Briefly Noted

Shadow Stocks: In the Spotlight at AAII.Com

The AAII Shadow Stock list—which in the past appeared once a year, in the February *AAII Journal*—has been transformed into a new, more useful model portfolio called The Individual Investor's Shadow Stock Portfolio. And it will be available, 24/7, at the AAII Web site.

The new version is in response to the many member requests that the listing be winnowed down to a more meaningful quantity.

The holdings of the Shadow Stock Portfolio and all the investment rules can be accessed on-line at www.aaii.com/modelportfolios.

Individual Investor's Shadow Stock Portfolio

FACTS & FIGURES: Expense Ratios

How much has the average mutual fund expense ratio changed over the last 10 years? For most fund categories, not much. Capital appreciation equity fund expense ratios have seen a fairly substantial decline, although as of year-end 2002 they still averaged over 1%. The table below shows the average expense ratio, by category, for all funds that have been in existence since 1990; this excludes the effects of new mutual funds, which typically have very high expense ratios due to their very low starting asset base.

Operating Expense Ratios for Long-Term Mutual Funds

Equity Funds

	Capital Apprec (%)	Total Return (%)	Hybrid (%)	International (%)
1992	1.22	0.91	0.95	1.52
2002	1.08	0.88	0.91	1.38

Bond Funds

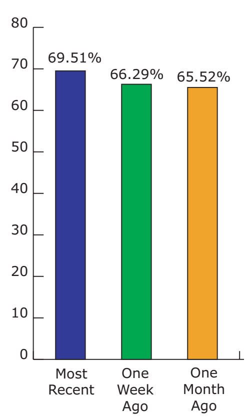
	Corp & Hi Yld (%)	Gov't & Mort (%)	Global (%)	Municipal (%)
1992	0.82	0.70	1.09	0.63
2002	0.80	0.68	0.97	0.64

Source: Investment Company Institute "Perspective" December 2003.

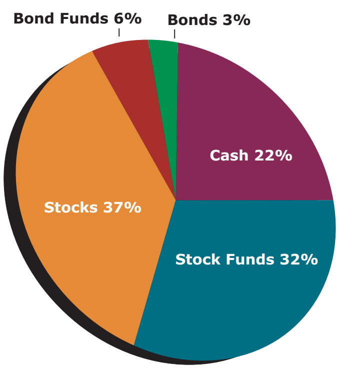
AAII Investor Surveys

As of January 21, 2004

Bullish Sentiment



Asset Allocation



The sentiment survey measures the percentage of individual investors who are bullish, bearish, and neutral on the stock market short term; individuals are polled from the AAII Web site.

The asset allocation survey measures the percentage holdings of members in five asset categories. Members are polled monthly from the AAII Web site; the percentages are averages of all members responding.

Updated Investor Survey results are available at www.aaii.com under *Member Surveys* in the Community area. The Bullish Sentiment Survey is updated every Thursday morning, while the Asset Allocation survey is updated on the first business day of each month.

The Name Game

How much emphasis do investors place on a company's name?

Lots, and companies know it. In fact, even well-established companies sometimes spend considerable resources on choosing a new name, points out Payden & Rygel in their *Quarterly Review* (July 2003).

The reasons for a name change are varied. Mergers may force a change. Other firms feel the need to distance themselves from their past, a good example being the former tobacco companies. And sometimes companies feel it can add real shareholder value—one study illustrated that in the late 1990s, firms that added the dot-com extension to their name saw their share price increase an average 28% on the day of the announcement.

The process of selecting a new name is expensive, and the success is difficult to measure. So, what's "really" in a name?

"In reality, a company's name is only as good as its reputation," Payden & Rygel states. "Without ethical management, quality products and dependable customer service, any name change will be futile."

What Are They Now?

Old Name	New Name (Date of Change)
Blue Ribbon Sports	Nike (1971)
Anglo-Iranian Oil Co.	BP (British Petroleum) (1954)
The Southland Ice Company	7-Eleven (1946)
MB Associates	Home Depot (1978)
Finnish Rubber Works	Nokia (1967)
UAL (United Airlines)	UAL (But it was Allegis 1986-1988)
American Home Products	Wyeth (2002)
Computing-Tabulating-Recording Co.	IBM (1924)
Philip Morris	Altria (2003)
Anderson Consulting	Accenture (2001)

INNOVATIONS in Fraud

The investment world is full of innovations—and, unfortunately, that includes new forms of fraud. The North American Securities Administrators Association (NASAA), an association of state securities regulators, has just released their list of the Top 10 schemes investors are likely to see in 2004. The list is based on an annual survey of state securities enforcement officials, and is ranked in order of prevalence and seriousness as identified by state securities regulators. For more information, go to www.nasaa.org.

The Top 10 Scams, Schemes & Scandals Expected for 2004

1) Ponzi Schemes
2) Senior Investment Fraud
3) Promissory Notes
4) Unscrupulous Broker/Dealer Representatives
5) Affinity Fraud (targeting people with shared religious beliefs or common ethnicities)
6) Insurance Agent Securities Fraud
7) Prime Bank/High-Yield Investment Schemes
8) Internet Fraud
9) Mutual Fund Business Practices
10) Variable Annuities