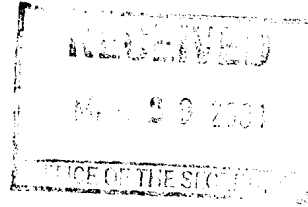


57-29-03

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1921 Lark Lane  
Cherry Hill, New Jersey 08003  
March 21, 2004



Jonathan G. Katz, Secretary  
U.S. Securities and Exchange Commission  
450 Fifth St., N.W.  
Washington, D.C. 20549-0609

cc: Eric S. Purple, Senior Counsel

Dear Sir,

Re: Your request for comments on Mutual Fund disclosure

On September 26, 2002 I sent a letter to you and received a reply from Eric S. Purple, Senior Counsel, both letters are enclosed. With the unfavorable revelations regarding the Mutual Fund industry, I believe my 9/26/02 suggestion is even more relevant today.

Mutual funds, in their semiannual and annual reports, list their security holdings by name, number of shares held and market valuation. Shareholders, should also know the acquisition date and \$cost of every security.

Regarding Mr. Purple's letter,

3<sup>rd</sup> paragraph – How could reporting cost information be of only marginal value to investors in judging an investment company's performance? When I receive a semi annual or annual report it would be extremely helpful if I could see when each security was acquired, what its cost basis is and what the unrealized gain or loss is. This information is necessary in order to evaluate the effectiveness of the portfolio manager. As an investor shouldn't I be able to do that? As for the cost of providing this information, Mutual Funds must maintain this information now, in order to be able to determine their reported Net Unrealized Appreciation (Depreciation) for the period. Including the detail cost information in the report to Shareholders would only require two more columns and perhaps a few more pages. Since the Mutual Funds were required to report this information once before they shouldn't have any problem reporting it again.

I believe that Mutual Fund shareholders should be entitled to this information in order to make informed investment decisions. What can I do to help make this come about?

Very truly yours,

Ron Grist

1921 Lark Lane  
Cherry Hill, New Jersey 08003  
September 26, 2002

Jonathan G. Katz , Secretary  
Securities and Exchange Commission  
450 Fifth St., N.W.  
Washington, D.C. 20549-0609

Dear Sir,

Mutual funds, in their semiannual and annual reports, list their security holdings by name, number of shares held and market valuation. In the Notes, they also state the net \$unrealized appreciation, comprised of \$unrealized appreciation less \$unrealized depreciation. Why doesn't the SEC require Mutual funds to include their acquisition date(s) and \$cost of each security in this listing? This would enable investors to better understand and evaluate their performance.

What would the process be to make this come about?

Thank you,



Ron Grist



DIVISION OF  
INVESTMENT MANAGEMENT

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

November 18, 2002

Mr. Ron Grist  
1921 Lark Lane  
Cherry Hill, NJ 08003

Re: List of Securities Holdings Contained in Annual and Semi-annual Reports

Dear Mr. Grist:

Thank you for your letter dated October 1, 2002 to Jonathan Katz, Secretary of the United States Securities and Exchange Commission. Your letter has been forwarded for response to the Commission's Division of Investment Management, which is primarily responsible for the regulation of mutual funds, other investment companies, and investment advisers that are registered with the Commission.

In your letter, you ask why the Commission does not require a mutual fund to include in its semi-annual and annual reports to shareholders ("shareholder reports") the acquisition date and cost of each security that is held by the fund. You also ask how mutual funds could be required to disclose this information.

As background, we note that prior to July 14, 1981, a mutual fund was required to disclose in the financial statements that it filed with the Commission in its registration statement the cost of each portfolio security that the fund held.<sup>1</sup> The Commission determined, however, to eliminate this requirement based, in part, upon public comments that it had received regarding the requirement. The Commission observed that "[i]t appears that cost information is of only marginal value to investors in judging an investment company's performance. Furthermore, it appears from the [public] comments that the costs associated with retention of the requirement [to provide this information] would be substantial."<sup>2</sup>

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<sup>1</sup> Mutual funds were not, however, required to disclose the cost information in their shareholder reports, nor were they required to provide the acquisition dates of their holdings as part of this requirement.

<sup>2</sup> *Standardization of Financial Statement Requirements in Management Investment Company Registration Statements and Reports to Shareholders*, SEC Rel. No. 33-6326, 46 Fed. Reg. 36120 (July 14, 1981).

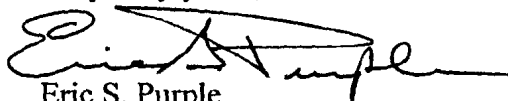
We believe that some mutual funds may voluntarily provide information to shareholders about the cost of the funds' portfolio securities. You may wish to contact the individual mutual funds in which you have invested, and request this information.

In order to require mutual funds to disclose in their shareholder reports the cost of individual portfolio securities and the securities' acquisition dates, the Commission generally would have to amend Regulation S-X under the Securities Act of 1933. That Commission rule governs, among other things, the content of the financial statements that a mutual fund provides to its shareholders as part of its shareholder reports. If the Commission proposed to amend Regulation S-X, it would publish a formal rule proposal in the Federal Register and on its web site.<sup>3</sup> Any interested person would be able to comment on the proposed rule, and the Commission would consider all of the public comments that it received before issuing any final rule.<sup>4</sup>

A number of other persons have recently raised concerns with the Commission about mutual fund disclosures in shareholder reports concerning fund portfolio securities. As a result, the Commission is considering proposing changes to the disclosure requirements.<sup>5</sup> You may wish to monitor the Commission's website in order to ensure that you will be aware of any rule proposal in this area. In the interim, we will forward your letter to the staff within the Commission who are considering possible changes to the disclosure requirements.

Thank you again for contacting the Commission with your concerns.

Very truly yours,



Eric S. Purple  
Senior Counsel

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<sup>3</sup> You may access copies of all Commission rule proposals on the Commission's web site at [www.sec.gov/rules/proposed.shtml](http://www.sec.gov/rules/proposed.shtml).

<sup>4</sup> Interested members of the public may also submit comments electronically. For information on submitting electronic comments, please visit the Commission's web site at [www.sec.gov/rules/submitcomments.htm](http://www.sec.gov/rules/submitcomments.htm).

<sup>5</sup> The Commission publicly announced this consideration in its regulatory flexibility agenda ("agenda"), which summarizes the subjects that are under current consideration by the Commission for possible rulemaking. See 5 U.S.C. § 602 (2002). The Commission, however, is not required to consider or act on any matter that is listed in the agenda. See 5 U.S.C. § 602(d) (2002).