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COMMISSION APPROVED

Comments of the Bureaus of
Competition, Consumer Protection and Economics
of the Federal Trade Commission*

on

Proposed Regulations of the U.S. Sec[illegible] ge Commission
Governing Perf[illegible]

Advertising by [illegible]

December 22, 1986

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* These comments represent the views of the Bureaus of Competition, Consumer Protection, and Economics of the Federal Trade Commission and do not necessarily represent the views of the Commission or of any individual Commissioner. The Commission, however, has authorized the submission of these comments.

I. INTRODUCTION

The SEC has requested comment on several proposed rules and rule changes governing advertising by mutual funds.[1] The proposals would restrict advertising of performance claims to narrowly prescribed formulas, time periods, and formats.

In the late 1970s and early 1980s, the SEC abandoned many of the long-standing restrictions it had imposed on advertising of performance claims by investment companies. This deregulatory effort was intended to increase investor interest and access to information about no-load funds and reflected the agency's recognition that revising its regulations to keep pace with innovations in financial instruments was extremely difficult. Following these reforms, the market share of no-load funds increased dramatically and many innovative funds were established. Now, however, the SEC is considering advertising regulations even more restrictive than those of the previous decades. Although the proposed restrictions may be justified in some specific applications, we are concerned that they sweep much more broadly than they should. As now formulated, they are likely to eliminate many current nondeceptive truthful performance claims, increase the cost and decrease the effectiveness of remaining performance advertisements, diminish effective consumer access to information about no-load funds with lower sales and distribution costs, and hamper the development of innovative funds.

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[1] Federal Register, Vol. 51, No. 187 (September 26, 1986), pages 34384-34408. The SEC proposals, which concern advertisements covered by SEC rule 482, originated from ones made earlier by the Investment Company Institute (ICI). The ICI proposals were limited to defining a yield formula for income funds. The SEC proposals extend to several additional issues.

The FTC staff recommends against restricting or limiting nondeceptive truthful performance advertising to specific formulas, time periods or formats (Section II.B.1. below). If the SEC has evidence that consumers would benefit from greater uniformity of performance advertising, the SEC could consider the less restrictive approach of endorsing a particular total return and yield formulas and encouraging their use without prohibiting alternatives (Sections II.B.2. and 3.) If the SEC has evidence that consumers are confused about certain characteristics of mutual funds, the SEC could consider simple triggered disclosure requirements addressing the specific points of confusion (Section II.B.4.).

II. FTC STAFF ANALYSIS AND RECOMMENDATIONS

A. General Comments

The FTC staff's major objection is that many of the SEC proposals would restrict advertising of truthful and non-deceptive performance claims. We regularly evaluate restrictions on non-deceptive truthful advertising and mandatory disclosures in carrying out the FTC's consumer protection mission.[2] Our research and investigations provide convincing evidence that

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[2] The FTC has actively pursued research, regulations, and cases in this area. The FTC staff's research on advertising restrictions includes: W. Jacobs et al. Improving Consumer Access to Legal Services: The Case for Removing Restriction on Truthful Advertising, Washington, D.C.: Federal Trade Commission, 1984; R. Bond et al., Effects of Restrictions on Advertising and Commercial Practice in the Professions: The Case of Optometry, Washington, D.C.: Federal Trade Commission, 1980; R. Bond et al., "Self Regulation in Optometry: The Impact on Price and Quality," Law and Human Behavior 7:2 (1983), pages 219-234; Drug Product Selection, Washington, D.C.: Federal Trade Commission, 1979; and A. Masson and R. Steiner, Generic Substitution and Prescription Drug Prices: Economic Effects of State Drug Product Substitution Laws, Washington, D.C.: Federal Trade Commission, 1985. Also see A. Maurizi, "The Effects of Laws Against Price Advertising: the Case of Retail Gasoline," Western Economics Journal, 10 (1972), pages 321-329; A. Maurizi and T. Kelly, Prices and Consumer

most regulations restricting the distribution of non-deceptive truthful information harm consumers (or, in the case of investment products, investors) and should therefore be avoided. Because consumers face different circumstances and have varying preferences, they seek different types of information. Restrictions on truthful advertising claims increase consumers' costs of locating the most suitable products and the lowest price sellers. As a result, consumers are more likely to make inferior purchase decisions. With less ability to inform consumers, efficient and innovative producers will be less able to attract consumers and hence the variety of products will be reduced.

In addition to our general objections to restrictions on truthful nondeceptive advertising, the SEC proposals appear to be based on what we believe is an incorrect interpretation of the role of advertising in marketing mutual funds. The SEC seems to believe that each advertisement should be viewed as the sole piece of information on which investors might base their investment decisions. In contrast, we believe that advertising often serves primarily to catch the attention of investors and allows them to narrow their search for further information to a small number of funds that are most apt to be suitable for their needs. The plethora of comparative performance information, including many widely available investment publications (See Appendix A), brokers, toll free information numbers, and the prospectus and other sales literature, all support this latter view of the role of performance

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Information: The Benefits of Posting Retail Gasoline Prices, Washington, D.C., American Enterprise Institute, 1978; L. Benham, "The Effect of Advertising on the Price of Eye-Glasses," Journal of Law and Economics, 15:2 (October 1972), pages 337-352; and R. Feldman and J. Begun, "Does Advertising of Price Reduce the Mean and Variance of Prices?," Economic Inquiry, 18 (July 1980), pages 487-492.

advertising. Indeed, the view that investors make decisions based solely on advertisements is completely inconsistent with existing SEC requirements concerning distribution of the detailed prospectus.[3]

B. Specific Suggestions

With the previous observations in mind, the FTC staff has the following specific suggestions about the SEC's proposals.

1. Prohibition Of All But Certain Narrowly Prescribed Performance Claims: The FTC staff's greatest concern is the proposed ban on all performance claims other than narrowly prescribed yield and total return claims (discussed in subsections 2 and 3). Such a ban would eliminate significant amounts of currently available investment information leading to higher investor search costs, poorer investor decisions, reduced product variety, and less effective competition among funds.[4] Equally important, such restrictions likely would make it more difficult both for relatively new funds to expand and for investors to compare the performance of mutual funds with that of other investment options (such as CDs, directly held

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[3] Certainly the rationale for the SEC requirement that funds distribute a detailed prospectus is undermined if, as the SEC assumes, investors use only advertised information about the fund. Further, if advertisements are the only or primary source of investor information, it is all the more important that the SEC not limit the information that funds are seeking to provide.

The SEC could gather evidence on the degree of investor reliance on advertisements to the exclusion of other sources of information and then search for evidence that this reliance is misplaced. We note that there is some evidence that mutual funds investors on average do about as well as the market. See, for example, H. Shawky, "An Update on Mutual Funds: Better Grades," Journal of Portfolio Management, Winter 1982, pp. 29 - 34.

[4] The SEC proposal to require detailed explanations of all performance calculations in the current prospectus could have similar restrictive effects by removing flexibility to advertise alternative performance measures during the life of the prospectus.

common stocks, and real estate). These likely effects are inconsistent with the goals of encouraging innovation and improving investor information about different investment options.

To determine the extent to which the SEC proposals would limit advertising of fund performance, we reviewed recent performance claims in advertisements in three leading periodicals. Appendix B reveals that many potentially important claims would be banned by the proposed restrictions. Examples include: claims based on performance rankings calculated by independent parties such as Lipper Analytical Services, Money, Wall Street Journal[5], or Moody's for various periods, total returns over periods longer than five years, simple and compound average annual total returns, graphical presentations of returns, performance comparisons measured against broad market indexes such as the S&P 500 or the rate of inflation, and reports distinguishing capital gains from returns due to reinvestment of dividends.[6] Any of these factors could be critical to a particular investor's search behavior and investment selections.

In addition, the proposed regulations would curtail advertising of potentially useful performance comparisons involving circumstances that occur irregularly, such as how a fund performed when the dollar was last

[5] "A Special Report: Financial Planning," Wall Street Journal, Section 4, December 1, 1986, pages 5D to 7D.

[6] To the extent that any of these performance characteristics are either required or allowed in the prospectus, it would be illogical and inconsistent to prohibit them in advertisements, assuming they are nondeceptive in the context of each particular advertisement.

The data in the current and past perspectuses are public and in combination with pricing data in the newspapers are sufficient to calculate all of the statistics published by investment services and business publications. There is no issue concerning public availability of data necessary to calculate performance measures.

depreciating against foreign currencies.[7] Investors interested primarily in cash flows could also find advertisements less informative with respect to the performance measures of greatest use to them, such as current yield (dividends and interest income of the fund) or distributions to shareholders.[8]

2. Disclosure of Annual Total Returns for Five Years: The SEC proposes a "triggered" mandatory disclosure of annual total rate of return data for each of the most recent five years, calculated in a prescribed manner[9], in any advertisements containing any performance claims. In the case of income funds, claims concerning yields (the only other permissible performance claim) would trigger these total return disclosures. In the case of other funds, only the total return claims would be allowed in the first place.[10]

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[7] Specifically, the proposed requirement that performance data must be current (the end of the calculation period must be less than 30 days before the publication date) would exclude such comparisons to past periods.

[8] An example is provided by the new corporate cash funds. These funds are of interest primarily to cash managers of small firms who are looking for extremely short term investments of excess cash that will qualify for the corporate tax exemption on earnings from investments in other firms. Preventing corporate cash funds from advertising distributions will eliminate the most relevant item of information for prospective investors in these funds.

[9] Calculation of total return, which includes capital gains, income, and other distributions, is already standardized, and we see no likely source of investor confusion. There seems to be no benefit from formalizing this further with a regulation.

The total return formula proposed by the SEC departs from the standard approach, which allocates load charges across whatever holding period is advertised. The SEC proposal attributes all of the effects of initial load charges to the first year of holding and all redemption charges to the final year of holding and would seriously distort reported returns in these years. See Appendix C.

[10] We infer that if the SEC were to allow additional performance claims (as we suggested above), the SEC might require that all such claims be accompanied by these total return disclosures.

The FTC staff recommends against such mandatory disclosure. Although some investors may benefit from this uniform information, investors may bear costs that on balance exceed these benefits.

For instance, the mandated information may clutter advertisements, particularly those involving broadcast media, making them less effective in conveying information, or it may crowd out other information that is more relevant to investors. The reduced effectiveness or increased costs of advertising performance claims caused by the mandatory disclosure requirements may cause some funds to reduce or discontinue their performance advertising altogether. This result is, in turn, likely to harm consumers because of its effects on search costs, investment decisions, and product variety. A restriction on mutual fund advertising claims would presumably force potential purchasers, at increased costs, to rely more heavily for their initial search on other sources of information, including published listings, investment services, and brokers. This restriction would hit hardest at the no-load and low-load funds that depend on advertising to promote investor interest, and would least affect high-load funds sold by brokers. Thus, investors would likely make greater use of broker services and pay more sales charges than they would if they purchased no-load funds.

Furthermore, we have doubts about the benefits investors would obtain from the proposed disclosure of total returns. Our first concern is that historic total returns for <u>income funds</u> may be a systematically biased indicator of future performance in the present historic context. Total returns on income funds typically are inversely related to interest rates. As a result, total returns for income funds after a period of falling interest rates, such as the present, are likely to be high. However, interest rates are unlikely to decline ad infinitum, so the future path of interest rates is unlikely to be as steep and subsequently future returns are unlikely to be as high in the future. If so, forcing income funds to disclose five-years of total returns (if they advertise the current yield) may mislead investor's about the prospects for these income funds in the present historic circumstances. Our second concern is that there are many widely available privately published rankings of all types of funds based on total returns over various periods (see Appendix A) making it questionable that there is an information market failure in this matter. Net benefits from government mandated disclosures of additional information of this type are therefore unlikely.

3. Yield Calculations For Income Funds[11]: Although the SEC seeks comments on the possibility of banning yield advertising entirely, the primary yield proposals are to limit advertising of yield claims to a specified formula and to ban entirely yield advertising by funds with less than 95% of the assets devoted to debt obligations.

Yield calculations are a major item of information that investors might want about income funds. Historic yield calculations allow investors to form better hypotheses about future performance either in absolute terms or relative to other investment options. Historic yield calculations are also a good vehicle for drawing investor attention to the characteristics of particular funds and thereby reducing investor search costs.

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[11] Yield is distinct from total return in that it does not include consideration of capital gains.

Because a ban on historic yield calculations would likely harm investors and make it more difficult for low cost and high performance funds to attract investors, the FTC staff strongly supports the SEC's proposal to continue to permit advertising of historic yield calculations.[12] We believe, however, that the SEC's proposal to ban yield claims for funds that do not have at least 95% of their assets in debt holdings is apt to harm investors and retard the growth of the funds that best match investors' interests. For example, some funds adopt both income and growth goals and invest in both bonds and stocks. Investors might reasonably want to know the yield on the portion of a fund's assets that are invested in bonds, although if a fund chose to advertise yield on just a portion of its assets, the fund should have to disclose what portion had the advertised yield. Investors who are particularly interested in cash distributions might also want to know the yield averaged across a fund's entire portfolio to determine how much yield they sacrifice in order to obtain the growth opportunities provided by the stock portion of the fund's portfolio.[13]

We also oppose regulations that would prohibit mutual funds from using all but one yield formula. Investors are likely to be interested in more than one type of yield calculation. For example, for some purposes investors may be most interested in a yield that includes the effect of amortizing premiums and discounts. For other purposes, they may want a yield figure that excludes the effect of such amortization. Similarly, investors may want yield

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[12] Section II.I. in the Federal Register notice.

[13] Such funds are sometimes termed "balanced funds." Examples of large balanced funds include Investors Mutual and Wellington Fund.

information calculated for various time periods, yields that include or exclude the effects of various sales charges, etc.

Although no truthful nondeceptive yield claims should be prohibited, yield advertising might be more informative for some investors if yields were reported in a uniform manner designed to facilitate comparison of performance claims across funds and with other investments. For this reason, we agree that it might be appropriate for the SEC to encourage use of the specific yield formula that it believes to be the most informative. If investors find this voluntary standard to be helpful, fund managers will have an incentive to use the SEC formula because it will make their advertisements more effective.

If the SEC has evidence that use of the "SEC yield" formula needs to be further encouraged, the SEC could consider a rule under which use of the "SEC yield" would not require further explanation while use of other yield calculations would require an explanation at some appropriate level of conspicuousness. If the SEC has evidence that consumers are still being misled by use of yield formulas such as the commonly used "current yield," the SEC should consider the merits of a triggered disclosure requirement. For example, advertisement of any other yield formulas by an income fund might trigger a requirement to disclose the SEC yield in an equally prominent way. However, the SEC should keep in mind that such a requirement would raise the costs and reduce the amount of advertising of other yield information that would be useful to consumers.

The yield formula specified in the SEC proposals has technical difficulties and could be improved upon. Suggestions for amending the yield formula are contained in Appendix D.

4. <u>Mandatory Risk Disclosures</u>: The SEC proposes to require mandatory disclosure of risk measures and or risk-adjusted measures of return whenever any performance claims are made. We oppose the compulsory aspect of this proposal. Funds should be free to disclose nondeceptive truthful historic risk measures, which may be useful to investors. Forcing funds to do so, however, may be counterproductive. First, mandatory risk disclosures might actually have the perverse effect of reducing the amount of performance advertising. Some funds might refrain from advertising any performance measures at all for fear that the complexity of these required disclosures would confuse investors. Second, mandatory disclosures always increase the clutter within advertisements, thereby reducing the effectiveness of all the other information including other mandatory disclosures and information which the fund managers believe to be most useful to investors.[14] Moreover, there is no market failure with respect to general risk information. Several publications and investor services already produce and sell such information, and funds are free to include it in advertisements.[15] There is no justification for government intervention.

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[14] See Sections II.B.2. and 3. concerning other proposed mandatory disclosures.

[15] Major publications which provide risk measures for their readers are listed in Appendix A. Although many advertisements for bond funds reference bond risk ratings of the issues that they buy, none of the advertisements for other funds referenced specific risk measures such as betas. (Beta is the standard risk measure used in finance texts. Beta is the coefficient on the market index variable in a regression seeking to explain rates of return on an investment over time.) Some advertisements did chart the value of an investment over time in comparison to an index (such as the New York Stock Exchange Composite Index) which would allow a potential investor to see how movements between the fund and a market index have been correlated. Some advertisements also mentioned continuity in positive rates of return over several years.

Finally, given the status of current research, we urge caution even in endorsing a particular risk-adjusted return measure at this time, because of the substantial danger that it may later be found to be biased and or inaccurate.[16]

5. Other Disclosures: The SEC proposals would require a number of triggered disclosures designed to prevent investor misperceptions of the meanings of different performance measures.[17] If the fund had the particular characteristic, it would have to make the disclosure if it advertised performance claims. The proposed disclosures include the following:

a. A disclosure that explains how historic performance measures (which carry no necessary implication about future performance) differ from "guaranteed" yields such as those arising from debt obligations of the U.S. government or certificates of deposit.

b. A disclosure distinguishing investments in which the value of the principal may vary over time from investments in which the value of the principal is fixed (at least in nominal terms).

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[16] S. Tinic and R. West, "Risk, Return, and Equilibrium: A Revisit," Journal of Political Economy, 94:1 (February 1986), pages 126-147.

We note in addition that since each investor's incremental risk from investing in a particular issue is a function of his or her other assets, any chosen risk measure is likely to be an inherently somewhat unreliable guide to that investor's risk in buying the security. It is also difficult to determine how a relevant risk measure for bond funds could be calculated from price data. Financial analysts typically rely on third party assessments of bond default risk since prices otherwise are so closely tied to interest rates.

[17] The SEC also proposes that all performance data be printed in the same size type which must not be smaller that 10-point type. This requirement is likely to increase clutter and thus make advertisements less effective. A more attractive alternative might be simply to require clearly legible disclosures.

c. A disclosure distinguishing performance measures that include allowance for load charges from measures that do not.

Narrowly focused disclosures of this type can be an appropriate means of addressing consumer misunderstanding. If the SEC finds empirical evidence that investors do not understand these aspects of mutual funds, and determines that the proposed disclosures are a cost-effective means of correcting the confusion, then mandatory disclosures might be justified.[18]

III. SUMMARY

The SEC proposes to impose very restrictive regulations that would limit the advertising of truthful and nondeceptive performance claims by mutual funds. The FTC staff recommends against such restrictions because they would suppress the flow of useful information and therefore harm investors by imposing costs that outweigh any benefits.

The FTC staff believes that one other action may, however, deserve further investigation by the SEC. It is possible that a significant number of consumers would benefit from more widespread use in advertisements of a yield formula that takes account of the amortization of premia and discounts on the securities held by the funds. If so, two approaches might be evaluated. On the one hand, the SEC might designate an appropriate "SEC Yield" formula and encourage its voluntary use. On the other hand, if that method is insufficient, the SEC might take the further step of imposing a

[18] Of the proposed "triggered" disclosures, we suggest first investigating the concern about investor misunderstanding of the risks of prepayment and of fluctuations in the value of principal of U.S. guaranteed mortgage backed securities. The SEC might consider requiring that use of the term "guaranteed" in a relevant context in an advertisement be accompanied by a simple disclosure concerning these risks.

rule that advertisements of any other yield formula by an income fund would trigger a requirement to disclose the SEC yield in an equally prominent way.

Appendix A

Private Publications Regularly Containing Investment Company Performance Measures

The FTC staff surveyed business and finance publications to establish which regularly include their own or commercially prepared performance measures for investment companies.[19] The list appears below. Those general circulation publications that include risk measures other than simply a time series of returns are shown with a star. In addition, several investment data services produce and sell risk estimates using various techniques, measurement intervals, and time horizons.

Publication	Estimated U.S. Circulation[20]
General Circulation:	
Business Week	763,000
Changing Times	1,385,000
Money*	861,000
Forbes	705,000
Dunn's Business Month	284,000
Barron's	275,000
Fortune*	681,000
Consumer Reports	3,000,000

[19] The ICI provided help in this search.

[20] Source: The Standard Periodical Directory, 9th Edition, 1985 1986. Publishers of Money and Barron's indicated that roughly 40% of their subscribers are mutual funds investors.

Publication

Specialized:

Lipper Analytical Services

Weisenberger Investment Companies

Growth Fund Guide

Mutual Fund Chartist

Donoghue's Money Fund Report

Johnson's Investment Company Charts

Money Fund Safety Ratings

Mutual Funds Guide (CCH)

Handbook for No-Load Investors

Moody's Bank and Finance Manual

Gordon Market Timer

Mutual Fund Investing

No-Load Fund Investor

Switch Fund Advisory

Telephone Switch Newsletter

United Mutual Fund Selector

Vickers Facts of the Funds

Appendix B

Current Advertising Claims That Would Be Restricted By The Proposed SEC Advertising Regulations

The FTC staff conducted a review of investment company advertisements appearing in the press to determine what types of current advertising claims the proposed SEC regulations would ban.[21] The publications searched in this process were The Wall Street Journal, Money, and Forbes. Each of these publications has wide distribution and the latter two publications carry their own investment company performance measures at regular intervals. This indicates that there is a market for this information and that substantial numbers of potential investors are likely to have been exposed to the advertisements that the FTC staff reviewed. Table 1 records the observations from the various issues of Money and Forbes. Table 2 records the observations from a collection of all of the actual performance advertisements that appeared in the Wall Street Journal over the period from October 15th to October 31st, 1986, with duplicates removed. These advertisements follow table 2. None of the performance advertisements comply with the SEC proposals in all respects and most of the advertisements contain information that would be banned. The advertisements with forbidden information have a star in the upper right corner of the page.

[21] The staff of the ICI provided assistance in this task.

Table 1
Count of Investment Company Advertisements Making Specific Advertising Claims That Would Be Banned By The SEC Proposed Regulations

	Money 10/86	Money 8/86	Forbes 10/6/86	Forbes 8/30/82
no. of ads.	42	40	2	3
time period greater than 5 years	13	2	1	3
comparison to broad index	7	1	1	2
performance ranking based on 3rd party calculations	4	4	1	0
graphical presentation	2	0	0	1
maximum and minimum price over the period	2	1	0	0
separate reports of income vs capital gains	2	1	0	1
compound annual return	5	2	1	1
average annual return	3	0	0	0
consistency of gains over time	2	0	0	0

Table 2
Count of Investment Company Performance Advertisements Making
Specific Truthful Advertising Claims[22] That Would Be Banned
By The SEC Proposed Regulations
Wall Street Journal, October 15th to October 31st, 1986

	equity	tax-free income	income	corp. cash
no. of distinct ads	21	13	14	1
time period greater than 5 years	14	0	0	0
comparison to broad index	6	0	0	0
performance ranking based on 3rd party calculations	3	6	12[23]	0
graphical presentation	3	0	0	0
maximum and minimum price over the period	0	5	13	0
separate reports of income vs capital gains	1	0	0	0
compound annual return	1	0	0	0
average annual return	2	0	0	0
consistency of gains over time	3	1	0	0
other	0	0	0	1[24]

[22] Readily verifiable.

[23] Claims about bond "quality."

[24] Statement of short term yield for a non-income fund.

Equity Fund - Average

For capital growth, transfer your IRA to Bull & Bear.

Capital Growth: it's the name of the game in IRA investment. And it's the *fund* you should consider when transferring your IRA.

Through bull markets, bear markets, three presidents and a recession, the Bull & Bear Capital Growth Fund has averaged exactly a 20% return since 1975. That's 708.8%!

Even though share price and return have varied in the past, as they will in the future, Capital Growth Fund IRA holders have enjoyed this success through Bull & Bear's single-minded adherence to a successful strategy of investment.

There are no commissions or redemption fees, ever. The minimum IRA investment is only $100. And we'll even do most of the transfer paperwork for you!

20% a year since 1975*

Capital Growth Fund
1-800-847-4200 ext. 518

Please rush me more complete information about the Bull & Bear Capital Growth Fund IRA, including a Prospectus with performance, charges and expenses. I'll read it carefully before I invest.

Name____________________

Address____________________

City____________________

State__________ Zip__________

[ ] Please send Keogh information.

*Compound annual return between 1/1/75 and 6/30/86. Assumes reinvestment of all capital gains distributions and dividends.

518

BULL & BEAR GROUP 11 Hanover Square, New York, NY 10005

PLAY IT SAFE AND YOU MAY END UP WITH LESS MONEY IN THE SAFE.

26.0%*
AVERAGE ANNUAL RETURN

Most people agree with the adage "nothing ventured, nothing gained" until it's time to invest their money—when suddenly they develop an aversion to venturing. Such reluctance can deny investors the growth opportunities that Oppenheimer's Target Fund has been taking advantage of for over five years.

Aimed at capital appreciation, the Target Fund has rewarded venturesome investors with an impressive total return of 273% since its inception.* Or a 26.0% average annual return.

All it takes is a minimum of $5,000 and, of course, the understanding that net asset values fluctuate with market conditions and are subject to loss as well as gain.

For more information, mail the coupon, speak with your financial advisor, or call Oppenheimer at 1-800-222-0700 (in New Jersey, 1-800-222-0755).

Because if your investment style is moderate, your rewards may be too.

Oppenheimer Fund Management, Inc.
Two Broadway, New York, NY 10004

☐ Please send me a Target Fund prospectus with more complete information, including all charges and expenses. I will read it carefully before I invest or send money.

Name

Address

City

State Zip

Phone

CA WSF 1024

THE OPPENHEIMER TARGET FUND.

*Assuming a $10,000 investment at offering price on 1/21/81 held until 9/30/86 with all dividends and capital gains reinvested. See prospectus (page 2) for information on yearly dividends and capital gains. Past performance is not an indication of future results. © 1986 Oppenheimer Fund Management, Inc.

The New Manhattan Fund

OBJECTIVE:

Maximum Appreciation

INVESTMENT MANAGER:

Neuberger & Berman Management (Since 3/1/79)

RESULTS:

Average Annual Percent Increase: 22.2%*

Total Appreciation For Over 7½ Years: 357%*

*FROM MARCH 1, 1979 to SEPTEMBER 30, 1986.
Assumes the reinvestment of all dividends

NO LOAD
No sales or redemption charge

MANHATTAN FUND

Please send me a free prospectus and financial report showing Manhattan Fund's portfolio and performance history year by year. I will read it carefully before I invest. Send no money.

Name ______________________________

Address ______________________________

City ______________ State _____ Zip __________

Neuberger & Berman
MANAGEMENT INC

Service Center P.O. Box 4299
Boston, Mass. 02211

Call toll free day or night:
1-800-922-3700

Equity Funds - Cummulative

FRANKLIN UTILITIES FUND

A DECADE'S RETURN*

339%

Power Your Portfolio With High Total Returns

Franklin has achieved high total returns from a diversified portfolio of growth utilities.

The Fund's goal is to provide investors with high current income and capital appreciation. **While past performance is not indicative of future growth, dividends have increased every year for the past 12 years.**

Find out how to get more from utilities than just a monthly bill. Ask for a free prospectus.

*Total return over ten years ended July 31, 1986 after all charges and fees assuming reinvestment of dividends at offering price and capital gain distributions at net asset value. This was a period of generally rising stock prices

IRA Choice

Franklin Utilities Fund
500 Fifth Avenue
New York, NY 10110

Please send me a prospectus containing more complete information, including charges and expenses. I will read it carefully before I invest or send money.

I am also interested in Franklin's: ☐ IRA
☐ Business Retirement Plan (includes Keogh)

Name ______________________

Address ______________________

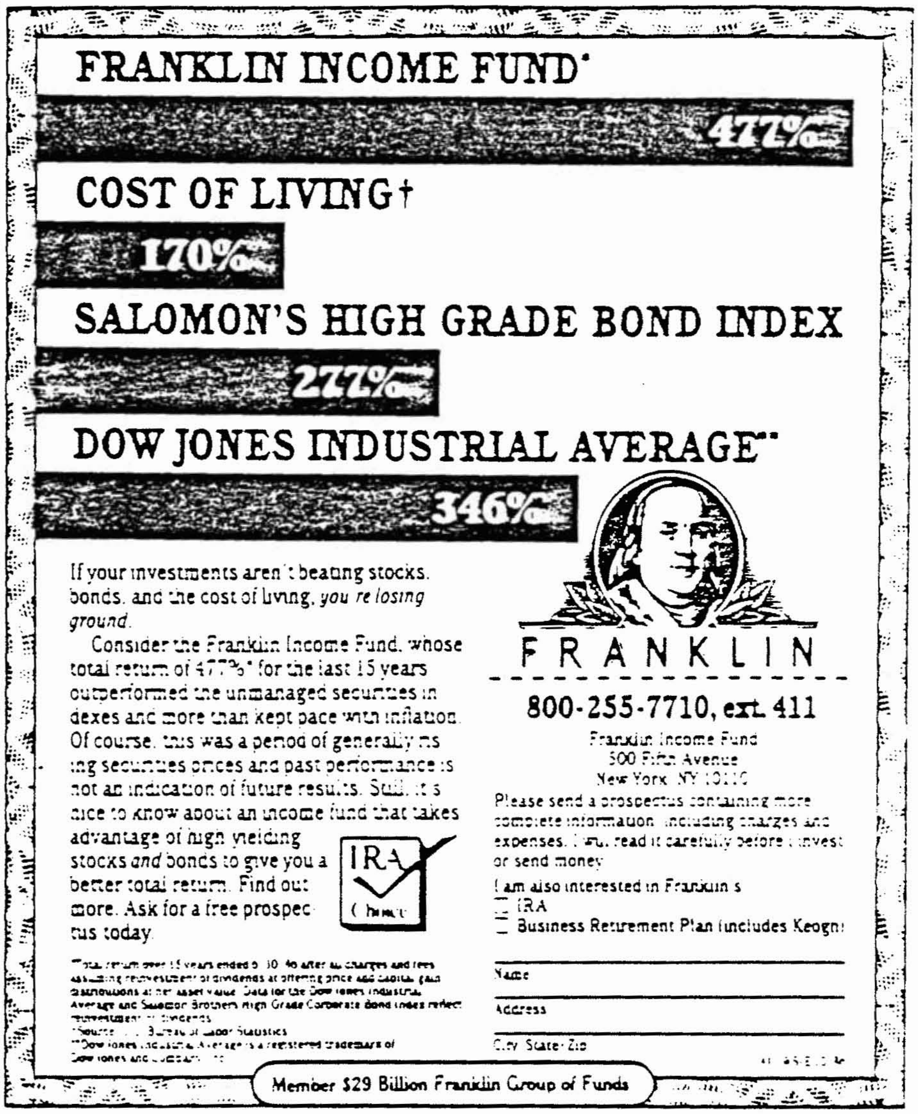
City/State/Zip ______________________

FRANKLIN

800-255-7710
Ext. 881

WSJ 10/86

Member $29 Billion Franklin Group of Funds



FRANKLIN INCOME FUND*
477%
COST OF LIVING†
170%
SALOMON'S HIGH GRADE BOND INDEX
277%
DOW JONES INDUSTRIAL AVERAGE**
346%
If your investments aren't beating stocks, bonds, and the cost of living, you're losing ground.
Consider the Franklin Income Fund, whose total return of 477%* for the last 15 years outperformed the unmanaged securities indexes and more than kept pace with inflation. Of course, this was a period of generally rising securities prices and past performance is not an indication of future results. Still, it's nice to know about an income fund that takes advantage of high yielding stocks and bonds to give you a better total return. Find out more. Ask for a free prospectus today.
IRA
†Source: U.S. Bureau of Labor Statistics
FRANKLIN
800-255-7710, ext. 411
Franklin Income Fund
500 Fifth Avenue
New York, NY
Please send a prospectus containing more complete information, including charges and expenses. I will read it carefully before I invest or send money.
I am also interested in Franklin's
IRA
Business Retirement Plan (includes Keogh)
Name
Address
City State Zip
Member $29 Billion Franklin Group of Funds

Proven international expertise: up 217%*!

T. Rowe Price International Stock Fund

The International Stock Fund has delivered an impressive 217% total return since its inception in 1980, including a 75% return for the 12 months ending 9/30/86.* Our investment managers have proven themselves in up and down markets, and in periods of strength and weakness for the American dollar.

Benefit from investing with international experts

The Fund invests in some of the world's fastest-growing companies, primarily in Europe and the Pacific Basin. Our team of international experts manages the Fund to help you benefit from both capital growth and favorable changes in international currencies. And, because foreign economic cycles tend to differ from those in the U.S., this Fund offers you the opportunity to diversify your investments.

No sales charges!

This high-performing Fund may be an excellent choice if you can assume the special risks of international investing. The minimum initial investment is $1,000 ($500 for IRAs) with **no sales charges.**
For information, call weekdays 8:30 am to 8 pm, Sundays 10 am to 4 pm EST:
1-800-638-5660.

T. Rowe Price
Invest With Confidence

T. Rowe Price, 100 East Pratt Street, Baltimore, MD 21202

Send a prospectus with more complete information, including management fees and other charges and expenses. I will read it carefully before I invest or send money.

☐ I'm also interested in international bonds. Please send a prospectus for your International Bond Fund.

Name

Address

City State Zip 1439

Phone ☐ Home ☐ Business

Benefit from international expertise—call 1-800-638-5660.

*The Fund has gained 217% from inception 5/9/80 to 9/30/86, and 75% from 9/30/85 to 9/30/86. Figures include changes in principal value [illegible] dividends and capital gains distributions—see page 9 of the Statement of Additional Information. Market conditions fluctuated and past performance [illegible] indicative of future results. T. Rowe Price Investment Services, Inc., Distributor

UP 286%* IN FIVE YEARS*

For Keoghs, think Magellan!

Fidelity Magellan Fund is the choice of many self-employed and incorporated individuals. And no wonder—it's up 286% over the past five years! While past performance is no guarantee of future results, you can start with just $500 for Keoghs. And deduct up to $30,000 or 25% of earned income each year. • 24 hour toll-free service and exchange • Expert fund management

*Magellan's total return for the past 5 years ended 9/30/86 includes change in share price, the reinvestment of all dividends and capital gains distributions, and the effect of the 3% sales charge. Stock market conditions were generally up but fluctuated widely over the period shown. Figure updates the Fund's prospectus.

Keogh Deadline Dec. 31st.

Fidelity Magellan Fund Keogh.

For more complete information, including management fees, expenses, and the 3% sales charge, call or write today. We'll send you the Fidelity Retirement plan fact kit and a free prospectus. Read it carefully before you invest or send money. Fidelity Distributors Corporation, General Distribution Agent, P.O. Box 660603, Dallas, TX 75266.

Also consider Magellan for your IRA.

Call toll-free 24 hours.

1-800-544-6666

In Massachusetts call collect 1-617-523-1919

Fidelity Investments

WSJE/MAGK/102886

FIDELITY EQUITY-INCOME FUND

The Pension Manager's Choice for Keoghs!

Fidelity Equity Income Fund is the choice of 620 pension managers! And many self-employed and incorporated individuals choose it, too. After all, the fund is up 545% over the past 10 years.* through good markets and bad. Start with just $500 for Keoghs. And deduct up to $30,000 or 25% of earned income each year. Of course, past performance is no guarantee of future results.

*Figures are for total returns for 10 years (ending 9/30/86) and include change in share price, reinvestment of dividends and capital gains distributions and the fund's 2% sales charge. Figure updates Page 5 of the fund's Statement of Additional Information.

Keogh Deadline Dec. 31st.

Fidelity Equity-Income Fund Keogh. For more complete information including management fees and expenses, and Equity Income's 2% sales charge, call or write for a free prospectus. Read it carefully before you invest or send money. Fidelity Distributors Corporation, General Distribution Agent, P.O. Box 660603, Dallas, TX 75266.

Also consider Equity-Income for your IRA.

Call toll-free 24 hours.
1-800-544-6666
In Massachusetts call collect 1-617-523-1919

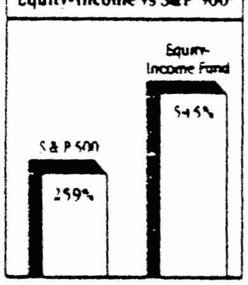
FIDELITY INVESTMENTS

WSJE/EQUK/101686

Free! IRA TAX UPDATE

Impressive returns for IRAs!

Equity-Income vs S&P 500[1]

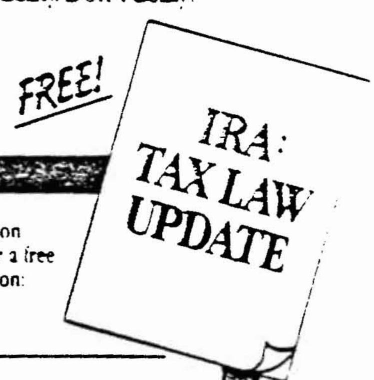


Equity-Income's Record over 10 years[1]

If you're disappointed with your IRA results, consider transferring to Fidelity. Choose among a wide variety of Funds – including Fidelity Equity-Income Fund. Compare Equity-Income's impressive record – up 545% over the past 10 years.[1] And while past performance is no guarantee of future results, Equity-Income has the potential for substantial growth and a record of above average dividends.

Plus when you choose the Fidelity IRA you'll also enjoy: 24 hour toll-free service. • Convenient telephone exchanges. • Fidelity's expert management. • It's easy to transfer your IRA to Fidelity. Don't delay!

[1] Total returns for the S&P 500 and Equity-Income for the ten years ended 9/30/86 include changes in share price and the reinvestment of all dividends and capital gains distributions. The total return for Equity-Income also includes the effect of the fund's 2% sales charge, updating the prospectus. Stock market conditions were generally up but fluctuated widely over the periods shown. S&P 500 is a registered trademark of Standard & Poor's Corporation.



Fidelity Equity-Income Fund IRA. For more complete information including management fees, expenses and Equity-Income's 2% sales charge, call or write for a free prospectus. Read it carefully before you invest or send money. Fidelity Distributors Corporation: General Distribution Agent, P.O. Box 660603, Dallas, TX 75266.

Name ______________________ Address ______________________

City ______________________ State ____________ Zip ____________

Check here for free Rollover fact kit ☐ (EQUR) **Check here for free Keogh fact kit ☐ (EQUK)**

Call toll-free 24 hours.

1-800-544-6666

In Massachusetts call collect 617-523-1919

FIDELITY INVESTMENTS

WSJE/PUR/102486

EQUITY-INCOME FUND

Fidelity sets a higher standard.

In the last 10 years, Fidelity's Equity-Income Fund has provided returns two times higher than that of Standard & Poor's 500.** That means $10,000 invested in Equity-Income ten years ago would be worth $64,554.00* today.

While past performance is no guarantee of future results, this income-oriented stock fund has displayed consistent performance, despite market fluctuations.

For more information just mail in the attached coupon or call our toll-free number **24 hours a day.** Minimum investment $1,000, $500 for IRA's.

*Figures are for total returns for 10 years (ending 9/30/86) and include change in share price, reinvestment of dividends and capital gains distributions and the fund's 2% sales charge. Figures update page 5 of the fund's Statement of Additional Information.

**Standard & Poor's 500 is a trademark of Standard & Poor's Corporation (a widely-recognized unmanaged index of stock market performance).

Switch to a Fidelity IRA

Fidelity Equity-Income Fund. For more complete information, including management fees, expenses, and a 2% sales charge on Equity-Income, call or write for a free prospectus. Read it carefully before you invest or send money. Fidelity Distributors Corporation (General Distribution Agent) P.O. Box 660603 Dallas, TX 75266

Call toll-free 24 hours

1-800-544-6666

In Massachusetts call collect 617-523-1919

Fidelity Investments

WSJE/EQUI/103186

UP 100% IN ONE YEAR![1]

Take your IRA Overseas!

Fidelity Overseas Fund is up an impressive 100% over the past year, making it the nation's #1 international fund.[2] This aggressive stock fund taps the potential of foreign markets - and that can mean more growth for your IRA. Of course, past performance is no guarantee of future results and the Fund can be volatile. You'll also enjoy:

- Easy IRA transfers
- 24 hour service and exchanges
- Start with just $500. Call Fidelity today!

FIDELITY IRA AMERICA

[1]Total return for the period ended 9/30/86 includes change in share price, reinvestment of dividends, capital gains distributions and the effect of the 3% sales charge, updating the Fund's prospectus. Total return life of fund (12/4/84 to 9/30/86) is 200.8%
[2]Ranked by Lipper Analytical Services, Inc., which currently monitors over 32 international funds for 12 months ended 9/30/86.

Fidelity Overseas Fund IRA.

For more complete information, including management fees, expenses and the 3% sales charge, call or write for a free prospectus. Read it carefully before you invest or send money. Fidelity Distributors Corporation: General Distribution Agent, P.O. Box 660603, Dallas, TX 75266.

Name ______________________ Address ______________________

City ______________________ State ____________ Zip ____________

Ask about non-IRA investing, too!

Call toll-free 24 hours.
1-800-544-6666
In MA call collect 1-617-523-1919

FIDELITY INVESTMENTS

WSJE/OVE/101586

FREE CASSETTE TAPE!

Hear About Overseas Investing

Fidelity Overseas Fund was the nation's top performing international fund over the past year—up an impressive 100.4%*. Of course, past performance is no guarantee of future results and overseas investing can be volatile. But if you're looking to tap the potential of growing foreign economies, consider diversifying your portfolio with Overseas • 24 hour toll-free service • Fidelity's experienced international portfolio management • Exchange among more than 50 funds • Start with just $2,500 ($500 for IRAs)

To learn more about Overseas Fund, call Fidelity today and ask for your free cassette tape. You'll hear first-hand from Fidelity's managers how you can reap the potential rewards of overseas investing. Ask about our *new* Fidelity Europe Fund and Fidelity Pacific Basin Fund.

*Ranked by Lipper Analytical Services, Inc. which currently monitors over 32 international funds for 12 months ended 9/30/86. Total return for the period ended 9/30/86 includes change in share price, reinvestment of dividends and capital gains distributions, and the 3% sales charge updating Page 5 of the prospectus. Total return for the life of the fund 12/ [illegible] 200.8%. Market conditions were generally up over the period.

Fidelity Overseas Fund. For more information, including management fees, expenses and the 3% sales charge, call or write for a free prospectus. Read it carefully before you invest or send money. Fidelity Distributors Corporation, General Distribution Agent, P.O. Box 660603, Dallas, TX 75266.

Name ______________________ Address ______________________

City ______________________ State ____________ Zip ____________

☐ Fidelity Overseas Fund (OVE) ☐ Fidelity IRA (OVEI) ☐ Fidelity Keogh (OVEK)

Call toll-free 24 hours

1-800-544-6666

In MA call collect 617-523-1919

FIDELITY INVESTMENTS

WSJE/OVE/102186

NEW INTERNATIONAL CHOICES

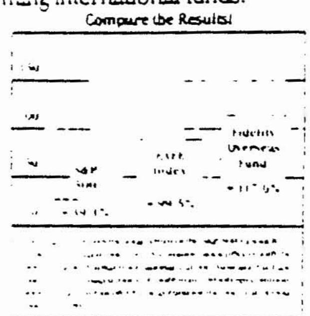
Introducing Fidelity Europe *and* Pacific Basin Funds!

Now the company known for its experience in international investing brings you two exciting new overseas funds! These Fidelity funds let aggressive investors *focus* their search for growth on specific regions of the world. Of course, regional funds can be volatile and foreign markets can experience wide fluctuations – in both currencies and prices of securities. But if you're willing to accept greater risk for the potential of higher returns – consider these two new funds!

New! **Fidelity Pacific Basin Fund.** Pacific Basin's managers aggressively seek growth in Japan, as well as Hong Kong, India, Korea, Singapore, other Far East nations and Australia. The Pacific Basin can be an exciting region for international investing!

New! **Fidelity Europe Fund.** Tap the potential of growing economies in France, Italy, Luxembourg, Netherlands, Spain, Switzerland, the U.K. and other countries in Western Europe, where nearly a quarter of the world's investments are located. (There is a 2% sales charge and 1% fee on redemptions for the Pacific Basin and Europe Funds.)

Or consider Fidelity Overseas Fund. This diversified fund is one of the nation's top performing international funds.[1] The chart shows the fund's impressive record – up 117.6% for the past year![2] Of course, past performance is no guarantee of future results, but many investors look to Fidelity for experienced international investment management.



Plus these Fidelity benefits

Fidelity makes it easy to invest overseas. You can start with just $2,500 ($500 for IRAs). And you also enjoy • Exchange among more than 50 funds • 24 hour toll-free service. • Fidelity's professional international management and investment research. Call today!

Be among the first to invest!

Fidelity's Overseas Funds.

Call toll-free 24 hours

1-800-544-6666

FIDELITY INVESTMENTS

Put your money where the high yields are: 11.59%*

The T. Rowe Price High Yield Fund

In times like these, when yields on most income-oriented investments are falling, where do you look for higher current income? The T. Rowe Price High Yield Fund capitalizes on some of the best yields available by investing in a diversified portfolio of long-term, medium to lower quality bonds.

Aggressively managed for high current income

In pursuit of high current income, T. Rowe Price bond specialists actively manage the Fund, and diversify it over a broad range of securities. Although yield and share price will vary, this approach should help reduce the greater risks associated with these types of securities. In the 12 months ending 10/15/86, the high price was $11.26, and the low was $10.38.

Benefit from tax-deferred compounding for your IRA

The High Yield Fund is particularly appropriate for IRAs, where the high level of income compounds tax-deferred, helping your money grow faster.

You'll also enjoy free checkwriting for $500 or more. Plus, with a toll-free call, you can purchase, redeem or exchange among our family of funds at the then current net asset value. The minimum investment is $1,000 ($500 for IRAs), with **no sales charges.**

For information, call weekdays 8:30 am to 8:00 pm EDT: **1-800-638-5660.**

T.Rowe Price
Invest With Confidence

Mail to: T. Rowe Price, 100 East Pratt St., Baltimore, MD 21202

Please send me a free information kit and prospectus, with more complete information, including management fees and other charges and expenses. I will read them carefully before I invest or send money.

Also send a free information kit for: ☐ IRA ☐ Keogh

Name

Address

City State Zip HCC

*Average annualized yield for the seven days ending 10/15/86, based on an average price per share of $10.92. Average maturity during this period was 11.5 years. T. Rowe Price Investment Services, Inc., Distributor

Get higher current yields–call 1-800-638-5660.

FIDELITY HIGH INCOME FUND

10.95%* for Keoghs!

Consider Fidelity High Income Fund for the higher yields of medium to lower quality bonds. Self-employed individuals and corporations can start with just $500 for Keoghs. And deduct up to $30,000 or 25% of earned income. • No sales charge. • 24 hour toll-free exchange among a wide variety of funds. As with any bond fund, your yield and share price will vary. For example, on 9/30/85 High Income's price was $9.16 and on 9/30/86 it was $9.81.

*Annualized yield for the 7 days ended 10/13/86 based on an average share price of $9.84

Keogh Deadline Dec. 31st.

Fidelity High Income Fund Keogh.

For more complete information including management fees and expenses, call or write today. We'll send you a free Fidelity Retirement Plan Fact Kit, and a free prospectus. Read it carefully before you invest or send money. Fidelity Distributors Corporation (General Distribution Agent) P.O. Box 660603, Dallas, TX 75266.

Ask about High Income Fund for IRAs.

Call toll-free 24 hours.

1-800-544-6666

In Mass. call collect 617-523-1919

FIDELITY INVESTMENTS

WSJE/HIK/102186

DISCOVER HIGH INCOME 10.95%!*

Discover Fidelity High Income Fund for today's high bond yields. Let its aggressive portfolio of higher yielding, medium to lower quality bonds start working for you today! Start with just $2500. Choose it for your IRA or Keogh and start with just $500. Plus • No sales charge • Free checkwriting • Easy exchanges to other Fidelity funds • 24 hour toll-free service.

Like any bond fund, your yield and share price will vary. For example, on 9/30/85 High Income's price was $9.16 and on 9/30/86 it was $9.81.

*Annualized yield for the 7 days ended 10/13/86, based on an average share price of $9.84

Ask about a Fidelity Money Market fund.

Fidelity High Income Fund

For more complete information, including management fees and expenses, call or write for a free prospectus. Read it carefully before you invest or send money. Fidelity Distributors Corporation (General Distribution Agent), P.O. Box 660603, Dallas, TX 75266.

Call toll-free 24 hours
1-800-544-6666
In Mass. call collect 1-617-523-1919

FIDELITY INVESTMENTS

WSJE/HII/102486

VKM

A XEROX Financial Services Company

Van Kampen Merritt

High Yield Fund

11.14%*

The Van Kampen Merritt High Yield Fund offers a high current distribution rate, monthly income, affordability and easy access to your investment.

The Fund invests primarily in medium or lower grade corporate securities. Credit analysis and research is provided to the Fund advisor by McCarthy, Crisanti and Maffei, Inc., a Securities and Exchange Commission-designated "nationally recognized statistical rating organization".

Both the current distribution rate and the net asset value will fluctuate as market conditions change. $14.11 and $14.12 were the net asset values on 7/29/86 and 10/15/86, respectively.

Call Toll Free and we'll rush a prospectus which contains more complete information, including charges and expenses. Read it carefully before you invest or send money. (**Georgia residents call 1-800-633-2252**).

*Current distribution rate is determined by annualizing the monthly distribution paid per share for the one month period ending October 15, 1986 and dividing the result by the ending maximum public offering price for the same period.

1-800-DIAL-VKM EXT. 5001

THE FIDELITY ADVANTAGE

10.88%* and *more!*

Fidelity High Income Fund provides the higher yields available from medium- to lower-rated bonds. But in a bond fund, high current yields are just part of the story— because price changes also impact how much money you make. For example, on 9/30/85 High Income's price was $9.16 and on 9/30/86 it was $9.81. While your yield will also vary, and past performance doesn't guarantee future results, this aggressive fund is researched and managed by Fidelity experts, whose goal is to achieve the best overall return in today's complex bond market.

High Income's Results

Periods Ended 9/30/86	Total Return**
1 Year	21.8%
3 Years	61.8%
5 Years	183.6%

And there's even more! • No sales charge. • Free checkwriting. • Start with $2,500; $500 for IRAs and Keoghs. • Exchanges to other Fidelity funds. • 24 hour toll-free service.

*Annualized yield for the 7 days ended 10/20/86 based on an average share price of $9.84.

**Total returns based on reinvestment of all dividends and capital gains, as well as changes in share price for the periods indicated. Market conditions fluctuated but were generally up during these periods.

Ask about a Fidelity Money Market fund.

Fidelity High Income Fund.

For more complete information, including management fees and expenses, call or write for a free prospectus. Read it carefully before you invest or send money. Fidelity Distributors Corporation; General Distribution Agent, P.O. Box 660603, Dallas, TX 75266.

Name__________ Address__________

City__________ State__________ Zip__________

☐ Free IRA fact kit (HIII) ☐ Free Keogh fact kit (HIIK)

Call toll-free 24 hours

1-800-544-6666

In Massachusetts call collect 617-523-1919

Fidelity Investments

Share the Vision

WSJE/HH/103186

Appendix C

The SEC Proposed Total Shareholder Return Formula

The SEC proposed total shareholder return formula is: Total Shareholder Return = [ending value - amount invested] / amount invested. According to the SEC proposals, advertisers using this formula would deduct all initial load charges from the first year's return and all redemption charges from the last year's return.

The FTC staff's objection to the total shareholder return formula concerns the timing of the deduction for sales charges. The SEC proposal attributes the whole sales and/or redemption charge to the first and/or last period that is being reported. This may seriously distort the reported pattern of returns over time.

The simplest approach that would avoid the extreme distortions of the current proposal would be to amortize the load charges equally over the reporting horizon. However, because any reporting period is inevitably arbitrary, it seems likely that consumers would generally be interested in a statement concerning the method of calculation.

Appendix D

The SEC Proposed Yield Formula For Income Funds

The SEC proposes to define the yield from investment in an income fund as: Yield = [[(a-b)/c] x d]/e. "a" represents dividends and interest earned during the period. "b" represents expenses accrued for the period (net of reimbursements). "c" represents average daily number of shares outstanding during the period. "d" is the inverse of the fraction of the year represented by the measurement period. "e" represents the maximum offering price per share on the last day of the period.[25] The yield calculation is also to be adjusted to reflect amortization of discounts below or premiums above redemption value that were paid in acquiring debt securities.

If the SEC should decide to designate a particular yield formula for use in advertising claims, the FTC staff recommends changes in amortization and in compounding of the yield.

Amortization: Although we agree that many investors would benefit from use a yield measure that includes amortization of bond premiums and discounts (what is known in financial markets as a "yield to maturity"), the

[25] Several alternative price figures are possible. The elements of choice include the time period (for example, the end of the period, the beginning of the period, or a combination during the period), the offer price or the net asset value, and the maximum or some type of average price. None of these is necessarily right or wrong. Using the end of the period price mixes current price with historic income. If the current price is used, the income should be the expected income from holding the current portfolio over the next measurement period. This, however, raises a separate issue since the portfolio composition may be changed so that the projected income is not realized. The most consistent approach would be to use the beginning of the period price. The quandary of several truthful price definitions underlines the arbitrariness of picking a standard and the potential importance of permitting the use of the alternative measures if fund managers believe that they are pertinent to particular investors.

amortization approach proposed by the SEC is not appropriate. The amortization should be based on the difference between the current market price (not the original acquisition cost) and the redemption value at maturity (or call) of a security.[26]

Compounding: Limiting the yield measure to an uncompounded rate is too restrictive. It would reduce the flow of useful information to investors. Investors are likely to be familiar with and accustomed to interpreting both simple and compound yields because of the extensive use of these measures by banks and similar financial institutions, mutual funds at present, and for credit under the Truth In Lending Act which permits use of both compound and simple rates of return. Allowing advertising of both forms of yield should facilitate comparisons between income funds and other income producing investments, and between income funds and costs of borrowing for investment purposes.

---

[26] The FTC staff recommends that the amortization process be applied to all debt obligations including those of tax-exempt entities.

LOOKING FOR GROWTH?

Fidelity Makes OTC Easy!

Is the OTC market undervalued? Consider Fidelity OTC Portfolio — up 26.3%[1] over the past year. The fund is poised to take advantage of today's attractive OTC prices. Of course, past performance is no guarantee of future results, but many investors see the OTC market as an aggressive opportunity for growth. • Start with just $2,500 ($500 for IRAs). • Low 3% sales charge. • 24-hour toll-free service. Easy telephone exchange to more than 50 other Fidelity funds.

[1]Total return (10/1/85 to 9/30/86) includes change in share price, reinvestment of dividends and capital gains distributions and the effect of paying the 3% sales charge, updating the prospectus. Total return life of fund (12/31/84 to 9/30/86) was 79.5%. Market conditions fluctuated but were generally up during the period.

Switch to a Fidelity IRA

Fidelity OTC Portfolio. For more complete information, including management fees, expenses and the 3% sales charge, call or write for a free prospectus. Read it carefully before you invest or send money. Fidelity Distributors Corporation (General Distribution Agent) P.O. Box 660603 Dallas, TX 75266

Call toll-free 24 hours.
1-800-544-6666
In Mass. call collect 617-523-1919

FIDELITY INVESTMENTS

WSJE/OTC/102486

Equity Funds - Year-By-Year

WE DOUBT WE'LL EVER BE #1.

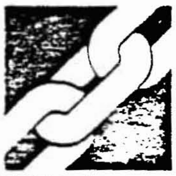
Because our shareholders want consistent performance without volatility and risk.

Look at the numbers:

YEAR ENDED — Partners Fund on a "Total Return" Basis

12/31/76	+31.2%	12/31/81	+ 6.2
12/31/77	+ 7.0	12/31/82	+26.6
12/31/78	+16.3	12/31/83	+19.2
12/31/79	+42.9	12/31/84	+ 8.0
12/31/80	+33.7	12/31/85	+29.9

PARTNERS FUND



- NO LOAD
- CONSISTENCY through turbulent market years
- APPRECIATION of 601% the last ten years

For a free prospectus mail coupon or call toll free
1-800-922-3700

Neuberger & Berman
MANAGEMENT INC
Service Center P.O. Box 4299
Boston Mass 022[illegible]

Please send a free Partners Fund prospectus and brochure. Read it carefully before you invest. Send no money.

Call toll free day or night:
1-800-922-3700

Name ______________________

Address ______________________

City ____________ State ______ Zip ______

Looking for IRA income *and* growth?

Consider transferring your IRA to Fidelity Puritan Fund. The conservative strategy of this stock and bond fund has provided regular dividend income plus the potential for the kind of growth shown in the chart.* In fact, it was up 26.15% for the year ending 9/30/86. Of course past performance is no guarantee of future results. You'll pay no sales charge and get convenient telephone exchange. It's easy to transfer your IRA to Fidelity. Start with just $500. ($1000 for regular investments.)

Year	Total Return*
1981	10.76%
1982	29.09%
1983	25.85%
1984	10.62%
1985	28.71%

*Total return figures for each of the last five years, ending 12/31 include change in share price and reinvestment of all dividends and capital gains distributions, updating the prospectus. Total return for the 5 years ended 9/30/86 was 191%. Stock market conditions were generally up but fluctuated widely over the periods shown.

Fidelity Puritan Fund IRA. For more complete information including management fees and expenses, call or write for a free prospectus. Read it carefully before you invest or send money. Fidelity Distributors Corporation, General Distribution Agent, P.O. Box 660603, Dallas, TX 75266

Retiring? Ask about a Fidelity IRA Rollover.

1-800-544-6666

In Massachusetts call collect 617-523-1919

Fidelity Investments

WSJE/PURI/103186

Invest in a high-growth foreign stock fund—up 75%

The T. Rowe Price International Stock Fund

By investing primarily in the stocks of leading companies in Europe and the Pacific Basin, this Fund gained 75%* for the 12-month period ending September 30, 1986. The minimum investment is $1,000 ($500 for IRAs) and there are **no sales charges**. For information, call toll free weekdays 8:30 am to 8:00 pm EDT: **1-800-638-5660.**

T. Rowe Price
Invest With Confidence

T. Rowe Price, 100 E. Pratt St., Baltimore, MD 21202

Send a prospectus with more complete information, including management fees and other charges and expenses. I will read it carefully before I invest or send money.

Name ____________________

Address ____________________

City ________ State ________ Zip ________

Overseas growth opportunities: call 1-800-638-5660

*Performance figures for year 9/30/85 to 9/30/86. The Fund gained 45.3% from 12/31/84 to 12/31/85. From 5/9/80 inception to 9/30/86 the Fund gained 217.6%. Figures include changes in principal value, reinvested dividends and capital gains distributions—see page 9 of the Statement of Additional Information. Market conditions fluctuated and past performance is not indicative of future results. T. Rowe Price Investment Services, Inc., Distributor

Corporate Cash Fund

GEICO'S TAX BREAK FOR CORPORATIONS

GEICO's no-load Adjustable Rate Preferred Fund yields tax-advantaged dividends up to 93.1% free of federal income taxes.

The measure of a successful corporate cash management program is not what you earn, but what you keep – *after taxes.*

With GEICO Adjustable Rate Preferred Fund, you keep more, because the Fund's dividends qualify for the 85% dividends-received deduction. The Fund offers corporate treasurers a prudent, efficient means to earn attractive rates and keep 93.1% of earnings – after taxes.

A corporation which otherwise would pay the maximum 46% rate will pay only 6.9% tax on the Fund's dividends.

Dividends on the underlying securities are adjusted quarterly aligning yields with current markets to minimize share price fluctuations. Portfolio diversification results in still further stability.

Fund earns dividends daily. Monthly distributions to your account may be paid directly in cash or reinvested in additional shares

Shares may be redeemed a[illegible]ir then current net asset value by telephone for next business day federal funds wire. Or by check.

No sales charge for purchases, reinvestments or redemptions.

For more complete information, includin[illegible] management fees and expenses, call for a free prosp[illegible] Please read it carefully before you invest or send [illegible].

96-Day Yield

6.81%*

Delivers

11.74%

Effective Tax Equivalent Annualized Yield

*Calculated on the Fund's net investment income and average price per share for the 96-day period ending [illegible] Yields and share prices will fluctuate. Assumes [illegible] corporate tax and all distributions qualify for the 85% dividends-received deduction.

800-832-6232

(In Maryland, call collect 301-986-2200)

GEICO ADJUSTABLE RATE PREFERRED FUND

GEICO Investment Services Company
GEICO Plaza, Washington, DC 20076

Tax-Free Income Funds

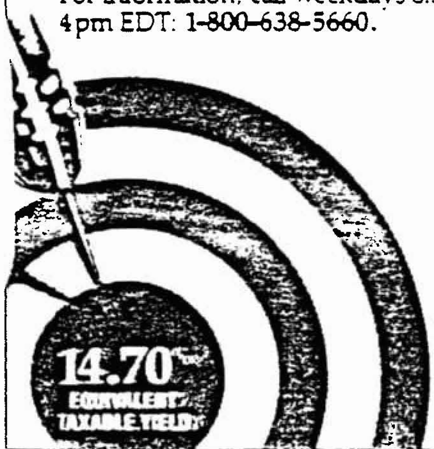
Aim for high tax-free yields: turn 7.35%* into 14.70%*

The T. Rowe Price Tax-Free High Yield Fund

This Fund's current 7.35% tax-free yield is equivalent to a taxable yield of 14.70% for investors in the 50% bracket, 10.97% for those in the 33% bracket, and 10.21% for those in the 28% bracket.

The Fund invests in long-term, medium-to-lower quality municipal bonds. Active management helps maintain high income and reduce volatility, but yield and share price will fluctuate. In the 12 months ending 10/16/86, the high price was $11.78, and the low was $10.16.

The minimum investment is $1,000 with **no sales charges.** For information, call weekdays 8:30 am to 8:00 pm, Sundays 10 am to 4 pm EDT: **1-800-638-5660.**



T. Rowe Price
Invest With Confidence

Mail to: **T. Rowe Price,** 100 E. Pratt Street, Baltimore, MD 21202

Please send me a prospectus with more complete information, including management fees and other charges and expenses. I will read it carefully before I invest or send money.

Name ______________________

Address ______________________

City ________ State ________ Zip ________

High tax-free yields: call 1-800-638-5660

*Average annualized yield for the seven days ending 10/16/86, based on an average price per share of $11.74. Average maturity during this period was 24.8 years. Income may be subject to state and local taxes. T. Rowe Price Investment Services, Inc., Distributor

Now, tax-free funds can be right for more taxpayers

The T. Rowe Price Tax-Free Funds

Now, taxpayers in a wide range of brackets can benefit from investments paying dividends that are 100% exempt from Federal taxes.* As the chart shows, even investors in the 28% bracket can enjoy attractive equivalent taxable yields from our family of municipal bond funds. All four of our tax-free funds have a $1,000 minimum investment. Plus, each offers free checkwriting and **no sales charges.**

The Tax-Exempt Money Fund invests in short-term municipal securities. It offers maximum principal stability, plus tax-free money market yields. Although yield and price can vary, this Fund has always maintained a constant $1.00 per share price.

The Tax-Free Short-Intermediate Fund offers higher yields than the average tax-free money market fund, with price stability greater than funds investing in longer term municipal securities. Yield and price will vary. For the 12-month period ending 10/22/86, the high price was $5.26, and the low was $5.08.

The Tax-Free Income Fund is for investors who can accept the wider price fluctuations of longer term municipal bonds in pursuit of an even higher level of tax-exempt income. Yield and price will vary. For the 12-month period ending 10/22/86, the high price was $10.02, and the low was $8.65.

The Tax-Free High Yield Fund seeks the highest yields over the long term by investing in medium-to-lower quality securities. Income and price volatility should be the greatest of all our tax-free funds. For the 12-month period ending 10/22/86, the high price was $11.78, and the low was $10.15.

Call weekdays 8:30 am to 8:00 pm, Sundays 10 am to 4 pm EST: **1-800-638-5660.**

FUND	CURRENT YIELD	EQUIVALENT TAXABLE YIELD		
		TAX BRACKETS		
		28%	33%	50%
TAX-EXEMPT MONEY FUND	3.73%[1]	5.18%	5.57%	7.46%
TAX-FREE SHORT-INTERMEDIATE FUND	5.64%[2]	7.83%	8.42%	11.28%
TAX-FREE INCOME FUND	6.80%[3]	9.44%	10.15%	13.60%
TAX-FREE HIGH YIELD FUND	7.36%[4]	10.22%	10.99%	14.72%

T. Rowe Price
Invest With Confidence

Mail to: T. Rowe Price, 100 E. Pratt St., Baltimore, MD 21202

Please send me a free information kit and prospectuses with more complete information, including management fees and other charges and expenses. I will read them carefully before I invest or send money.

Also send me a free information kit for:
☐ IRA ☐ Keogh

Name ______________________

Address ______________________

City ________ State ________ Zip ________

( ) ______________________
Phone ☐ Home ☐ Business

Tax-free funds—call 1-800-638-5660

*Income may be subject to state and local taxes. 1. Average annualized yield for the 7-day period ending 10/22/86. Average maturity was 102 days. 2. Average annualized yield for the 7 days ending 10/22/86, based on an average price per share of $5.26. Average maturity during this period was 3.8 years. 3. Average annualized yield for the 7 days ending 10/22/86, based on an average price per share of $9.85. Average maturity during this period was 24.1 years. 4. Average annualized yield for the 7 days ending 10/22/86, based on an average price per share of $11.75. Average maturity during this period was 24.8 years. T. Rowe Price Investment Services, Inc., Distributor.

A XEROX *Financial Services Company*

Van Kampen Merritt

Tax Free High Income Fund

7.91% = 10.99%*

TAX FREE — TAXABLE

If you're in the 28% bracket, which is expected to be the maximum bracket effective 1/1/88, you would have to earn 10.99% on a taxable investment to equal this tax-exempt yield.

The Van Kampen Merritt Tax Free High Income Fund earns monthly income exempt from federal income taxes. You always have easy access to your money. Open your account for as little as $1,500.

Both the current return and the net asset value will fluctuate as market conditions change. $14.15 and $16.50 were the net asset values on 10/15/85 and 10/15/86.

Call Toll Free and we'll rush a prospectus which includes more complete information about charges and expenses. Read it carefully before you invest or send money. **(Georgia residents call 1-800-633-2252).**

*Current yield is determined by annualizing the monthly distributions paid per share for the 1 month ending October 15, 1986 and dividing the result by the average maximum public offering price for the same period. A portion of the income may be subject to state and local taxes. Effective 1/1/87 the maximum tax bracket is expected to be 38.5%, which would mean you would have to earn 12.86% on a taxable investment to equal this tax-exempt yield.

1-800-DIAL-VKM EXT. 3014

©1986 Prudential-Bache Securities Inc

Aim for high tax-free yields: turn 7.34% into 14.68%

The T. Rowe Price Tax-Free High Yield Fund

This Fund's current 7.34% tax-free yield is equivalent to a taxable yield of 14.68% in the 50% bracket, and 10.19% in the 28% bracket. The Fund invests in long-term, medium-to-lower quality municipal bonds. Yield and share price will vary. In the 12 months ending 10/24/86, the high price was $11.81, and the low was $10.15. **No sales charges.**

Call weekdays 8:30 am to 8:00 pm EST:
1-800-638-5660.

T. Rowe Price
Invest With Confidence

Mail to: T. Rowe Price
100 East Pratt Street, Baltimore, MD 21202
Send a prospectus with more complete information, including management fees and other charges and expenses. I will read it carefully before I invest or send money.

Name ______

Address ______

City ______ State ______ Zip ______

High tax-free yields—call 1-800-638-5660.

*Average annualized yield for the seven days ending 10/24/86, based on an average price per share of $11.77. Average maturity during this period was 24.8 years. Income may be subject to state and local taxes. T. Rowe Price Investment Services, Inc., Distributor.

No sales charges!

Risk reduction and 5.9%* tax-free

High tax-free yields with reduced risk. Scudder Tax Free Target Fund lets you tailor a mix of capital protection and tax-free income that's right for you. The Fund's four portfolios offer long-term investors a degree of capital protection not available from funds without specific maturities. (The Fund's yield and share price will fluctuate. 10/24/85 and 10/24/86 share prices were $10.58 and $11.00.)

Today's attractive tax-free environment. Scudder can help you take advantage of attractive opportunities available right now in the municipal bond market.

Thanks to tax reform. The new law makes Scudder's municipal bond funds more attractive than ever.

And no load makes effective yields even higher. You pay no loads, no fees, no redemption or 12b-1 charges which reduce your investment return. You get added benefits including low $1000 minimum and free exchange among 15 funds.

Call or write today. We'll send you more complete information on the Scudder Tax Free Target Fund.

SCUDDER TAX FREE TARGET FUND

175 Federal Street, Dept. 752
Boston, MA 02110

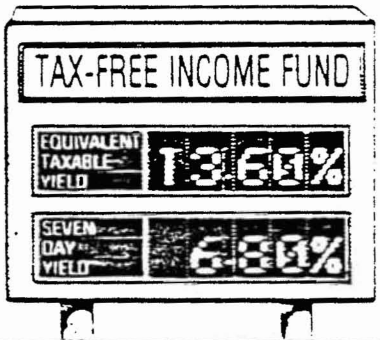
SCUDDER
800-453-3305
ext. 752

Contact Scudder Fund Distributors, Inc. for a prospectus containing more complete information including management fees and expenses. Read it carefully before you invest or send money. *5.9% is the 1993 Portfolio's net annualized yield for the 7 days ending 10/24/86. Income may be subject to state and local taxes and a small portion possibly to federal taxes.

6.80%* tax free can be worth 13.60% to you

The T. Rowe Price Tax-Free Income Fund

This Fund's current tax-free yield of 6.80% is equivalent to a taxable yield of 13.60% in the 50% bracket, and 9.44% in the 28% bracket. Yield and price will vary. In the 12 months ending 10/17/86, the high price was $10.02, and the low was $8.64. The minimum investment is $1,000. **No sales charges.** Call weekdays 8:30 am to 8 pm EDT: **1-800-638-5660.**



T. Rowe Price
Invest With Confidence

T. Rowe Price, 100 E. Pratt St., Baltimore, MD 21202

Send a prospectus with more complete information, including management fees and other charges and expenses. I will read it carefully before I invest or send money.

Name ____________________

Address ____________________

City ______ State ______ Zip ______

Tax-free income: call 1-800-638-5660

*Average annualized yield for the seven days ending 10/17/86, based on an average price per share of $9.86. Average maturity during this period was 24.2 years. Income may be subject to state and local taxes. T. Rowe Price Investment Services, Inc., Distributor.

Vanguard Municipal Bond Fund: High-Yield Portfolio

IT'S TOUGH TO GET 15.54%... UNLESS YOU'RE EARNING 7.77% TAX-FREE.*

You know 15% yields on quality taxable bond investments are simply not available today. So Vanguard's high tax-free yields could mean more money in your pocket, depending on your tax bracket. To find out how a tax-free investment can offer you more money than a taxable one, send for Vanguard's Tax-Free Income Fund Kit.

The Kit will help you compare tax-free and taxable yields so you can decide which is better for you. It will explain how you can take advantage of the high tax-free yields currently available from municipal bonds with Vanguard Municipal Bond Fund's six Portfolios. Plus, municipal bonds offer you the relative safety that comes with the backing of local governments.

Like all bond funds, the yield and share price will move up and down as interest rates fluctuate. For example, the High-Yield Portfolio's share price on 9/30/85 was $9.38, and on 9/30/86 was $10.40.

Vanguard Municipal Bond Fund offers you:

- Unlimited free checkwriting for $250 or more.
- Toll-free phone exchange at the then-current net asset value with some 40 Vanguard Portfolios.
- Low $3,000 initial investment, commission-free.

*7.77% was the average annualized yield for the High-Yield Portfolio for the 30-day period ended 9/30/86; the average maturity was 21.4 years. For someone in the 50% bracket, the taxable equivalent yield is 15.54%, in the 28% bracket, it's an attractive 10.79%. Income is 100% free from Federal income tax but may be subject to state and local taxes.

Call 1-800-662-SHIP
24 Hours, 7 Days

ASK FOR OUR FREE Tax-Free Income Fund Kit. Or send the coupon today.

IN PHILADELPHIA visit our Investment Center at 1528 Walnut Street.

Vanguard Municipal Bond Fund
Investor Information Dept. 95
Valley Forge, Pennsylvania 19482

Please send me your free Tax-Free Income Fund Kit, including a prospectus which I may read before I invest or send money. I understand that it contains complete information on advisory fees, distribution charges and other expenses. Also send information on

☐ IRA (71) ☐ Keogh/Pension (70).

Name ______________________

Address ______________________

City ______________________

State ____________ Zip ____________

28-WE-G6-296

THE Vanguard GROUP
OF INVESTMENT COMPANIES

Free! FIDELITY TAX-FREE TAPE

8.03%*

Tax-Free!

Fidelity's Aggressive Tax-Free Portfolio seeks the highest tax-free yields by investing in high-yielding, often volatile securities. As with any municipal bond fund, yield and share price will fluctuate – Aggressive's share price was $9.90 on 9/26/85 and $11.31 on 9/26/86. • No sales charge when you invest. • Start with just $2,500. • 24 hour toll-free customer service. • Exchange privileges with other Fidelity funds. Aggressive is one of many Fidelity tax-free funds.

To hear the latest in tax-free investing, ask about our <u>free</u> tax-free cassette.

*Annualized yield for the 7 days ended 10/10/86, based on an average share price of $11.64, reflecting payment by the Portfolio's investment advisor for expenses in excess of .65% (currently 19%). A portion of income may be subject to state and local tax and/or the alternative minimum tax.

Free Tape!

Fidelity Aggressive Tax-Free Portfolio. For more complete information, including management fees, expenses, 1% redemption fee and a free cassette tape, please call or write for a free prospectus. Read it carefully before you invest or send money. Fidelity Distributors Corporation (General Distribution Agent), P.O. Box 660603, Dallas, TX 75266.

Name__________ Address__________

City__________ State_____ Zip_____

Call toll-free 24 hours

1-800-544-6666

In Mass. call collect 617-523-1919

FIDELITY INVESTMENTS

Now, tax-free funds can be right for more taxpayers

The T. Rowe Price Tax-Free Funds

Now, taxpayers in a wide range of brackets can benefit from investments paying dividends that are 100% exempt from Federal taxes.* As the chart shows, even investors in the 28% bracket can enjoy attractive equivalent taxable yields from our family of municipal bond funds. All four of our tax-free funds have a $1,000 minimum investment. Plus, each offers free check-writing and **no sales charges.**

The Tax-Exempt Money Fund invests in short-term municipal securities. It offers maximum principal stability, plus tax-free money market yields. Although yield and price can vary, this Fund has always maintained a constant $1.00 per share price.

The Tax-Free Short-Intermediate Fund offers higher yields than the average tax-free money market fund, with price stability greater than funds investing in longer term municipal securities. Yield and price will vary. For the 12-month period ending 10/15/86, the high price was $5.26, and the low was $5.06.

The Tax-Free Income Fund is for investors who can accept the wider price fluctuations of longer term municipal bonds in pursuit of an even higher level of tax-exempt income. Yield and price will vary. For the 12-month period ending 10/15/86, the high price was $10.02, and the low was $8.61.

The Tax-Free High Yield Fund seeks the highest yields over the long term by investing in medium-to-lower quality securities. Income and price volatility should be the greatest of all our tax-free funds. For the 12-month period ending 10/15/86, the high price was $11.78, and the low was $10.08.

Call weekdays 8:30 am to 8:00 pm, Sundays 10 am to 4 pm EDT: **1-800-638-5660.**

FUND	CURRENT YIELD	EQUIVALENT TAXABLE YIELD — TAX BRACKETS 28%	33%	50%
TAX-EXEMPT MONEY FUND	3.85%[1]	5.35%	5.75%	7.70%
TAX-FREE SHORT-INTERMEDIATE FUND	5.67%[2]	7.88%	8.46%	11.34%
TAX-FREE INCOME FUND	6.73%[3]	9.35%	10.04%	13.46%
TAX-FREE HIGH YIELD FUND	7.34%[4]	10.19%	10.96%	14.68%

T. Rowe Price
Invest With Confidence

Mail to: T. Rowe Price, 100 E. Pratt St., Baltimore, MD 21202

Please send me a free information kit and prospectuses with more complete information, including management fees and other charges and expenses. I will read them carefully before I invest or send money.

Also send me a free information kit for:
☐ IRA ☐ Keogh

Name ______________________

Address ______________________

City ____________ State ______ Zip ______

( ) ______________________
Phone Home Business

Tax-free funds: call 1-800-638-5660.

* Income may be subject to state and local taxes. 1. Average annualized yield for the 7-day period ending 10/15/86. Average maturity was [illegible] days. 2. Average annualized yield for the 7 days ending 10/15/86, based on an average price per share of $5.25. Average maturity during this period was 3.9 years. 3. Average annualized yield for the 7 days ending 10/15/86, based on an average price per share of $9.86. Average maturity during this period was 24.7 years. 4. Average annualized yield for the 7 days ending 10/15/86, based on an average price per share of $11.73. Average maturity during this period was 24.9 years. T. Rowe Price Investment Services, Inc., Distributor

VKM

1-800-DIAL-VKM EXT. 3014

A XEROX Financial Services Company

Van Kampen Merritt

Tax Free High Income Fund

7.94%* = 11.03%

TAX FREE TAXABLE

If you're in the 28% bracket, which is expected to be the maximum bracket effective 1/1/88, you would have to earn 11.03% on a taxable investment to equal this tax-exempt yield.

The Van Kampen Merritt Tax Free High Income Fund earns monthly income exempt from federal income taxes. You always have easy access to your money. Open your account for as little as $1,500.

Both the current return and the net asset value will fluctuate as market conditions change. $14.18 and $16.37 were the net asset values on 9/13/85 and 9/15/86.

Call Toll Free and we'll rush a prospectus which includes information about charges and expenses. Read it carefully before you invest or send money. (**Georgia residents call 1-800-633-2252**).

*Current yield is determined by annualizing the monthly distributions paid per share for the 1 month ending September 15, 1986 and dividing the result by the average maximum public offering price for the same period. A portion of the income may be subject to state and local taxes. Effective 1/1/87, the maximum tax bracket is expected to be 38.5%, which would mean you would have to earn 12.91% on a taxable investment to equal this tax-exempt yield.

No sales charges:

Six reasons to choose Scudder's 7.1% tax-free

1. High current yield. Scudder Managed Municipal Bonds is currently paying 7.1% tax-free![1] If you're in one of today's top tax brackets you would need *over* 13% from a taxable investment to equal Scudder's tax-free yield. (The Fund's yield and share price will fluctuate. For example, on 10/9/85 and 10/9/86 share prices were $8.11 and $9.03.)

Your tax bracket	Taxable equivalent to SMMB's 7.1%
28%	9.9%
38%	11.5%
48%	13.7%

2. Today's attractive tax-free environment. Current returns from high-quality municipal bonds are very attractive when compared to the returns from comparable taxable securities. Scudder can help you take advantage of this opportunity right now.

3. High quality. As of 10/9/86 the Fund's entire portfolio falls within the top three quality ratings — 72% are AA or better.[2]

4. Scudder's professional management expertise. Scudder is among America's most experienced investment companies. We introduced America's first no-load mutual fund in 1928. We were one of the first with an international stock fund. And we're a leader in investing for tax-free yields. For over 66 years we've put service and performance first.

5. Scudder's investment flexibility, convenience and value. Scudder Managed Municipal Bonds is part of the Scudder Family of Funds. Invest and you're free to move among 15 no-load mutual funds that offer growth, income and stability, as well as tax-free returns. You never pay a transfer charge and you can move your investments with a quick and easy toll-free call.

6. No-loads, no-fees, no-surprises. At Scudder you won't pay extra fees for tax-free yields. The Scudder Family of Funds is completely no-load. There's *never* a sales charge, 12b-1 charge, or unexpected "back-end" fee later. Nothing but tax-free returns right from the start.

■ Call now for free facts. Today's tax-conscious investor can benefit from current opportunities in the municipal bond market. Call now — toll-free — for a free fact kit about how to invest in Scudder Managed Municipal Bonds. You can start with just $1000. And add to your investment in any amount. Two more good reasons why so many investors call for Scudder Managed Municipal Bonds.

SCUDDER MANAGED MUNICIPAL BONDS
175 Federal Street, Dept. 190
Boston, MA 02110

SCUDDER
800-453-3305 ext. 190

[illegible]ntact Scudder Fund Distributors, Inc. for a prospectus containing more complete information including management fees and expenses. Read it carefully [illegible] before you invest or send money. 1. 7.1% is the Fund's net annualized yield for the 7 days ending 10/9/86 with an average portfolio maturity of approximately [illegible] years. Some income may be subject to state and local taxes and a small portion possibly to federal taxes. 2. It is required that the Fund's investments be at least [illegible] rated or better.

Taxable Income Funds

DISCOVER HIGH INCOME

11.04%!*

Discover Fidelity High Income Fund for today's high bond yields. Let its aggressive portfolio of higher yielding, medium to lower quality bonds start working for you today! Start with just $2500. Choose it for your IRA or Keogh and start with just $500. Plus • No sales charge • Free checkwriting • Easy exchanges to other Fidelity funds • 24 hour toll-free service.

Like any bond fund, your yield and share price will vary. For example, on 9/30/85 High Income's price was $9.16 and on 9/30/86 it was $9.81.

*Annualized yield for the 7 days ended 10/5/86 based on an average share price of $9.82.

Ask about a Fidelity Money Market fund.

Fidelity High Income Fund

For more complete information, including management fees and expenses, call or write for a free prospectus. Read it carefully before you invest or send money. Fidelity Distributors Corporation (General Distribution Agent), P.O. Box 660603, Dallas, TX 75266.

Call toll-free 24 hours

1-800-544-6666

In Mass. call collect 1-617-523-1919

FIDELITY INVESTMENTS

WSJE/HII/101586

*

*

Put your money where the high yields are: 11.72%*

The T. Rowe Price High Yield Fund

This Fund invests in long-term, medium-to-lower quality bonds. Aggressive management helps to provide high current income and to reduce risk. Yield and share price will vary. The price on 10/8/85 was $10.43, and on 10/8/86 it was $10.92. Minimum investment $1,000 ($500 for IRAs). **No sales charges.** For information, call weekdays 8:30 am to 8:00 pm EDT: **1-800-638-5660.**

11.72%*

T. Rowe Price
Invest With Confidence

T. Rowe Price, 100 E. Pratt St., Baltimore, MD 21202

Please send me a prospectus with more complete information, including management fees and other charges and expenses. I will read it carefully before I invest or send money.

Name ______________________

Address ______________________

City ________ State ________ Zip ________ HB24

Get higher current yields: call 1-800-638-5660

*Average annualized yield for the seven days ending 10/8/86, based on an average price per share of $10.91. Average maturity during this period was 11.5 years. T. Rowe Price Investment Services, Inc., Distributor.

DISCOVER HIGH INCOME

10.88%!*

Discover Fidelity High Income Fund for today's high bond yields. Let its aggressive portfolio of higher yielding, medium to lower quality bonds start working for you today! Start with just $2500. Choose it for your IRA or Keogh and start with just $500. Plus • No sales charge • Free checkwriting • Easy exchanges to other Fidelity funds • 24 hour toll-free service.

Like any bond fund, your yield and share price will vary. For example, on 9/30/85 High Income's price was $9.16 and on 9/30/86 it was $9.81.

*Annualized yield for the 7 days ended 10/20/86, based on an average share price of $9.84

Ask about a Fidelity Money Market fund.

Fidelity High Income Fund

For more complete information, including management fees and expenses, call or write for a free prospectus. Read it carefully before you invest or send money. Fidelity Distributors Corporation (General Distribution Agent), P.O. Box 660603, Dallas, TX 75266.

Call toll-free 24 hours
1-800-544-6666
In Mass. call collect 1-617-523-1919

Fidelity Investments

WSJE/HI/103086

Put your money where the high yields are: 11.84%*

The T. Rowe Price High Yield Fund

This Fund invests in long-term, medium-to-lower quality bonds. Aggressive management helps to provide high current income and to reduce risk. Yield and share price will vary. The price on 10/22/85 was $10.39, and on 10/22/86 it was $10.95. Minimum investment $1,000 ($500 for IRAs). **No sales charges.** For information, call weekdays 8:30 am to 8:00 pm EST: **1-800-638-5660.**

T. Rowe Price
Invest With Confidence

T. Rowe Price, 100 E. Pratt St., Baltimore, MD 21202

Please send me a prospectus with more complete information, including management fees and other charges and expenses. I will read it carefully before I invest or send money.

Name

Address

City State Zip

Get higher current yields: call 1-800-638-5660

*Average annualized yield for the seven days ending 10/22/86, based on an average price per share of $10.93. Average maturity during this period was 11.1 years. T. Rowe Price Investment Services, Inc., Distributor sales charges

America's High Yields from Scudder's Ginnie Mae Fund

Americans who want more out of their investments demand high yields and high quality. Many turn to Ginnie Maes, Fannie Maes and Freddie Macs — the mortgage-backed securities in which Scudder Government Mortgage Securities Fund primarily invests. Investors are earning 8.4%* from the Fund *right now.*

■ High quality with high yield. No doubt you're familiar with the high quality of U.S. Government mortgage-backed securities. But have you looked at their high yields compared to other high-quality investments?

■ Compare with Treasuries. U.S. Government mortgage-backed securities offer higher income than you can normally expect from Treasuries of comparable maturity.

■ Compare with long-term bonds. Ginnie Maes even offer yields comparable to investment grade bonds.

■ When you compare: It's easy to see why many Americans choose the high yields and the high quality of Ginnie Mae funds like Scudder Government Mortgage Securities Fund. Especially when you consider these additional Scudder benefits:

8.4%

7-day current yield

■ No sales charges. Unlike many Ginnie Mae funds, this Fund has no sales charges or 12b-1 fees. 100% of your money works for you 100% of the time.

■ Free exchange. You can move your investment among Scudder's 15 funds with an easy toll-free call.

■ Experienced management. Scudder is America's oldest no-load mutual fund manager. We offered one of America's first international funds and have been providing investment counsel since 1919.

■ Expert service. Scudder professionals are ready to serve you whenever you have a question, need more information or want to make a transaction.

■ Easy to start. You can invest in Scudder Government Mortgage Securities Fund with just $1000. And add to your investment at any time. To get started, call or write for a free fact kit. It explains more about the Fund's fluctuating yields and share prices (for example, 10/16/85 and 10/16/86 share prices were $14.91 and $15.35). Your kit also includes everything you'll need to get started.

SCUDDER GOVERNMENT MORTGAGE SECURITIES FUND

175 Federal Street, Dept. 270, Boston, MA 02110

SCUDDER

800-453-3305 ext. 270

Contact Scudder Fund Distributors, Inc. for a prospectus containing more complete information including management fees and expenses. Read it carefully before you invest or send money. *8.4% is the Fund's net annualized yield for the 7 days ending 10/16/86. The value of your investment will fluctuate. If interest rates fall, share price will rise. If interest rates rise, share price will fall.

No sales charges!

Choose the Scudder income strategy

■ For today's environment Many investors are shifting to income producing strategies. Why? There are many reasons, including today's low levels of money market rates.

By contrast, Scudder Income Fund seeks to provide regular quarterly dividends by investing in income-producing securities such as long-term bonds and dividend-paying common stocks.

■ Scudder income performance — 9.51% current yield The Fund is currently producing income at an impressive annual rate of 9.51%.* Of course, like most income oriented investments, this Fund's yield along with its share price will fluctuate. (10/17/85 and 10/17/86 share prices were $12.34 and $13.25.)

■ Scudder income stability — since 1928 In addition to Scudder Income Fund's attractive recent performance, the Fund has paid uninterrupted quarterly dividends for over 58 years. But even as America's oldest no-load mutual fund, its past results can't guarantee future performance.

■ And no load can mean even higher returns You pay no loads, no fees, no redemption or 12b-1 charges — no extra costs to reduce your investment return.

And you gain added benefits from the following:

- low $1000 minimum initial investment
- family of 15 no-load funds
- free exchange among funds
- regular statements with combined reports for investors in more than one fund
- quarterly shareholder newsletter

■ Join the well-informed Call or write today for more information about the Scudder Income Fund and how to make the income strategy work for you.

SCUDDER 800-453-3305 ext 620

SCUDDER INCOME FUND
175 Federal Street, Dept. 620, Boston, MA 02110

Contact Scudder Fund Distributors Inc. for a prospectus containing more complete information including management fees and expenses. [illegible] before you invest or send money. *9.51% is Income Fund's dividend for the last twelve months divided by its share price on 10/17/86.

No sales charges!

America's High Yields from Scudder's Ginnie Mae Fund

Looking for the high yields and high quality of Ginnie Maes, Fannie Maes, and Freddie Macs? Consider Scudder Government Mortgage Securities Fund. *Right now,* the Fund's investors are earning 8.4%.*

■ High quality. High yields. Compare the high quality yields of U.S. Government mortgage-backed securities in this Fund to other high-quality investments.

■ Compare with Treasuries. Mortgage-backed securities offer higher income than normally expected from Treasuries of comparable maturity.

■ Compare with long-term bonds. Ginnie Maes even offer yields comparable to investment grade bonds.

■ When you compare: It's easy to see why many Americans choose the high yields and the high quality of Ginnie Mae funds like Scudder Government Mortgage Securities Fund. Especially when you consider these additional Scudder benefits:

8.4%

7-day current yield

■ No sales charges. Unlike many Ginnie Mae funds, this Fund has no sales charges or 12b-1 fees.

■ Free exchange. You can move your investment among Scudder's 15 funds with an easy toll-free call.

■ Experienced management. Scudder is America's oldest no-load mutual fund manager. We offered one of America's first international funds and have been providing investment counsel since 1919.

■ Expert service. Scudder professionals are ready to serve you whenever you have a question, need more information or want to make a transaction.

■ Easy to start. You can invest with just $1000 ($240 for IRAs [illegible] get started, call or write for a free fact kit. It explains more about the Fund's fluctuating yields and share prices. (For example, 10/24 [illegible] and 10/24/86 share prices were $14 [illegible] and $15.38). Your kit also includes everything you'll need to get started.

SCUDDER GOVERNMENT MORTGAGE SECURITIES FUND

175 Federal Street, Dept. 124
Boston, MA 12110

SCUDDER
800-453-3305
ext. 124

Contact Scudder Fund Distributors, Inc. for a prospectus containing more complete information including management fees and expenses. Read it [illegible] before you invest or send money. *8.4% is the Fund's net annualized yield for the 7 days ending 10/24/86. The value of your investment will fluctuate [illegible] rates fall, share price will rise. If interest rates rise, share price will fall.

Put your money where the high yields are: 11.66%*

The T. Rowe Price High Yield Fund

In times like these, when yields on most income-oriented investments are falling, where do you look for higher current income? The T. Rowe Price High Yield Fund capitalizes on some of the best yields available by investing in a diversified portfolio of long-term, medium to lower quality bonds.

Aggressively managed for high current income

In pursuit of high current income, T. Rowe Price bond specialists actively manage the Fund, and diversify it over a broad range of securities. Although yield and share price will vary, this approach should help reduce the greater risks associated with these types of securities. In the 12 months ending 10/17/86, the high price was $11.26, and the low was $10.38.

Benefit from tax-deferred compounding for your IRA

The High Yield Fund is particularly appropriate for IRAs, where the high level of income compounds tax-deferred, helping your money grow faster.

You'll also enjoy free checkwriting for $500 or more. Plus, with a toll-free call, you can purchase, redeem or exchange among our family of funds at the then current net asset value. The minimum investment is $1,000 ($500 for IRAs), with **no sales charges.**

For information, call weekdays 8:30 am to 8:00 pm EDT: **1-800-638-5660.**

T. Rowe Price
Invest With Confidence

Mail to: T. Rowe Price, 100 East Pratt St., Baltimore, MD 21202

Please send me a free information kit and prospectus, with more complete information including management fees and other charges and expenses. I will read them carefully before I invest or send money.

Also send a free information kit for: ☐ IRA ☐ Keogh

Name

Address

City State Zip [illegible]

*Average annualized yield for the seven days ending 10/17/86, based on an average price per share of [illegible]. Average maturity during this period was [illegible] years. T. Rowe Price Investment Services, Inc., Distributor.

Get higher current yields: call 1-800-638-5660