

## Week #4 – Finish Mutual Funds – Exam #1 This Week – Chapter 1 Assignments Due This Week

We are into the fourth week and our first exam will be available this week starting Wednesday night. It will cover the topics in chapter 1 (Introduction to Investing, Overview of Investments, Risk versus Return, Short-term Investments) and chapter 4 (Mutual Funds). It will be available until Sunday night at 11:55 p.m. Someone asked me the question that is always on everyone's mind: "*What is going to be on the exam?*" Allow me to say that I do my best to make sure everything we studied is on the exam and everything on the exam is what we studied. I do not try to confuse you! I try to make my exams as straight-forward as possible. (Trust me. This is not always easy. My apologies in advance for any situations where it is difficult to understand the question.) Make sure you know the terms that are on the handout / assignment sheets. Review all the presentations and handouts and listen to the commentaries, especially the Mutual Funds Case Studies; there will be at least one problem like that. (Remember that there are many good answers. As long as you give a reasonable reason for your answer, I will accept it.)

Now, what is the format of the exam? There will be many multiple-choice and true-false questions. There will also be some matching. There will be at least one and maybe a few short essay. In prior semesters, most students (who felt they were prepared) told me they have plenty of time to finish the test. Some other students (who thought they might be able to learn the material as they took the test) have confessed that they really were not prepared for the exam. And then there is always the possibility of Blackboard failing – arrggh! Please find a very good computer with a very good connection to the Internet. If your session fails, you will need to contact me. For this reason, DO NOT leave the exam until the last hour on Sunday night! (Jumping back and forth between Blackboard and PowerPoint and Google searches, etc., is often a big reason for Blackboard crashing. Maybe those of you who try to take the exam in this manner will want to use two computers?)

Due this week are the chapter 1 assignments on short-term investments and TreasuryDirect.gov. What do you think of the TreasuryDirect.gov web site, huh? Those are our tax dollars at work, Fellow Citizens. Pretty good job those clever folks at the Treasury have done, dontcha' think? We all love to complain about the government when they screw up so we should give them praise when they do something good, and in my humble opinion, that is a great web site. You and I can buy Treasury bills, notes, and bonds for the same price as the big boys and girls on Wall Street. Pretty neat, huh? Also, on the class web site in the *Annual Reports and Prospectuses* section of chapter 4, there are links to several *Annual Year in Review* presentations from mutual fund companies. Also, pretty neat!

**Important Notice:** There is a mistake in second audio and audio/visual presentation for chapter 4. Around 29 minutes into the presentation, I inadvertently stated that, if redeemed within 1 year, the back end charge for the C shares of Alliance Large Cap Growth Fund was 4% instead of 1%. I should have said 1%. My apologies. Class C shares charge typically about 1% if you take the money out within a year. In other words, please do not use our stock, bond, and balanced mutual funds as short-term investments. Mutual funds are designed to be long-term investments (with the special exception of money market mutual funds, of course).

Finally, *Good Luck on the Exam, Everyone!* Please work hard and bring glory and honor to Southwestern Community College (and to me, too) when your friends, family, and co-workers are astonished at your level of knowledge and competence with regard to investments!

Don't Give Up! **Never** Give Up!

Sincerely,

Frank Paiano

P.S. Exam #1 on chapter 1 and chapter 4 will be available starting Wednesday night until Sunday night. Please do not wait until late Sunday night to take the exam, okay?