

Mutual Funds for your Future QUIZ

To help reinforce what you've just learned, take the following Mutual Funds for your Future quiz:

1 NAV stands for which of the following:

- a) Net Asset Value
- b) Net Allocation Value
- c) New Asset Valuation

2 Which of the following are advantages of mutual funds:

- a) Diversification
- b) Professional management
- c) Cost effectiveness
- d) B and C
- e) All of the above

3 Sector funds are designed to produce the same return that you would get if you owned all the stock in a particular index, such as the S&P 500.

- a) True
- b) False

4 Bond funds make up the majority of mutual funds in existence today.

- a) True
- b) False

5 A portfolio manager who invests in the stock of up-and-coming new companies, or companies on the cutting edge of new technologies, is said to have a:

- a) Growth-oriented management style
- b) Value-oriented management style
- c) Large-cap investing strategy

6 All mutual funds deduct management fees from the fund's total earnings.

- a) True
- b) False

7 A "load" is:

- a) A sales commission that may be charged for investing in a mutual fund
- b) Any dividends and interest that may be paid out by a mutual fund
- c) Waived for funds available through your qualified retirement plan
- d) Both A and C
- e) Both B and C

8 Which of the following can help increase the value of your retirement plan account balance over the long term:

- a) An increase in the NAV of your mutual fund
- b) Reinvestment of any interest and dividends earned by the fund's holdings
- c) Reinvestment of any capital gains realized from the sale of fund holdings
- d) A and C only
- e) All of the above

Know your Fund



Ticker

The fund's ticker symbol is a unique "code" for identifying the fund and consists of five letters (such as AOBDX).

Fund Inception Date

The fund inception date is the date the fund became available to investors. The older the fund, the longer the track record.

Portfolio Assets

This is the current market value of all the fund's holdings.

Fund Objective and Characteristics

The fund objective is a brief statement of what the fund manager is trying to achieve. For example, long-term growth would be an objective of a stock fund. Fund characteristics, or strategy, give you an idea of how the fund manager will accomplish the investment objective. For example, the fund may currently be investing up to 50% of its assets in domestic stocks to help achieve long-term growth.

Fund Manager(s)

These are the people responsible for making sure your fund stays true to its objective. The fund management team performs the day-to-day research and the buying and selling of securities in order to maintain the objective and strategy of the fund.

Fund Holdings

The fund holdings give you a snapshot of where the assets in the fund are invested. Typical fund profiles may show this in several different ways. Portfolio composition breaks out the holdings by the type of securities (% of holdings in domestic stocks, for example). Top 10 holdings show a list of the 10 stocks or bonds with the most influence on the fund's overall performance (% of total holdings in Microsoft stock, for example). A fund profile for an international fund may also list the 10 countries the fund invests in. Portfolio composition and top 10 holdings are not indicative of future holdings and are subject to change.

Performance History*

A typical fund profile shows the returns for the fund over different periods of time. As a long-term investor, it's often more important for you to track the fund's performance over a period of 5 or 10 years to get a real feel for the big picture.

*Past performance is no indication or guarantee of how the fund will perform in the future.

The Prospectus

The fund's prospectus, available to all investors, includes a statement of fund objectives, operation, performance history, fees, and expenses. The prospectus will also identify and thoroughly discuss all the risks associated with investing in the fund. To obtain the prospectus for a mutual fund, you can check with your Plan Administrator. In many cases, the prospectus is available at the fund company's Web site.