

DONALD A. MANZULLO  
16TH DISTRICT, ILLINOIS

COMMITTEE ON FOREIGN AFFAIRS

SENIOR RANKING REPUBLICAN,  
SUBCOMMITTEE ON  
ASIA, THE PACIFIC,  
AND THE GLOBAL ENVIRONMENT

SUBCOMMITTEE ON TERRORISM,  
NONPROLIFERATION, AND TRADE

Congress of the United States  
House of Representatives  
Washington, DC 20515-1316

COMMITTEE ON FINANCIAL SERVICES  
SUBCOMMITTEE ON CAPITAL MARKETS,  
INSURANCE, AND GOVERNMENT  
SPONSORED ENTERPRISES

SUBCOMMITTEE ON DOMESTIC AND  
INTERNATIONAL MONETARY POLICY,  
TRADE, AND TECHNOLOGY

REPUBLICAN POLICY COMMITTEE  
CHAIRMAN, TASK FORCE ON  
MANUFACTURING

February 26, 2008

Re: Comment on File Number S7-28-07

I commend the SEC for this proposed summary prospectus, as it reflects their commitment to enhanced disclosure and clarity in the mutual fund industry. As an investor, I have been frequently frustrated with the complex and arcane nature of mutual fund prospectuses. I feel that the proposed summary prospectus actively seeks to remedy this problem by simplifying the information presented in a way that still allows the investor to make an informed decision.

I commend the SEC for including a paragraph related to portfolio turnover on page two of the summary prospectus. However, I feel that the SEC can go further by including more detailed information to highlight the extent to which portfolio turnover can reduce returns and have capital gains tax implications for investors. Specifically, such information could include definitions of the various types of transaction and trading costs, as they are generally misunderstood. It could further include required disclosure of the fund's prior year turnover in a table or chart.

The following are suggested changes to the paragraph on portfolio turnover:

Portfolio Turnover

The Fund pays transaction costs, such as **brokerage commissions, bid-ask spreads, mark-ups, mark-downs, and market impact** when it buys and sells securities (or "turns over" its portfolio). **Such trading costs can be significant and directly reduce investor returns as higher costs directly correlate to lower net realized returns. Overall, trading costs can actually exceed the disclosed expense ratio. Furthermore, high levels of turnover can create significant capital gains tax burdens for taxable investments. A higher portfolio turnover may indicate higher transaction costs.** These costs, which are not reflected in annual fund operating expenses or in the example, affect the Fund's performance.

*During the most recent fiscal year, the Fund's portfolio turnover rate was 63% of the average value of its whole portfolio.*

I additionally commend the SEC for their attempts to simplify and somewhat define 12b-1 fees in the first and third pages of this proposal. I have received comments by my constituents who find themselves confused by the purpose and nature of the fees, and as a result of, they have felt misled by the industry. I would urge the SEC to continue the stated commitment of Chairman Cox to reevaluate the status of 12b-1 fees within the mutual fund industry, and seek ways to simplify their purpose for investors. In keeping with the idea of simplified disclosures, a preferential way to begin would be by re-naming the fees altogether, as the name "12b-1" is esoteric, at best.

Again, I would like to commend Chairman Cox and the SEC for its work and express my regard for this proposed summary prospectus. I encourage the SEC to continue working towards enhanced disclosure and clarity for the investor.

Sincerely,

A handwritten signature in black ink, appearing to read "Donald A. Manzullo". The signature is fluid and cursive, with a large initial "D" and "M".

Donald A. Manzullo  
Member of Congress