

MUTUAL FUND



A mutual fund is defined as an investment vehicle made up of a pool of money collected from many investors. A professional manager for the fund invests this capital in stocks, bonds, commodities, real estate, and other assets based on the objectives stated in the fund's prospectus.

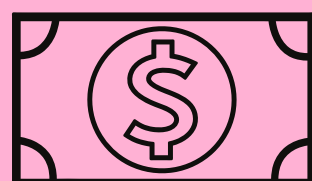
WHY DO PEOPLE INVEST IN A MUTUAL FUND?



Increased diversification, as the fund holds many securities and therefor decreased risk.

Daily liquidity, as investors can easily redeem their shares any time.

Professional portfolio management.



Ability to participate in investments that maybe available only to larger investors



1

OPEN-END FUNDS

Open-end mutual funds typically do not limit the number of shares they can offer, and are bought and sold on demand. When an investor purchases shares in an open-end fund, the fund issues those shares and when someone sells shares, they are bought back by the fund. When shares are sold, the fund pays the investor using cash on hand or it may have to sell some of its investments in order to pay the investor.

2



CLOSED-END FUNDS

Closed-end funds are often actively managed unlike exchange-traded funds, which track an index and generally do not trade at a discount or premium to their NAV.

3



UNIT INVESTMENT TRUSTS

an investment company that offers a fixed portfolio, generally of stocks and bonds, as redeemable units to investors for a specific period of time. It is designed to provide capital appreciation and/or dividend income. Unit investment trusts, along with mutual funds and closed-end funds, are defined as investment companies.

Why Do People Invest?

AS THE WORLD'S INVESTMENT INDUSTRY GREW AND MATURED IN THE 20TH CENTURY, A FEW DIFFERENT FACTORS LED TO PEOPLE INVESTING MORE IN MUTUAL FUNDS. OVER TIME, INVESTORS REALIZED THEY WANTED EASY ACCESS TO DIVERSE PORTFOLIOS, DAILY LIQUIDITY, AS WELL AS THE WORLD'S TOP PORTFOLIO MANAGERS - AND MUTUAL FUNDS CAN OFFER ALL OF THESE ADVANTAGES TO THE AVERAGE INVESTOR.

BASIC GUIDELINES FOR CHOOSING A MUTUAL FUND

- USE A MUTUAL FUND COST CALCULATOR TO COMPARE HOW FEES FROM VARIOUS FUNDS WILL IMPACT RETURNS
- EVALUATE PORTFOLIO MANAGERS BASED ON THEIR RESULTS OVER TIME
- USE ONLINE SERVICES LIKE MORNINGSTAR TO DO THOROUGH RESEARCH BEFORE INVESTING
- LOOK AT HOW WELL A FUND IS POSITIONED FOR FUTURE SUCCESSES
- READ THE FUND'S PROSPECTUS AND SHAREHOLDER REPORTS FOR FURTHER INFORMATION