

“Management Practice Inc.’s services have proved to be a valuable resource for the outside directors of the Dean Witter Group. Without their assistance, we would have found it extremely burdensome to handle the volume and complexity of information necessary to review adviser performance, fee rates, and other relevant data. . . . This kind of competitive analysis demands business professionals who know which comparisons are relevant and which are not. Especially with 12b-1 plans, the subtleties involved make the expertise of people who work with these issues year round particularly helpful. I have found Management Practice’s business background right for the job.”

John R. Haire, Esq.
*Chairman of the Independent Trustees,
Dean Witter Group of Funds.*

“My clients must be prepared to face plaintiffs who will argue that directoral scrutiny is highly improbable for large investment company complexes; that directors who serve on numerous boards cannot make the detailed analyses required by Investment Company Act Section 36(b) and by Rule 12b-1. . . . With Management Practice, directors can point to independent experts who separate the wheat from the chaff, present materials in readily assimilated form, and carefully review their findings with their director-clients. This evidence makes a strong demonstration of due diligence to judges whose personal experience in dealing with mountains of paper leads them to be cynical about independent directors.”

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VITAL DETAILS

INDEPENDENT
INFORMATION AND
ANALYSIS FOR
MUTUAL FUND
DIRECTORS
AND COUNSEL

MANAGEMENT
PRACTICE®

Directors must demonstrate independence and diligence in today's watchful environment

Regulators and shareholders today, spurred on by the press, are demanding an ever-greater accounting of directors' diligence and evidence of directors' independence from the management company. Management Practice offers *independent* information to directors. Retaining us is prudent from both business and legal perspectives.

While we work for the board of directors and their counsel, we cooperate completely with the management companies to define the analyses required. We then carry on the analyses by integrating all available industry data sources.

Our services are useful to directors in the following ways:

- In retaining independent consultants, our clients demonstrate their independence and commitment to fair review, and avoid criticism in the press.
- The customized formats in which we present our findings concisely portray all the necessary information that must be considered by trustees.

Our expertise and impartiality are a valuable resource for contract renewal negotiations with the management company

Obtaining information directly from the management company may not enhance the appearance of directors' independence.

Supplementing data from the management company with benchmarks obtained from Management Practice improves the quality of analysis as well as the perception of independence.

Management Practice understands the variety of issues that can be raised around the relationship between fund directors and fund advisers. Our

impartial fact-finding makes us a valuable resource in resolving these issues. As management consultants, we have learned the art of making the complex comprehensible. As such, we can be invaluable in the *renewal of advisory and distribution agreements*.

We have devised a method of presenting a multitude of data in a concise way which enables directors to easily focus on issues and pinpoint potential problems. We present data in the following areas:

Fee Scale-Downs

- Effective Fees
- Industry Trends

Investment Performance

- Absolute
- 12b-1 Adjusted

Expense Control

- Distribution Expenses
- Transfer Agency
- Custody

Advisor Profitability

- Complex-Wide
- Fund-by-Fund

Our independent reporting is useful for litigation support

Directors are in an increasingly litigious environment, partially due to increased press coverage of the ever-burgeoning industry, and its focus on director compensation and independence issues.

Court rulings are largely decided on whether directors considered all relevant information. Our partners are always available for deposition regarding all aspects of research, analysis and review.

Our analysis is valuable as an outsourcing tool to the management company

Putting together concise, yet thorough contract renewal reports for the board is a time-consuming task that requires resources and expertise that the management company may not be able to spare.

Management Practice does an effective job, working closely with the management company and attorneys.

We have extensive background in Governance Issues

Management Practice has conducted the "Directors Compensation Survey" for several years and has accumulated an extensive database of related information. We have worked on numerous proprietary studies in the following areas:

- Director Compensation
- Board and Committee Structure
- Selection Criteria for New Board Members
- Retirement Plans
- Performance Evaluation
- Board Mergers

As a strategic consulting firm, Management Practice understands the need for flexibility and the value of accurate, timely reporting

Each of our services is custom-designed to the business needs of the individual client. Our business sense as management consultants and our experience in the service of mutual fund directors and their counsel enable us to provide the information you need in a framework that will protect your interests and ease your workload.

The relationship between mutual fund directors and advisers is surrounded by an intricate web of statistical, legal, and semantic details. As the number of funds in most groups has multiplied, the complexity of information that directors must review has become overwhelming.

To complicate matters further, regulators, shareholders, and the courts are increasingly vocal in their demands for directors' independence and diligence. As a result, the potential for litigation has grown.

With these services, we have been helping our clients fulfill their fiduciary responsibilities since 1970.