

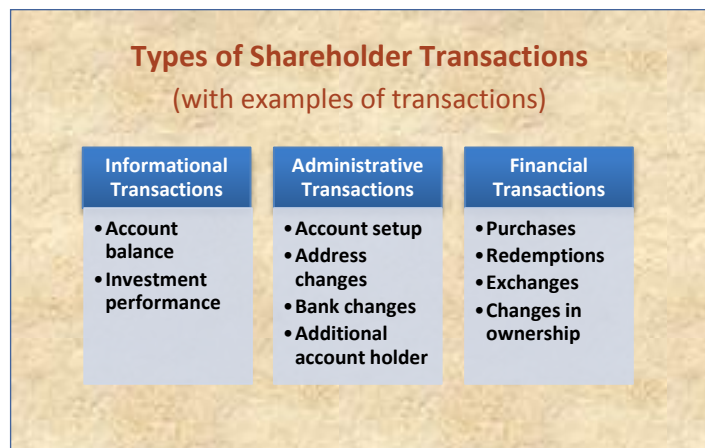


The text below is an excerpt from the ICI Mutual risk management study *Shareholder Authentication: Managing the Risk of Fraudulent Transactions*. The full study may be accessed at www.icimutual.com/ShareholderAuthentication.

Types of Shareholder Transactions

Broadly speaking, fund shareholder transactions can be grouped into three basic categories: (1) informational transactions (e.g., request for account balance, review of investment performance); (2) administrative transactions (e.g., account setup, address changes, bank changes, account holder changes); and (3) financial transactions (e.g., purchases, redemptions, exchanges, changes in ownership).

The level of risk (i.e., the financial exposure) associated with different types of transactions may vary significantly. The risk level may be viewed as lower for informational transactions, because no money is transferred into or out of a shareholder account. In the short-term, administrative transactions also may be viewed as lower risk, since no money typically changes hands at the time of the administrative transaction. Over the longer-term, however, administrative transactions can involve higher risk, particularly to the extent that they lay the groundwork for a subsequent transfer of money. For example, administrative transactions involving changes to bank accounts or addresses of record may be viewed as higher risk because subsequent transactions may result in money being sent to a new bank account or address.



Financial transactions are typically viewed as involving the highest risk, since they often involve the movement of money into or out of a shareholder account. The relative risk level may be further affected depending on the details of the particular transaction and the dollar figure involved. Higher risk financial transactions could include, for example, those by a shareholder who normally engages only in informational transactions, or those appearing to originate from a foreign location, or those involving a dollar amount well in excess of the amounts involved in previous transactions by that particular shareholder.

About ICI Mutual: ICI Mutual is the predominant provider of D&O/E&O liability insurance and fidelity bonding for the U.S. mutual fund industry. Its insureds represent more than 60% of the industry's managed assets. As the mutual fund industry's dedicated insurance company, ICI Mutual is owned and operated by and for its insureds.