

## **DWS S&P 500 Index Fund (SXPAX) +1 Fund Authority Score**

**Category : US Large Capitalization Stock Mutual Funds & ETFs**

**Published by [The Skilled Investor](#) on Dec/11/2007**

DWS S&P 500 Index Fund (SXPAX) receives a +1 Fund Authority Score. The table below presents *The Skilled Investor's* Fund Authority Score and other information for the DWS S&P 500 Index Fund (SXPAX). The Scudder Equity 500 Index Fund (BTIEX) and the DWS S&P 500 Index Fund (SXPAX) *The Skilled Investor* has published an article about lower cost S&P 500 index mutual funds that you can read, which is entitled: [Low Cost S&P 500 Index Mutual Funds](#). Based on a research article by John A. Haslem, H. Kent Baker, and David M. Smith published in the March/April 2007 Journal of Indexes (pages 34-38), this article listed lower cost S & P 500 index funds. The Scudder Equity 500 Index Fund (BTIEX) was on that list of lower cost funds. While at one time, the Scudder Equity 500 Index Fund (BTIEX), may have been a low cost fund, currently it does not seem to be available for investments by smaller investors. Putting together information from reports on the SEC Edgar system, it seems that when Scudder owned this index mutual fund, investors could purchase S Class shares for an initial investment of \$10,000 or perhaps less. In early 2005, Scudder became part of DWS Scudder, which is a part of the Deutsche Bank Group international financial conglomerate. The Scudder Equity 500 Index Fund (BTIEX) now is known as the DWS Equity 500 Index Fund (BTIEX). While S Class shares continue to exist with a .3% annual expense ratio, they are not available to new investors. Instead, one can purchase Institutional Class Shares that have a .21% annual fee, however you need a cool \$1,000,000 to deposit with DWS. What are small investors to do, if they want to buy a Standard and Poors 500 index fund from DWS Scudder? Well, an investor could buy shares in the DWS S&P 500 Index Fund (SXPAX), if they have at least \$2,500 for a taxable account. S Class shares also exist in this SXPAX index fund, and they carry a .45% annual expense ratio. However, again they are no longer available to new investors. Instead, through an advisor, investors could purchase Class A, Class B, and Class C shares in the DWS S&P 500 Index Fund (SXPAX). A Class shares have a maximum front-end load of 4.5% and a .64% annual fee. The June 30, 2007 DWS S&P 500 Index Fund (SXPAX) semiannual report states that: "For Class B shares, the maximum contingent deferred sales charge (CDSC) is 4% within the first year after purchase, declining to 0% after six years. Class C shares have no adjustment for front-end sales charges but redemptions within one year of purchase may be subject to a CDSC of 1%." Class B shares carry a 1.39% annual management fee, and Class C shares carry a 1.39% annual expense ratio. See this article: "[Understanding one-time investment fees, such as sales loads](#)" From the looks of things, we can take DWS Scudder off the list of low cost S and P 500 index fund suppliers, unless you have a million bucks to pony up. When one considers that you can find several passively managed S&P500 index funds with no sales load charges and annual expense ratios under .25%, it would be reasonable to ask what the value-added of the DWS S&P 500 Index Fund (SXPAX) might be. Is there any, or will the SXPAX fund's substantially higher costs just eat away at your returns year after year after year? See this article: "[The heavy burden of recurring investment fees.](#)" Fund Authority Scores for mutual funds and exchange traded funds (ETFs) help you sort diversified investment funds quickly. [Fund Authority Scores rate mutual funds and exchange traded funds \(ETFs\)](#) on the most important economic factors that influence individual investors' net long term diversified investment fund performance. *The Skilled Investor* developed the Fund Authority Score system to provide individual investors with concise, objective, and realistic summaries of mutual funds and ETFs for comparisons within investment asset classes. For a [directory of the Fund](#)

[Authority Score reports of other mutual funds and ETFs, go here](#). When you go to this [Fund Authority Score directory](#), you can easily find a list of all fund reports at the bottom of each article for that particular investment asset class. For more information about [how a Fund Authority Score is developed for each mutual fund or ETF, go here](#). The Fund Authority Score for the DWS S&P 500 Index Fund (SXPAX) Using an integer scale ranging from -10 to +10, Fund Authority Scores for equity investment funds measure five factors:

- 1) annualized management and investment sales expenses (40% weighting),
  - 2) annual trading costs implied by investment fund portfolio turnover (30% weighting),
  - 3) inferior and superior historical performance (20% weighting),
  - 4) minimum fund maturity (5% weighting), and
  - 5) minimum fund size for operating efficiency (5% weighting).
- Fund Authority Scores zero in on [the most effective strategy that you have to increase your long-term mutual fund and ETF investment returns](#), which is to cut investment costs to rock bottom. With such a smart, low cost investment strategy, you just have to be a better bargain shopper, when you buy your investments, and then hold on to them. Over a 30-year retirement investment accumulation period, a \$10,000 investment &mdash; reduced by a 5.75% initial sales load charge to pay a financial advisor &mdash; could grow to \$40,734. This result assumes that your investment earns a 5% annual real dollar return after inflation, and it ignores any capital gains taxes. In contrast, if you instead buy no load mutual funds directly, you can cut out the initial sales load charge entirely. You can put ALL of your investment capital to work for you from the outset. And, if you pay annual investment fees that are just one percentage point lower, you could end up with \$16,701 more! Your \$10,000 initial investment would be worth 41% MORE after 30 years, when compared to the \$40,734 retirement portfolio that you get with higher cost funds! To learn more, read: &ldquo;[Excessive investment costs are a huge problem for individual investors](#)&rdquo; Fund Authority Summary for the DWS S&P 500 Index Fund (SXPAX) Fund Authority Summary DWS S&P 500 Index Fund Fund Authority Score

FUND AUTHORITY SCORE (scale of -10 to +10) 1

#### FUND AUTHORITY SCORING COMPONENTS

- A) Management expenses & sales loads (-4 to +4)  
-- Annual expense ratio with 12b-1 fees 0.64%  
-- Front-end sales load with 5 year amortization 0.90%  
----- Total annual direct costs 1.54% -2
- B) Fund portfolio transactions costs (-3 to +3)  
-- Annual turnover as a trading cost proxy 7.0% 3
- C) Penalize very inferior historical performance and credit average and superior historical performance (-2 to +2)  
-- Total of the 3 year Morningstar + Lipper ratings Too young for 3-year ratings 0
- D) Is this fund sufficiently mature? (0 or +1) 0
- E) Very small fund efficiency penalty (-1 or 0) 0

#### INVESTMENT FUND OVERVIEW

- Type of investment fund index mutual fund
- Active versus passive management passively managed fund
- Total net assets \$723 Million
- Type of investment portfolio securities stocks - equities
- Geographic focus United States
- Market capitalization of portfolio securities large

- Strategy skew (value/growth/neither) neither
- Target performance benchmark index Standard and Poors 500 Index
- Year of inception 2005
- Trading symbol SXPAX
- Share class evaluated Class A shares
- Minimum initial deposit for individual investor \$2,500 (taxable account)

TOP 10 INVESTMENT SECURITIES HOLDINGS ExxonMobil Corporation (XOM)

General Electric Company (GE)  
 AT&T Inc. (T)  
 Microsoft Corporation (MSFT)  
 Citigroup Inc. (C)  
 Bank of America Corporation (BAC)  
 Procter & Gamble Company (PG)  
 Chevron Corporation (CVX)  
 Cisco Systems Inc. (CSCO)  
 Johnson & Johnson (JNJ)

----- Top 10 Investment Portfolio Holdings (%) 19.96%

Fund family website [www.dws-scudder.com](http://www.dws-scudder.com)

Customer service telephone number 800-621-1048

SEC EDGAR filings and/or fund website accessed 11 December 2007

NOTES:-- Most mutual funds and ETFs change their fees and trading strategies relatively little over time. Because investment expenses, trading/turnover costs, fund maturity, and operating efficiency account for 80% of the Fund Authority Score rating system, Fund Authority Scores tend to remain relatively stable over time for such consistent investment funds.-- The date in the table above indicates when fund information was accessed from SEC EDGAR filings and/or the fund company website. Normally, data used to develop Fund Authority Scores rely upon reporting periods ending the previous calendar quarter or half year.

-- Unless otherwise stated, there are no business arrangements of any kind between *The Skilled Investor* and any financial product, service, or company that may be discussed in our publication's articles.

-- Fund Authority Scores are developed on a fund by fund basis. Just because a mutual fund or ETF has a high Fund Authority Score does not mean that other funds from that fund family do, as well. On your own, always be careful to check current management expenses, sales loads, portfolio turnover, fund maturity, fund size, fund performance, and other current factors before investing in any diversified investment fund.

-- If you do not need and/or are unwilling to pay the direct and indirect costs of an investment counselor, stock broker, or other financial advisory intermediary, you should note that many mutual funds can be purchased directly from diversified investment fund families by accessing their websites or by calling their customer service telephone numbers. Similarly many ETFs can be purchased with lower transactions fees through discount brokers. (See these articles: [Payment of Investment Advisors, Financial Planners, and Investment Counselors](#))-- DISCLAIMER: THERE ARE NO WARRANTIES, EXPRESSED OR IMPLIED, FOR THIS WEBSITE, INCLUDING NO WARRANTY FOR MERCHANTABILITY AND NO WARRANTY FOR FITNESS FOR ANY PARTICULAR PURPOSE. Read here this website's [TERMS OF USE](#).-- Your decision on whether to purchase or to sell any investment security is yours and yours alone. This TSI Site is a financial publication and is solely for informational and educational purposes related to your personal, private, and non-commercial use. Our articles report on publicly available documents and research studies. We

have not verified any of the information reported in the information provided, and there could be errors with this information. It is solely your responsibility to verify any and all information before investing or purchasing any financial product or service. In no way does this site constitute a solicitation or offer to sell securities or investment advisory services. This site does not provide investment advice.