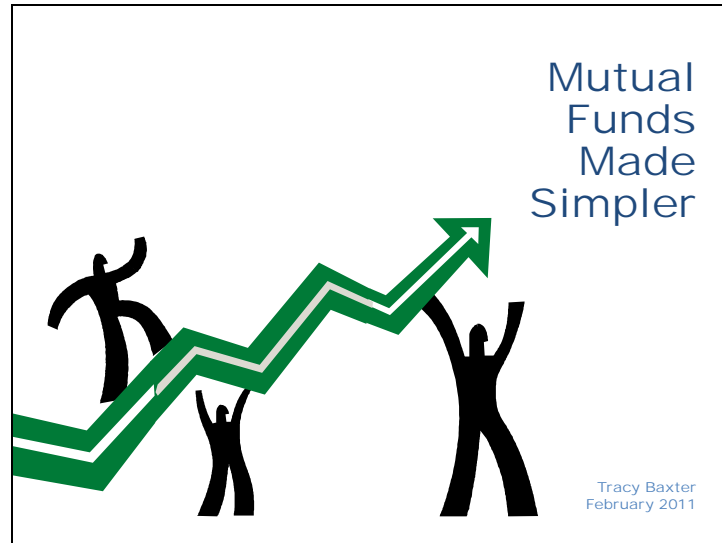


Slide 1




With mutual funds, investors harness the power of collective buying to invest in stocks, bonds, and other securities. This allows them to avoid some of the complexities of investing. This presentation explains the fundamentals of mutual fund investing. If you would like to invest or would like to take advantage of your employer's 401k program, this overview will help you to get started. You will learn the basic types of mutual funds, their primary advantages and disadvantages, and how to define your investing goals in order to choose the mutual funds that are right for you.

## Slide 2

Key principle of good investing:

Never put all your eggs in one basket—in other words, diversify your investment.

Important benefit:  
Gains can offset losses



“Never put all your eggs in one basket”: Great advice in many situations, but especially in investing. One of the key principles of good investing is diversification. That is, the strategy of spreading your investment around so that a gain in one investment can offset a loss in another.

But what if you don't have many eggs?

Can you still invest sensibly?

Or are you financial goals out of reach?

## Slide 3

Mutual funds: a way to spread a small investment

- A mutual fund is a collection of stocks and bonds and other securities managed by a financial services company.
- Investors buy shares in the fund, not in individual companies.
- Feasible for small investors: diversification for less

An illustration at the bottom of the slide shows two stylized human figures, one green and one grey, facing each other as if in conversation. Above them is a black and white icon of a classical building with a dollar sign on its facade, representing a financial institution or bank.

Many small investors seeking the protection from risk that diversification offers choose to put their money in mutual funds.


What's a mutual fund? Think of a mutual fund as a collection of stocks, bonds, and other investments that's managed by a financial institution such as a fund company or a bank. The fund company pools money from investors to buy stocks, bonds, and other investments. Investors buy shares in the fund, not in individual companies.

Mutual funds allow investors to diversify their investment much more affordably and easily than they could on their own.

## Slide 4

Your investment can grow in three ways

1. From stock dividends and bond interest
2. From capital gains
3. From selling shares



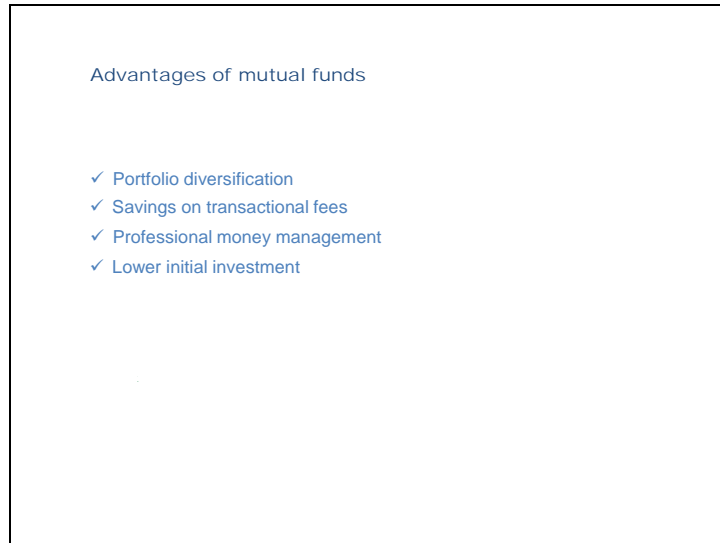
How do you earn a profit on the money you invest? Investors can see their money grow in three ways.

One, dividend and interest earnings are distributed to you on a regular schedule by the fund.

Two, when a fund sells an underlying investment that has increased from its purchase value, the profits are distributed to fund shareholders as capital gains.

Three, as the value of the underlying investments in the fund go up, so does the value of the shares you own. You can keep the shares or sell them for a profit.

## Slide 5



As mentioned before, diversification offers investors protection from risk.

Savings on transactional fees. You are buying shares in a fund that contains investments in many companies and you aren't paying the fees you would if you had invested in each company individually.


Professional money management. Professionals research, select, and monitor the performance of the securities in the fund, saving you the trouble.

Lower initial investment. Many mutual funds allow a \$1,000 minimum investment to start and even smaller subsequent investments.

## Slide 6

Two questions to ask before you choose your mutual funds

1. **What are my investment goals?**
  - Typical goals: college tuition, retirement income
2. **How much risk can I accept?**
  - The higher the risk, the higher the potential for profit



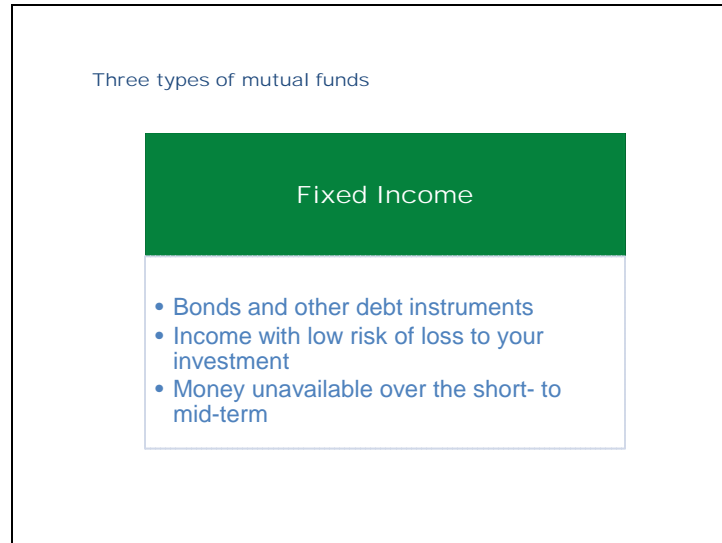
There are thousands of funds to choose from—how do you select funds that are right for you?

Start by asking yourself what your investment goals are. Typical goals include saving for your children's college education, or to have an income in retirement. Then ask yourself how much risk you can accept. Can you afford to lose money?

Can you be calm if the value of your investment decreases due to changes in the financial markets?

In investing, higher risk equals a higher potential for profit, so knowing your tolerance for risk is important when you are selecting mutual funds.

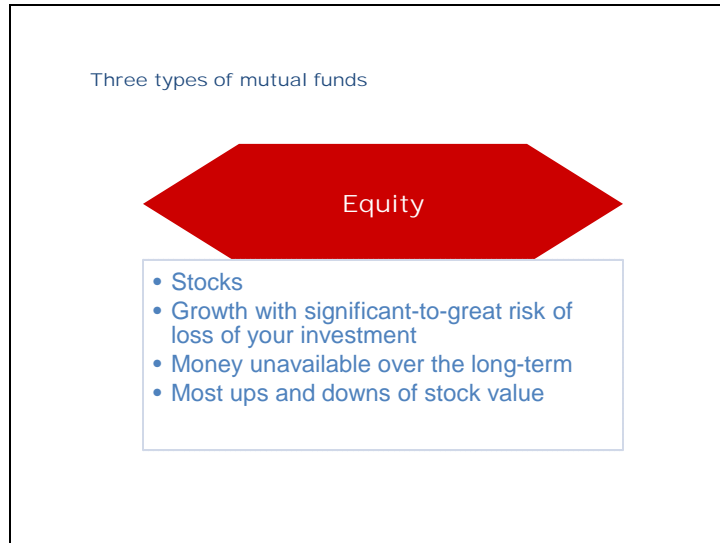
## Slide 7



Let's consider three types of funds to start: Fixed Income (also known as bond funds) Equity (also known as stock funds) and Balanced.

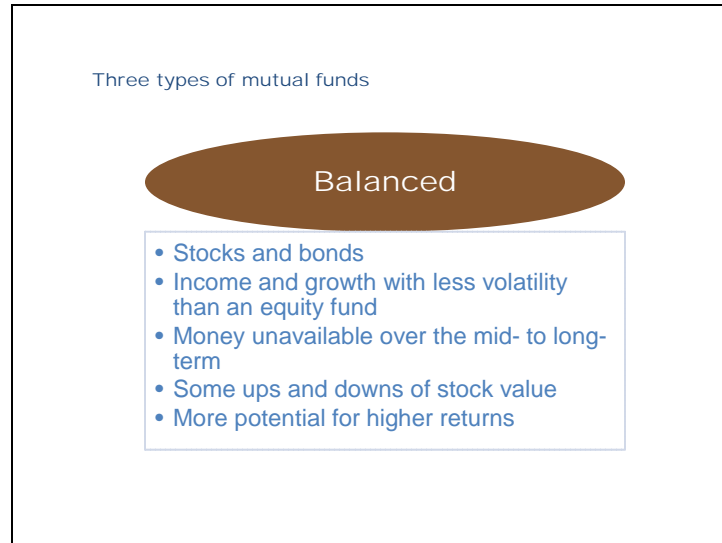
Fixed income funds are made up of bonds and other debt instruments. They provide income with a relatively low risk of loss to your investment. If your goal is to generate a stable income or if you have short term financial goals, fixed income funds could be a good choice for you.

## Slide 8



Equity funds are made up of stocks. Stocks represent part-ownership in companies. The value of shares in equity funds can increase and decrease sharply. If your goal is to see your money grow over the long-term, equity funds could be a good choice for you.

## Slide 9



A balanced fund, as its name implies, combines the potential for income from bonds with the potential for growth from stocks. If you want less steep ups and downs in the value of your shares, balanced funds could be a good choice for you.

## Slide 10

Plus, the most conservative mutual fund

Money Market Fund

- High-quality government investments
- Stable value of \$1 per share
- Smallest rewards
- Shortest commitment

Now let's consider money market mutual funds. A money market mutual fund is the most conservative type of fund. Its goal is to maintain the value of your investment with a small amount of income—not much more than you would earn from a savings account or deposit account).

The objective of a money market fund is to keep the value of one share at one dollar. It's rare that the share value in a money market fund drops below this amount. Perhaps the biggest risk to your investment is that inflation will lessen the value of the money you earn over time.

## Slide 11

Important: A money market mutual fund is not a money market deposit account

A money market mutual fund is not guaranteed or insured by the FDIC or any other governmental agency.

You can lose money.

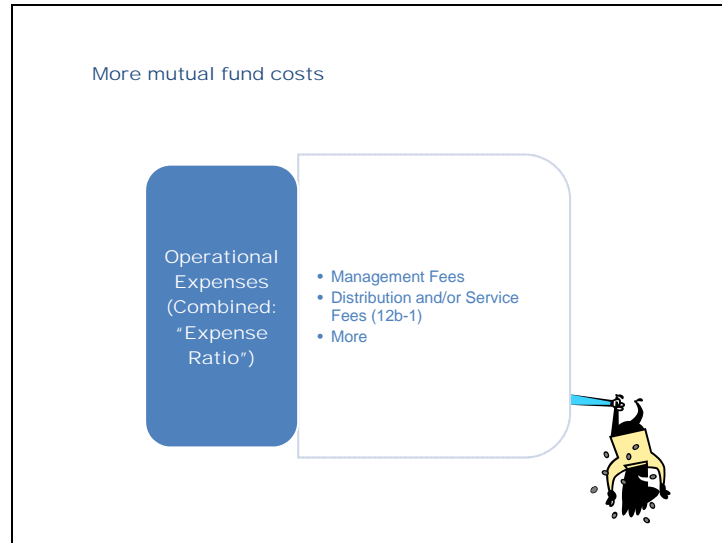
A money market fund is **not** a money market deposit account. A money market deposit account is a bank account that is guaranteed and insured by the FDIC. However, the money you invest in a money market fund is **not** guaranteed and **not** insured by the FDIC.

## Slide 12



In addition to the costs of purchasing shares in a mutual fund, you will pay a variety of fees and charges. These include shareholder fees.

## Slide 13




And operational expenses. Because these charges can substantially diminish your investment, some investors shop for no-load funds or index funds which charge less. You can learn about a fund's costs before you invest from the fund's prospectus.

## Slide 14

The fund prospectus: the document with all the details

The prospectus outlines the fund's:

- style
- investment objective
- charges
- performance record
- more

An illustration of a stack of papers. On top of the stack is a red circular stamp. To the left of the stack is a circular stamp with the text 'funds defo hulu' written inside it.

A prospectus outlines how the fund works.

In addition to the charges, you'll find out the investment style of your fund, its performance record, fees and charges, and the main risks of investing in the fund, among other important information.

Read it carefully.

## Slide 15

Before you invest, remember:

- Mutual funds are **not** guaranteed or insured by the FDIC or any other governmental agency. You **can** lose money.
- Past performance does **not** guarantee future performance.
- Mutual funds costs lower your investment returns. You can pay fees to buy or sell your shares, or to cover the fund's operation, or both.

Mutual funds may make it easier to diversify your investment, but before you invest, remember:

- Your investment is not guaranteed or insured by the FDIC or any other governmental agency. You can lose money investing in mutual funds.
- Past performance of a mutual fund does not guarantee its future performance. A successful fund one year could loss money in another year.

You can pay fees to buy or sell your shares, or to cover the fund's operation, or both, and you pay these charges regardless of how poorly the fund performs. Mutual funds costs lower your investment returns.