



UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

VISION OF
IN. TMENT MANAGEMENT

Act	ICA-40
Section	8(b)
Rule	
Public	
Availability	6-15-93

June 15, 1993

Ms. Amy B.R. Lancellotta
Associate Counsel
Investment Company Institute
1600 M Street
Washington, DC 20036

Re: Line Graph Comparison for Multi-class Funds

Dear Ms. Lancellotta:

New Item 5A of Form N-1A requires, among other things, mutual fund registrants to include in their prospectuses or annual reports a line graph comparison of their performance to that of an appropriate broad-based securities index. The item does not however, specify how a mutual fund issuing multiple classes of securities pursuant to exemptive orders under Section 18 of the Investment Company Act of 1940 ("multi-class funds") should present the line graph comparison. Several persons representing mutual fund organizations, including the Investment Company Institute, have asked us for guidance in this regard.

There are several possible ways for registrants to convey this information, and the Division is not, at this time, limiting registrants to a single method in all circumstances. Instead, we are providing guidance for registrants in developing an appropriate method of presenting the information required by Item 5A. Registrants should be guided by their responsibility under the Federal securities laws to present required disclosure in a manner that does not mislead investors. As discussed in more detail below, this may mean that a method of presentation that is appropriate for one multi-class fund may not be appropriate for another.

This letter assumes that a multi-class fund will be making disclosures in a single prospectus or annual report.

1. Where each class of the fund's shares was initially offered on the same date, the fund should present a single graph that has a separate line showing the performance of each class. Each line should reflect the applicable loads and fees.

2. A fund with classes initially offered on different dates could use multiple graphs. Each graph should begin at the time of initial offering of that class and show a separate line for each class (that was offered at that time) assuming an initial investment in each class at that time.
3. Funds with classes of shares offered on different dates could also use only a line representing performance of the oldest class for the performance of the fund, provided that:
 - a. prominent disclosure is made that the performance of other classes will be greater than or less than the line shown based on the differences in loads and fees paid by shareholders investing in the different classes; and
 - b. the one, five and ten year (or life of fund) performance required to be provided in or contiguous to the line graph is provided for each class. "Life of the class" should substitute for "life of the fund" where the class has not been offered for the one, five or ten year periods. The period covered by the "life of the class" should be disclosed.

As stated above, in some cases one or more of the alternative approaches may not be appropriate because it could materially mislead and confuse investors. For example, if the oldest class of shares had substantially lower loads and/or fees than the newer class(es), it would be inappropriate to use the third approach discussed above. In addition, there may be other methods of conveying the information than those described above that may be used. However, we discourage the use of a single graph with multiple line graph comparisons (each beginning at a different date) because we believe that investors will find such a graph confusing.

The Division intends to review the line graph comparisons in disclosure documents filed by registrants and intends to pay particular attention to the line graphs of multi-class funds. Based upon that review, we may provide further interpretive advice and, in cases where the disclosure is materially deficient, may request that a multi-class fund restate its line graph comparison and redistribute the disclosure document in which it is presented.

Sincerely,



Robert E. Plaze
Assistant Director