

Internet Insider -- Chapter 2

Mutual Funds

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Most mutual funds in the USA belong to the Investment Company Institute. Log in to its website at www.ici.org. You will find some essential information about mutual funds and a useful Fact Book. Make sure that you know the basic types of fund. For example, can you explain the difference between a stock fund and a money market mutual fund? Look in the Fact Book at the amount of assets managed by these funds. Have mutual fund assets been increasing or decreasing over the past 20 years? What are the advantages and disadvantages of investing through a mutual fund rather than doing so directly?

Choosing a Mutual Fund

Here are the websites for three of the largest mutual fund companies:

Fidelity Investments: www.fidelity.com

Putnam Investments: www.putnam.com

Vanguard Group: www.vanguard.com

Pick 3 or 4 funds from one of these sites and compare their investment objectives, risks, past returns, fund fees, and so on. Read the prospectuses for each of these funds; they are usually clear and informative. Who do you think should, or should not, invest in each fund? Which one would be most appropriate for a young financial executive saving for retirement?

Mutual Fund Performance

Morningstar provides data on mutual fund performance. Log in to www.morningstar.com and click on *Fund Category Returns*. This gives recent returns by category of fund. Which groups of fund have performed unusually well or badly? Is it those investing in small rather than large company stocks, growth rather than value stocks, or those specializing in a particular industry?

Banks

We mentioned in the last chapter that large banks have their fingers in many pies. The websites of the very largest banks are equally massive. The Bank of New York (www.bny.com) and Bank of America (www.bankofamerica.com) are examples of banks with relatively straightforward websites. Use these websites and the company annual reports to find what services banks provide to individuals, small businesses and large corporations.