

**Chapter Assignments:****Required:** Mutual Fund Annual Report Assignment (10 points)**Required:** Thrift Savings Plan Assignment (10 points)**Due: TueThur Feb 26<sup>th</sup>; Online Feb 28<sup>th</sup>****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 &amp; 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 &amp; 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 &amp; 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 &amp; 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 regular, taxable account)

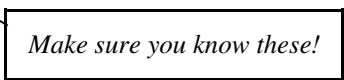
taxes and mutual funds

mutual fund prospectuses and annual reports

dozens of publications and hundreds of web sites

dollar-cost averaging

hypotheticals / illustrations



Make sure you know these!