

Mutual Funds

Tips on How to Pick a Mutual Fund

Consider your objectives

- Short term – objective is to keep your money safe
- Long term – you can afford to take on more risk, growth is your objective
- Interest – earning income is the main reason for investing

Find objectives that match your objectives

- Read some funds' prospectuses to see if their objectives match your personal needs

Study Long-term Performance

- Look for a fund with a 10-year record
- Provides you with an idea on how well the fund does during bad times
- Beware of funds that have wild swings in returns from one year to the next

Look at portfolio

- Look at the fund's portfolio and ask yourself:
- “Are these my kind of investments?” – Look at the prospectus, annual report
- You're looking at shares the funds invests in

Consider the Manager

- Find out who runs the fund and how long the manager has been at the job
- Consider the manager's past performance
- Avoid funds where the manager has left the job for another job with another fund company

Count the costs

- Consider the costs you will be paying for the management of the fund (can be obtained from the prospectus)
- Don't let the cost be the only reason why you invest or not invest in a fund
- It may be worth it to pay for the costs because of the performance results

Diversify

- Reduce risk by investing in more than one mutual fund
- It's recommended that you invest in three main investment types:
 1. Cash equivalents
 2. Fixed income securities
 3. Equities

Review and Revise

- Take a look at your portfolio every once in a while to see if it is performing the way you want it to
- Remember: “Good past performance does not guarantee future gain”