

From: Ramesh Errabolu
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To: Securities and Exchange Commission

Reference: Petition for Rulemaking

Dear Sir/Madam,

I would like to request SEC to extend the current rules regarding performance reporting of mutual funds and ETFs. Per my understanding, AMC's don't have to report cost of inflation on the performance of a mutual fund or ETF. This leads most investors to misread performance i.e. they don't adjust the impact of the cost of inflation. Let me explain via an example. Assume the following: Annualized inflation is 4%. Annualized performance of mutual fund of interest is 10% over a 5 year window. The actual performance, upon adjusting for inflation, is 6% about 40% less than the reported value of 10%. I suspect this detail is lost for many investors.

I therefore urge SEC to require to mutual funds and ETFs to report performance in terms of both adjusted and non-adjusted. I believe this will allow investors to appreciate the impact of inflation. This knowledge will also help in determining the right set of investment instruments e.g. bonds vs equity vs others.

Please do the needful if the letter is received at the wrong department i.e. forward it to the right department via inter-departmental mail transfer. Should that be not possible, please do inform me of the same and the right department and address to send it to.

Please feel free to reach me @ Ramesh.Errabolu@gmail.com

Regards,
Ramesh Errabolu