



# Sacks Equalization Model Inc.

## Examples Of Mutual Funds Shareholders Loss Due To The Unfair Daily Pricing Of Shares

**According to the Investment Company Institute's Fact Book, the total amount of purchase and redemptions of US mutual funds in 2013 were \$36 Trillion and total assets were \$15 Trillion.**

### Average Portfolio Trading Costs

(includes trading commissions, bid-ask differential costs and "market impact costs" due to the related excessive trading of mutual fund shares. Does not include management and administrative fees.)

### Total Shareholder's Loss Per Year

<b>.5%</b>	<b>\$18 Billion</b>
<b>1%</b>	<b>\$36 Billion</b>
<b>2%</b>	<b>\$72 Billion</b>
<b>3%</b>	<b>\$54 Billion</b>

Notes: The percentages of the above will vary with each individual mutual fund depending upon their stated investment objectives, portfolio turnover and size.

"Market Impact Costs" – SEC Investment Company Act Release No. 26782 (Mar 11, 2005), the Commission stated "that excessive trading can harm long-term investors by, among other things, raising the fund's transaction costs because the fund manager must either hold extra cash or sell investments at inopportune times to meet redemptions"

**According to the ICI's Fact Book, US mutual fund households held a medium of \$100,000 in fund assets. Using the above lowest amount of costs at .5%, each mutual fund household would incur on average a loss of \$1,200 a year, or if held long term, a total of \$6,000 for 5 years, \$12,000 for 10 years and \$24,000 for 20 years, not counting for any appreciation or depreciation of assets.**

