

Mutual Funds

Super Satang



What are mutual funds?

- Mutual funds are a type of investment that pools money from many investors to purchase a range of stocks, bonds and other securities.
- Why might people invest in mutual funds?



Examples



 SoftBank



Advantages of mutual funds

Diversification!

Professional management – you don't have to manage it yourself

They sometimes guarantee a minimum return

Good liquidity

Easy – not as much of a headache than investing by yourself



How they work

Pooled funds:

The mutual fund finds investors – big and small – including you.

They then purchase securities from your investment

They try to make the best return for you and then take a percentage fee for themselves



How they manage the portfolio

They will handle the portfolio of investments

They decide which companies or bonds to invest in

They have to make sure that it aligns with the values and objectives of the fund – for example, the youth fund has goals



How you can understand the value

NAV!!!

Net asset value – this is calculated daily and is like a chart or price that shows the value in dollars or other currencies of the value of securities in the fund at that point in time

This is important to see when investing in mutual funds



Types of mutual funds

Equity funds – invests primarily in stocks and either focuses on the short or long term

Bond funds – invests in mainly bonds

Money market funds – a range – this is more liquidable

Can you tell which one is riskier and what are the relative returns?



Key things to consider

You must understand the goal of the mutual fund – what objective does it have and does it align with you?

Look at the expense ratio which is what the fund charges for operating costs

Look at the performance of the past – what do you need to consider though?



How to invest

1. Find one that aligns with you
2. Open up a brokerage account
3. Compare and contrast and research
4. Invest the amount that fits with your portfolio



Thank you

