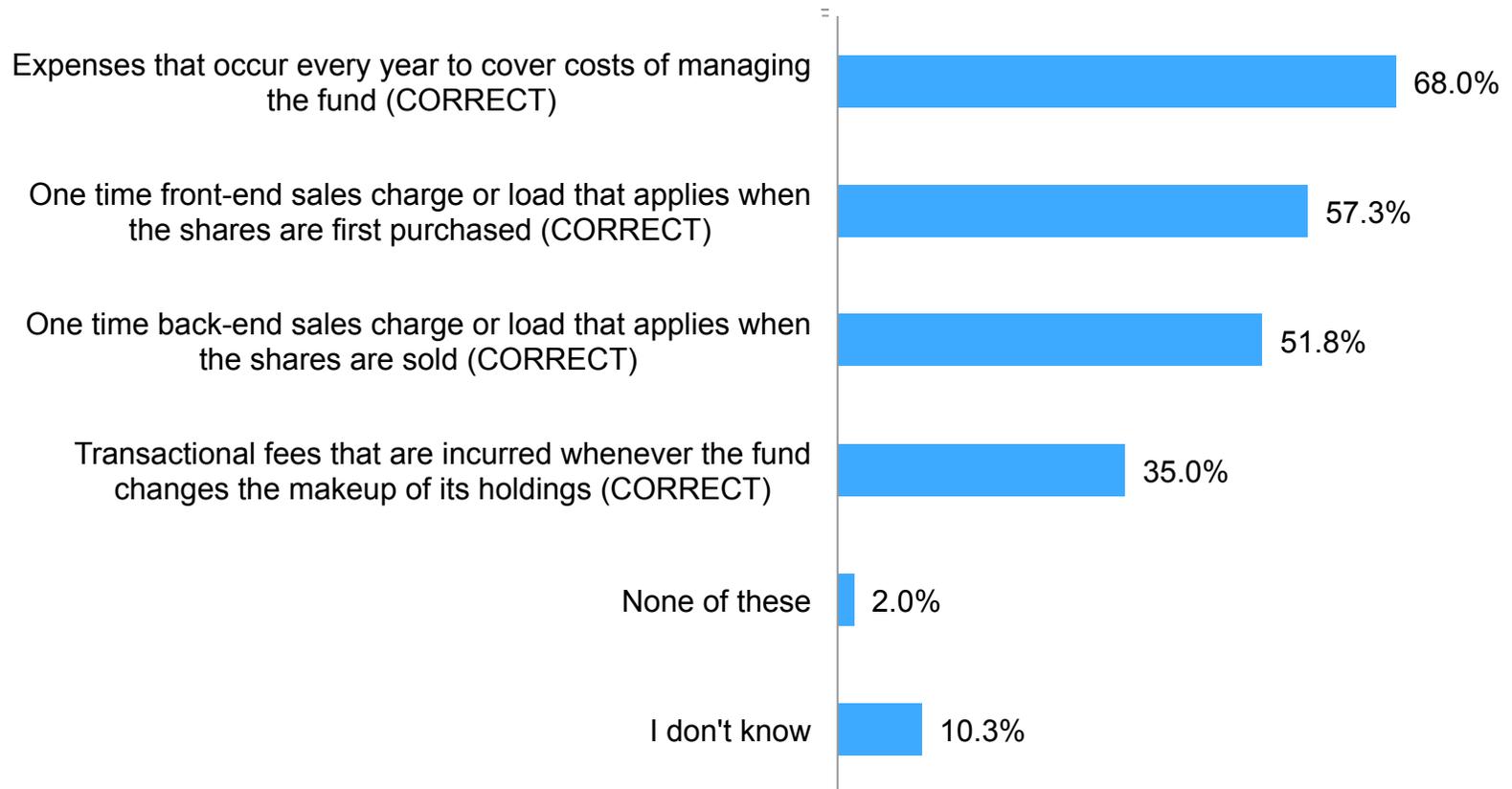
■ Strongly disagree



Source: Siegel+Gale online survey of 400 mutual fund investors
Note: Figures do not add to 100% due to rounding.

Over half of the online survey respondents (52-68%) were aware that mutual fund investors may incur sales charges/loads and management expenses, but only 35% were aware that transactional fees for changes in holdings may be incurred

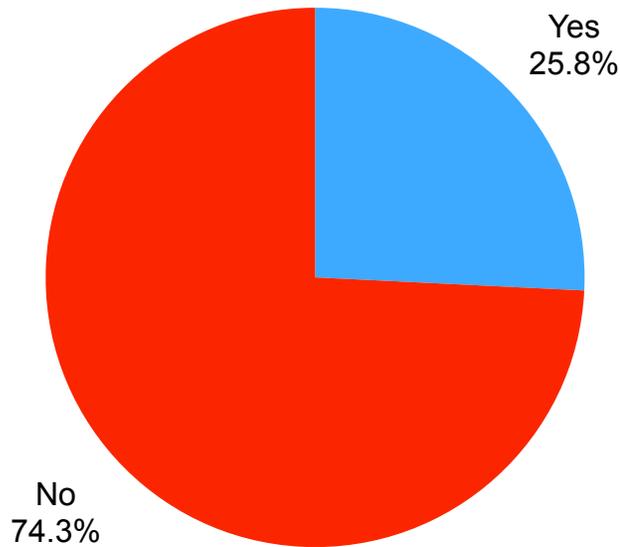
Q6. Which of the following types of fees and expenses might a mutual fund investor incur?



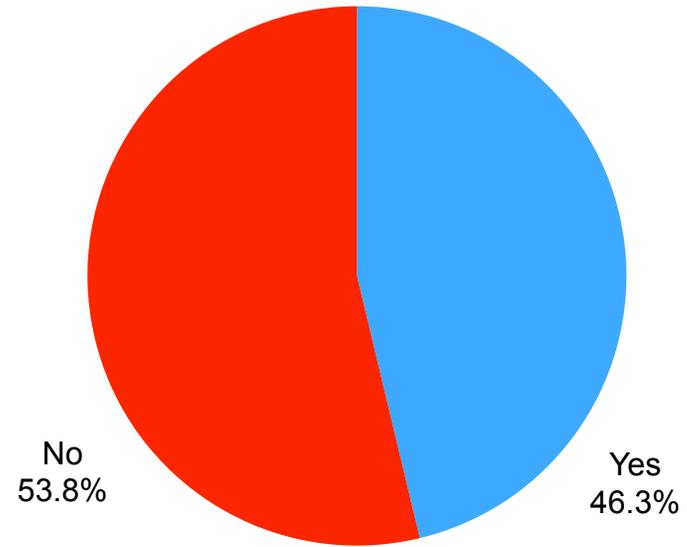
Source: Siegel+Gale online survey of 400 mutual fund investors

While just over a quarter (26%) of the online survey respondents reported actually computing the fees/expenses they pay for their mutual funds, almost half (46%) reported they have compared fees/expenses of different mutual funds

Q8. Have you ever computed the fees and expenses you pay for your mutual fund(s)?



Q9. Have you ever compared the fees/expenses of different mutual funds?



Source: Siegel+Gale online survey of 400 mutual fund investors
Note: Figures do not add to 100% due to rounding

Information Needs of Investors

Importance of Information

Performance history was ranked by 41% of homework assignment participants as the most important information when making a mutual fund investment decision

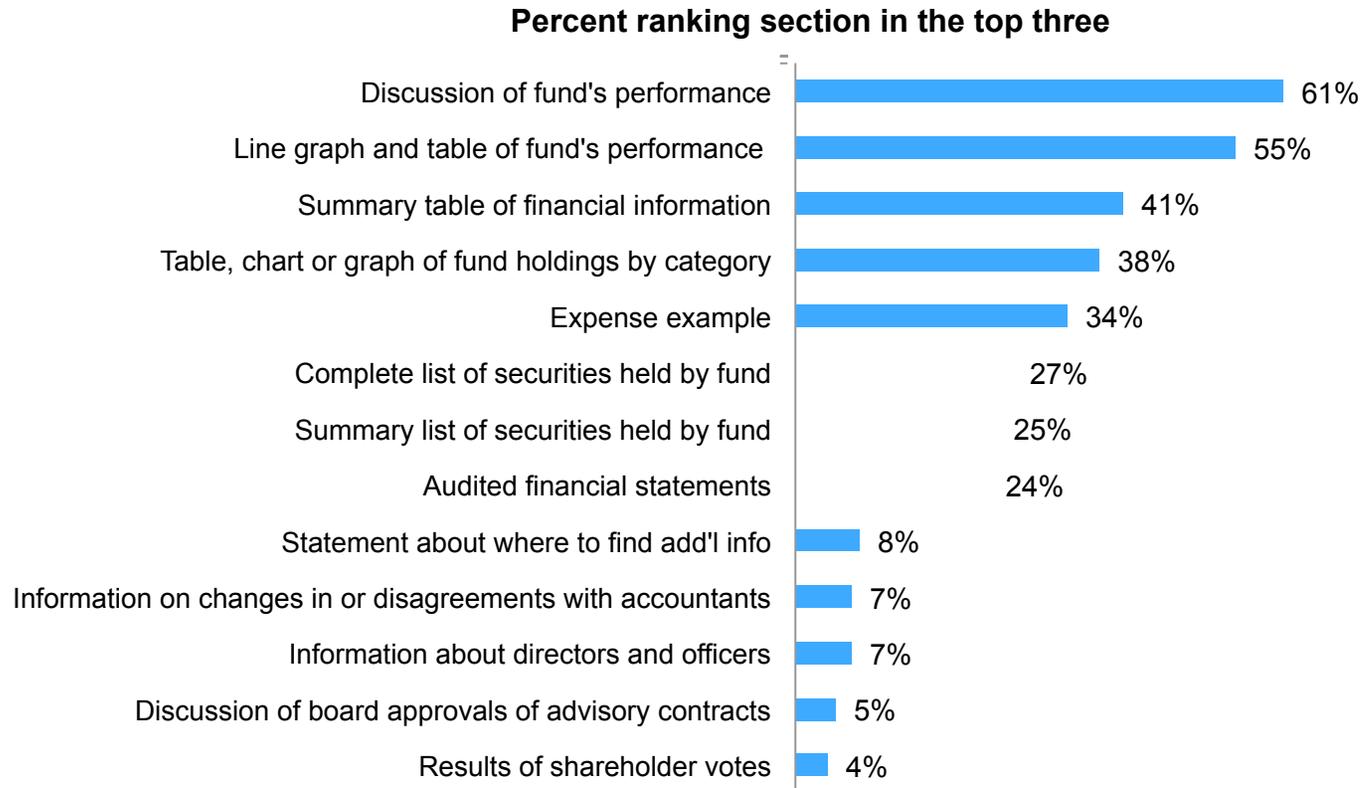
Q1. What information do you feel is important to consider when making a mutual fund investment decision? Please rank the items below in order of their importance to you as an investor (write the numbers 1 through 8 next to each item, with 1 being the most important, 2 being the second most important, and so on).



Source: Siegel+Gale homework assignment completed by 105 mutual fund investors
Note: Figures do not add to 100% due to rounding

Of the various types of information contained in the annual report, 61% and 55%, respectively, of homework assignment participants ranked information relating to fund performance in the top three in terms of importance

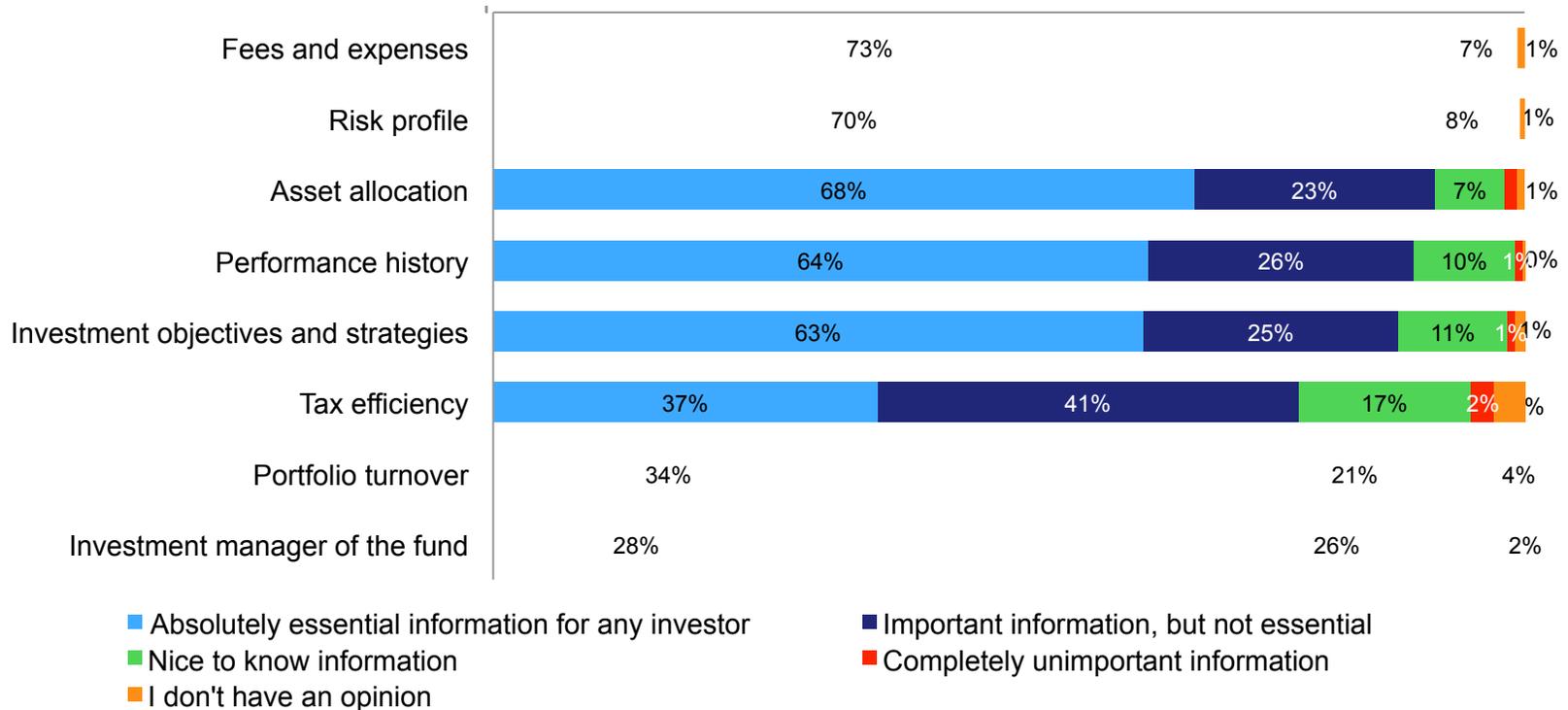
Q15. In reviewing an annual report for a mutual fund, which of the following information would be most important to you? Rank the five most important areas below by putting a “1” next to the most important, a “2” next to the second most important, etc. (Note: results shown are the percentage of participants ranking each section in the top three most important areas)



Source: Siegel+Gale homework assignment completed by 105 mutual fund investors

The majority of online survey respondents indicated that fees/expenses, risk profile, asset allocation, performance history and investment objectives and strategies are all “absolutely essential” information when making a mutual fund investment decision

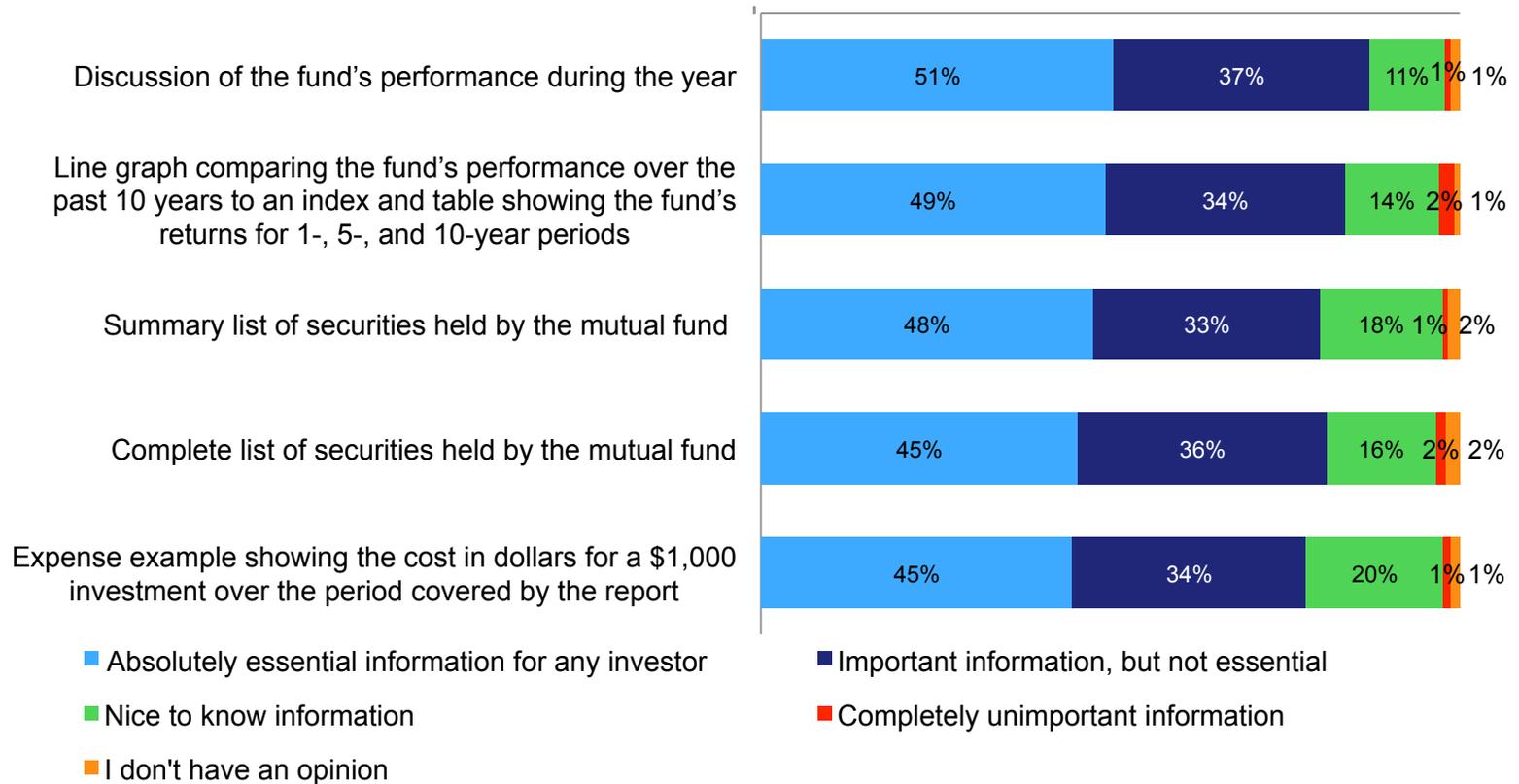
Q11. Please indicate how important you feel the following types of information are to consider when making a mutual fund investment decision.



Source: Siegel+Gale online survey of 400 mutual fund investors
 Note: Figures may not add to 100% due to rounding

The five elements of the annual report shown in the chart below were deemed “absolutely essential information for any investor” by about half of the online survey respondents...

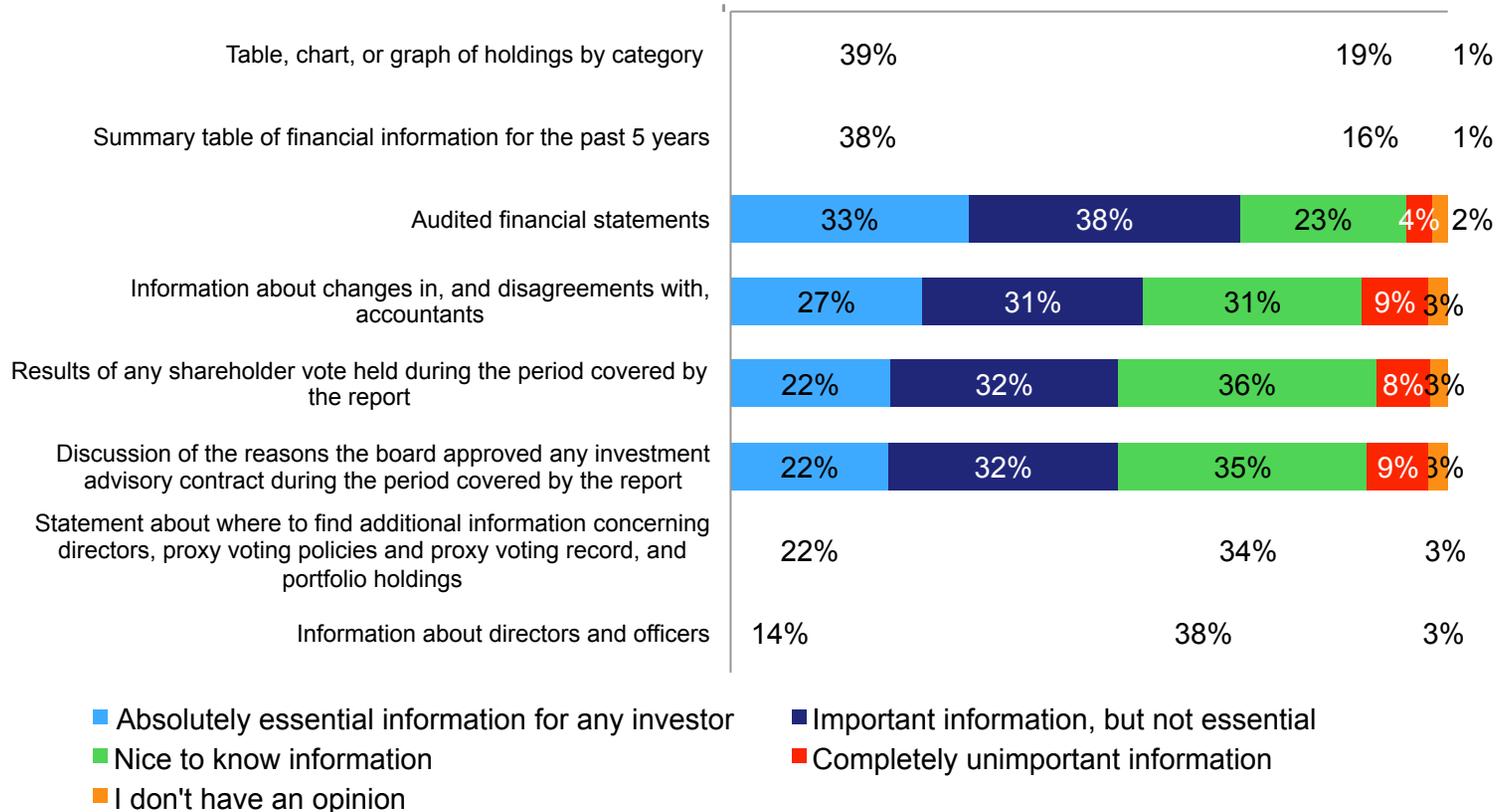
Q19. A mutual fund annual report contains the information shown in the grid below. For each item, please indicate how important that information is to you as a current or prospective investor in a mutual fund.



Source: Siegel+Gale online survey of 400 mutual fund investors
 Note: Figures may not add to 100% due to rounding

...while about 40% of online survey respondents indicated that the graphical depiction of fund holdings and summary table of financial information were “absolutely essential information for any investor” and about another 40% indicated that these items were “important, but not essential”

Q19. A mutual fund annual report contains the information shown in the grid below. For each item, please indicate how important that information is to you as a current or prospective investor in a mutual fund.

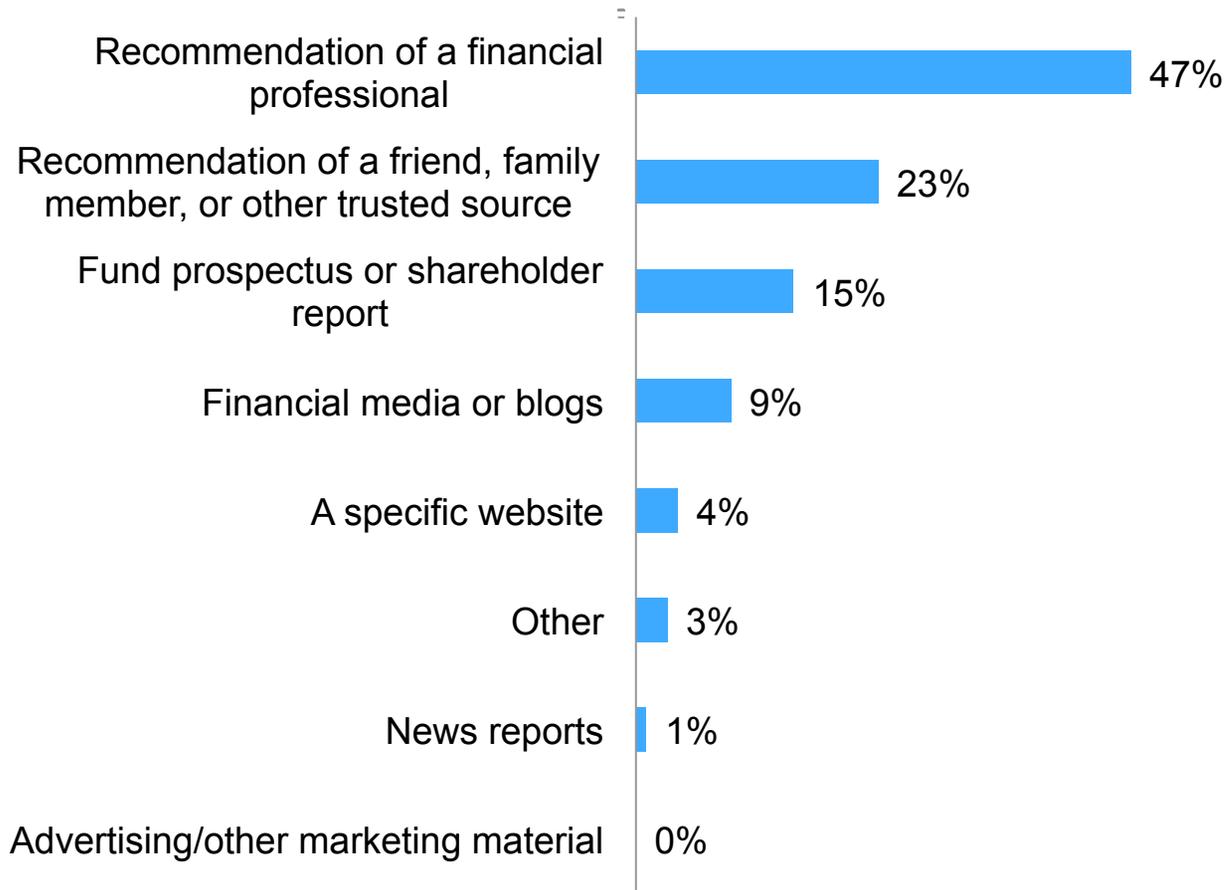


Source: Siegel+Gale online survey of 400 mutual fund investors
 Note: Figures may not add to 100% due to rounding

Sources of Information

Homework assignment participants indicated that financial professionals are the most influential source affecting their fund Investment decisions

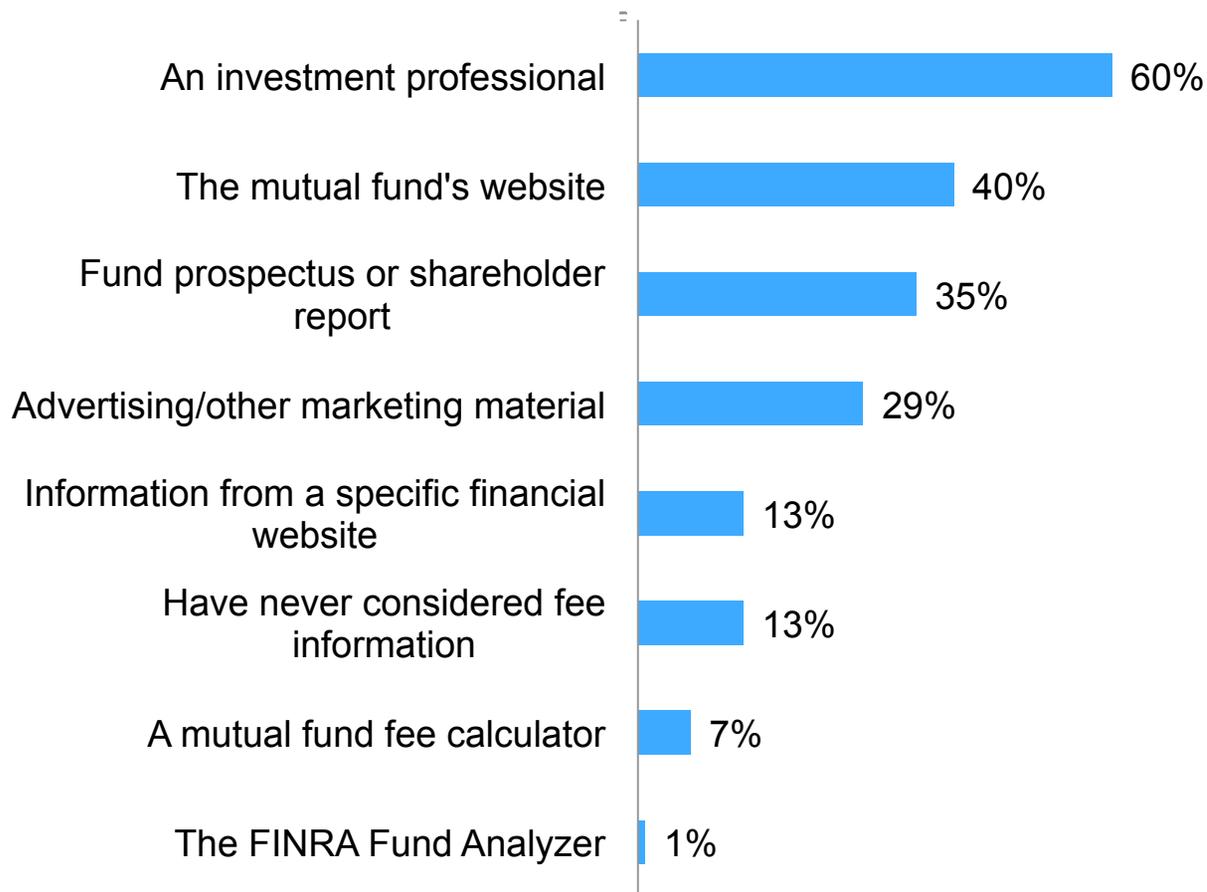
Q2. Thinking about the last investment decision you made regarding a mutual fund, which of the following sources was most influential? Please select one response only.



Source: Siegel+Gale homework assignment completed by 105 mutual fund investors
Note: Figures do not add to 100% due to rounding

Homework assignment participants cited investment professionals as the most frequently used source for information on mutual fund costs

Q3. When evaluating a specific mutual fund, have you consulted any of the following sources for information on costs? You may select more than one response.



Source: Siegel+Gale homework assignment completed by 105 mutual fund investors

Some focus group participants mentioned online and/or television sources as sources influencing their investment decisions

“Morningstar”

“MarketWatch.”

“Yahoo Finance has a lot of information.”

“I like the financial media ... that for me is number one.”

Online survey respondents rated financial professionals as the most influential source affecting their most recent mutual fund investment decision

Q2. Thinking about the last investment decision you made regarding a mutual fund, which of the following sources was most influential?



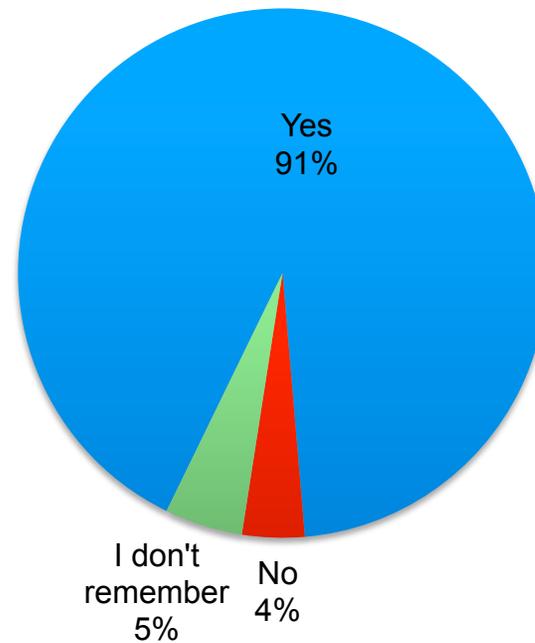
Source: Siegel+Gale online survey of 400 mutual fund investors
Note: Figures do not add to 100% due to rounding

Use of the Annual Report

Homework Assignment and Focus Group Participants

The vast majority of homework assignment participants recalled receiving an annual report from at least one of their funds...

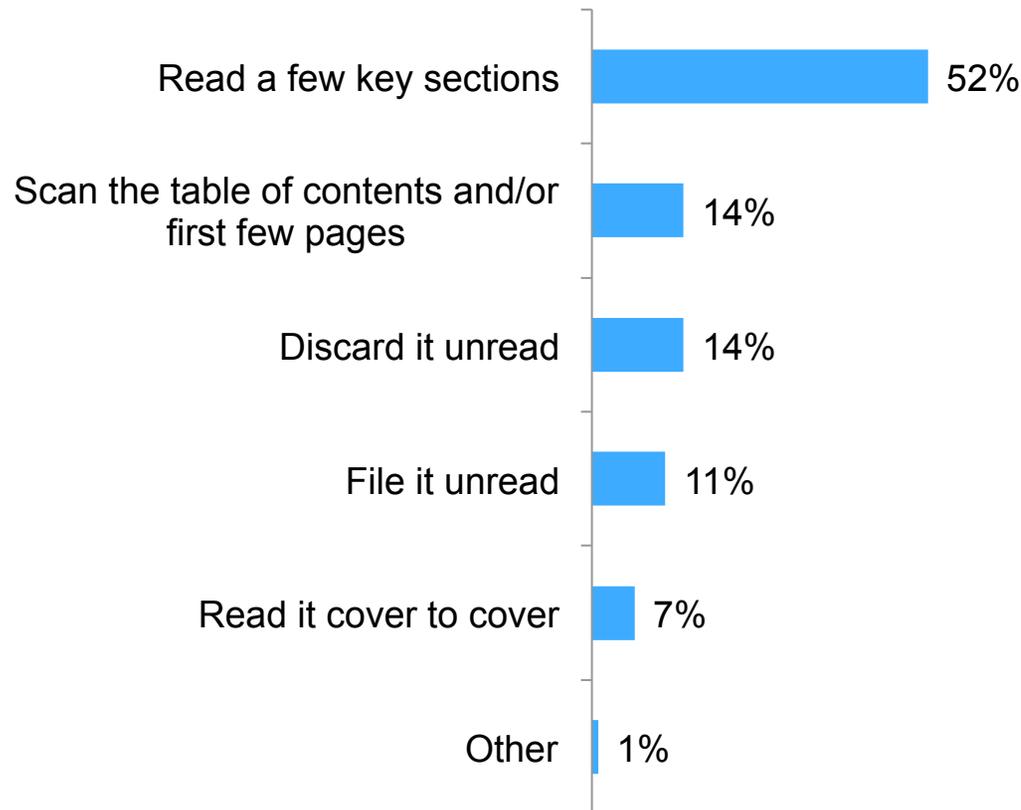
Q9. Do you recall ever receiving an annual report from any of the mutual funds you hold?



Source: Siegel+Gale homework assignment completed by 105 mutual fund investors

...however, 25% did not/would not read the annual reports and over half (52%) read/would read only a few key sections of it

Q11. Which one of the following describes what you usually do when you receive a mutual fund annual report? (Note: If you do not recall ever receiving such an annual report, please answer the question in terms of what you would most likely do if you received one.)



Source: Siegel+Gale homework assignment completed by 105 mutual fund investors
Note: Figures do not add to 100% due to rounding

When asked how long they spend reading/reviewing an annual report, few focus group participants reported reading/reviewing the entire report

“To be honest, I never read a full shareholder report before this exercise.”

“You skim it for the top sections, you look at pie charts and line graphs, and then you’re done with it.”

“I’ve no interest in reading a shareholder report.”

“I look at the graphs and where the funds are allocated.”

“(I recently looked at one) to see what it has in Japan.”

“I spend maybe 10 minutes with it before I recycle it.”

“I just look at the first two sections. (MD&A and Financial Performance)”

“I only look at the complete list of holdings.”

Some focus group participants reported monitoring their mutual fund investments frequently once they had made the initial commitment, while others reported rarely monitoring their mutual fund investments

- + Some of the participants rarely monitor their mutual fund holdings

“I never (monitor it). It does what it does.”

“We probably spend more time researching a car or a home, but most of us probably have as much put into our funds as we do in our house. I research a car a lot better than I did this. It’s very eye-opening.”

“(Only) when they send you the statement. Did I lose or I gain?”

- + While others monitor their funds more frequently

“I look weekly ...”

“(I check it) once a month, but my wife checks it quite often to make sure I’m not making anything up.”

- + Events that trigger an investor to monitor his or her funds included getting a statement, a calamity, political events, major stock market shifts, or when one changes employment

Focus group participants who said they monitor their investments tended to seek out only a few pieces of information

“I just check the performance.”

“I look at the share values. What did it do over the course of a year?”

“If you have a fund that’s doing worse than the “compared to” line (you might switch).”

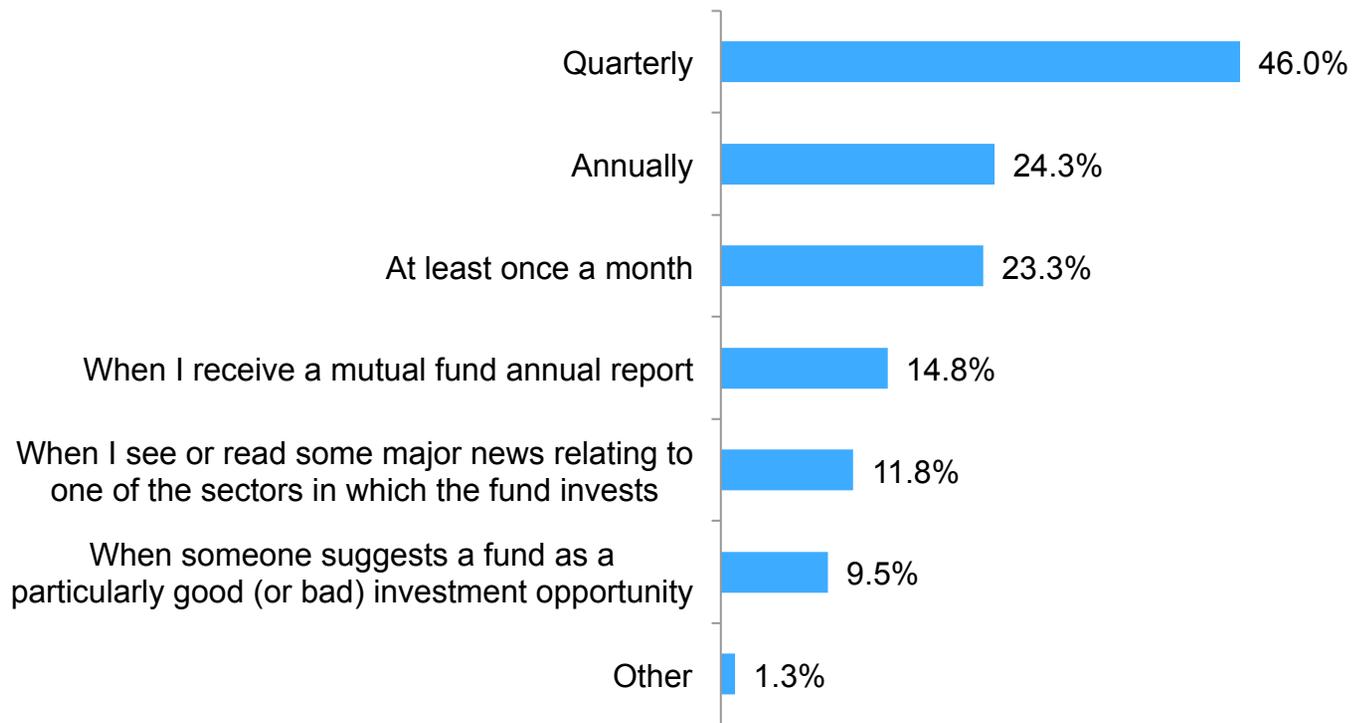
“I like to see past performance and current performance to monitor. I don’t want a lot of detail.”

“One (time for information gathering) is decision mode and then monitoring mode. You need less information at (the latter) time.”

Online Survey Respondents

Almost half (46%) of the online survey respondents indicated that they review their mutual fund investments quarterly

Q18. How often do you tend to review your mutual fund investments? Please check all that apply.

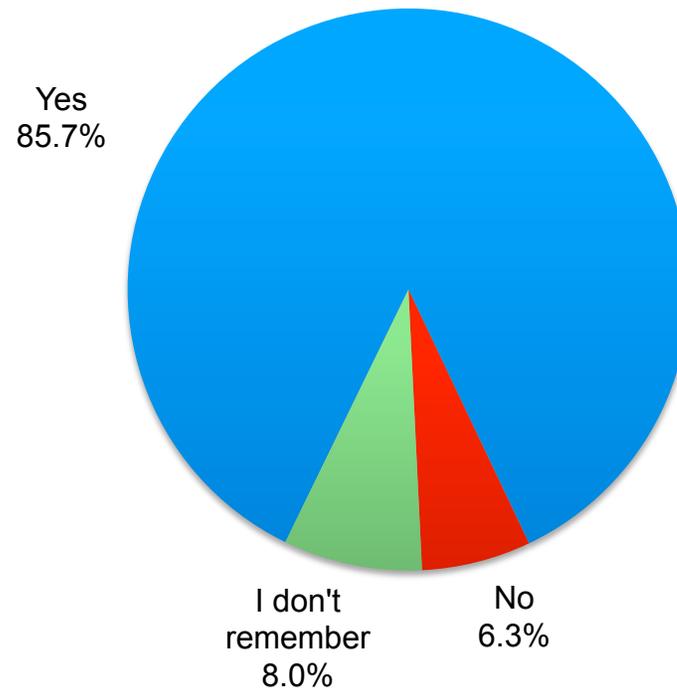


Source: Siegel+Gale online survey of 400 mutual fund investors

The vast majority of online survey respondents (86%) remembered having received a mutual fund annual report...

Q12. Mutual fund companies prepare mutual fund annual reports providing information to shareholders required by the SEC. This information relates to the fund's performance, expenses and fees, portfolio of holdings, financial condition, and other items.

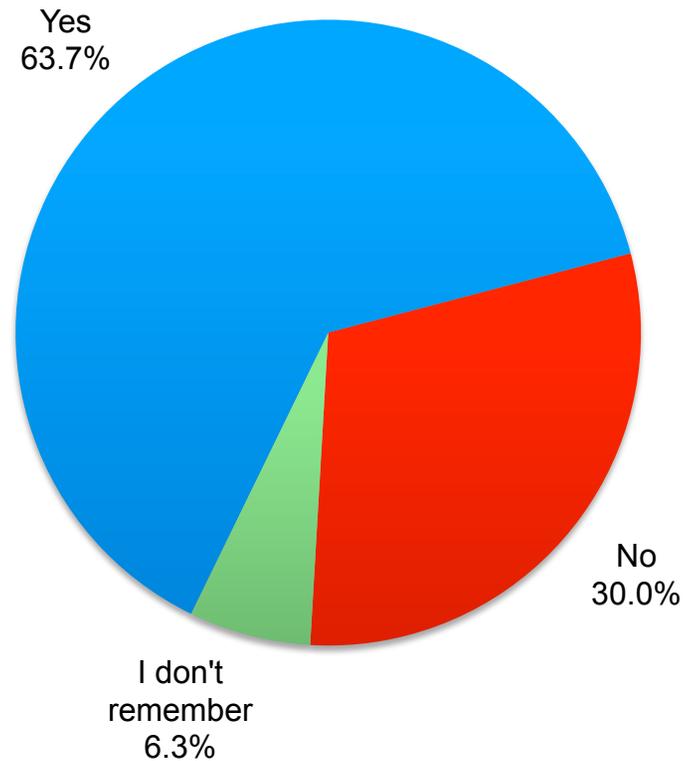
For any of your current or past mutual fund investments, do you recall ever receiving a mutual fund annual report?



Source: Siegel+Gale online survey of 400 mutual fund investors

... and almost two-thirds (64%) reported having read a mutual fund annual report

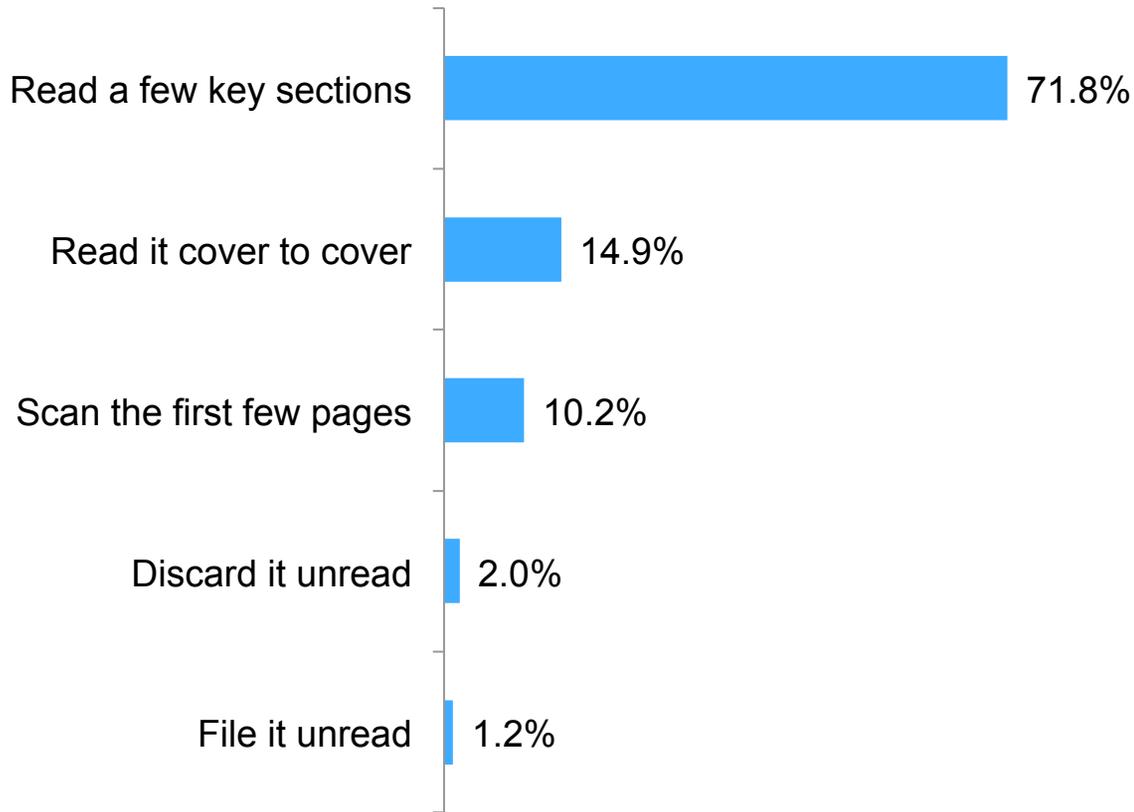
Q13. To the best of your knowledge, have you ever read a mutual fund annual report?



Source: Siegel+Gale online survey of 400 mutual fund investors

The majority (72%) of online survey respondents who received a mutual fund annual report read only a few key sections; approximately 15% read it cover to cover

Q14. Which one of the following best describes what you usually do when you receive a mutual fund annual report?



Source: Siegel+Gale online survey—the 255 mutual fund investors who recalled reading an annual report
Note: Figures do not add to 100% due to rounding

Some online survey respondents who “read a few key sections” cited fund performance, fund holdings, fees/expenses, and fund managers’ comments among the information they read

Q15. What information do you usually read in a mutual fund annual report?

“The annual return, the expense ratio, the holdings and percentages of each holding to total fund assets.”

“I usually fully read the manager's yearly report as to yearly performance, influencing factors on performance, future goals & objectives, etc. I usually scan the holdings in the fund by category and percentage held. Also look at holdings added & dropped from the fund.”

“I scan CEO cover letter, look at highlights of past achievements and future plans, then scan financial data comparing past years.”

“Holdings, expenses, performance.”

“[I review] the fees, then glance over the remaining topics.”

“Performance chart and breakdown of stocks and types of stocks within the fund.”

Some online survey respondents who “read a few key sections” cited fund performance, fund holdings, fees/expenses, and fund managers’ comments among the information they read (continued)

Q15. What information do you usually read in a mutual fund annual report?

“Managers’ comments about the market and the specific investments; also, summary of largest holdings and discussions of changes in holdings.”

“Expenses in managing my fund, how much was earned, interests and other numbers I do not understand.”

“Asset allocation, performance, fees & expenses, any changes.”

“Past performance information, asset allocation, any changes to fee structures.”

“Look for changes in fund's objectives, expenses/fees, compensation to managers. I also like to read the fund's recap of current market activities and how affected the fund.”

Source: Siegel+Gale online survey –the 183 mutual fund investors who recalled reading an annual report and read a few key sections

The majority of online survey respondents reported that they would turn to the fund company's website if they were seeking an annual report

Q16. If you wanted to see a mutual fund annual report, how would you access/obtain the report? Please check all that apply.

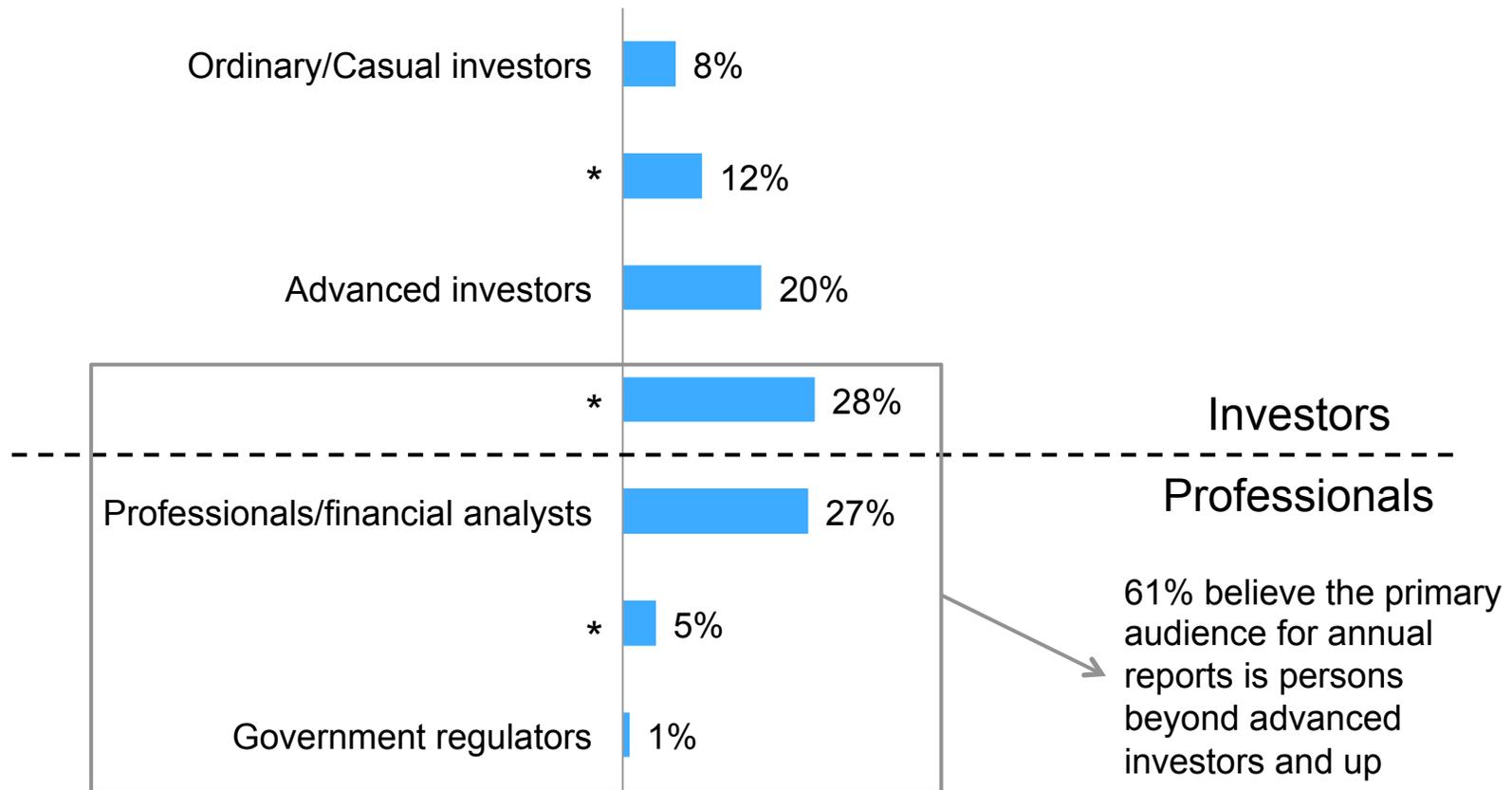


Source: Siegel+Gale online survey of 400 mutual fund investors

General Perceptions of the Annual Report

Nearly two thirds of homework assignment participants indicated that the primary audience for annual reports is persons beyond advanced investors and up

Q12. In your opinion, who is the primary audience for a mutual fund annual report?



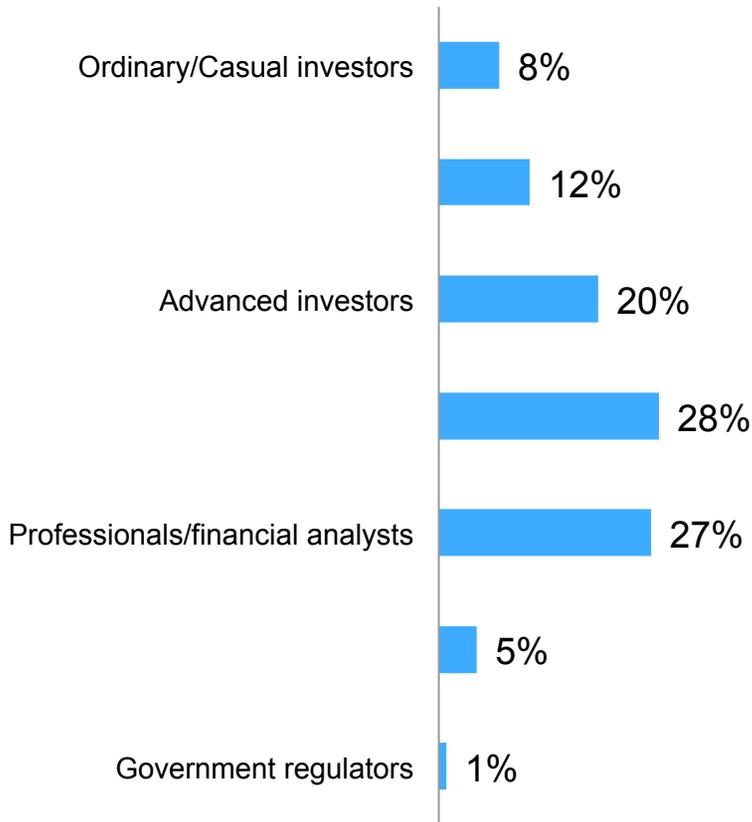
**The question asked homework assignment participants to indicate where on the spectrum of possible answers the primary audience fell. In response, some participants placed a mark in between two possible answers.*

Source: Siegel+Gale homework assignment completed by 105 mutual fund investors

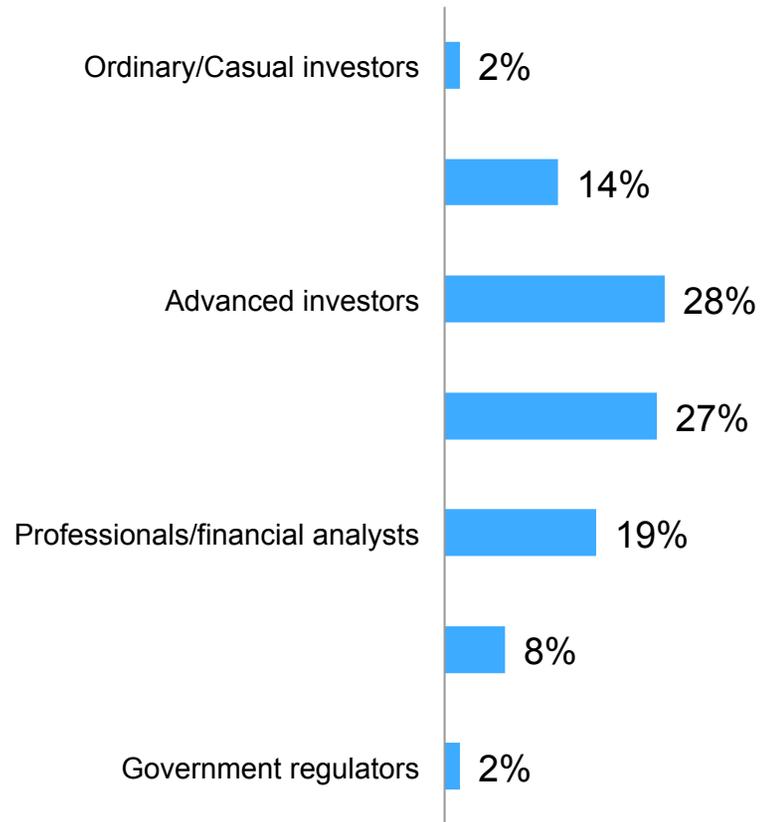
Note: Figures do not add to 100% due to rounding

After reviewing an annual report, homework assignment participants' views on the primary audience for an annual report shifted somewhat

Q12. In your opinion, who is the primary audience for a mutual fund annual report?



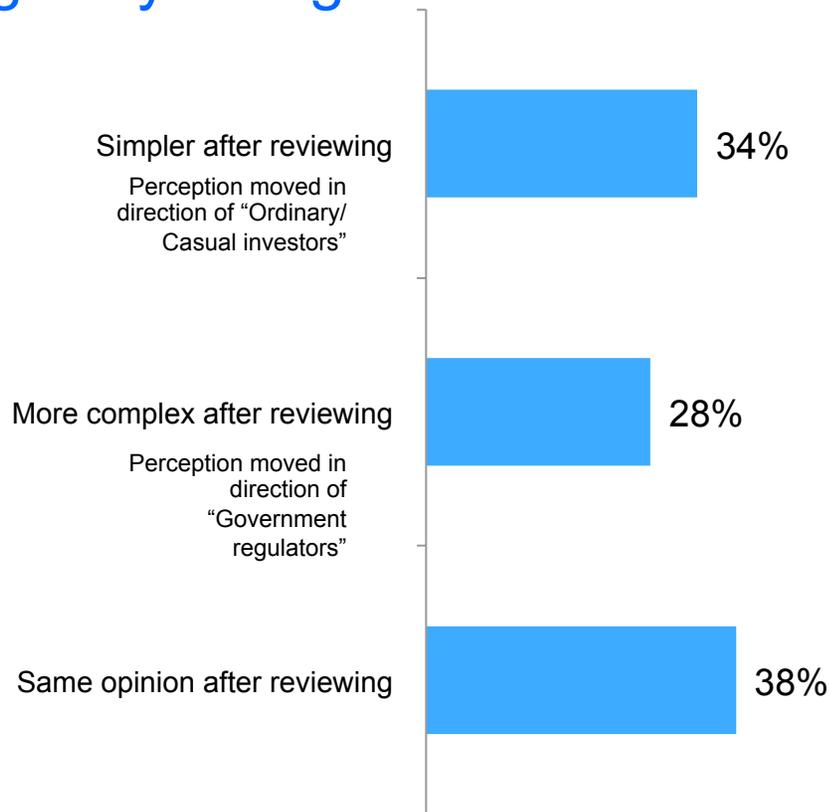
Q15. Now that you've spent some time reviewing this mutual fund annual report, please tell us who you feel the primary audience of a document like this would be.



Source: Siegel+Gale homework assignment completed by 105 mutual fund investors
 Note: Figures may not add to 100% due to rounding

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However, the number of homework assignment participants who felt the document was simpler after reviewing an annual report was roughly equivalent to those who felt it was more complex than they had originally thought



Source: Siegel+Gale homework assignment completed by 105 mutual fund investors
Note: Figures do not add to 100% due to rounding

Several focus group participants elaborated on the reasons they feel that the annual report is not written for investors

“It was not easy for me to read and I’m relatively knowledgeable. Some parts were (really) difficult.”

“The language for me was a little mind-clogging.”

“You can tell lawyers wrote it, okay.”

“Sometimes they’re trying to impress their peers rather than talking to us.”

“It seemed like they were talking to an accountant, but I’m an accountant and I needed to use some of the red dots (to indicate sections that were difficult to understand).”

“I’ve been a lawyer, and I didn’t know that there could be sentences that could be so long.”

“They can be held accountable and be less technical in the way that they present (the information).”

Some focus group participants also voiced a desire to have the report written for the average investor using understandable language

“If they’re are sending it to us, use a summary and pie charts. (The more sophisticated investors) can go online.”

“The reports should be written in fifth grade English.”

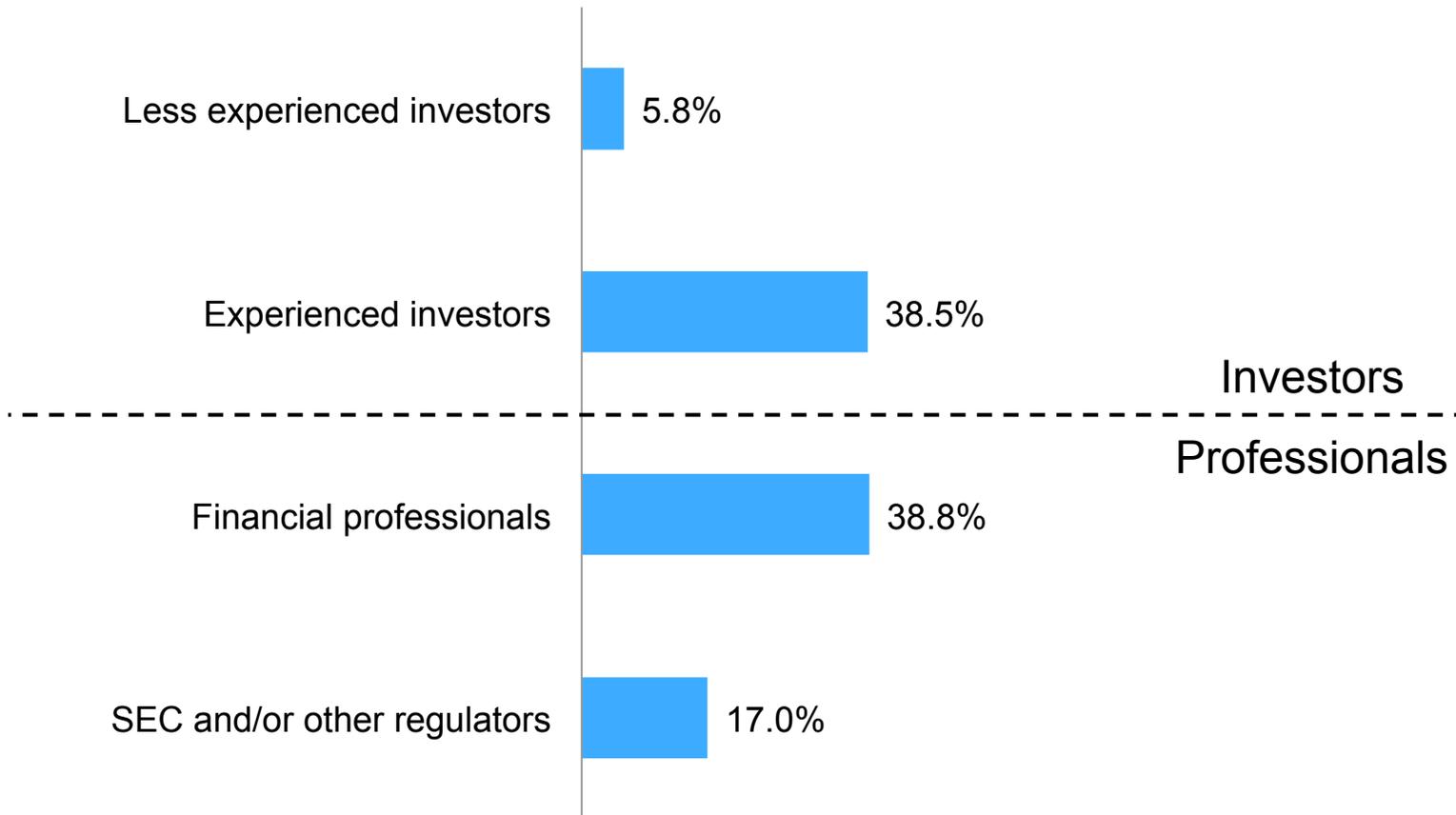
“There is a way to shorten it, but they don’t need to dumb it down.”

“Talk to the common stockholder who is a blue collar guy who doesn’t need to know all of the mumbo jumbo.”

“I don’t think it should be like a Christmas letter, but I think it’s way over above-average people’s heads.”

Over half (56%) of the online survey respondents felt that the annual report is written for financial professionals or regulators rather than for investors

Q17. In your opinion, who is the primary audience for the mutual fund annual report?



Source: Siegel+Gale online survey of 400 mutual fund investors
Note: Figures do not add to 100% due to rounding

Comprehension and
Perceptions:
Expense Example
Section

Homework Assignment and Focus Group Participants

Nearly all of Duck's readers (96%) were able to identify the correct expenses for \$10,000 invested from May to October 2009

Q3. If you had invested \$10,000 in the Diversified International Fund on May 1, 2009, how much would you have paid in actual expenses on your account from May 1, 2009 to October 31, 2009? Please select one response only.

Answer	Percent
\$51.40	4%
\$58.10 (CORRECT)	96%
\$45.40	0%

Source: Siegel+Gale homework assignment completed by 24 mutual fund investors who reviewed the "Duck" report

A large majority of Jay's readers (87%) were able to identify how much they would have paid in expenses on \$10,000 invested from October 2009 to March 2010

Q3. If you had invested \$10,000 in Class A shares of the US Government Securities Fund on October 1, 2009, how much would you have paid in actual expenses on your account from October 1, 2009 to March 31, 2010? Please select one response only.

Answer	Percent
\$81.40	7%
\$49.20 (CORRECT)	87%
\$82.50	7%

Source: Siegel+Gale homework assignment completed by 31 mutual fund investors who reviewed the "Jay" report
Note: Figures do not add to 100% due to rounding

And nearly all of Wren’s readers (96%) correctly identified the amount they would pay in expenses on \$10,000 invested from July to December 2009

Q3. If you had invested \$10,000 in this fund in Class A shares on July 1, 2009, how much would you have paid in actual expenses on your account from July 1, 2009 to December 31, 2009? Please select one response only.

Answer	Percent
\$36.40	0%
\$93.20 (CORRECT)	96%
\$83.90	4%

Source: Siegel+Gale homework assignment completed by 24 mutual fund investors who reviewed the “Wren” report

About three-quarters of Owl's readers (76%) correctly identified the amount of expenses they would pay on \$10,000 from July to December 2009

Q3. If you had invested \$10,000 in this fund in Class A shares on July 1, 2009, how much would you have paid in actual expenses on your account from July 1, 2009 to December 31, 2009? Please select one response only.

Answer	Percent
\$36.60 (CORRECT)	76%
\$77.30	20%
\$34.10	4%

Source: Siegel+Gale homework assignment completed by 26 mutual fund investors who reviewed the "Owl" report

Across all four documents tested in the homework assignment, the majority of readers correctly identified why 5% was the rate of return used in the hypothetical example

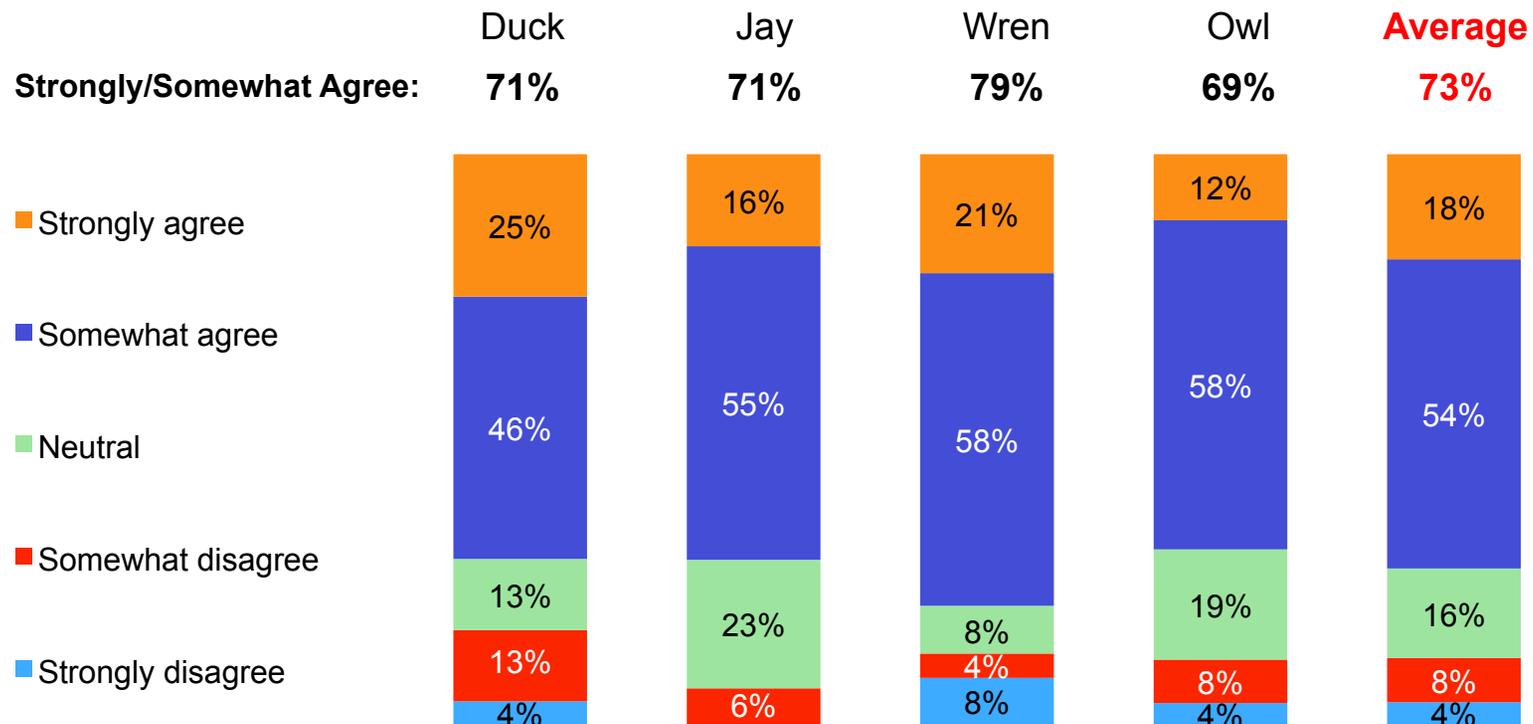
Q4. The hypothetical example shows a rate of return of 5% per year. Why is this rate used? Please select one response only.

Answer	Average	Duck	Jay	Wren	Owl
It is the lowest guaranteed rate of return for this fund	3%	4%	6%	0%	0%
It is the average rate of return for this fund over the past 10 years	7%	0%	6%	8%	15%
It is the average rate of return for all funds of this type across mutual fund companies	12%	13%	10%	17%	8%
It is an assumed rate of return used by all mutual fund companies to assist investors in comparing the ongoing costs of investing in this fund against the costs of investing in other mutual funds (CORRECT)	78%	83%	77%	75%	77%

Source: Siegel+Gale homework assignment completed by 105 mutual fund investors
 Note: Figures may not add to 100% due to rounding

Almost three-quarters of the homework assignment participants (73%) strongly or somewhat agreed that the expense example section they reviewed was helpful and useful

Q1. Overall, the information in this section was helpful and useful

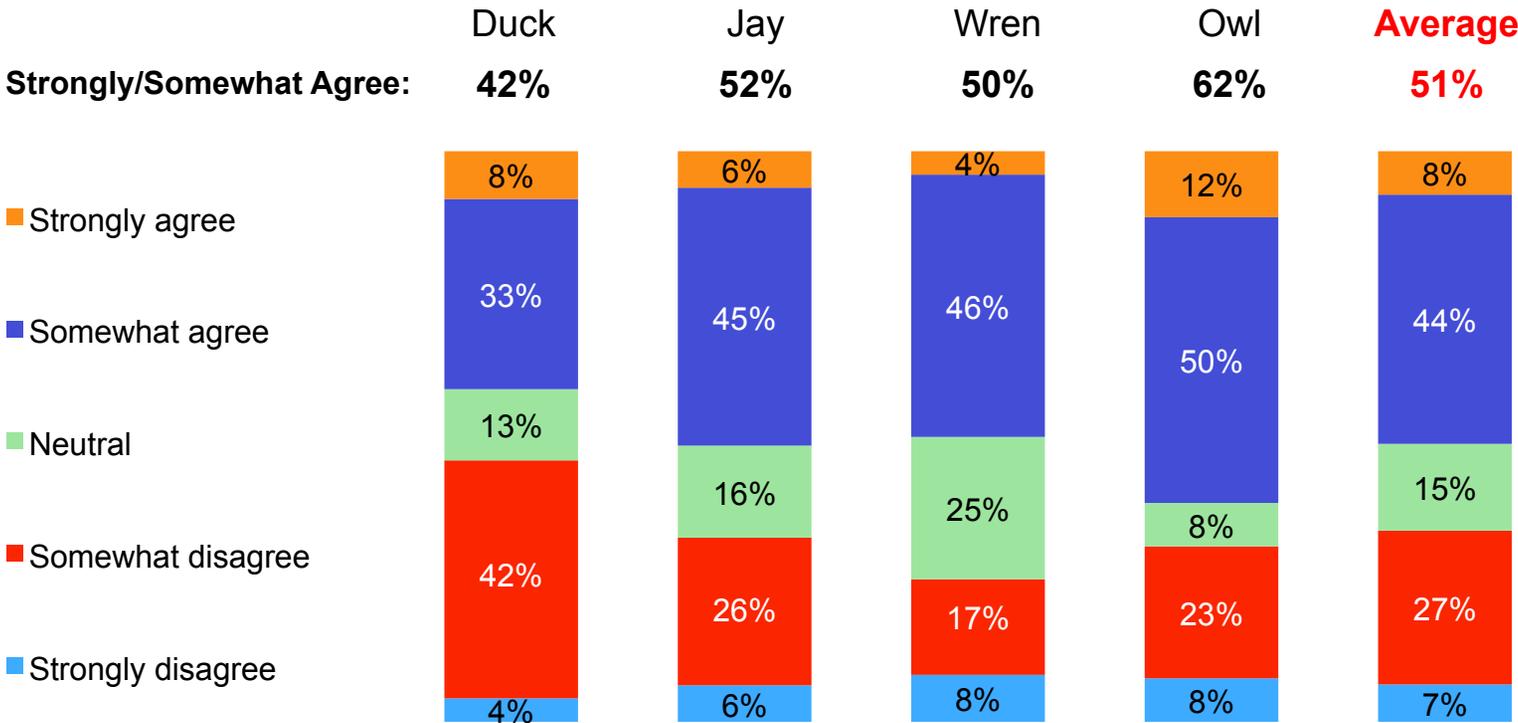


Source: Siegel+Gale homework assignment completed by 105 mutual fund investors

Note: Figures may not add to 100% due to rounding. Similarly, due to rounding, the “strongly/somewhat agree” number may not reflect the total of the “strongly agree” and “somewhat agree” numbers reflected in the bar chart.

However, only half (51%) strongly or somewhat agreed that the expense example section was easy to understand

Q2. Overall, the information in this section was easy to understand



Source: Siegel+Gale homework assignment completed by 105 mutual fund investors
 Note: Figures may not add to 100% due to rounding. Similarly, due to rounding, the “strongly/somewhat agree” number may not reflect the total of the “strongly agree” and “somewhat agree” numbers reflected in the bar chart.

Most of the focus group participants seemed to understand the purpose of the expense example section, but several indicated that they don't think about expenses on a regular basis

"I know there are both loads and ongoing fees."

"This is a disclosure to the shareholder, so you know what your costs are."

"You get an idea of how to figure it out (the expenses)."

"I have no idea (what the expenses are) with my 401(k)."

"Expenses to me are only important when you're buying. On a year-to-year basis, I really don't need to know."

Explanations of why two examples are shown in the expense example—actual and hypothetical—differed among the focus group participants

- + A few of the participants fully understand the purpose of including both actual and hypothetical examples in the expense example section...

“(Using the same return rate) would let you compare between funds.”

“To compare it with something else, you’d assume the same 5% return for two different funds. You’d use the hypothetical.”

- + While others have little or no idea

“I have no idea!”

“Maybe (the hypothetical example is meant) as a confidence booster?”

Most focus group participants wanted the expense example in the annual report

“I would like (the expenses example section) somewhere. That type of thing keeps these funds honest if they’re forced to disclose what their overhead is.”

“I want to know which funds are efficient and which ones are not.”

“The more they have to disclose of their costs, the better they’ll be at managing them and the more information I’ll have. I don’t begrudge them their money, but I don’t want them taking more than what I’m getting.”

“It definitely needs to be there and be made more clear. If you allow them to hide expenses, than that will be something that they’ll do more and more.”

“Maybe (they should just let us know) if there was a change in the expenses—if they were raised or lowered.”

Online Survey Respondents

While the responses to the open-ended question shown below appear to suggest that over 70% of the online survey respondents correctly identified the expense ratio, only 42% correctly calculated the total expenses

Q21. If you had invested \$10,000 in this fund in Class A shares on July 1, 2009, how much would you have paid in actual expenses on your account from July 1, 2009 to December 31, 2009?

Answer	Percent
\$9.32	17.3%
\$90.32	8.5%
\$93.00	0.5%
\$93.20 (CORRECT)	42.0%
\$903.20	0.3%
\$932.00	1.8%
Other	29.6%

Respondents who included some variation of \$9.32 in their response = 70.4%

Source: Siegel+Gale online survey of 400 mutual fund investors

Note: Online survey respondents were asked to review a portion of the Wren fund annual report to respond to this question.

Most online survey respondents were unable to identify the purpose of the hypothetical expense example; 31% of survey participants selected the correct response

Q22. What is the purpose of the hypothetical expense example?

Answer	Percent
To allow for a comparison of ongoing expenses of different funds, even if those funds have different returns (CORRECT)	30.8%
To allow for a comparison of transaction and ongoing costs associated with owning different funds, even if those funds have different returns	32.5%
To show the actual beginning and ending expense and account values for every \$1,000 invested in the fund over a six-month period	22.8%
I don't know	14.0%

Source: Siegel+Gale online survey of 400 mutual fund investors

Note: Online survey respondents were asked to review a portion of the Wren fund annual report to respond to this question. Figures do not add to 100% due to rounding

Almost three-quarters (74%) of the online survey respondents correctly identified the share class with the lowest ongoing costs

Q23. Which share class has the lowest ongoing costs?

Answer	Percent
Class A	13.3%
Class B	2.8%
Class C	1.8%
Class I (CORRECT)	73.8%
I don't know	8.5%

Source: Siegel+Gale online survey of 400 mutual fund investors

Note: Online survey respondents were asked to review a portion of the Wren fund annual report to respond to this question. Figures do not add to 100% due to rounding

The expense example section received the highest perception score (70.5) on credibility and the lowest (59.8) on being easy to understand

Q27A. Looking at this section from a mutual fund annual report, please tell us how much you agree or disagree with the following statements, where 5 is “Strongly agree” and 1 is “Strongly disagree”

Perceptions	Perception Index Score
The information is helpful for making investment decisions about the fund	66.8
The document makes me feel that the fund wants investors to be well informed	65.8
It is easy for me to locate the information I consider important.	63.5
The information is presented in a format that is easy for me to follow	63.0
The information is easy to understand	59.8
The language/wording in the document is clear	60.8
The tone seems appropriate to me	66.8
The information seems credible	70.5
Overall Average	64.6

Source: Siegel+Gale online survey of 400 mutual fund investors

Note: Online survey respondents were asked to review a portion of the Wren fund annual report to respond to this question. Perception Index score is calculated by converting the mean rating to a 100 point scale

Summary

Comprehension appeared to be high in the homework assignment where the reader only had to select the right answer from among a few choices, but comprehension dropped significantly in the online survey where participants had to apply the information in the expense example

Homework Assignment	Duck	Jay	Wren	Owl	Average
Comprehension Index	90	82	86	77	83
Perception Index	59	63	63	63	62

Source: Siegel+Gale homework assignment completed by 105 mutual fund investors

Online Survey	Method 1	Method 2
Comprehension Index	48.9*	58.3*
Perception Index	64.6	64.6

** Method 1 credits those who calculated the total expenses correctly in Q21; Method 2 also credits those who seemed to have identified the correct expense ratio but calculated the total expenses incorrectly in Q21*

Source: Siegel+Gale online survey of 400 mutual fund investors who were asked to review a portion of the Wren fund annual report

Comprehension and
Perceptions:
Fund Performance
Section

Homework Assignment and Focus Group Participants

Nearly two-thirds of readers were able to identify that the ten year average annual return for the Duck fund was *not* higher than the 1-year average return, and all answered that an investment in the Duck fund would have outperformed the MSCI EAFE Index from 1999 to 2009

Q3. True or False: The ten year average annual return for shares in the Diversified International Fund was higher than the 1-year average annual return for that same class of shares.

Answer	Percent
True	38%
False (CORRECT)	63%

Q4. True or False: A \$10,000 investment in the Diversified International Fund from October 31, 1999 to October 31, 2009 would have, with dividend income and capital gains reinvested, outperformed the MSCI EAFE Index during that same time period.

Answer	Percent
True (CORRECT)	100%
False	0%

Source: Siegel+Gale homework assignment completed by 24 mutual fund investors who reviewed the “Duck” report
Note: Figures may not add to 100% due to rounding

Nearly all Jay readers correctly identified that an investment in the US Government Securities Fund would *not* have outperformed the Barclays Capital US Government Index, and most answered that the 10-year return for the US Government Securities Fund was higher than the 1-year return

Q3. True or False: A \$10,000 investment in the US Government Securities Fund from March 31, 2000 to March 31, 2010 would have, with the maximum sales charge included, outperformed the Barclays Capital US Government Index during that same time period.

Answer	Percent
True	10%
False (CORRECT)	90%

Q4. True or False: The ten year average annual return for Class A shares in the US Government Securities Fund was higher than the 1-year average annual return for that same class of shares.

Answer	Percent
True (CORRECT)	81%
False	19%

Source: Siegel+Gale homework assignment completed by 31 mutual fund investors who reviewed the “Jay” report

Three quarters of Wren’s readers correctly identified that an investment in the fund would have outperformed the Russell 2000 Value Index, and nearly all answered that the 1-year performance for Class A shares was higher than the 5-year performance

Q3. True or False: A \$10,000 investment in this fund from June 30, 2002 to December 31, 2009 would have, with the maximum sales charge included, outperformed the Russell 2000 Value Index during that same time period.

Answer	Percent
True (CORRECT)	75%
False	25%

Q4. True or False: The 1-year performance for Class A shares was higher than the 5-year performance for that same class of shares.

Answer	Percent
True (CORRECT)	92%
False	8%

Source: Siegel+Gale homework assignment completed by 24 mutual fund investors who reviewed the “Wren” report

A large majority of the Owl fund's readers correctly identified that the return for the Owl fund from 1975 to 2009 was higher than the return for the Lipper Balanced Funds Index and that the 10-year return for the fund's Class A shares was *not* higher than the 1-year return

Q3. For the period July 26, 1975 to December 31, 2009, was the average annual total return for the fund higher or lower than that of the Lipper Balanced Funds Index?

Answer	Percent
Higher (CORRECT)	85%
Lower	15%

Q4. True or False: The 10-year average annual total returns for Class A shares was higher than the 1-year average annual total return for that same class of shares.

Answer	Percent
True	12%
False (CORRECT)	88%

Source: Siegel+Gale homework assignment completed by 26 mutual fund investors who reviewed the "Owl" report

Nearly all of the Owl fund's readers correctly identified that an investment in the fund from 1975 to 2009 would have outperformed the Barclays Index

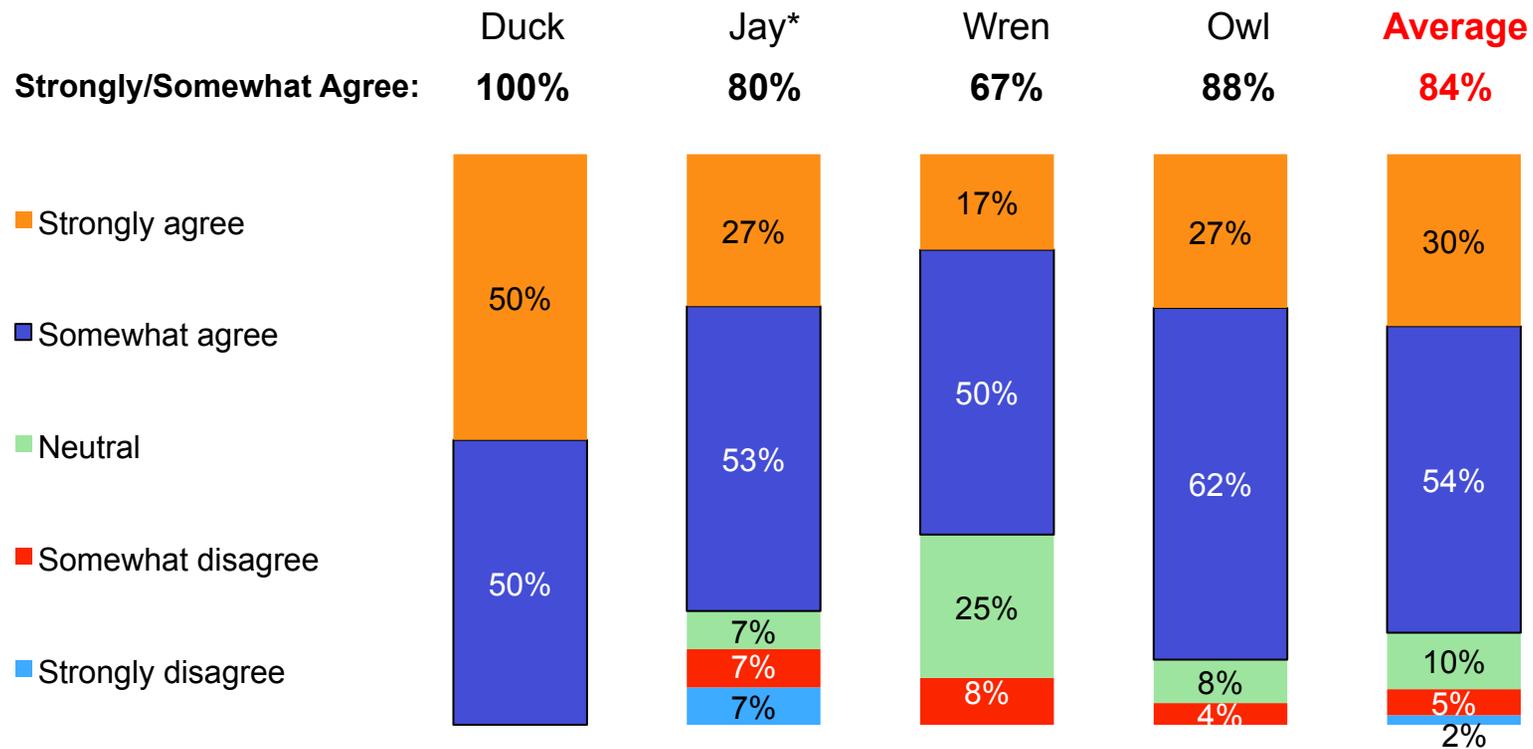
Q5. True or False: A \$10,000 investment in the fund from July 26, 1975 to December 31, 2009 would have, with dividends reinvested, outperformed the Barclays Capital US Aggregate Index during that same time period

Answer	Percent
True (CORRECT)	92%
False	8%

Source: Siegel+Gale homework assignment completed by 26 mutual fund investors who reviewed the "Owl" report

An average of 84% of the homework assignment participants strongly or somewhat agreed that the fund performance section they reviewed was helpful and useful

Q1. Overall, the information in this section was helpful and useful



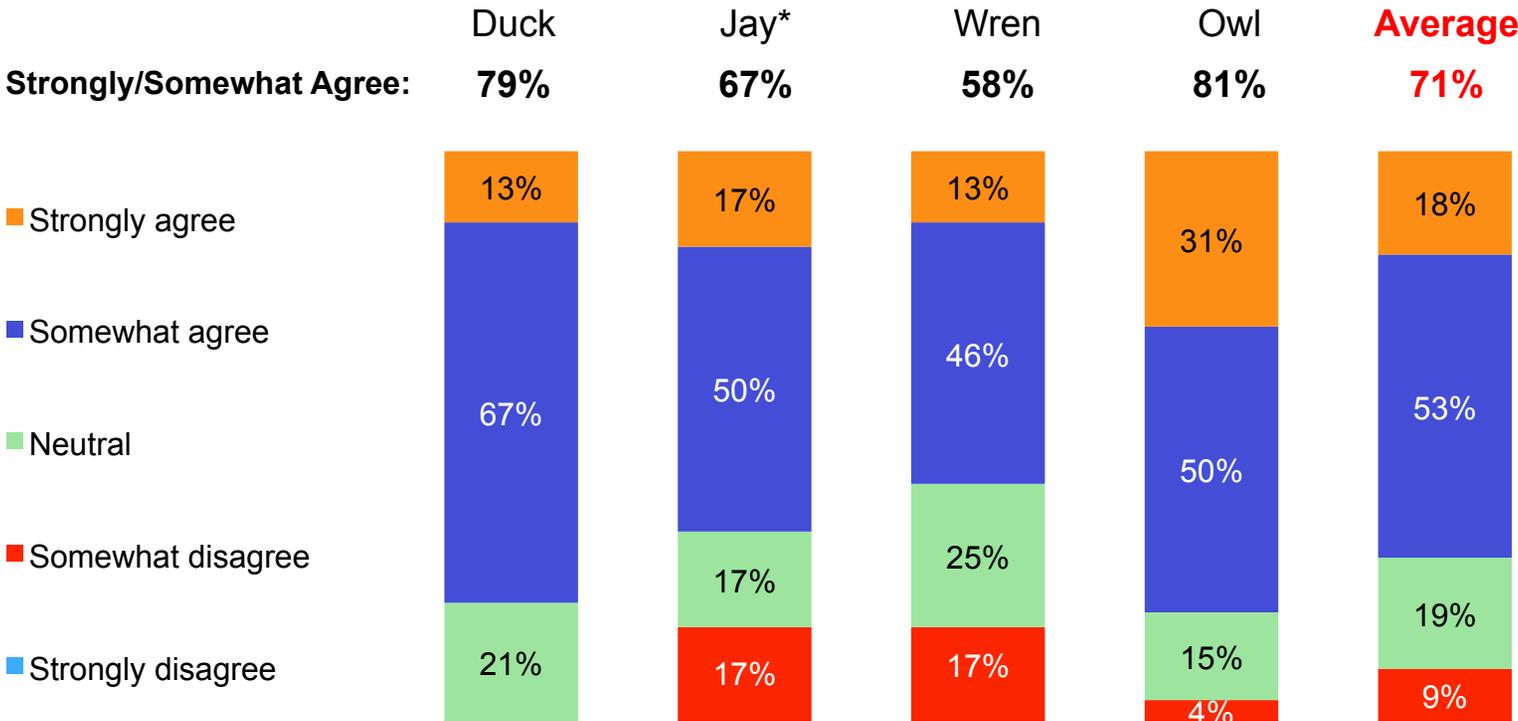
*Ratings for Jay Fund reflect both fund performance and management’s discussion of fund performance sections and, therefore, comparisons of these Jay fund ratings to those of the other funds may be unreliable.

Source: Siegel+Gale homework assignment completed by 105 mutual fund investors

Note: Figures may not add to 100% due to rounding. Similarly, due to rounding, the “strongly/somewhat agree” number may not reflect the total of the “strongly agree” and “somewhat agree” numbers reflected in the bar chart.

The Owl and Duck fund annual reports were perceived as being easier to understand than the Jay and Wren fund annual reports

Q2. Overall, the information in this section was easy to understand



**Ratings for Jay Fund reflect both fund performance and management’s discussion of fund performance sections and, therefore, comparison of these Jay fund ratings to those of other funds may be unreliable
 Source: Siegel+Gale homework assignment completed by 105 mutual fund investors
 Note: Figures may not add to 100% due to rounding. Similarly, due to rounding, the “strongly/somewhat agree” number may not reflect the total of the “strongly agree” and “somewhat agree” numbers reflected in the bar chart.*

The fund performance section was reviewed by many of the participants in the focus groups

- + Some participants looked for the following information in this section:

“I look for the (past year) performance.”

“I look for spikes and dives (over the 10 year period).”

“I look for trends. Past performance comes back up. I would get more aggressive and talk that over with my broker.”

- + Several voiced support for showing 10-year performance

“You can’t just take one year to get a good sense of how the fund is being managed.”

“I think 10 years is reasonable.”

“(I want a longer period because) I want to see the long term performance.”

- + One participant suggested expressing performance with and without expenses

“I would like to see it with and without expenses. Performance can get cut pretty heavily (by expenses).”

Source: Siegel+Gale focus groups among mutual fund investors

Online Survey Respondents

Almost two-thirds (63%) of the online survey respondents correctly compared the 10-year return to the 1-year return

Q24. True or false: The ten year average annual return for shares in this fund was higher than the 1-year average annual return

Answer	Percent
True	24.8%
False (CORRECT)	62.7%
I can't find the answer	12.5%

Source: Siegel+Gale online survey of 400 mutual fund investors

Note: Online survey respondents were asked to review a portion of the Duck fund annual report to respond to this question.

The large majority of online survey respondents (78%) correctly identified the fund's average annual return

Q25. During the 10-year period from November 1, 1999 - October 31, 2009, what was the Diversified International Fund's average annual return?

Answer	Percent
24.32	4.0%
5.72 (CORRECT)	78.3%
Other	17.7%

Source: Siegel+Gale online survey of 400 mutual fund investors

Note: Online survey respondents were asked to review a portion of the Duck fund annual report to respond to this question.

The fund performance section scored the highest (71.0) on credibility and the lowest (65.5) on the clarity of language/wording, although the scores across the categories were generally similar

Q27B. Looking at this section from a mutual fund shareholder report, please tell us how much you agree or disagree with the following statements, where 5 is “Strongly agree” and 1 is “Strongly disagree”

Perceptions	Perception Index Score
The information is helpful for making investment decisions about the fund	67.8
The document makes me feel that the fund wants investors to be well informed	67.3
It is easy for me to locate the information I consider important.	68.3
The information is presented in a format that is easy for me to follow	67.3
The information is easy to understand	66.0
The language/wording in the document is clear	65.5
The tone seems appropriate to me	69.3
The information seems credible	71.0
Overall Average	67.8

Source: Siegel+Gale online survey of 400 mutual fund investors

Note: Online survey respondents were asked to review a portion of the Duck fund annual report to respond to this question. The Perception Index score is calculated by converting the mean rating to a 100 point scale

Summary

Comprehension and Perception scores for the fund performance section were consistently high

Homework Assignment	Duck	Jay	Wren	Owl	Average
Comprehension Index	82	86	84	88	85
Perception Index	80	69*	66	77	73

Source: Siegel+Gale homework assignment completed by 105 mutual fund investors

Online Survey

Comprehension Index	70.5
Perception Index	67.8

**Ratings for Jay Fund reflect both fund performance and management’s discussion of fund performance sections and, therefore, comparisons of these Jay fund ratings to those of the other funds may be unreliable.*

Source: Siegel+Gale online survey of 400 mutual fund investors who were asked to review a portion of the Duck fund annual report

Comprehension and Perception: *Management's Discussion of Fund Performance Section*

Note: This section was tested in the homework assignment, but it was not tested in the online survey.

Homework Assignment Participants

The majority of Duck readers were able to correctly identify which industry was the biggest detractor from fund performance and that the Duck fund performed worse than the MSCI EAFE Index

Q3. Which one of the following industry sectors was the biggest detractor from fund performance?

Answer	Percent
Utilities	4%
Materials	0%
Financials (CORRECT)	96%

Q4. Did the fund perform better or worse than the MSCI EAFE Index from October 31, 2008 to October 31, 2009?

Answer	Percent
Better	21%
Worse (CORRECT)	79%

Source: Siegel+Gale homework assignment completed by 24 mutual fund investors who reviewed the "Duck" report

Most Duck readers also were able to correctly identify that the fund had more of its assets invested in Japan as of October 31, 2009

Q5. In which one of these countries did the fund have more of its assets invested as of October 31, 2009?

Answer	Percent
Spain	4%
United States of America	8%
Japan (CORRECT)	88%

Source: Siegel+Gale homework assignment completed by 24 mutual fund investors who reviewed the "Duck" report

Nearly all of Jay's readers correctly identified that the US Government Securities Fund performed worse than the Barclays Capital US Government Index, but they had trouble identifying which factor hindered performance of the US Government Securities Fund

Q5. Did the US Government Securities Fund perform better or worse than the Barclays Capital U.S. Government Index from March 31, 2009 to March 31, 2010?

Answer	Percent
Better	13%
Worse (CORRECT)	87%

Q6. Which one of these factors hindered the performance of the US Government Securities Fund?

Answer	Percent
The fund's investments in riskier securities, such as high-yield bonds	39%
The fund's large investments in the securities of Fannie Mae and Freddie Mac	35%
The increase in the 10-year Treasury note (CORRECT)	26%

Source: Siegel+Gale homework assignment completed by 31 mutual fund investors who reviewed the "Jay" report

All of the Wren readers correctly answered that the Wren fund performed better than the Russell 2000 Value Index

Q3. Did the fund perform better or worse than the Russell 2000 Value Index from December 31, 2008 to December 31, 2009?

Answer	Percent
Better (CORRECT)	100%
Worse	0%

Source: Siegel+Gale homework assignment completed by 24 mutual fund investors who reviewed the “Wren” report

The majority of Wren's readers correctly identified that the Health Care sector detracted from the Wren's fund performance (88%) and that the Wren fund had more of its assets invested in the Consumer Discretionary sector as of December 31, 2009 (71%)

Q4. In which one of the following industry sectors did fund securities holdings detract from fund performance?

Answer	Percent
Industrials sector	4%
Energy sector	8%
Health Care sector (CORRECT)	88%

Q5. In which one of these industry sectors did the fund have more of its assets invested as of December 31, 2009? Please select one response only.

Answer	Percent
Consumer Discretionary (CORRECT)	71%
Energy	21%
Information Technology	8%

Source: Siegel+Gale homework assignment completed by 24 mutual fund investors who reviewed the "Wren" report

Nearly all readers of the Owl fund report were able to identify the fund's policy regarding making investments in common stocks as well as the fund's average annual return from 1999-2009

Q3. What is the fund's policy regarding making investments in common stocks? Please select one response only.

Answer	Percent
0%-25% invested in common stocks	0%
25%-50% invested in common stocks	8%
50%-75% invested in common stocks (CORRECT)	92%
75%-100% invested in common stocks	0%

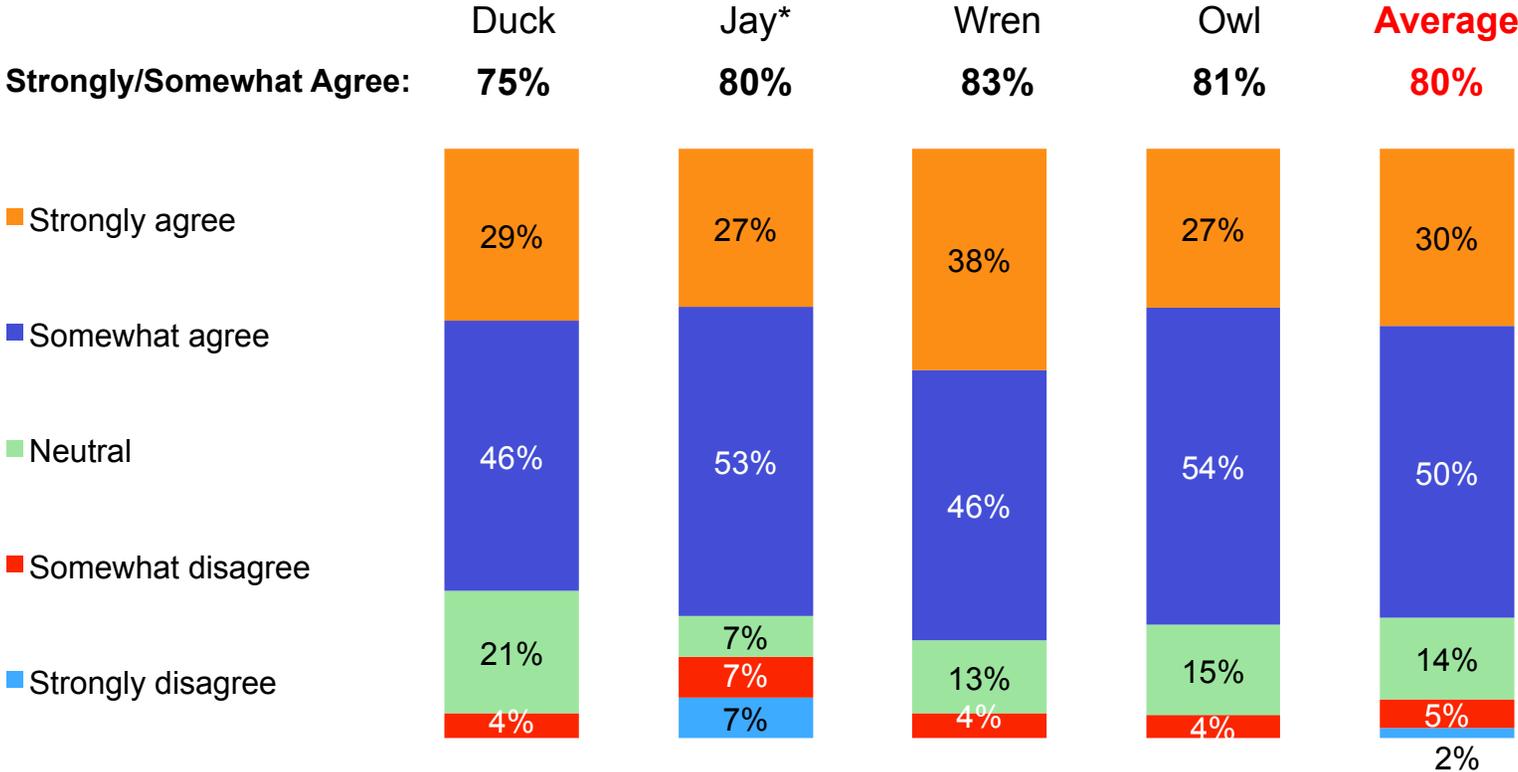
Q4. During the 10-year period from 1999-2009, what was the fund's average annual return? Please select one response only.

Answer	Percent
2.3%	0%
5.7% (CORRECT)	92%
8.0%	0%
10.5%	8%

Source: Siegel+Gale homework assignment completed by 26 mutual fund investors who reviewed the "Owl" report

Between 75% and 83% of the homework assignment participants strongly or somewhat agreed that the management’s discussion of fund performance section was helpful and useful

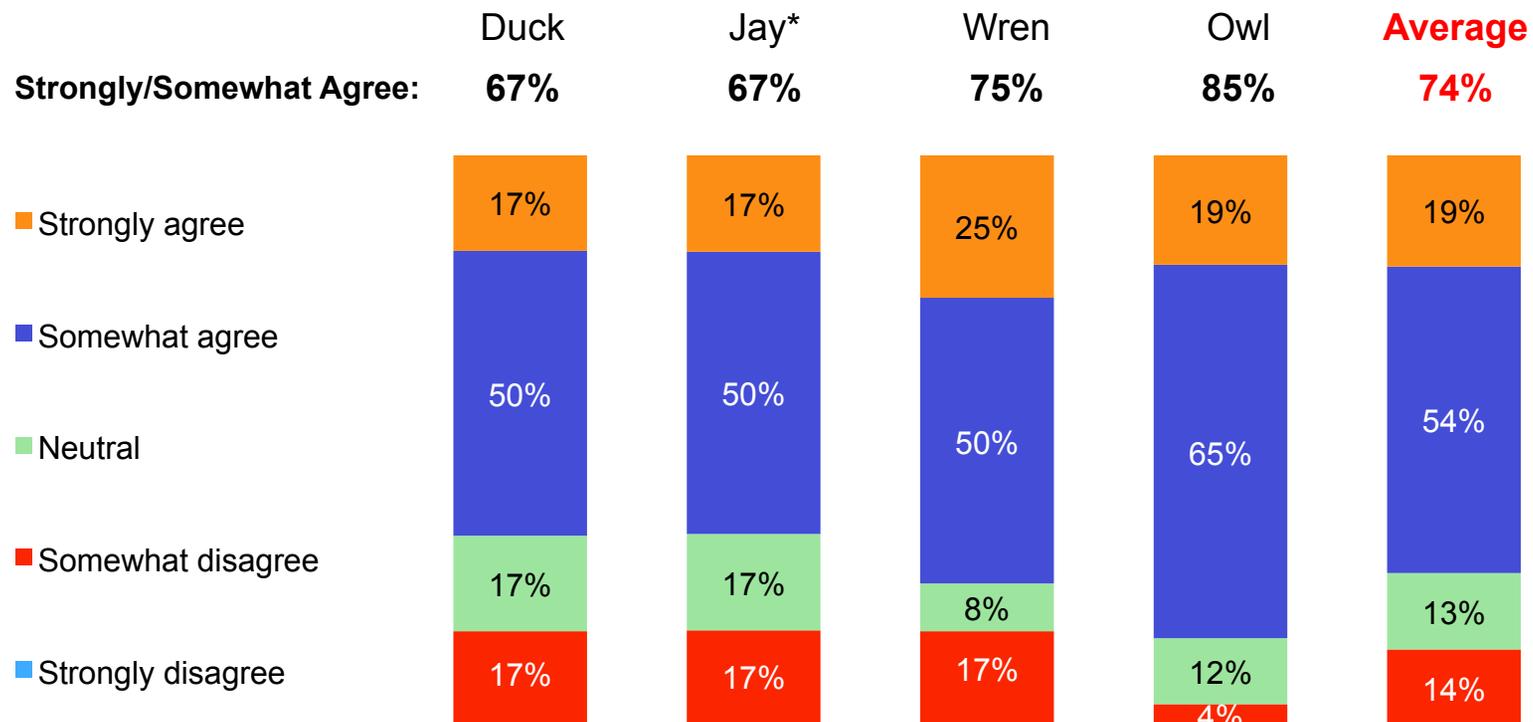
Q1. Overall, the information in this section was helpful and useful



**Ratings for Jay Fund reflect both fund performance and management’s discussion of fund performance sections and, therefore, comparisons of these Jay fund ratings to those of the other funds may be unreliable.
 Source: Siegel+Gale homework assignment completed by 105 mutual fund investors
 Note: Figures may not add to 100% due to rounding. Similarly, due to rounding, the “strongly/somewhat agree” number may not reflect the total of the “strongly agree” and “somewhat agree” numbers reflected in the bar chart.*

Between 67% and 85% of the homework assignment participants strongly or somewhat agreed that the management’s discussion of fund performance section was easy to understand

Q2. Overall, the information in this section was easy to understand



**Ratings for Jay Fund reflect both fund performance and management’s discussion of fund performance sections and, therefore, comparisons of these Jay fund ratings to those of the other funds may be unreliable.*

Source: Siegel+Gale homework assignment completed by 105 mutual fund investors

Note: Figures may not add to 100% due to rounding. Similarly, due to rounding, the “strongly/somewhat agree” number may not reflect the total of the “strongly agree” and “somewhat agree” numbers reflected in the bar chart.

Summary

Homework assignment participants' comprehension and perceptions of the management's discussion of fund performance section were generally high

Homework Assignment	Duck	Jay*	Wren	Owl	Average
Comprehension Index	88	57	86	92	81
Perception Index	71	74	75	75	74

**Ratings for Jay Fund reflect both fund performance and management's discussion of fund performance sections and, therefore, comparisons of these Jay fund ratings to those of the other funds may be unreliable.
Source: Siegel+Gale homework assignment completed by 105 mutual fund investors*

Comprehension and Perceptions: *Financial Statements* Section

Note: This section was tested in the homework assignment, but it was not tested in the online survey.

Homework Assignment and Focus Group Participants

Nearly all of Duck’s readers were able to identify the correct year for the portfolio’s highest turnover and that net assets of the fund were *not* higher as of 2008 than they were as of 2009

Q3. The turnover of the Diversified International Fund portfolio was highest in which year?
Please select one response only.

Answer	Percent
2005	0%
2006 (CORRECT)	88%
2007	4%
2008	4%
2009	4%

Q5. True or False: Net assets (end of period) for the Diversified International Fund were higher as of October 31, 2008 than they were as of October 31, 2009.

Answer	Percent
True	4%
False (CORRECT)	96%

Source: Siegel+Gale homework assignment completed by 24 mutual fund investors who reviewed the “Duck” report

Over two-thirds (68%) of Jay's readers identified the correct year of highest turnover, and 61% correctly answered that net assets were higher as of 2009 than they were as of 2010

Q3. The turnover of the US Government Securities Fund portfolio was highest in which period?
Please select one response only.

Answer	Percent
Period ended 3/31/2006	10%
Period ended 3/31/2007	6%
Period ended 3/31/2008	10%
Period ended 3/31/2009	6%
Period ended 3/31/2010 (CORRECT)	68%

Q5. True or False: Net assets for the US Government Securities Fund were higher as of March 31, 2009 than they were as of March 31, 2010.

Answer	Percent
True (CORRECT)	61%
False	39%

Source: Siegel+Gale homework assignment completed by 31 mutual fund investors who reviewed the "Jay" report

A large majority of Wren's readers correctly identified that portfolio turnover was highest in 2008, and three-quarters correctly answered that net assets were *not* higher as of 2008 than they were as of 2009

Q3. The turnover of the portfolio was highest in which year? Please select one response only.

Answer	Percent
2005	0%
2006	4%
2007	4%
2008 (CORRECT)	83%
2009	8%

Q5. True or False: Net assets were higher as of December 31, 2008 than they were as of December 31, 2009.

Answer	Percent
True	25%
False (CORRECT)	75%

Source: Siegel+Gale homework assignment completed by 24 mutual fund investors who reviewed the "Wren" report
Note: Figures may not add to 100% due to rounding

A large majority of Owl's readers identified the correct year of highest portfolio turnover, and almost two-thirds selected the correct response that net assets were *not* higher as of 2008 than they were as of 2009

Q3. The turnover of the portfolio was highest in which year? Please select one response only.

Answer	Percent
2005	0%
2006	0%
2007	4%
2008	13%
2009 (CORRECT)	83%

Q5. True or False: Net assets were higher as of December 31, 2008 than they were as of December 31, 2009.

Answer	Percent
True	38%
False (CORRECT)	62%

Source: Siegel+Gale homework assignment completed by 26 mutual fund investors who reviewed the "Owl" report

Across all four reports, most homework assignment participants were able to identify the correct definition for “portfolio turnover”

Q4. What is the meaning of “portfolio turnover” included in the annual report? Please select one response only.

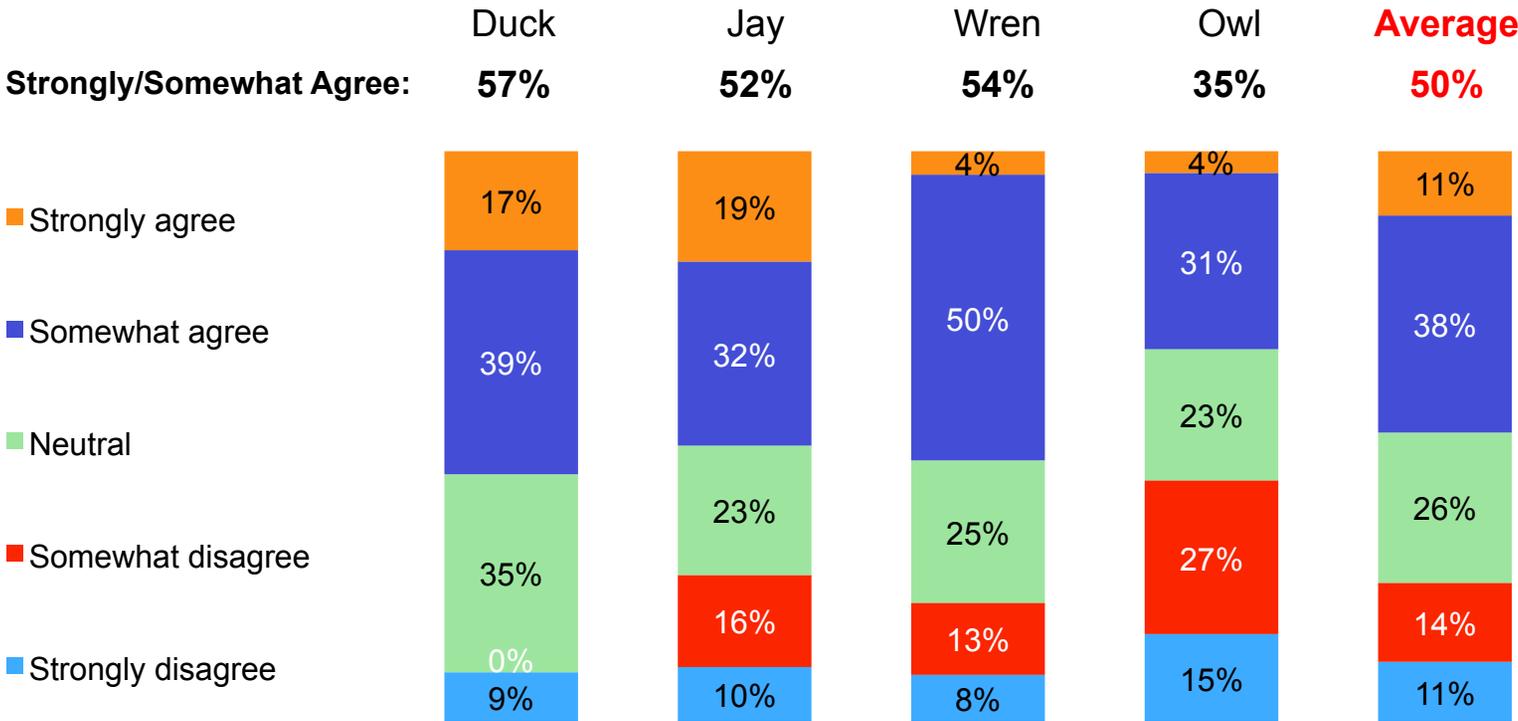
	Average	Duck	Jay	Wren	Owl
How often securities in a mutual fund's portfolio are bought and sold (CORRECT)	80%	83%	80%	83%	72%
The return on a mutual fund's investments	14%	17%	13%	8%	16%
The amount of capital gains distributed to shareholders	7%	0%	7%	8%	12%

Source: Siegel+Gale homework assignment completed by 105 mutual fund investors

Note: Figures may not add to 100% due to rounding

35% to 57% of the homework assignment participants strongly or somewhat agreed that the various financial statements sections were helpful and useful

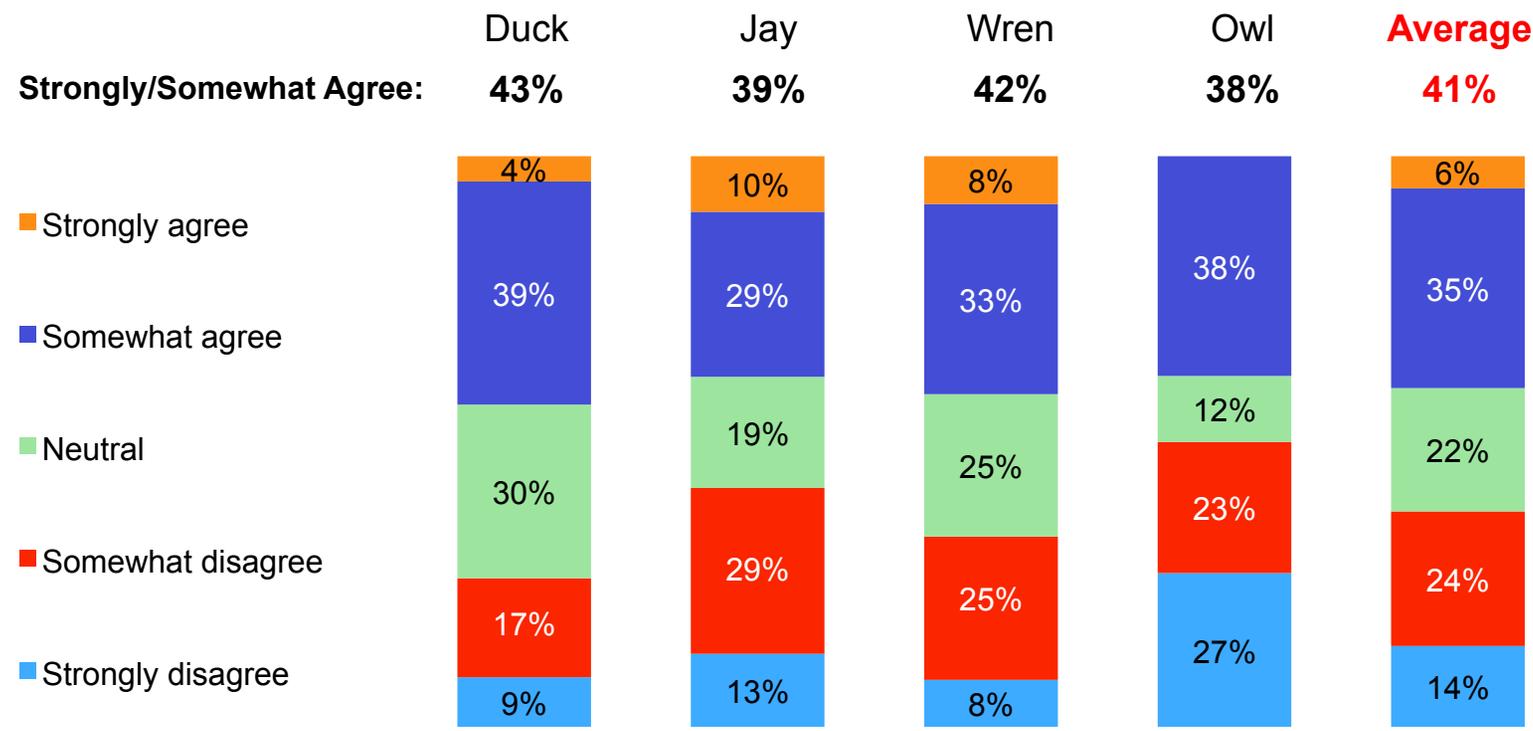
Q1. Overall, the information in this section was helpful and useful



Source: Siegel+Gale homework assignment completed by 105 mutual fund investors
 Note: Due to rounding, the “strongly/somewhat agree” number may not reflect the total of the “strongly agree” and “somewhat agree” numbers reflected in the bar chart.

Between 38% and 43% of the homework assignment participants strongly or somewhat *agreed* that the information in the financial statements section was easy to understand

Q2. Overall, the information in this section was easy to understand



Source: Siegel+Gale homework assignment completed by 105 mutual fund investors
 Note: Figures may not add to 100% due to rounding. Similarly, due to rounding, the “strongly/somewhat agree” number may not reflect the total of the “strongly agree” and “somewhat agree” numbers reflected in the bar chart.

Several focus group participants reported that they do not spend much time with the financial statements section, but indicated that they review the section for certain information

“Maybe if the summary said something funky happened (then I would go to the financial statement).”

“I’m interested in the total assets to get an idea of its size.”

“I look at the fund’s expenses (in the financial statements).”

“I might want to take the financial statement to someone else—someone more knowledgeable (than I am)—and say ‘look at this and tell me what you think.’”

“I want to see the fund’s bottom line.”

A few focus group participants saw value in the financial highlights

“It’s a snapshot.”

“This gives you some trend data and some details without really getting into details.”

“It gives you an idea of where the fund is going.”

Summary

Homework assignment participants' comprehension scores were high, but perception scores for the financial statement sections were low

Homework Assignment	Duck	Jay	Wren	Owl	Average
Comprehension Index	89	70	80	72	78
Perception Index	59	54	55	43	52

Source: Siegel+Gale homework assignment completed by 105 mutual fund investors

Comprehension and
Perceptions:
*Portfolio of
Investments*
Section

Homework Assignment and Focus Group Participants

Nearly all of Duck's readers were able to correctly identify that common stock made up more than 90% of the fund's investment portfolio

Q3. True or False: Common stocks made up more than 90% of the portfolio of investments as of October 31, 2009.

Answer	Percent
True (CORRECT)	96%
False	4%

Source: Siegel+Gale homework assignment completed by 24 mutual fund investors who reviewed the "Duck" report

A large majority of Jay's readers were able to identify that foreign government agencies made up more than 25% of the fund's investment portfolio, and roughly three quarters of Jay's readers correctly identified Brazil as the country in which the fund had more of its assets invested as of March 31, 2010

Q3. True or False: Foreign government agencies made up more than 25% of the portfolio of investments as of March 31, 2010.

Answer	Percent
True (CORRECT)	87%
False	13%

Q4. In which of these countries did the fund have more of its assets invested as of March 31, 2010?

Answer	Percent
Russia	10%
Brazil (CORRECT)	74%
Norway	16%

Source: Siegel+Gale homework assignment completed by 31 mutual fund investors who reviewed the "Jay" report

Nearly all of Wren's readers correctly identified that common stocks comprised more than 90% of the fund's investment portfolio

Q3. True or False: Common stocks made up more than 90% of the portfolio of investments as of December 31, 2009.

Answer	Percent
True (CORRECT)	96%
False	4%

Source: Siegel+Gale homework assignment completed by 24 mutual fund investors who reviewed the "Wren" report

A large majority of Owl's readers were able to correctly identify that common stocks did *not* make up more than 90% of the fund's investment portfolio

Q3. True or False: Common stocks made up more than 90% of the portfolio of investments as of December 31, 2009.

Answer	Percent
True	15%
False (CORRECT)	85%

Source: Siegel+Gale homework assignment completed by 26 mutual fund investors who reviewed the "Owl" report

Across documents, the majority of homework assignment participants correctly identified whether the portfolio holdings were listed in order from largest to smallest, though the percentage of correct answers was lower for Jay's and Owl's readers

Q4/5. True or False: Each investment contained in the portfolio holdings of the fund is listed from largest to smallest.*

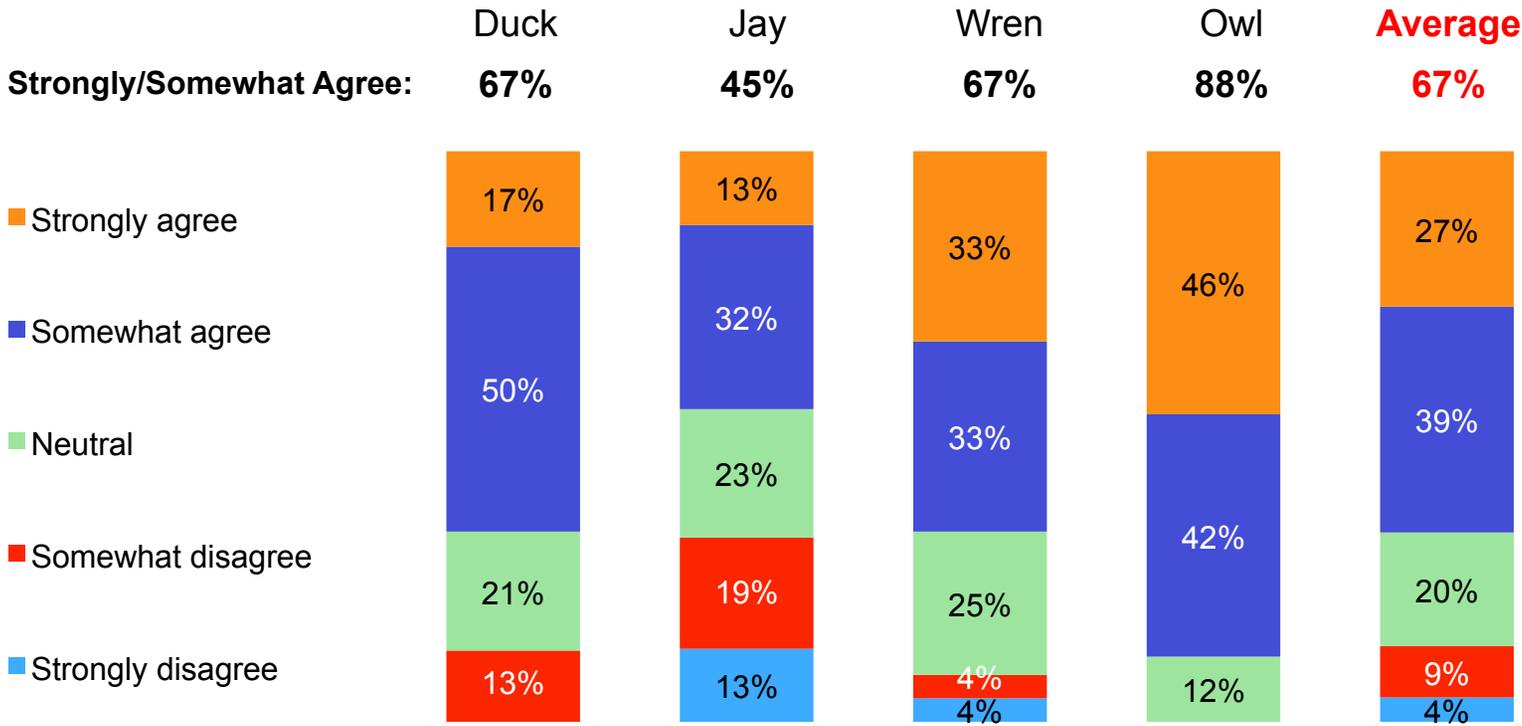
	Average	Duck	Jay	Wren	Owl
<i>Correct answer by document</i>		<i>False</i>	<i>False</i>	<i>False</i>	<i>True</i>
Answered incorrectly	22%	8%	45%	0%	35%
Answered correctly	78%	92%	55%	100%	65%

Source: Siegel+Gale homework assignment completed by 105 mutual fund investors

*Though similar, the question asked across the four annual reports differed slightly

There was considerable variation in perceptions of the helpfulness and usefulness of the different portfolio of investments sections

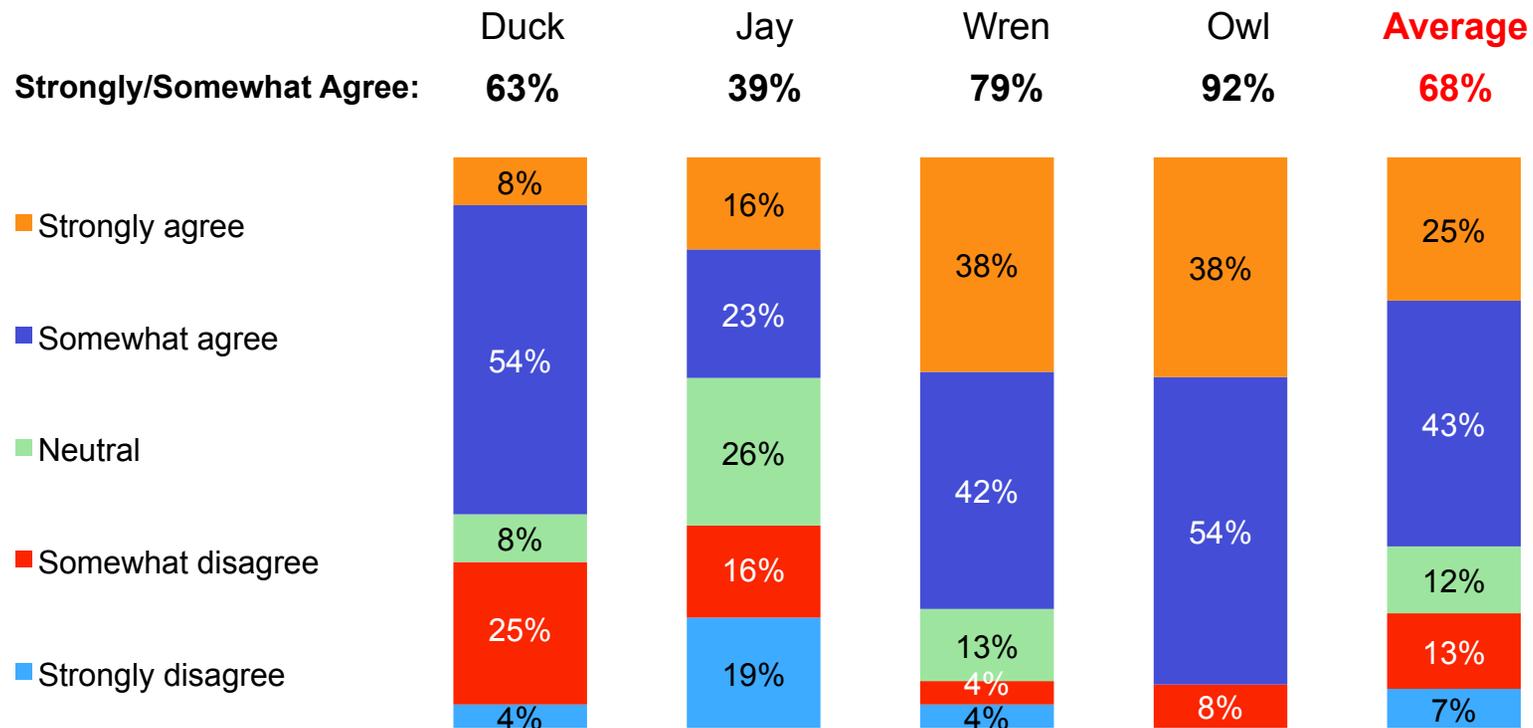
Q1. Overall, the information in this section was helpful and useful



Source: Siegel+Gale homework assignment completed by 105 mutual fund investors
 Note: Figures may not add to 100% due to rounding. Similarly, due to rounding, the “strongly/somewhat agree” number may not reflect the total of the “strongly agree” and “somewhat agree” numbers reflected in the bar chart.

92% of Owl readers strongly or somewhat agreed that the portfolio of investments section was easy to understand, while only 39% of Jay readers strongly or somewhat agreed that the section was easy to understand

Q2. Overall, the information in this section was easy to understand



Source: Siegel+Gale homework assignment completed by 105 mutual fund investors

Note: Figures may not add to 100% due to rounding. Similarly, due to rounding, the “strongly/somewhat agree” number may not reflect the total of the “strongly agree” and “somewhat agree” numbers reflected in the bar chart.

Several focus group participants reported reading or scanning the portfolio of investments section

“I look just out of curiosity.”

“I look at the top five (holdings).”

“I look to see where your eggs are—how diversified you are.”

“I look to see if you go eco-friendly.”

“If it’s an international fund, I look for the countries it is in.”

“This section gives you an idea of their risk profile and what segments they’re investing in. If I think I’m investing in a fund that has Microsoft in it, I would like to see Microsoft on the list.”

“I like to know the percentage allocation of the top 50.”

“I want to see if I recognize anything. And I would want to see how those stocks are doing individually.”

“You want to invest in companies that do good. You want to invest in companies that don’t make their money doing things that aren’t necessarily good for the earth.”

Online Survey Respondents

Online survey respondents had little difficulty in identifying the percent of the fund's portfolio represented by information technology

Q26. Information Technology comprises what percent of the mutual fund's total portfolio?

Answer	Percent
2.1	1.5%
2.4	2.8%
2.5	1.5%
7.6 (CORRECT)	81.0%
23.1	2.8%
Other	10.4%

Source: Siegel+Gale online survey of 400 mutual fund investors

Note: Online survey respondents were asked to review a portion of the Wren fund annual report to respond to this question.

The exhibit containing the fund’s investments ranked highest among the three exhibits tested in the online survey, with an overall average Perception Index of 69.8 versus 64.6 for the example section and 67.8 for the fund performance section

Q27C. Looking at this section from a mutual fund annual report, please tell us how much you agree or disagree with the following statements, where 5 is “Strongly agree” and 1 is “Strongly disagree”

Perceptions	Perception Index Score
The information is helpful for making investment decisions about the fund	69.3
The document makes me feel that the fund wants investors to be well informed	70.3
It is easy for me to locate the information I consider important.	71.0
The information is presented in a format that is easy for me to follow	70.0
The information is easy to understand	67.5
The language/wording in the document is clear	68.0
The tone seems appropriate to me	69.8
The information seems credible	73.0
Overall Average	69.8

Source: Siegel+Gale online survey of 400 mutual fund investors

Note: Online survey respondents were asked to review a portion of the Wren fund annual report to respond to this question. The Perception Index score is calculated by converting the mean rating to a 100 point scale.

Summary

Overall, the portfolio of investments section ranked high on Comprehension, but Perception scores for the different versions of annual reports reviewed by homework assignment participants varied

Homework Assignment	Duck	Jay	Wren	Owl	Average
Comprehension Index	94	72	98	75	85
Perception Index	64	52	74	82	68

Source: Siegel+Gale homework assignment completed by 105 mutual fund investors

Online Survey

Comprehension Index	81.0
Perception Index	69.8

Source: Siegel+Gale online survey of 400 mutual fund investors who were asked to review a portion of the Wren fund annual report

Comprehension and Perceptions: *Board Approval of Investment Advisory Agreements* Section

Note: This section was tested in the homework assignment, but it was not tested in the online survey.

Homework Assignment and Focus Group Participants

Nearly all of Duck’s readers correctly answered that the Board considered investment performance in their decision to approve the advisory agreement

Q3. True or False: The fund’s Board of Trustees considered investment performance in their decision to approve the advisory contracts in July 2009.

Answer	Percent
True (CORRECT)	92%
False	8%

Source: Siegel+Gale homework assignment completed by 24 mutual fund investors who reviewed the “Duck” report

About three quarters of Jay’s readers correctly answered that the Board considered investment performance in their decision to approve the advisory agreement

Q3. True or False: The fund’s Board of Trustees considered investment performance in their decision to approve the new sub-advisory agreement on November 9, 2009.

Answer	Percent
True (CORRECT)	77%
False	23%

Source: Siegel+Gale homework assignment completed by 31 mutual fund investors who reviewed the “Jay” report

Nearly all of Wren's readers were able to identify that the Board took profitability into consideration in its decision to approve the advisory agreement

Q3. True or False: The Board of Trustees considered profitability of the investment adviser to the fund in approving the investment advisory agreement on April 27, 2009.

Answer	Percent
True (CORRECT)	91%
False	9%

Source: Siegel+Gale homework assignment completed by 24 mutual fund investors who reviewed the "Wren" report

And nearly all of Owl's readers correctly answered that the Board took investment results into consideration when approving the advisory agreement

Q3. True or False: The fund's board and Contract Committee considered investment results in their decision to approve the investment advisory and service agreement to continue through December 31, 2010.

Answer	Percent
True (CORRECT)	96%
False	4%

Source: Siegel+Gale homework assignment completed by 26 mutual fund investors who reviewed the "Owl" report

Across all four reports, most homework assignment participants correctly answered that the Board's approval of the advisory agreement did not depend on any one single factor

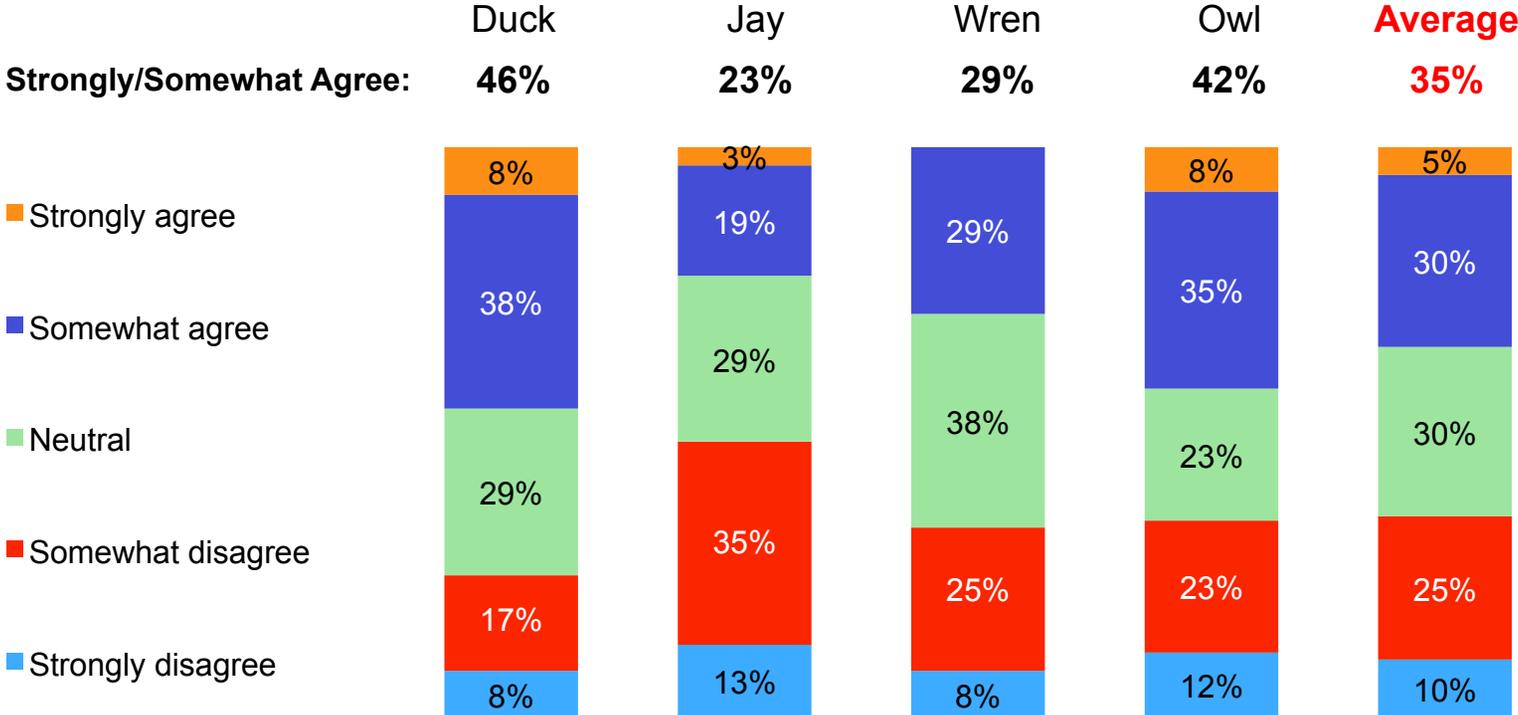
Q4. True or False: The annual approval of the investment advisory agreement is based on a single factor, such as fund performance or management fees and expenses.

	Average	Duck	Jay	Wren	Owl
True	14%	8%	23%	8%	19%
False (CORRECT)	86%	92%	77%	92%	81%

Source: Siegel+Gale homework assignment completed by 105 mutual fund investors

Fewer than half (23% to 46%) of the homework assignment participants strongly or somewhat agreed that the board approval of investment advisory agreements section was helpful and useful

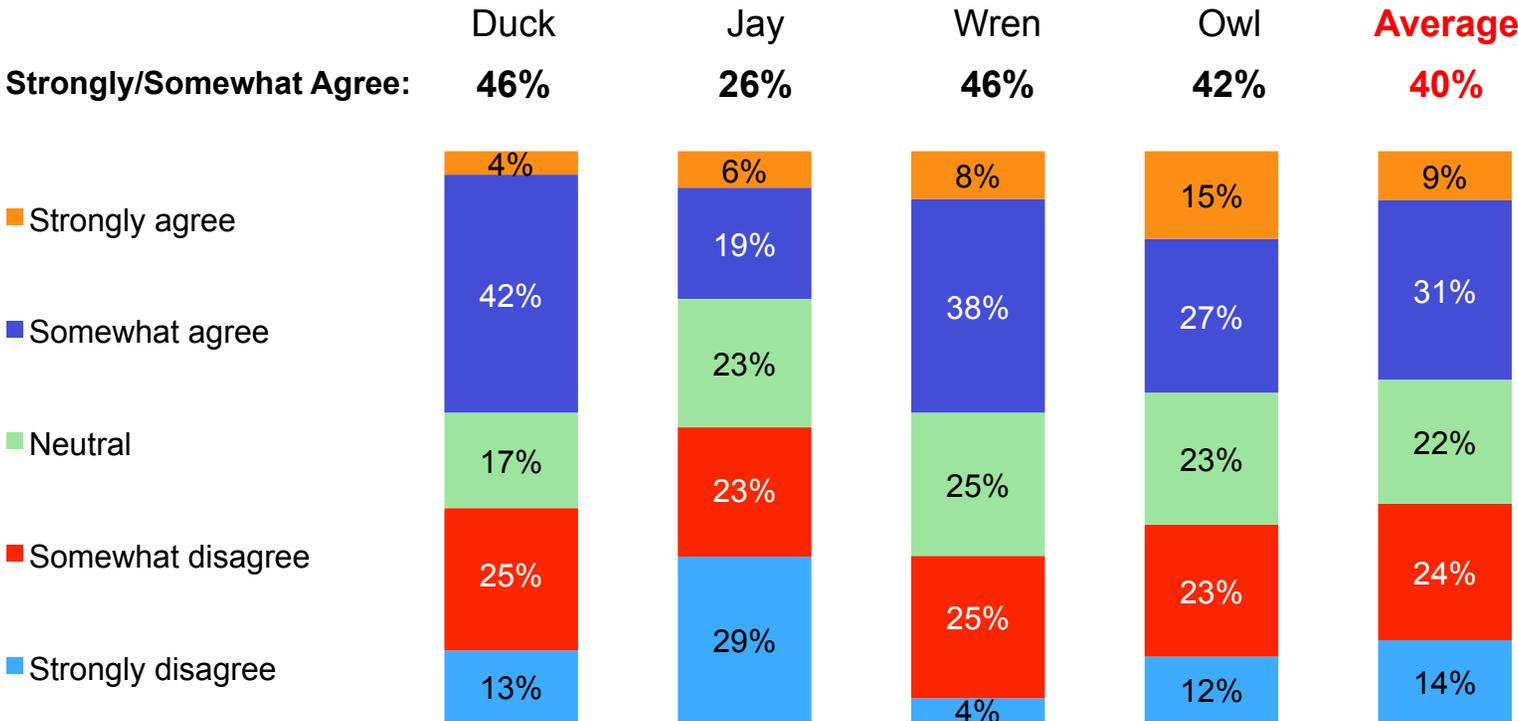
Q1. Overall, the information in this section was helpful and useful



Source: Siegel+Gale homework assignment completed by 105 mutual fund investors
 Note: Figures may not add to 100% due to rounding. Similarly, due to rounding, the “strongly/somewhat agree” number may not reflect the total of the “strongly agree” and “somewhat agree” numbers reflected in the bar chart.

In addition, fewer than half of those completing the homework assignment strongly or somewhat agreed that this section was easy to understand

Q2. Overall, the information in this section was easy to understand



Source: Siegel+Gale homework assignment completed by 105 mutual fund investors
 Note: Figures may not add to 100% due to rounding. Similarly, due to rounding, the “strongly/somewhat agree” number may not reflect the total of the “strongly agree” and “somewhat agree” numbers reflected in the bar chart.

The board approvals section was not seen as important to several of the focus groups participants

- + Some participants felt this section was too legalistic and for the protection the company
 - + *“It’s a full disclosure. The fund manager may have a brother-in-law at the law firm.”*
 - + *“Someone wasn’t notified (once), so they sued them. The lawyers told them that they needed to (include it).”*
 - + *“It’s lawyers talking to lawyers.”*
 - + *“It’s just in there to keep the (fund) company honest.”*
- + Several participants voiced little interest in this section
 - + *“I put it as a waste of time.”*
 - + *“What is this again?”*
 - + *“Do we have to look at it?”*
 - + *“This one you put online.”*
 - + *“They’re killing trees.”*

Summary

Comprehension of the board approval of investment advisory agreements section was generally very high, but Perception Scores for the section were low

Homework Assignment	Duck	Jay	Wren	Owl	Average
Comprehension Index	92	77	92	89	87
Perception Index	53	40	51	52	49

Source: Siegel+Gale homework assignment completed by 105 mutual fund investors

Overall Effectiveness of the Annual Report

Measuring the effectiveness of a document in the homework assignment

- + Siegel+Gale used its proprietary SimplicityLab™ to evaluate the effectiveness of annual reports along two metrics: Comprehension and Perception
- + Detail on these two metrics is provided in the Methodology section of this report
- + This section only reflects the results of the homework assignment because the homework assignment involved the review of a more complete annual report. Conversely, the online survey only involved the review of select excerpts from annual reports. The next section of the report, “Effectiveness of Individual Sections of the Annual Report,” includes data from both the homework assignment and the online survey.

An important caveat

The Comprehension Index and the Perception Index questions are normally presented to participants following their reading of an entire document. In the homework assignment, the comprehension and perception questions were placed immediately following the review of the corresponding sections. Hence, participants knew the answers to the comprehension questions had to fall in the section shown (rather than having to determine for themselves which section to search). This likely increased the Comprehension Index scores compared to what would have been observed if the comprehension questions had been asked after the review of the entire annual report.

Comprehension Index and Summary (Duck)

Comprehension Index	89
Expense Example	90%
If you had invested \$10,000 in the Diversified International Fund on May 1, 2009, how much would you have paid in actual expenses on your account from May 1, 2009 to October 31, 2009?	96%
The hypothetical example shows a rate of return of 5% per year. Why is this rate used?	83%
Fund Performance	82%
True or False: The ten year average annual return for shares in the Diversified International Fund was higher than the 1-year average annual return for that same class of shares.	63%
True or False: A \$10,000 investment in the Diversified International Fund from October 31, 1999 to October 31, 2009 would have, with dividend income and capital gains reinvested, outperformed the MSCI EAFE Index during that same time period	100%
Management's Discussion of Fund Performance	88%
Which one of the following industry sectors was the biggest detractor from fund performance?	96%
Did the fund perform better or worse than the MSCI EAFE Index from October 31, 2008 to October 31, 2009?	79%
In which one of these countries did the fund have more of its assets invested as of October 31, 2009?	88%
Financial Statements	89%
The turnover of the Diversified International Fund portfolio was highest in which year?	88%
What is the meaning of "portfolio turnover" included in the report?	83%
True or False: Net assets (end of period) for the Diversified International Fund were higher as of October 31, 2008 than they were as of October 31, 2009.	96%
Portfolio of Investments	94%
True or False: Common stocks made up more than 90% of the portfolio of investments as of October 31, 2009.	96%
True or False: Each investment contained in the portfolio holdings of the fund is listed from largest to smallest.	92%
Board Approval of Investment Advisory Agreements	92%
True or False: The fund's Board of Trustees considered investment performance in their decision to approve the advisory contracts in July 2009.	92%
True or False: The annual approval of the investment advisory agreement is based on a single factor, such as investment performance or management fees and total fund expenses.	92%

Comprehension Index and Summary (Jay)

Comprehension Index	74
Expense Example	82%
If you had invested \$10,000 in Class A shares of the US Government Securities Fund on October 1, 2009, how much would you have paid in actual expenses on your account from October 1, 2009 to March 31, 2010?	87%
The hypothetical example shows a rate of return of 5% per year. Why is this rate used?	77%
Fund Performance	86%
True or False: A \$10,000 investment in the US Government Securities Fund from March 31, 2000 to March 31, 2010 would have, with the maximum sales charge included, outperformed the Barclays Capital US Government Index during that same time period.	90%
True or False: The ten year average annual return for Class A shares in the US Government Securities Fund was higher than the 1-year average annual return for that same class of shares.	81%
Management's Discussion of Fund Performance	57%
Did the US Government Securities Fund perform better or worse than the Barclays Capital U.S. Government Index from March 31, 2009 to March 31, 2010?	87%
Which one of these factors hindered the performance of the US Government Securities Fund?	26%
Financial Statements	70%
The turnover of the US Government Securities Fund portfolio was highest in which period?	68%
What is the meaning of "portfolio turnover" included in the report?	80%
True or False: Net assets for the US Government Securities Fund were higher as of March 31, 2009 than they were as of March 31, 2010.	61%
Portfolio of Investments	72%
True or False: Foreign government agencies made up more than 25% of the portfolio of investments as of March 31, 2010.	87%
In which of these countries did the fund have more of its assets invested as of March 31, 2010?	74%
True or False: Each investment contained in the portfolio of investments is listed from largest to smallest.	55%
Board Approval of Investment Advisory Agreements	77%
True or False: The fund's Board of Trustees considered investment performance in their decision to approve the new sub-advisory agreement on November 9, 2009.	77%
True or False: The annual approval of the investment advisory agreement is based on a single factor, such as investment performance or sub-advisory fees.	77%

Comprehension Index and Summary (Wren)

Comprehension Index	88
Expense Example	86%
If you had invested \$10,000 in this fund in Class A shares on July 1, 2009, how much would you have paid in actual expenses on your account from July 1, 2009 to December 31, 2009?	96%
The hypothetical example shows a rate of return of 5% per year. Why is this rate used?	75%
Fund Performance	84%
True or False: A \$10,000 investment in this fund from June 30, 2002 to December 31, 2009 would have, with the maximum sales charge included, outperformed the Russell 2000 Value Index during that same time period.	75%
True or False: The 1-year performance for Class A shares was higher than the 5-year performance for that same class of shares.	92%
Management's Discussion of Fund Performance	86%
Did the fund perform better or worse than the Russell 2000 Value Index from December 31, 2008 to December 31, 2009?	100%
In which one of the following industry sectors did fund securities holdings detract from fund performance?	88%
In which one of these industry sectors did the fund have more of its assets invested as of December 31, 2009?	71%
Financial Statements	80%
The turnover of the portfolio was highest in which year?	83%
What is the meaning of "portfolio turnover" included in the annual report?	83%
True or False: Net assets were higher as of December 31, 2008 than they were as of December 31, 2009.	75%
Portfolio of Investments	98%
True or False: Common stocks made up more than 90% of the portfolio of investments as of December 31, 2009.	96%
True or False: Each investment contained in the portfolio holdings of the fund is listed from largest to smallest.	100%
Board Approval of Investment Advisory Agreements	92%
True or False: The Board of Trustees considered profitability of the investment adviser to the fund in approving the investment advisory agreement on April 27, 2009.	91%
True or False: The annual approval of the investment advisory agreement is based on a single factor, such as fund performance or management fees and expenses.	92%

Comprehension Index and Summary (Owl)

Comprehension Index	82
Expense Example	77%
If you had invested \$10,000 in this fund in Class A shares on July 1, 2009, how much would you have paid in actual expenses on your account from July 1, 2009 to December 31, 2009?	76%
The hypothetical example shows a rate of return of 5% per year. Why is this rate used?	77%
Fund Performance	88%
For the period July 26, 1975 to December 31, 2009, was the average annual total return for the fund higher or lower than that of the Lipper Balance Funds Index?	85%
True or False: The 10-year average annual total returns for Class A shares was higher than the 1-year average annual total return for that same class of shares.	88%
True or False: A \$10,000 investment in the fund from July 26, 1975 to December 31, 2009 would have, with dividends reinvested, outperformed the Barclays Capital US Aggregate Index during that same time period (NOTE: graph spans pages 4 and 5 of the report).	92%
Management's Discussion of Fund Performance	92%
What is the fund's policy regarding making investments in common stocks?	92%
During the 10-year period from 1999-2009, what was the fund's average annual return?	92%
Financial Statements	72%
The turnover of the portfolio was highest in which year?	83%
What is the meaning of "portfolio turnover" included in the report?	72%
True or False: Net assets were higher as of December 31, 2008 than they were as of December 31, 2009.	62%
Portfolio of Investments	75%
True or False: Common stocks made up more than 90% of the portfolio of investments as of December 31, 2009.	85%
True or False: Each investment contained in the portfolio holdings of the fund is listed from largest to smallest.	65%
Board Approval of Investment Advisory Agreements	89%
True or False: The fund's board and Contract Committee considered investment results in their decision to approve the investment advisory and service agreement to continue through December 31, 2010.	96%
True or False: The annual approval of the investment advisory agreement is based on a single factor, such as investment results or advisory fees and total expenses.	81%

The annual reports generally scored well on making participants feel the funds want them to be well informed but they scored less well in the areas of formatting, clarity and providing resources for questions

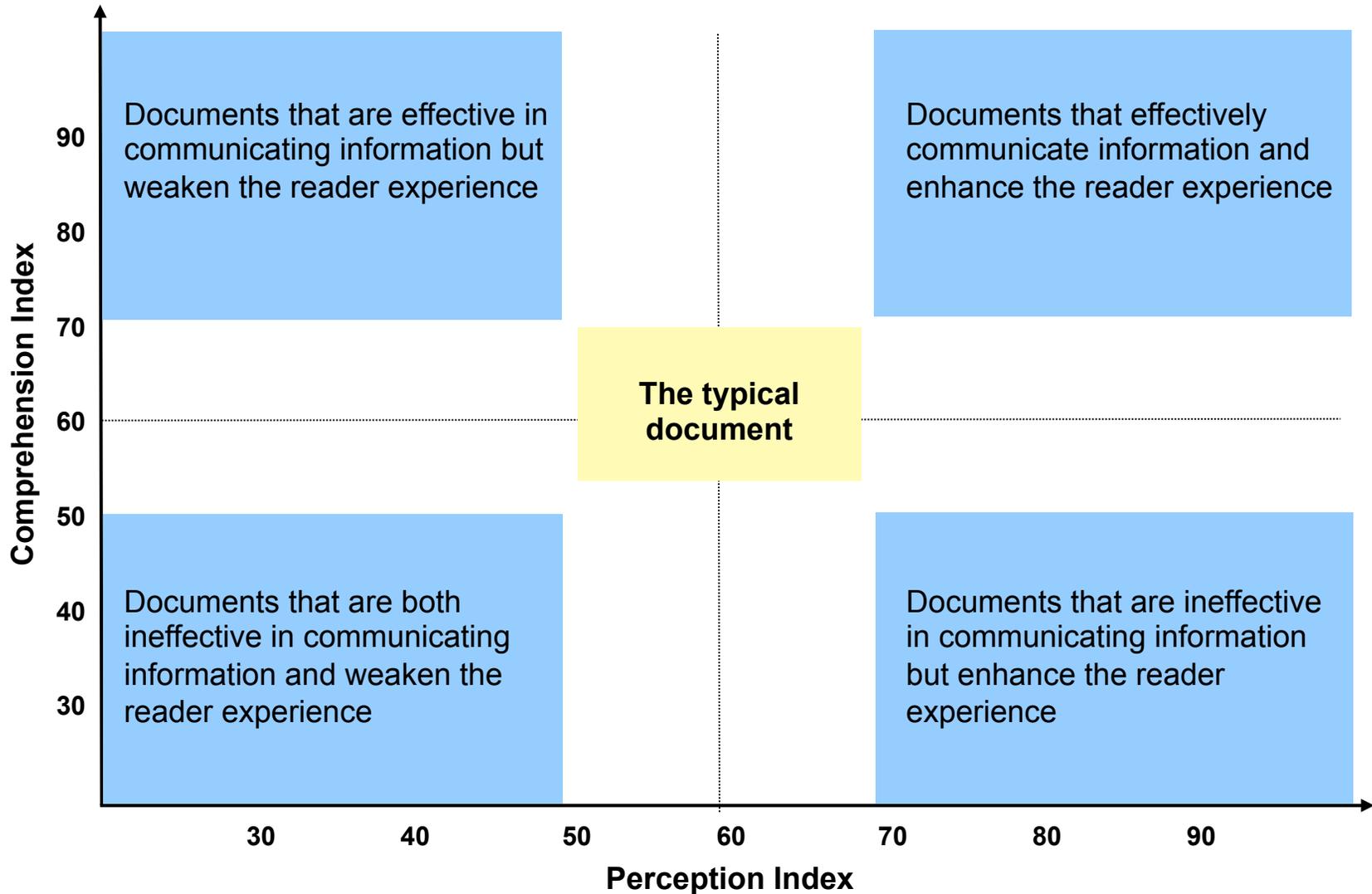
Please tell us the extent to which you agree or disagree with the following statements regarding this annual report:

	DUCK	JAY	WREN	OWL
	<i>Sample Size</i> 24	31	24	26
Perception Index	66	57	67	69
The information in this report is helpful for making investment decisions about the mutual fund	77.1	59.7	76.0	72.0
The report makes me feel that the fund wants shareholders to be well informed	77.1	76.6	69.8	77.0
The report contains all the information I think a shareholder of the fund needs to monitor an investment in the fund	77.1	67.7	65.6	69.0
The report makes appropriate use of charts, tables, and graphs to help me understand the information	71.9	67.7	65.6	73.1
It is easy for me to locate the information I consider important	69.8	52.4	75.0	79.8
The information is presented in a format that is easy for me to follow	65.6	44.4	68.8	69.2
The report is well organized, the order makes sense to me	63.5	59.7	78.1	68.3
It is easy for me to understand the key information in the report	60.4	46.8	68.8	70.2
The language/wording in the report is clear	58.3	50.0	65.6	60.0
The report is visually appealing	55.2	50.0	52.1	61.5
The report helps me understand what resources are available if I have questions or need more information	53.1	47.6	50.0	61.0

Note: The Perception Index was calculated by converting the mean rating for an item from a 1-5 scale (with 1 representing “strongly disagree” and 5 representing “strongly agree”) to a 0–100 scale and then averaging the converted scores

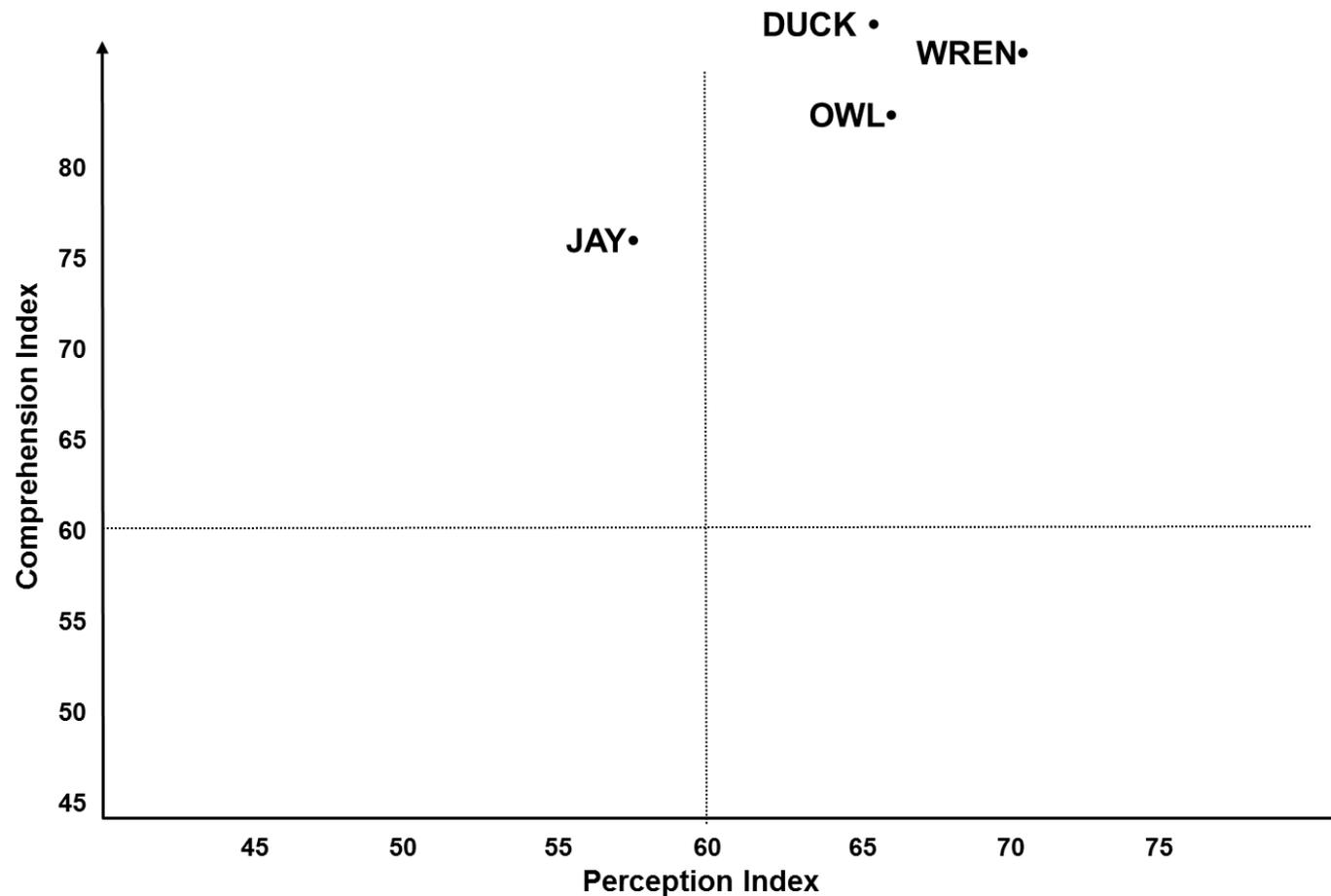
Source: Siegel+Gale homework assignment completed by 105 mutual fund investors

Recall that the Siegel+Gale SimplicityLab™ norm for a typical document sent to a customer by a U.S. firm is 60 on each Index



* The “typical document” represents the average scores observed for existing documents across various letters, notices, and other documents tested by Siegel+Gale

Three of the four annual reports reviewed by homework assignment participants scored high on both the Comprehension and Perception Indices; Jay the fourth report scored high on the Comprehension Index but slightly below average on the Perception Index (see footnote below)



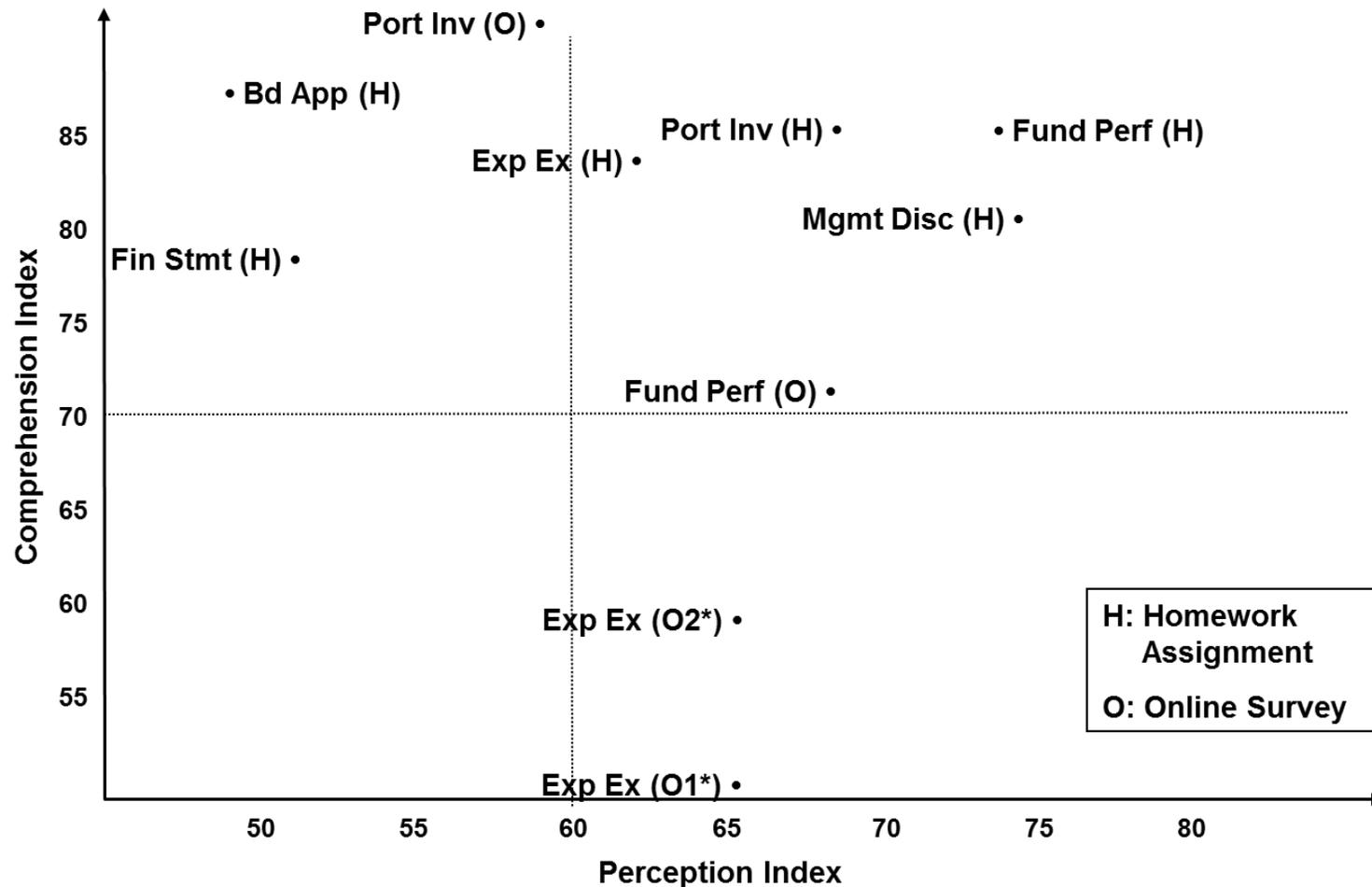
Note: Comprehension was asked immediately following review of the corresponding section, not following the review of an entire report; this likely increased the Comprehension Indices

Effectiveness of Individual Sections of the Annual Report

Effectiveness of individual sections of the annual shareholder report

- + The chart on the next slide plots the Comprehension Index and Perception Index for each section of the annual report examined in the homework assignment and online survey.
- + This analysis reveals that there was considerable variation in both metrics for the different sections.

Analysis of the Comprehension Index and Perception Index for individual sections of the annual report revealed considerable variation



Note: Comprehension was asked immediately following review of the corresponding section, not following the review of an entire report; this likely increased the Comprehension Indices

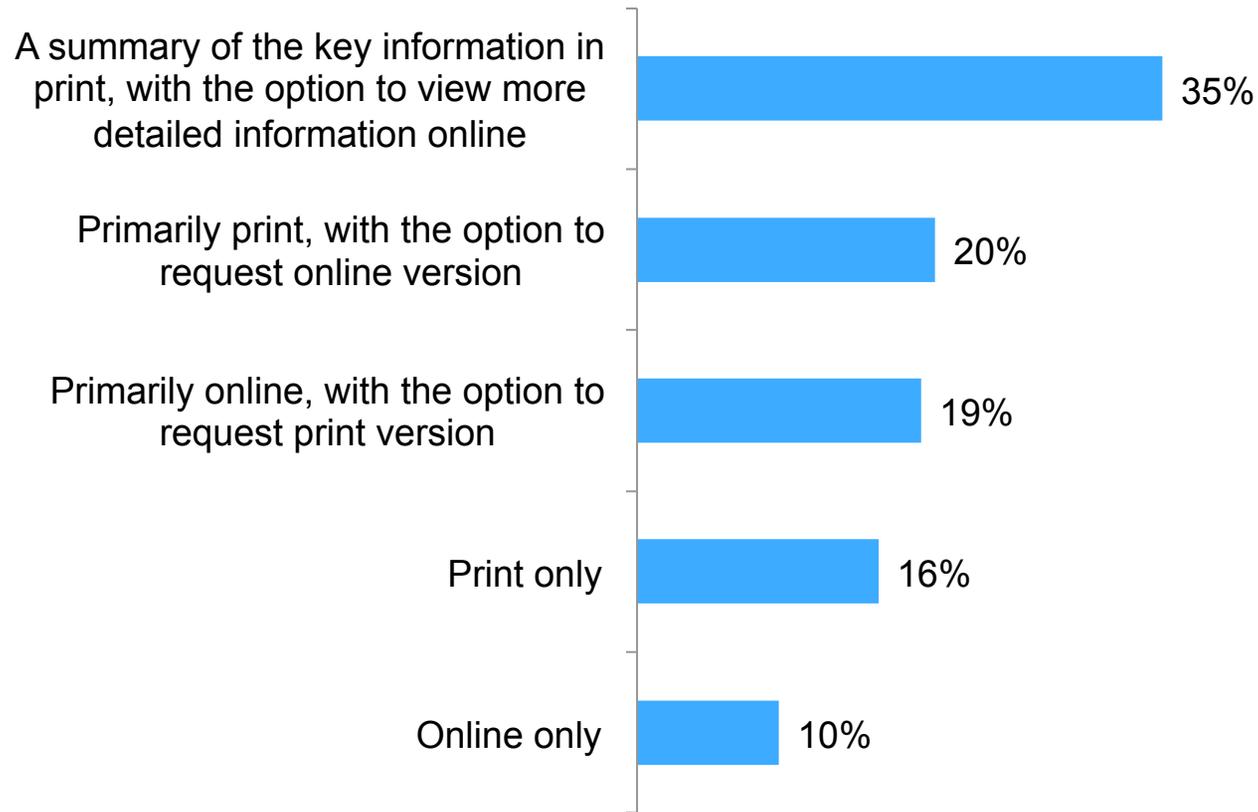
See footnote () on page 99 for an explanation of the two methods used to calculate comprehension for the expense example questions in the online survey

Preferences Regarding Delivery and Content of Annual Report

Delivery of Information

Homework assignment participants were divided regarding their preferences for reading an annual report in print or electronically

Q10. If you were to read a mutual fund annual report, how would you prefer to **read** it? Please select one response only.



Source: Siegel+Gale homework assignment completed by 105 mutual fund investors

Focus group participants provided insight into why they were divided on how they would like the annual report delivered

- + Many felt that investors should at least be given the option to receive a hard copy of the report

“My father reads every page from cover to cover and spends hours on it. He’s 72 years old.”

“It (a paper copy) should be available, if you want it.”

“Please mail me the full copy. Send all a short copy.”

“It should be an option where I can change my mind and say that I want it.”

“You should have the option to either receive the full annual report or a summary (in the mail).”

- + Some wanted to have the report posted online

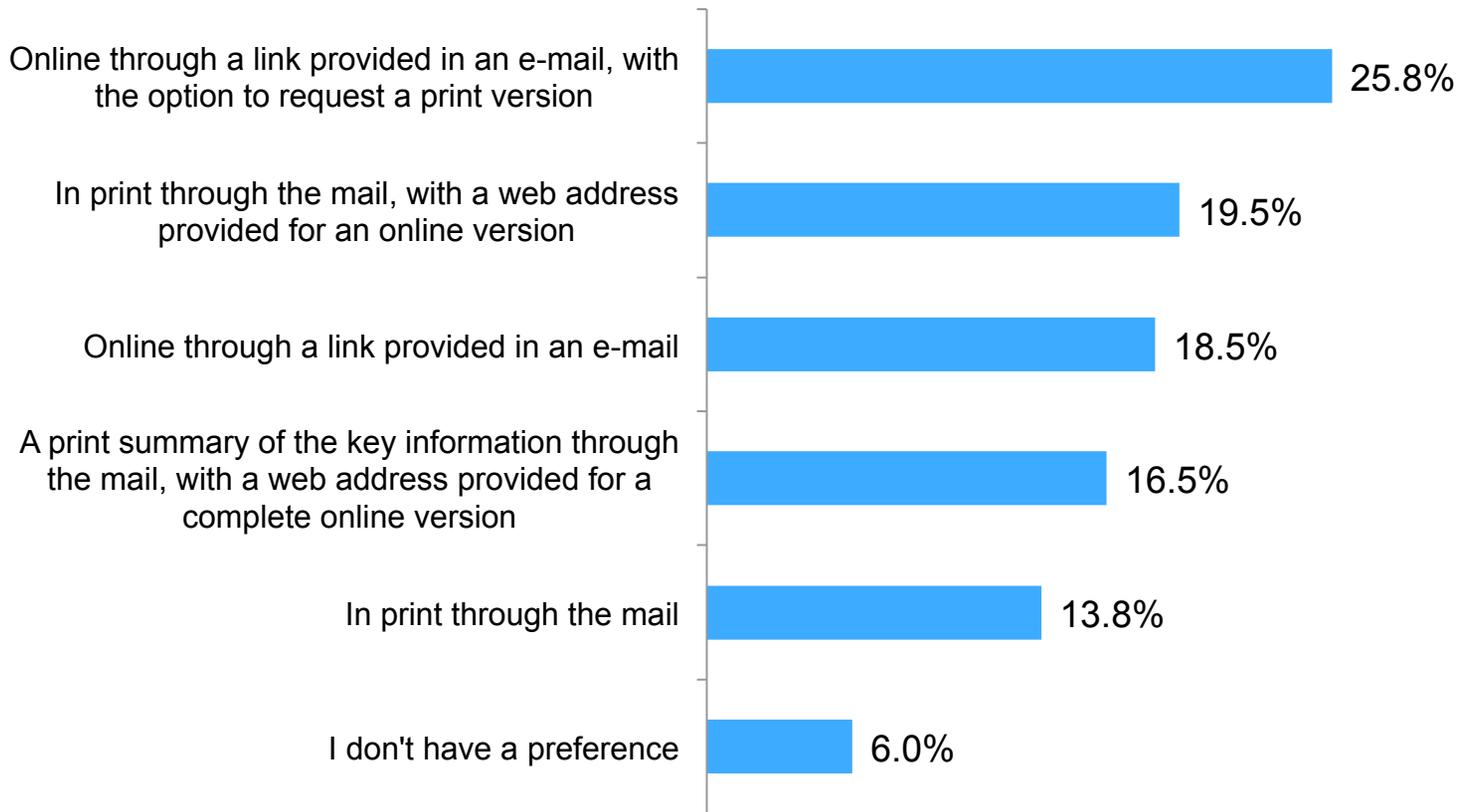
“I would prefer it would be online and I could pick and choose what I want to read. I just want to know when available.”

“There would be a savings which should be passed back to me.”

“(Put it online and) save a lot of trees.”

There was a lack of consensus among online survey respondents regarding their preferences for their receiving information about their investments in print or electronically

Q1 . How would you prefer to **receive** information about your mutual fund investments?



Source: Siegel+Gale online survey of 400 mutual fund investors

Note: Figures do not add to 100% due to rounding

Content of the Annual Report

There was consistency in how the focus group participants would want to see sections ordered

- + Fund Performance
- + Expense Example or Fund Holdings (groups were split)
- + Fund Holdings or Expense Example (groups were split)
- + Financial Statements/Summary Table of Financial Information
- + Board Approval of Investment Advisory Agreements

Note: These were the only sections focus group participants were asked to put in order

Focus group participants were asked how they would like to see multiple fund reports organized

- + The majority of the focus group participants who expressed an opinion preferred sequential ordering (i.e., all information for one fund, followed by all information for the next fund, etc.)
- + Organizing the report by addressing all funds within a topic was seen as advantageous for those who wish to compare funds but disadvantageous for those who hold only one of the funds

The idea of sending out a shortened version of the annual report appealed to many of the focus group participants; many expressed a preference for the following sections to be included in a shortened version:

- + Management's Discussion of Fund Performance
- + Fund Performance
- + Expense Example (Note: some disagreed on this section)
- + Summary Table of Financial Information
- + Fund Holdings
 - + Out of those who wanted fund holdings in the summary report, many wanted a partial list, while a handful wanted a complete list; most wanted the graphical representation of fund holdings to be included in a shortened version of the annual report
 - + Those who supported the idea of a partial list suggested a number between 10 and 50, or including the holdings that represent at least a significant proportion of the fund's total value
- + Some participants suggested that links be provided to where the remaining sections of the annual report could be found online

Source: Siegel+Gale focus groups among mutual fund investors

Some focus group participants offered other suggestions for improving the annual report

- + Include an Executive Summary in the report
- + Include a Glossary of Terms
- + Use bullet points, charts and graphs
- + Make the report forward-looking, not just retrospective
- + Get rid of the wordiness
- + Have people indicate at fund purchase how they want to receive/view the annual report

Reactions to a revised format of the print version of the expense example section were very positive among most of the focus group participants*

“This is so much easier.”

“I like it. The print is bigger.”

“It’s more approachable.”

“The (original version) had too much to read. This is more concise; it’s easy.”

“(The revision) gives you the calculation. It shows how you could do it with your own (investment) amount.”

“I like the way (the revision) broke (the two examples) up and attached the (verbal description) to the charts.”

“I like the clarity and the transparency of the costs.”

“This page seems so much more user-friendly. The other seems sterile, like it was written by an attorney.”

“The explanations are very good.”

Source: Siegel+Gale focus groups among mutual fund investors

*See Appendix 2 for revised format exhibit shown during focus groups

An online version of the expense example in which investors can insert their own information and have the expenses calculated was well received by many of the focus group participants

“I like this.”

“I would be more apt to use this than the paper form.”

“I would be able to do comparisons easier.”

“They’re going to have to do this because everything is going online.”

“I wouldn’t have to use my calculator.”

“I like that you can customize it.”

Putting the portfolio of investments section online was acceptable to some focus group participants, but others didn't like the idea

“A summary would be fine, but the rest absolutely should be on the website.”

“Put the top 20 in the report and the rest online, with the ability to sort however you wanted.”

“The top 50, but not all of them. Seeing the rest online would be perfect.”

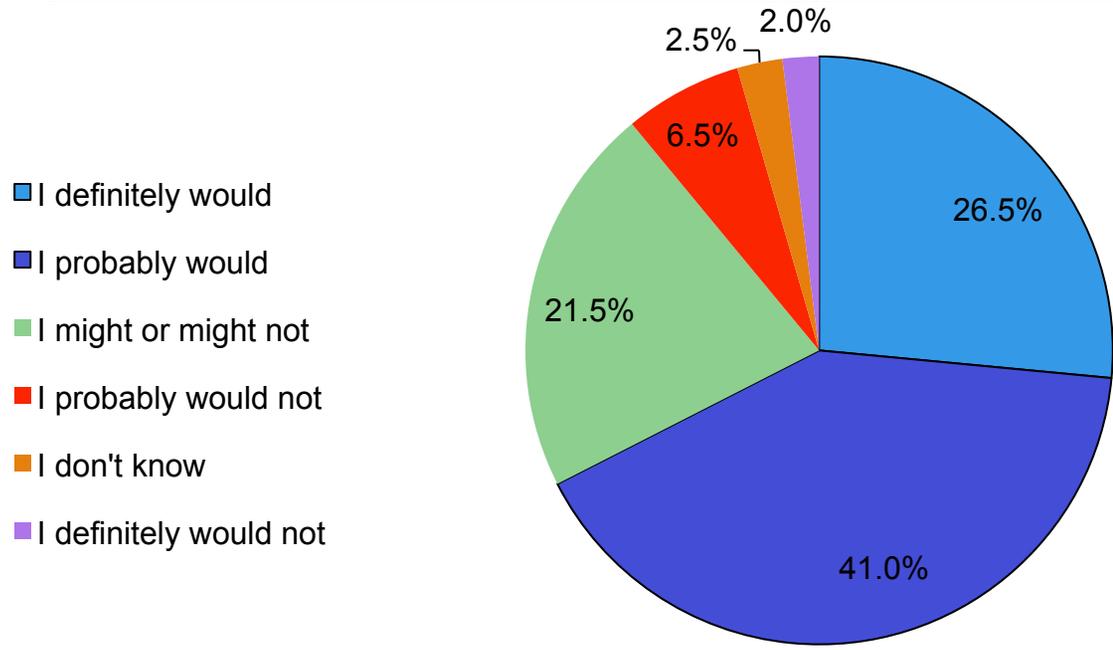
“The having to scroll through it (is cumbersome). Sometimes you lose your place. It is difficult to go back and forth.”

“If you don't find what you're looking for within the first ten clicks, then you give up.”

In the online survey, two-thirds of the respondents reported that they definitely or probably would use an online tool for calculating fund expenses

Q10. If you could go online to an expense calculator and calculate the expenses that your fund(s) charged in a given year, would you do so?

Definitely/Probably would:	67.5%
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Source: Siegel+Gale online survey of 400 mutual fund investors

Focus group participants had different opinions regarding how many holdings should be presented in the portfolio of investments section

“I want them all. There are some companies here that I would say, ‘Hmm. Not doing that.’”

“Show me the top 50, but not all of them.”

“Show me the top 30 by value.”

“Maybe any stock (that represents) over 5 percent (of the fund’s total value).”

“(If complete list is not shown), the rest absolutely should be on the website.”

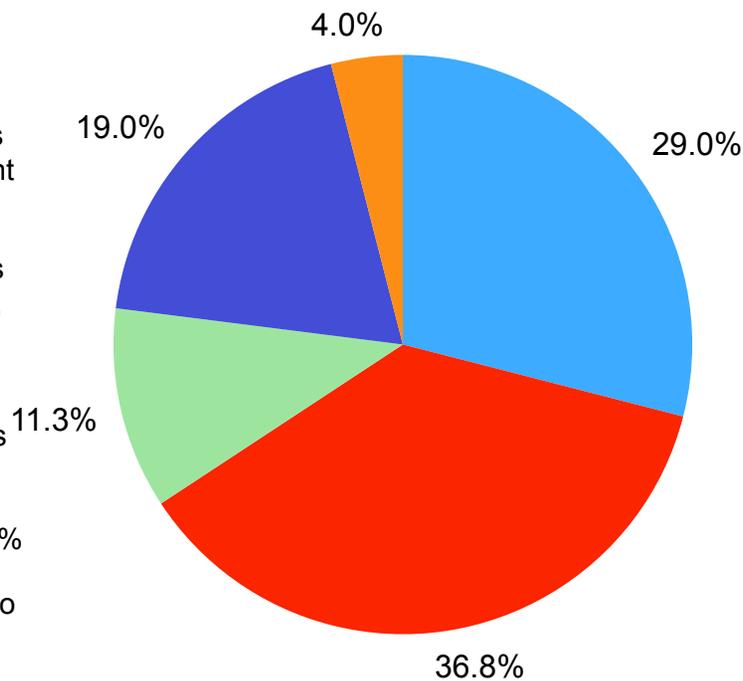
“How about showing the (stocks that represent the) top 60% of the fund’s value?”

“Maybe apply the 80/20 rule (i.e., show the 20 percent of stocks that likely account for 80 percent of the value).”

Online survey respondents were divided with respect to their preferences regarding the level of detail that should be provided about their mutual fund portfolio holdings

Q20. Which of the following best describes your preference for receiving information about your mutual fund portfolio holdings?

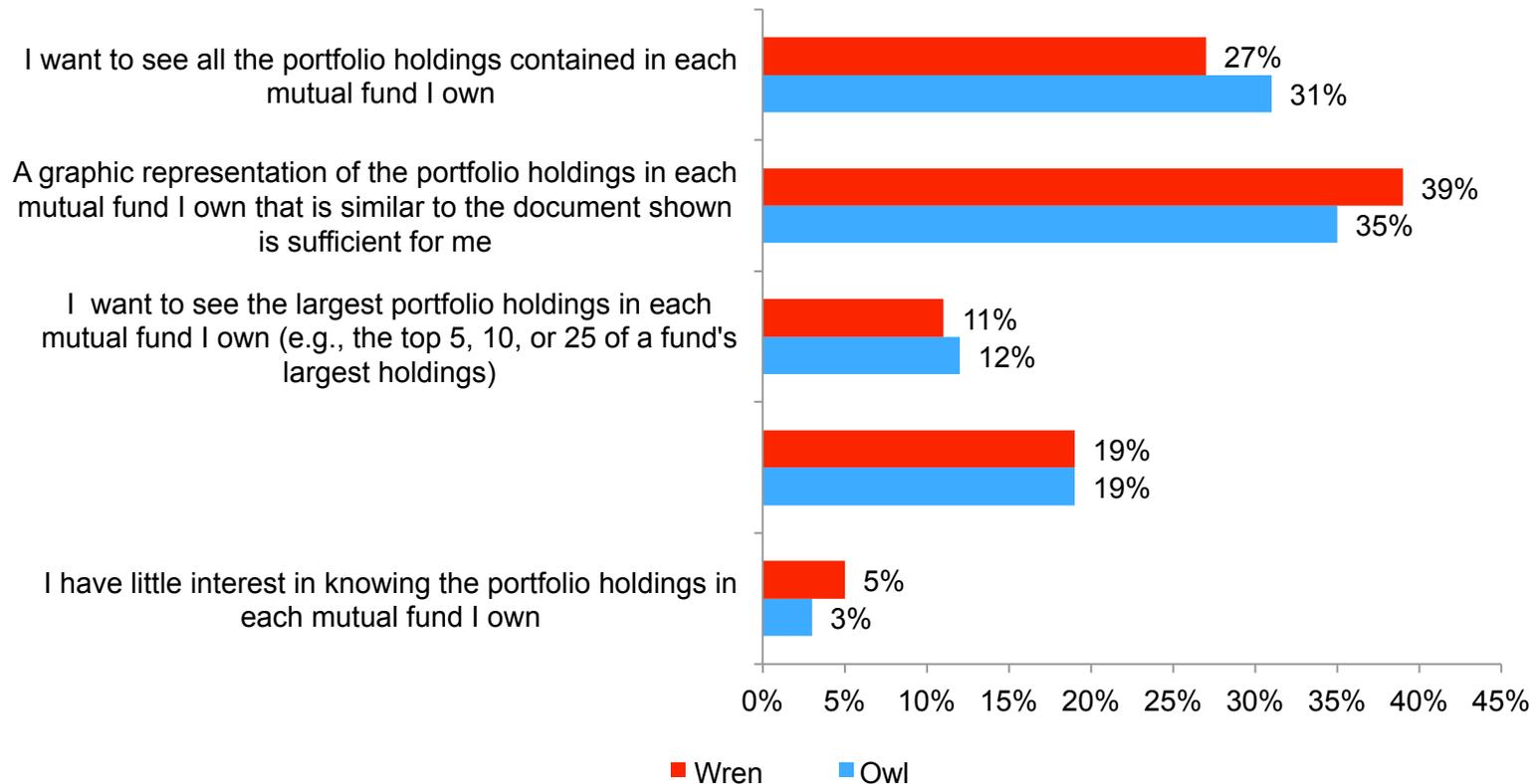
- I want to see all the portfolio holdings contained in each mutual fund I own
- A graphic representation of the portfolio holdings in each mutual fund I own that is similar to the document shown is sufficient for me
- I want to see the largest portfolio holdings in each mutual fund I own (e.g., the top 5, 10, or 25 of a fund's largest holdings)
- I want to see the largest portfolio holdings that, together, account for a certain percentage of the investments in each mutual fund I own (e.g., 25%, 50%, or 75% of fund investments)
- I have little interest in knowing the portfolio holdings in each mutual fund I own



Source: Siegel+Gale online survey of 400 mutual fund investors
Note: Figures do not add to 100% due to rounding

Online survey respondents who saw a bar chart example taken from the Wren fund report had similar responses regarding their preferences for receiving portfolio holdings information to those who saw a pie chart example taken from the Owl fund report

Q20. Which of the following best describes your preference for receiving information about your mutual fund portfolio holdings?



Source: Siegel+Gale online survey of 400 mutual fund investors
Note: Figures do not add to 100% due to rounding

Appendix 1: Participant/Respondent Demographics

Homework participant demographics

	Sample Size	Duck 24	Jay 31	Owl 24	Wren 26	Total 105
City						
Dallas		50%	45%	46%	50%	48%
Baltimore		50%	55%	54%	50%	52%
Q1 Gender						
Male		17%	45%	54%	63%	45%
Female		83%	55%	46%	38%	55%
Q7 Age						
21-34		8%	13%	7%	8%	9%
35-44		17%	21%	38%	21%	25%
45-54		29%	21%	24%	25%	25%
55-64		42%	29%	14%	38%	30%
65-72		4%	17%	17%	8%	12%
Q8 Decision maker						
Primary decision maker		63%	55%	54%	46%	54%
Share in decision making		38%	45%	46%	54%	46%
No involvement		0%	0%	0%	0%	0%

Note: Figures do not add to 100% due to rounding

Homework participant demographics (continued)

	Sample Size	Duck 24	Jay 31	Owl 24	Wren 26	Total 105
Q9 Investments owned						
Individual stocks		71%	61%	65%	67%	66%
Individual bonds		50%	52%	42%	38%	46%
Mutual Funds or ETFs (Exchange Traded Funds)		100%	100%	100%	100%	100%
CDs or Money Market Accounts		54%	65%	62%	50%	58%
Q10 Money currently invested						
Under \$5,000		0%	0%	0%	0%	0%
\$5,000 to \$24,999		17%	26%	23%	8%	19%
\$25,000 to \$49,999		8%	16%	19%	21%	16%
\$50,000 to \$99,999		21%	13%	12%	21%	16%
\$100,000 to \$249,999		29%	19%	23%	25%	24%
\$250,000 to \$499,999		17%	16%	15%	13%	15%
\$500,000 to \$1,000,000		8%	6%	8%	8%	8%
Over \$1,000,000		0%	3%	0%	4%	2%
Q11 Acquisition method						
Direct from mutual fund company		21%	23%	42%	21%	27%
Employer sponsored retirement program		71%	81%	77%	63%	73%
Financial intermediary		46%	39%	31%	63%	44%
Other		8%	3%	0%	4%	4%

Note: Figures do not add to 100% due to rounding

Homework participant demographics (continued)

	Sample Size	Duck	Jay	Owl	Wren	Total
Q13 Level of involvement in personal investments						
Actively involved		33%	35%	19%	13%	26%
Control some aspects		58%	39%	50%	63%	51%
Have little interest or involvement		8%	26%	31%	25%	23%
Q14 Education						
Some HS		0%	0%	0%	0%	0%
Graduated HS		0%	3%	8%	13%	6%
Some college		8%	0%	8%	0%	4%
2 yr. college diploma		21%	26%	19%	8%	19%
Graduated 4 yr college		54%	39%	42%	46%	45%
Completed Master's program		17%	29%	15%	21%	21%
Graduated from law, medical or PhD		0%	0%	8%	13%	5%
Other		0%	3%	0%	0%	1%

Note: Figures do not add to 100% due to rounding

Online survey respondent demographics

S4 Gender	Percent
Male	54%
Female	46%
S3 Age	Percent
21 – 34	20%
35 – 44	23%
45 – 54	21%
55 – 64	21%
65 – 72	15%
S5 Decision maker	Percent
Primary decision maker	64%
Share in decision making	36%
S7 Investments owned	Percent
Individual stocks	65%
Individual bonds	33%
Mutual Funds	100%
Annuities	30%
CDs or Money Market Accounts	59%
Other	6%

Online survey respondent demographics (continued)

S6 Money currently invested	Percent
\$5,000 to \$9,999	2%
\$10,000 to \$49,999	20%
\$50,000 to \$99,999	25%
\$100,000 to \$249,999	26%
\$250,000 to \$499,999	15%
\$500,000 to \$1,000,000	12%

S8 Acquisition method	Percent
Through inheritance/gift	10%
Direct from mutual fund company	36%
Employer sponsored retirement program	53%
Using a broker or investment adviser	62%
Other	1%

S9 Level of involvement in personal investments	Percent
Actively involved	48%
Control some aspects	52%

S2 Education	Percent
Graduated HS/received GED	17%
2 yr. college diploma	12%
Graduated 4 yr college	47%
Completed Master's program	18%
Graduated from law, medical or PhD	4%
Other	3%

Appendix 2:
Revised Format of
Expense Example from
Focus Groups

Expense example: Revised formatting presented during Focus Groups

EXPENSES / EXHIBIT 1

Wren Small-Cap Growth Fund

Fund expenses

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as sales charges (loads) or redemption fees (if applicable).

- As a shareholder of the Fund, you incur two types of costs:
- **transaction costs**, including sales charges (loads) on purchases and redemption fees (if applicable); and
 - **ongoing costs**, including management fees; distribution or service fees; and other Fund expenses.

Actual expenses*

The table on the right provides information about actual account values and actual expenses. You may use this information, together with the amount you invested, to estimate the expenses that you paid over the period.

If you are uncertain about which class of shares you own, look at the Holdings or Portfolio section of your account statement.

Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first section under the heading entitled "Expenses Paid During Period" to estimate the expenses you paid on your account during this period.

	Beginning account value (7/1/09)	Ending account value (12/31/09)	Expenses paid during period (7/1/09–12/31/09)
Class A	\$1,000.00	\$1,240.70	\$9.32***
Class B	\$1,000.00	\$1,236.60	\$13.53***
Class C	\$1,000.00	\$1,236.60	\$13.53***
Class I	\$1,000.00	\$1,062.90	\$3.64***

$$\text{Estimated expense paid} = \frac{\text{Account value}}{\$1,000} \times \text{Expenses paid during period}$$

Example: You invested \$8,600.

$$\$80.15 = \frac{\$8,600}{\$1,000} \times \$9.32$$

Hypothetical example for comparison purposes**

The table on the right provides information about hypothetical account values and hypothetical expenses based on the actual Fund expense ratio and an assumed rate of return of 5% per year (before expenses), which is not the actual return of the Fund. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in your Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

This Example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds. The Example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period (July 1, 2009 – December 31, 2009).

	Beginning account value	Ending account value	Expenses paid during period (7/1/09–12/31/09)
Class A	\$1,000.00	\$1,016.89	\$8.39***
Class B	\$1,000.00	\$1,013.11	\$12.18***
Class C	\$1,000.00	\$1,013.11	\$12.18***
Class I	\$1,000.00	\$1,350.00	\$7.12***

* Class I had not commenced operations as of July 1, 2009. Actual expenses are equal to the Fund's annualized expense ratio of 1.65% for Class A shares, 2.40% for Class B shares, 2.40% for Class C shares and 1.40% for Class I shares, multiplied by the average account value over the period, multiplied by 184/365 for Class A, Class B and Class C (to reflect the one-half year period) and by 92/365 for Class I (to reflect the period from commencement of operations

on October 1, 2009 to December 31, 2009). The Example assumes that the \$1,000 was invested at the net asset value per share determined at the close of business on June 30, 2009 (September 30, 2009 for Class I).

** Hypothetical expenses are equal to the Fund's annualized expense ratio of 1.65% for Class A shares, 2.40% for Class B shares, 2.40% for Class C shares and 1.40% for Class I shares, multiplied by the

average account value over the period, multiplied by 184/365 (to reflect the one-half year period). The Example assumes that the \$1,000 was invested at the net asset value per share determined at the close of business on June 30, 2009 (September 30, 2009 for Class I).

*** Absent an allocation of certain expenses to affiliates, the expenses would be higher.

+ siegel
gale

simple is smart