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▲ 5.94	▲ 0.03	▼ 0.22
STOCKS	**BOND YIELD**	**DOLLAR**
3,471.58	6.81%	115.98 yen
Dow Jones industrial average	*30-year U.S. Treasury bond*	*Down from 116.20 yen*

HERB GREENBERG

Business Insider

From the Mailbag: Diversification

Bruce H., of San Francisco, wants to know whether it would be better to invest $100,000 in one good mutual fund or spread it among 10 funds.

Neither. I checked with Ken Gregory, editor of the Orinda-based No-Load Fund Analyst newsletter, and Kurt Brouwer, of Brouwer & Janachowski, a San Francisco-based money-management firm that specializes in mutual funds. Their answers were almost identical: For the typical long-term investor, one fund would be too limiting, while 10 funds would be too diverse.

They suggest dividing the money among two to five funds of varying types, such as small-cap, growth and international.

Message Center

■ Memo to Lucy J., of San Francisco, who wonders if her broker was correct in stating that there's a Securities and Exchange Commission rule requiring brokers to ask clients about their income: No, but the New York Stock Exchange and National Association of Securities Dealers have versions of what are commonly called "know your customer" rules.

These rules require that brokers know enough about their clients — including such things as annual income — so that they can make appropriate recommendations.

These rules aren't enforceable. But laws in California and several other states are. Securities lawyer Cary Lapidus, of Lapidus & Reiff in San Francisco, says that the state laws require that brokers know enough about a customer's financial