

2008

15th Annual Survey of Mutual Fund Directors' Compensation and Best Governance Practices

- **Timely**—Available by March 31, 2008
- **Independent Source**—Easy-to-use, impartially prepared data from the mutual fund industry
- **Customized**—We choose comparable peer group and/or use peer group chosen by you
- **Compiled**—By experts in mutual fund governance and trustee compensation
- **Updated Throughout 2008**—As new data becomes available, survey will be updated on a rolling basis
- **Fee Includes**—Participation in compensation or governance committee deliberations, if required
- **Easy to Participate**—Just fill out and submit our brief questionnaire
- **Compare your Status**—With ICI, IDC and MFDF Governance “Best” Practices



WITH TIMELY
UPDATING
THROUGHOUT
2008

MANAGEMENT PRACTICE[®] Mutual Fund
Governance

DETERMINING COMPENSATION

Setting director compensation is a major decision that boards must make. It is one of the few tasks that cannot be delegated to others. Make certain that your board members are being compensated fairly. Pay enough to attract qualified, competent individuals, but not so much that it would cause unfavorable publicity. Be sure that the compensation disclosure requirements will not generate embarrassment.

CONFIDENTIALITY IS GUARANTEED

We have established elaborate procedures to ensure the confidentiality of all data supplied to us.

We do plan, however, to share the names of the fund groups that have participated. This is necessary to help participants retain confidence in the data. We also plan to share broad observations about the consolidated data with the fund industry and the media, when appropriate, in order to improve the public's understanding of trustee responsibilities and rewards. In no instance, however, will we reveal data about individual fund groups or individual trustees.

TIMELY INFORMATION

Collection of data for the 2008 survey will be conducted in the first quarter. The data will be processed and analyzed promptly, and customized reports will be distributed by March 31, 2008. Thereafter data will be updated throughout 2008.

THE MOST USEFUL GOVERNANCE SURVEY

Even if you have previously participated in earlier compensation studies, you need to do so again this year. Director compensation rose an average of 15% in 2006 and indications are that this pace will continue.

CUSTOMIZED REPORTS

Each report is custom-designed to facilitate comparisons between your directors and an appropriate peer group selected by our compensation analysts. We will also provide a peer group selected by you, if desired. The analysis focuses on the total compensation of the individual trustee in relation to the scope of individual director responsibility.

EASY TO PARTICIPATE

Participation in the survey requires the completion of a brief questionnaire covering compensation policy and benefits, along with a simple spreadsheet. These forms will be mailed to you or you can download from our website www.MFGovern.com under the Surveys and Publishing tab. Our compensation analysts will be happy to assist if you have any questions in completing the forms. Most groups can complete the questionnaire in a few hours, and many can base their response on 1099's which have to be filed with the IRS.

THE COST IS REASONABLE

The fee to participate is \$7,450 for a board cluster with assets in excess of \$2 billion. The fee decreases for multiple boards. This fee covers data collection, data processing, custom-designed reports delivered to each trustee and a personal presentation to the board, if required. Complexes with assets of less than \$2 billion may participate at a special rate of \$2,900.

VISIT OUR WEBSITE: www.MFGovern.com

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MANAGEMENT PRACTICE INC. is a professional management consulting firm established for over 40 years. Formed by former McKinsey consultants, MPI has been retained by many mutual fund companies to independently report sensitive data to their outside directors, particularly data relating to contract renewal and governance issues, such as trustee nomination, performance and compensation. 2008 will be the fifteenth year that MPI has conducted confidential surveys of trustee compensation. In addition, MPI has completed numerous custom compensation studies for some of America's best known mutual fund complexes.

For additional information on the Survey or to arrange for participation, please call Jay Keeshan at 203-973-0535.

The MPI study will be available by March 31, 2008. Any participant who needs an earlier report can request one based on the data available at that time. The study will be revised on a rolling basis during 2008 to ensure that it is constantly up-to-date.

Management Practice, in addition to this survey, is available to conduct custom compensation studies. We believe compensation should be set to reflect the work and responsibility the directors carry and not just based on a benchmark. MPI utilizes a unique methodology called "E³+O" to reflect the *Effort*, *Expertise* and *Exposure* along with the *Opportunity Cost* involved in serving as a mutual fund director.

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