

Defining the Types of Mutual Funds

What is a Mutual Fund?

A **mutual fund** is an investment vehicle that pools money from multiple investors to invest in a diversified portfolio of stocks, bonds, and other assets. Mutual funds can provide capital growth, income, or a combination of both.

There are many different types of mutual funds that could help you achieve your investment goals.



Fund of Funds

A Fund of Funds is a pooled investment portfolio that can hold other mutual funds. These portfolios provide greater diversification and can be structured to meet specific investment objectives.

An example of a Fund of Funds are the **TD Comfort Portfolios**. This investment choice offers diversified portfolio options, competitive returns, low investment minimums and is managed by industry leaders.

Single Fund Solutions

A Single Fund Solution is a mutual fund that may consist of bonds, stocks, cash, or other investable assets chosen and managed by a Portfolio Manager.

TD Investment Services offers a selection of Single Fund Solutions in the categories of: Money Market Funds, Fixed Income Funds, Balanced Funds, and Equity Funds.

Money Market Funds

These mutual funds invest in short-term, high-quality money market securities, such as government bonds or certificates of deposit. Money Market Funds are designed to preserve capital while providing a higher net interest income and liquidity and may be a good choice if you're seeking a short-term, lower-risk investment.

Fixed Income Funds

Fixed Income Funds have been designed to provide investors with income and diversification by investing in a wide range of fixed-income securities, including government and corporate bonds and other fixed income securities.

Balanced Funds

Balanced Funds invest in a combination of money market, fixed income, and equity investments. These funds seek to provide both income and long-term capital growth.

Equity Funds

Equity Funds are mostly invested in publicly traded stocks (equities) with a medium- to long-term timeframe that aim to meet a range of investment objectives such as maximizing potential growth and/or providing income through dividends. Equity funds can vary across risk levels depending on the investment objective and fund holdings.

- Index Funds**

This is a type of mutual fund that tracks the performance of a particular stock market index, such as the S&P 500 and the Dow Jones. The main aim of an Index Fund is to replicate the performance of the index.

- Sector Funds**

Sector Funds invest in specific sectors such as technology, energy, healthcare, etc., and give investors exposure to a particular market segment. As sector funds invest in specific sectors, there is elevated risk return due to the lack of diversification.

How do I Know Which Mutual Fund is Right for Me?

There are likely many mutual funds available for you to choose from, here are some steps you can take to help you make an informed decision:

- What are your investment goals?** Ask yourself what you want to achieve with your investments. Are you investing for the short/long term? Do you want income or growth, or maybe both?
- Risk profile.** Will you consider a potentially higher return for higher risk, or are you more comfortable with less risk?
- Understand the different types of mutual funds.** The more you know about the various funds, the easier it may be to make an informed decision about which way you want to invest your money.

Mutual funds may offer you a convenient and affordable way to access a diversified portfolio of investments. A TD advisor can help you assess your investment goals, risk profile, and recommend mutual funds suited to your investment needs.

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