

Index

- Abuses 30-35, 63, 74-76, 90-92, 118, 149
- Accountants 13, 51, 136-137, 149, 177
- Audit Committee 116-117, 135-137, 194
- Best interests of the shareholders 10, 36, 41, 43, 45-52, 104, 123
- Board of directors 1-2, 4, 10, 16-19, 41, 45-46, 52, 58-59, 64, 68-69, 85, 95-96, 99, 103-104, 107, 111, 120, 122-123, 125-126, 128, 131-132, 134, 154, 156, 159, 181, 205
- Agenda 21, 140-143, 160
- Audit Committee 116-117, 135-137, 194
- Committees 136-139
- Composition 36-40, 135
- Crisis 44, 144, 197-203
- Electing directors 153-155
- Fiduciary duties 41-45, 169
- Firing a director 157-158
- Input by a director 150-152, 197-199
- Lead director 135-136, 194-195
- Materials 34, 43, 67, 83, 88-89, 112, 140, 142-144, 150, 165, 198, 205
- Meetings 4, 12-13, 19-21, 43, 51, 87-89, 100, 115, 117-119, 134, 136-137, 140-152, 158, 162, 165, 170, 175, 189-190, 198-199, 205
- Multiple boards 15-21, 39, 140-141, 161, 168-170
- Organization 134-139
- Retirement 157, 164, 166, 194
- Size 134-135
- Vacancies 154-156, 158
- Brokerage 26-27, 29, 32, 63, 74-81, 91, 117, 135, 138, 142-143, 148, 175
- Affiliated broker 27, 80-81
- Best execution 74, 76-79, 81
- Directed 27, 29, 77-78, 80-81, 175
- Expense cap 29
- Investment adviser 63, 74, 78-81
- Reciprocal 78
- Report 81
- Soft dollars 26, 78-79, 81-82, 138, 175
- Business judgment rule 45-46, 170-171
- Closed-end funds 7, 58, 129-133
 - Capital structure 129-130
 - Discount to NAV 130-131
 - Investments 129, 131
 - Leverage 129-130
 - Shares 131-132
- Compliance 13-14, 51, 58, 68, 79, 92-93, 111-112, 114-115, 123-124, 138, 148-149, 175, 198, 200
- Combinations and reorganizations 118
- Counsel for independent directors 67, 181-183, 185-190, 192
- Custodian 13, 59, 87, 102-105, 147, 178, 200
- Custody 8, 13, 17, 27, 32, 77, 102-105, 107-108, 116, 147-148, 178
 - Bank 102-103, 105
 - Offshore 104-105, 148
 - Securities depository 104-105
 - Self, by fund 103
- Derivatives 53, 60-61, 105
- Directed brokerage 27, 29, 77-78, 80-81, 175
- Directors (see Board of directors and Independent director)
- Distribution 8, 13, 17-18, 26-28, 72, 78, 94-101, 116, 138, 144, 147-149
 - Costs 94, 97-101
 - Loads 18, 27, 48, 95-98, 111, 114
 - 12b-1 plan 27, 37, 97-101, 118, 138, 143, 147-149, 156, 175
- Distribution agreement 96-97, 101,

- 147-149
- Distributor 11-13, 37-38, 87, 90, 92, 95-97, 147, 193-194
 - Affiliated 27
 - Fund as 97
- Dividends and distributions 111-114, 116, 127-128, 148
- Expense cap 28-29, 160
- Expense ratio 25, 28-29, 48-49, 51-52, 66, 76-77, 163
- Exposure and liability 167-190
 - Business judgment rule 45-46, 170-171
 - Counsel 67, 181-183, 185-190, 192
 - Indemnification 172, 175-176, 178-184, 194
 - Insurance 148, 178-180, 183-184, 194
 - Others 177-180
 - Registration statement 83, 86-87, 171-172, 183
 - SEC 174-176
 - Shareholders 167-173
- Fees 23-28, 48, 52, 63, 65-67, 71, 76-77, 94-95, 98, 111, 114, 159-165, 169, 185, 188-189, 191-192, 195-196
 - Basis point 24-25, 51
 - Brokerage 27-29, 74-81
 - Directors 159-163
 - Distribution 26-27, 94-101
 - Investment Advisory 25-26, 63-67
- Fidelity bond 102, 106-108, 148-149
- Fiduciary duties 41-43, 45, 169
 - Business judgment rule 45-46, 170-171
 - Duty of care 43-44
 - Duty of loyalty 44-45
- Financial statements and records 116-117
- Frame of mind 204-206
 - Alert 3, 20, 24, 27, 103, 140, 187, 204-206
 - External crisis 200-201
 - Genial 204-206
 - Internal crisis 201-202
 - Shareholders, best interests of 47-52
- Fund groups 15-22
- Fund of funds 16, 19, 22
- ICI (see Investment Company Institute)
- Income taxes 112-114, 120
 - Conduit 111-113
 - Pass-through 111-114
 - Subchapter M 113-114
- Indemnification 172, 175-176, 178-184, 194
 - Limits 182-183
 - Overview 180-181
- Independent director 0-5, 11, 15, 19-20, 23, 25, 28, 30, 36-44, 47-48, 50-51, 53, 61, 74-75, 83-84, 86-87, 90, 93, 112, 115-116, 119-120, 129, 132, 134-135, 139-140, 149-150, 152-154, 157-159, 162, 164-165, 169-170, 176-180, 184, 186-187, 189, 191, 196-198, 200, 203-204
 - Benefits 164-166
 - Counsel 67, 181-183, 185-190, 192
 - Crisis 44, 144, 197-203
 - Criteria 37-39
 - Electing 146, 153-157
 - Exposure and liability 167-190
 - Fees 159-163
 - Fiduciary duties 41-43, 45, 169
 - Firing 157-158
 - Frame of mind 204-206
 - Indemnification 172, 175-176, 178-184, 194
 - Input 150-152, 197-199
 - Insurance 148, 183-184
 - Leader 135-136, 194-195
 - Meetings 4, 12-13, 19-21, 43, 51, 87-89, 100, 115, 117-119, 134, 136-137, 140-152, 158, 162, 165, 170, 175, 189-190, 198-199, 205
 - Micro-management 41-42
 - Minimum number 37, 72
 - Multiple boards 15-21, 39, 140-141, 161, 168-170
 - Performance 139
 - Perks 164-166
 - Reports 93, 132-133

- Responsibilities 2, 4, 9-10, 12, 20, 42-43, 45, 47, 53, 55, 61, 79-80, 83, 90, 94-95, 99, 102, 107, 109, 113, 115, 117, 120, 134, 139, 150, 169-170, 176, 179, 191, 197, 204
- Retirement 157, 164, 166, 194
- Role 1, 4-6, 9, 25, 30, 42, 47-50, 52-56, 62-63, 72, 74, 83, 90, 94, 102, 109, 115, 120, 129, 164, 185, 188, 191, 200-201, 204, 206
- Staff 136
- Vacancies 154-156, 158
- Inside director 36, 39, 158
- Insider 30, 32, 35-36, 74-76, 90-92, 129, 149, 175, 195
 - Abuses 30-35, 63, 74-76, 90-92, 118, 149
 - Curbs 90-93
 - Trading 91-93
- Insurance 9, 40, 58, 101-103, 105, 108, 160, 165, 172, 176, 178-180, 182-184, 188, 194
 - Directors and officers (D&O) 148, 180, 183-184, 194
 - Errors and omissions (E&O) 148
 - Fidelity bond 102, 106-108, 148-149
- Investment adviser 9, 11-13, 17, 19-21, 25, 37-40, 48, 53, 62-65, 67-81, 90, 92, 105, 125, 139, 147-148, 156, 168-169, 173, 179, 184, 193-194, 197
 - Advisory agreement 9, 62-73, 88, 118, 138, 145, 147-149, 168, 189
 - Firing 67-68, 169
 - Management, role in 9-10, 62-63
 - Profitability 26-28, 51, 53, 65-66, 80, 202
 - Sale of business 70-73, 197
 - Sub-adviser 9, 21, 62, 67, 69-70, 141
- Investment Advisory Agreement 9, 62-73, 88, 118, 138, 145, 147-149, 168, 189
 - Approval 63-67, 147-149
 - Features 64
 - Information for directors 65-67
 - Renewal 67, 148-149
 - Sub-adviser 65
- Investment Company Institute (ICI) 2, 93, 161, 193, 195
 - Best practices 193-195
 - Code of ethics 93
 - Directors' fees 161
- Investment objectives 17-20, 23, 51, 53, 56-57, 88, 118, 197
- Investments 12, 17, 24-25, 51, 53, 58-62, 92, 102-103, 105, 108, 123-126, 139
 - Closed-end funds 129, 131
 - Derivatives 53, 60-61, 105
 - Legal restrictions 57-58
 - Liquidity 53, 59-60, 129, 131
 - Money market funds 121-122, 124-127
 - NAV 12, 58, 61, 95-97, 101, 109-110, 112, 114, 119, 121-124, 126-127, 129-132, 147, 154, 165, 177, 200
 - Performance 4, 10, 12, 25-28, 34, 48-49, 52-56, 59-60, 66, 68-69, 71, 76, 84, 87, 105, 111, 142, 144, 148, 160, 170, 174, 197, 202
 - Risk 19, 51, 53, 56-57, 60-61, 87, 106, 126-127
 - Valuing 58-59, 61, 123
- Investment Company Act of 1940 (The 1940 Act) 4, 7-8, 10-14, 16, 21-22, 30, 34-37, 40, 45-46, 58, 60-61, 63, 67, 69-71, 73, 81, 84, 88-90, 93, 95-96, 101-102, 108, 110-111, 114, 116-120, 130, 133-135, 145-146, 148, 150, 154-158, 168, 173-174, 176, 180, 182, 184-185, 191
- Levitt, Arthur, SEC Chairman 192-193, 195
- Liability (see Exposure and liability)
- Loads 18, 27, 48, 95-98, 111, 114
- Management 2-4, 6-15, 17, 19, 21, 23-31, 33-34, 36-39, 41-42, 44-45, 47-63, 66-70, 74-81, 83-88,

- 90-94, 96-98, 100-101, 103, 106-109, 111-112, 114-119, 123-124, 126-127, 131, 135-148, 150-161, 165, 168-169, 171-172, 174-175, 177-179, 184-188, 190, 192-195, 197-206
- Compact with shareholder 47-50, 52
- Investment adviser 9-10, 62-63
- Kinds 9-10, 62-63
- Profitability 26-28, 51, 53, 65-66, 80, 202
- Role 48-49
- Management Practice Inc. 67, 161
 - Directors' fees 161
 - Investment advisory agreement 67
- Master-feeder funds 16, 18
- Matrix approach 21, 142
- Media pressure 191, 195-196
- Meetings of board of directors 4, 12-13, 19-21, 43, 51, 87-89, 100, 115, 117-119, 134, 136-137, 140-152, 158, 162, 165, 170, 175, 189-190, 198-199, 205
 - Agenda 21, 140-143, 160
 - Annual cycle 146-148
 - First meeting 146-147
 - Input by director 150-152, 197-199
 - Materials 34, 43, 67, 83, 88-89, 112, 140, 142-144, 150, 165, 198, 205
 - Matrix approach 21, 142
 - Multiple boards 15-21, 39, 140-141, 161, 168-170
- Money market funds 21, 25, 60, 120-128, 148
 - Amortized cost 122-123, 126-127
 - Board responsibility 123-124
 - Credit quality 122, 125, 148
 - Credit support 127
 - Defaults and downgrades 126
 - Diversification 122-123, 126-127
 - Dividends 127-128
 - Maturity 121-122, 124-125, 127
 - Penny rounding 122
 - Rule 2a-7 121-123, 128
 - Stable NAV 121-122, 124, 126
- Multiple boards of directors, service on 15-21, 39, 140-141, 161, 168-170
- Multiple class fund 16, 18, 149
- Mutual fund 0-4, 6-13, 15, 17, 21, 23-25, 30-42, 45-48, 53, 57-59, 61-62, 70, 74, 76, 78-80, 87-88, 90-94, 96-97, 102-104, 106-109, 111-120, 134-135, 137, 140, 143, 146, 150, 153-154, 157-160, 162, 164-168, 170, 174-177, 179-180, 182-185, 191-194, 197, 199-200, 203-204
 - Cast of characters 6, 8-14
 - Crisis 44, 144, 197-203
 - Diversified 8, 14
 - Features 6
 - Fund groups 15-22
 - Open-end 7-8
 - Net asset value per share (NAV) 12, 58, 61, 95-97, 101, 109-110, 112, 114, 119, 121-124, 126-127, 129-132, 147, 154, 165, 177, 200
 - 1939 SEC Report 31-33
 - 1940 Act, The (see Investment Company Act of 1940)
 - Open-end funds 5, 18, 22, 47, 94, 96, 119-121, 129-130, 132
 - Performance 4, 10, 12, 25-28, 34, 48-49, 53-57, 59-60, 66, 68-69, 71, 76, 84, 87, 105, 111, 137-139, 142, 144, 148, 160, 170, 174, 197, 202
 - Power of attorney 84-86, 171
 - Profitability 26-28, 51, 53, 65-66, 80, 202
 - Prospectus 25, 49, 54, 56-57, 83-84, 87, 89, 95, 110, 183
 - Registration Statement 34, 81, 83-89, 119, 147, 171-172, 183
 - Reorganizations (see Combinations and reorganizations)
 - Risk 19, 51, 53, 56-57, 60-61, 87, 106, 126-127, 162, 167, 170, 180, 191, 202
 - Securities and Exchange Commission (SEC) 2-3, 10, 13,

- 17, 21, 23, 27, 31-32, 34, 36-37, 39-40, 58, 60-61, 65, 69, 78-81, 83-93, 95-96, 98, 101-102, 104, 106-108, 110-112, 114-119, 121-122, 124-129, 131-133, 137, 143, 145-148, 150-151, 158, 162, 169-172, 174-177, 180, 182-184, 187, 189, 191-193, 195, 198-200, 202, 204
- Enforcement 174-176
- Exposure and liability to 174-176
- Filings 83-87, 112, 171-172
- Inspection 174-175, 198, 200
- Prospectus 25, 49, 54, 56-57, 83-84, 87, 89, 95, 110, 183
- Proxy statement 88
- Registration statement 34, 81, 83-89, 119, 147, 171-172, 183
- Statements about independent directors 191-193, 195
- Series fund 16-19
- Shareholder 4, 11-13, 18, 21, 24-25, 27-29, 31, 33, 45, 48-52, 54-57, 68-69, 71, 87, 89, 96, 99-100, 110-113, 115-119, 130-131, 146-147, 153-156, 168-169, 177, 193, 201
- Best interests of 10, 36, 41, 43, 45-52, 104, 123
- Buy, hold, or sell decision 47-50, 54-56, 68
- Compact with management 47-50, 52
- Exposure and liability to 167-173
- Meetings 88, 119, 156
- Role 49
- Services 116
- Shares 6-8, 12, 16-19, 21-23, 26-28, 31-33, 45, 48-49, 52, 54-55, 63, 68, 77-78, 94-101, 107, 109-112, 114, 116, 118-121, 126, 129-133, 138, 146-147, 154-155, 162
- Advertising 54, 97, 112, 114, 127
- Dividends and distributions 111-114, 127-128
- Exchanges 110-111, 114, 116, 119
- Income taxes 112-114, 120
- Loads 18, 27, 48, 95-98, 111, 114
- NAV 12, 58, 61, 95-97, 101, 109-110, 112, 114, 119, 121-124, 126-127, 129-132, 147, 154, 165, 177, 200
- Pricing 13, 32, 53, 59, 95, 111, 114, 119, 132, 139
- Redemptions 7, 12, 26, 28, 48-50, 52, 59, 68, 94, 99-100, 109-110, 114, 129, 131, 169, 197, 200, 202
- Soft dollars 26, 78-79, 81-82, 138, 175
- 12b-1 plan 27, 37, 97-101, 118, 138, 143, 147-149, 156, 175