Table 1 Demographic and Financial Characteristics

	Distribution Channel Used						
	Bank	Broker	Pension	Direct	Ins. Co.	Other	Total
A. Number of Respondents							
	294	638	1,118	569	521	92	2,000
B. Demographic Characteristics							
Male	50.0%	62.5%	62.3%	69.4%	54.9%	57.6%	58.6%
Median Age	45*	47*	41*	44*	44	44	43
Median Income	$55,200	$67,600*	$62,100*	$67,000*	$59,200*	$58,400	$58,800
College Grad.	49.3*	62.8*	57.5%	68.5*	55.3	52.2	54.6
C. Financial Characteristics							
Seasoned investor[1]	85.2%	91.1%*	85.0%	89.7%*	90.5%*	83.5%	85.2%
Individual stocks	44.6%*	72.6%*	51.8%	58.4%	47.4%	42.4%	50.8%
Individual bonds	34.4	39.0*	30.4	33.4	34.4	29.4	31.1
CDS	47.6*	41.7*	30.8*	34.3	36.3	28.3	34.9
MMDAs	50.7*	46.2*	36.5*	37.3	36.3	38.0	38.3
Annuities	31.0	31.0*	25.1	25.0	45.5*	25.0	26.7
Primary residence	77.6	88.6*	81.0	82.1	84.6*	71.7*	80.9

[1]Purchased mutual fund prior to 1993.

Because the distribution channels are not mutually exclusive, a chi-squared statistic is used to test for significant differences in the percentages between bank and non-bank purchasers, broker and non-broker purchasers, pension and non-pension purchasers, and so on. To save space, the cell values corresponding to non-bank purchasers, non-broker purchasers, non-pension purchasers and so on are not reported in the table. The complete set of results is available from the authors upon request. A "*" denotes a cell value that is statistically significantly different at the 5 percent level from the corresponding value for all other purchasers not using the particular distribution channel being examined. Nonparametric tests for differences in the percentage values yield similar results and are not reported. A nonparametric test for median values is used to test for significant differences in the median age between bank and non-bank purchasers, broker and non-broker purchasers, pension and non-pension purchasers, and so on.

Table 2 Ownership Attributes

A. Type of Fund Owned	Distribution Channel Used:						Total
	Bank	Broker	Pension	Direct	Ins. Co.	Other	
Stock	64.8%*	82.3%*	80.1%*	85.3%*	58.5%*	75.9%	72.9%
Bond	40.3	45.6*	39.3*	39.7*	41.0*	34.5	36.1
Money	44.6*	39.4	39.1	38.8	65.5*	32.8	39.2
Other	15.5	19.1	12.4*	21.8*	28.6*	20.7	14.6
Median Number of Channels Used	2*	2*	2*	2*	2*	1	1
B. Number of Funds Owned							
One	22.9%	12.5%*	18.3%*	13.4%*	18.9%*	32.1%*	23.3%
Two	20.6	15.7*	20.3	17.2*	22.3	10.7*	21.0
Three	19.8	14.9	17.0	12.5*	15.2	16.7	16.1
Four or more	36.8	56.9*	44.4*	57.0*	43.6*	40.5	39.6
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Median Number of Funds Owned	3	4+*	3*	4+*	3	3	3
C. Type of Largest Fund Owned							
Stock	49.8%*	69.7%*	68.0%*	73.9%*	59.5%*	59.3%	63.8%
Bond	14.7*	11.6	8.1*	7.9*	9.0	20.4*	10.6
Money	25.3*	11.6*	14.1*	9.7*	20.1*	13.0	16.3
Other	10.2	7.3*	9.8	8.5	11.3	7.4	9.3

See notes to table 1. Fund owners with four or more funds are represented by 4+ since the exact number of funds, if over three, was not requested in the survey.

Table 3 Information Sources Used in Purchasing Most Recent Mutual Fund

A. Information Sources	Distribution Channel Used						Total
	Bank	Broker	Pension	Direct	Ins. Co.	Other	
Prospectus	51.2%*	56.5%	60.8%*	74.0%*	59.1%	49.4%	57.7%
Broker	27.4	61.6*	24.8*	29.6	31.7	31.8	31.0
Family or friends	40.4	34.3*	33.6*	30.5*	42.4*	36.5	37.6
Financial publications	41.4	49.8*	41.3	67.9*	39.7	34.1	42.0
Banker	41.1*	6.9*	7.0*	4.3*	10.5	4.7	10.3
Insurance company	0.0*	0.6*	0.6*	0.5*	6.0*	0.0	1.6
Fund company	0.0	0.2	0.3	0.7*	0.0	0.0	0.3
Employer	34.4*	23.3*	65.0*	25.9*	35.6*	35.3	44.5
Meeting/presentation	23.9*	18.3*	46.6*	17.1*	31.1	27.1	33.5
Other	4.6	4.8*	3.5	5.9*	3.5	5.9	3.5
B. Best Source of Information							
Prospectus	13.9%	13.0%	16.8%*	20.5%*	17.4%	13.4%	15.2%
Broker	11.0*	39.0*	11.7*	14.9	16.0	22.0	16.9
Family or friends	20.9*	13.3*	10.9*	12.6*	20.4*	24.4*	16.3
Financial publications	13.6	21.6*	16.6	36.7*	12.6*	14.6	17.1
Banker	19.4*	2.0*	1.9*	0.9*	4.4	1.2	4.2
Insurance company	0.0	0.3	0.1*	0.0	1.6*	0.0	0.4
Fund company	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Employer	18.7*	9.1*	39.3*	10.9*	21.4*	23.2	26.7
Meeting/presentation	0.4	0.2	0.7	0.2	0.8	0.0	0.6
Other	2.2	1.6	2.0	3.3	5.2*	1.2	2.6

See notes to table 1.

Table 4 Investor Knowledge of Risk Associated with Mutual Funds

A. Is It Possible to Lose Money In This Type of Fund?		Distribution Channel Used						Total
		Bank	Broker	Pension	Direct	Ins. Co.	Other	
Stock Fund	Yes	93.9%	96.9%*	94.6%	97.9%*	92.3%	92.4%	94.0%
	No	2.7	0.9*	1.5	0.5*	2.5	2.2	2.0
	DK/Refused	3.4	2.2*	3.9	1.6*	5.2	5.4	4.1
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Bond Fund	Yes	72.8%	79.5%*	73.6%*	85.6%*	68.7%	67.4%	71.8%
	No	13.3	8.2*	12.1	6.2*	13.2	18.5	12.3
	DK/Refused	14.0	12.4*	14.3*	8.3*	18.0	14.1	16.0
	Total			100.0%	100.0%	100.0%	100.0%	100.0%
Money Market Fund	Yes	64.0%	63.0%	64.9%	67.5%*	66.8%	64.1%	63.9%
	No	20.1	23.0	20.3	21.8*	20.0	19.6	20.5
	DK/Refused	16.0	14.0	14.9	10.7*	13.2	16.3	15.7
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
B. Cross-Fund Differences								
Stock vs. Bond Funds	Stock Funds	93.9%	96.9%	94.6%	97.9%	92.3%	92.4%	94.0%
	Bond Funds	72.8	79.5	73.6	85.6	68.7	67.4	71.8
	Difference	21.1	17.4	21.0	12.3	23.6	25.0	22.2
	(t-statistic)	(8.0*)	(10.7*)	(15.8*)	(8.6*)	(11.7*)	(4.7*)	(22.1*)
Bond vs. Money Market Funds	Bond Funds	72.8%	79.5%	73.6%	85.6%	68.7%	67.4%	71.8%
	Money Mkt Funds	64.0	63.0	64.9	67.5	66.8	64.1	63.9
	Difference	8.8	16.5	8.8	18.1	1.9	3.3	7.9
	(t-statistic)	(2.6*)	(7.3*)	(5.1*)	(7.9*)	(0.74)	(0.55)	(6.1*)

For panel A, see notes to table 1; DK denotes "don't know." For panel B, * signifies statistical significance at the 5 percent level; a paired t-test was used in testing the difference between stock and bond funds and between bond and money market funds.

Table 5 Knowledge and Beliefs About Annual Expenses

A. Knowledge of Largest Funds' Expenses	Distribution Channel Used						Total
	Bank	Broker	Pension	Direct	Ins. Co.	Other	
Yes	15.3%	23.0%*	19.8%	35.0%*	20.7%	17.4%	18.9%
No	84.7	77.0	80.2	65.0	79.3	82.6	81.2
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
B. Knowledge of Expenses at Time of Purchase							
Yes	46.1%	49.5%*	40.5%*	59.7%*	47.8%*	28.0*	43.0%
No	53.9	50.5*	59.5*	40.3*	52.2*	71.9*	57.1
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
C. Expected Performance of Fund with Higher than Average Expenses							
Above average	23.8%	19.3%	19.7%	16.6%	22.9%	20.3%	19.9%
About average	66.5	63.3	64.4	62.9	63.6	56.3	64.4
Below average	9.7*	17.4	15.9	20.6*	13.5	23.4	15.7
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
D. Expected Performance of Fund with Good Performance in the Previous Year							
Above average	19.5%	24.9%	25.3%	29.8%*	27.3	23.6%	24.1%
About average	75.6	68.0	68.8	62.2*	69.1	69.4	70.6
Below average	4.9	7.1*	5.9	8.0*	3.6	6.9	5.3
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

See notes to table 1.

Table 6 Investor Knowledge of Rate of Return: Stock Market vs. U.S. Treasury Bills

A. Type of Fund Owned	Stock (non-stock)	Bond (non-bond)	Money (non-money)
Number of investors purchasing fund type	n=1119 (n=598)	n=553 (n=1164)	n=607 (n=1110)
Percent who know on average that stock market return is higher	81%* (63%)	79%* (73%)	76% (74%)
B. Largest Type of Fund Owned			
Number of investors with largest fund type	n=879 (n=483)	n=140 (n=1222)	n=217 (n=1145)
Percent who know on average that stock market return is higher	82%* (69%)	66%* (78%)	65%* (79%)

* Signifies statistical significance at the 5 percent level. Comparison values are reported in parentheses. The effective sample size is given by n.

Table 7 Mean and Variance of the Quiz Score by Distribution Channel

A. Distribution Channel	Purchased yes/no	Mean	Std. Dev.	Difference (t-statistic)
Bank	Yes	4.77	2.09	-.31
	No	5.08	2.16	(-2.10*)
Broker	Yes	5.48	2.06	.67
	No	4.81	2.17	(6.21*)
Direct	Yes	6.26	1.88	1.76
	No	4.50	2.04	(17.44*)
Pension	Yes	5.14	2.17	.25
	No	4.89	2.13	(2.39*)
Insurance company	Yes	4.82	2.09	-.29
	No	5.11	2.17	(-2.38*)
Other	Yes	4.92	2.11	-.12
	No	5.04	2.16	(-.42)
Total		5.03	2.16	
B. Multiple Channels	Number of Channels Used	Mean	Std. Dev.	Difference (t-statistic)
Bank	Multiple	5.21	2.03	1.28
	Single	3.93	1.96	(4.82*)
Broker	Multiple	5.81	1.97	1.20
	Single	4.61	2.06	(6.37*)
Direct	Multiple	6.38	1.87	.46
	Single	5.92	1.90	(2.41*)
Pension	Multiple	5.78	2.05	1.57
	Single	4.21	2.01	(11.83*)
Insurance company	Multiple	5.17	2.02	1.40
	Single	3.77	1.91	(6.37*)
Other	Multiple	5.80	2.17	1.90
	Single	3.90	1.52	(4.03*)
Total	Multiple	5.70	2.05	1.26
	Single	4.44	2.07	(12.69*)

* Signifies statistical significance at the 5 percent level. A difference in means test is used to test for significant differences in quiz scores that adjusts for unequal variances when necessary. The absolute value of the t-statistic is reported.

Table 8 Differences in Quiz Score by Other Demographic/Financial Variables

Characteristics	Category	Mean Quiz Score	Standard Deviation	Difference (t-statistic)
Gender	Male	5.54	2.08	1.29
	Female	4.25	2.03	(12.67*)
Work for financial institution	Yes	6.28	2.31	1.34
	No	4.94	2.11	(6.69*)
Employment	Ever full-time	5.04	2.15	.65
	Not full time	4.39	2.28	1.59
Owns CDS	Yes	4.96	2.10	-.11
	No	5.07	2.19	(.98)
Owns MMDA	Yes	5.10	2.18	.11
	No	4.99	2.14	(1.01)
Owns annuities	Yes	4.95	2.11	-.11
	No	5.06	2.17	(.94)
Owns stocks	Yes	5.42	2.14	.80
	No	4.62	2.10	(7.83*)
Owns bonds	Yes	5.12	2.24	.12
	No	5.00	2.12	1.07
Owns real estate	Yes	5.24	2.19	.29*
	No	4.95	2.14	(2.56*)
Owns residence	Yes	5.05	2.15	.11
	No	4.94	2.18	(.85)

* Signifies statistical significance at the 5 percent level. A difference in means test is used to test for significant differences in quiz score that adjusts for unequal variances when necessary. The absolute value of the t-statistic is reported.

Table 9 Quiz Score by Best Source of Information

Source of Information	Best Source (yes/no)	Mean	Std. Dev.	Difference (t-statistic)
Prospectus	Yes	5.74	1.99	.83
	No	4.91	2.16	(5.77*)
Broker	Yes	5.00	2.07	-.05
	No	5.05	2.17	(-.38)
Family or friends	Yes	4.31	1.98	-.87
	No	5.18	2.16	(-5.96*)
Financial publications	Yes	6.40	1.83	1.66
	No	4.74	2.11	(13.68*)
Banker	Yes	4.20	1.87	-.88
	No	5.08	2.16	(-3.19*)
Employer	Yes	4.27	2.05	-1.05
	No	5.32	2.13	(-8.85*)
Meetings/ Presentations	Yes	4.14	1.21	-.91
	No	5.05	2.16	(-1.11)
Insurance company	Yes	3.29	1.80	-1.76
	No	5.05	2.16	(-2.16*)
Other	Yes	5.45	2.35	.42
	No	5.03	2.15	(1.28)

* Signifies statistical significance at the 5 percent level. A difference in means test is used to test for significant differences in quiz score that adjusts for unequal variances when necessary. The absolute value of the t-stat is reported.

Table 10 Multivariate Logit Estimation of Determinants of Quiz Score

Variable	Coefficient Estimate	t-statistic
MALE	0.8320	6.75*
COLLEGE_GRAD	0.6753	5.54*
WORK_FIN_INST	1.1758	5.00*
AGE	0.1618	1.34
NUM_FUNDS	0.2530	2.08*
INCOME	0.5370	4.20*
SEASONED	0.3609	1.54
PUBLICATIONS	0.9376	3.82*
PROSPECTUS	0.5981	2.45*
BROKER	0.0707	0.29
BANKER	-0.3925	-1.03
EMPLOYER	-0.4336	-1.85
FAMILY	-0.3051	-1.20
Chi-Squared Statistic (p-value)	302.5 (0.000)	
Proportion Predicted Correctly	0.701	
Number of Observations	1554	

Note: The dummy variables MALE, COLLEGE_GRAD, WORK_FIN_INST, AGE, NUM_FUNDS, INCOME, and SEASONED take on a value of 1 (0 otherwise) if the respondent is a male, a college graduate, works at a financial institution, older than 43 years of age, owns three of more funds, has household income greater than $75,000, and purchased a mutual fund prior to 1993, respectively. Also included are dummy variables for the best source of information used in the respondents' most recent mutual fund purchases. The dummy variables PUBLICATIONS, PROSPECTUS, BROKER, BANKER, EMPLOYER, and FAMILY take on a value of 1 (0 otherwise) if the best source of information is financial publications, the mutual fund prospectus, broker, banker, employer-provided printed materials, and family or friends, respectively.