

Chapter Assignments:

Required: Mutual Fund Annual Report Assignment (10 points)

Required: Thrift Savings Plan Assignment (10 points)

Due: TuesThur Feb 27th; Online Mar 1st

Chapter Sections:

Advantages and Drawbacks of Mutual Fund Investing
Investment Companies and Fund Types
Mutual Fund Operations, Mutual Funds Costs and Fees
Short-Term Funds
Long-Term Funds
Mutual Fund Performance
Closed-End Funds, Exchange Traded Funds, and Hedge Funds

Chapter Terms:

mutual fund (a.k.a. investment company)
major benefits: professional money management & diversification
open-end mutual funds *versus* closed-end mutual funds
net asset value (NAV)
shareholders / management company / investment advisor / distributor / custodian / transfer agent
annual operating expenses: management fees, 12b-1 fees, accounting & other expenses, trustee fee (if retirement)
load funds *versus* no-load funds
Class A – a.k.a. front-end load, sales load
Class B – a.k.a. back-end load, CDSC (Contingent Deferred Sales Charge) – *The Class B shares are disappearing*
Class C – nee broker no-load funds (but no longer allowed to be called no-load – *Huh?*)
Class F, Class I – a.k.a. financial advisor class, investment advisor class, held in “wrap” or “managed” accounts
“true” no-load funds
total cost of ownership
sales breakpoints
types of mutual funds
stock funds: aggressive growth, growth, capital appreciation funds, growth-and-income funds, value funds, equity-income funds, balanced funds, asset-allocation funds, large cap, mid cap, small cap, domestic, global, international, regional, emerging markets, sector, market timing
bond funds: corporate, government, municipal, high-yield (junk bonds), convertible, mortgage-backed, long-term, intermediate-term, short-term, global, international
speciality funds: hedge funds, “bear” funds, precious metals / hard assets, REIT funds, “boutique” exotic funds
mutual funds of mutual funds (a.k.a. lifestyle funds, target date funds, target risk funds, retirement “autopilot” funds)
money market mutual funds (recall short-term investments from lecture notes)
index funds (should have very low fees – *Careful!* If they are in your 401(k) plan, make sure they have very low fees!)
exchange-traded funds (a.k.a. ETFs) – (gaining tremendous popularity – a combination of open-end & closed-end funds)
socially responsible funds (*versus* socially irresponsible funds? Example: The Vice Fund!)
fund families: Fidelity, Vanguard, American, Franklin, Oppenheimer, TIAA-CREF, T. Rowe Price, Dodge & Cox, etc.
automatic investment plans / automatic reinvestment plans / systematic withdrawal plans
conversion privilege / exchange privilege (no charge within family but taxable transaction if in a taxable account)
taxes and mutual funds
mutual fund prospectuses and annual reports
dozens of publications and hundreds of web sites
dollar-cost averaging
hypotheticals / illustrations

Make sure you know these!