

## Mutual Funds

A mutual fund is a type of investment company that pools money from many investors and invests the money in stocks, bonds, money-market instruments, other securities, or even cash. Here are some characteristics of mutual funds:

Investors purchase shares in the mutual fund from the fund itself, or through a broker for the fund, and cannot purchase the shares from other investors on a secondary market, such as the New York Stock Exchange or Nasdaq Stock Market. The price that investors pay for mutual fund shares is the fund's approximate net asset value (NAV) per share plus any fees that the fund may charge at purchase, such as sales charges, also known as sales loads.

Mutual fund shares are "redeemable." This means that when mutual fund investors want to sell their fund shares, they sell them back to the fund, or to a broker acting for the fund, at their current NAV per share, minus any fees the fund may charge, such as deferred sales loads or redemption fees.

Mutual funds generally sell their shares on a continuous basis, although some funds will stop selling when, for example, they reach a certain level of assets under management.

The investment portfolios of mutual funds typically are managed by separate entities known as "investment advisers" that are registered with the SEC. In addition, mutual funds themselves are registered with the SEC and subject to SEC regulation.

There are many varieties of mutual funds, including index funds, stock funds, bond funds, and money market funds. Each may have a different investment objective and strategy and a different investment portfolio. Different mutual funds may also be subject to different risks, volatility, and fees and expenses. Fees reduce returns on fund investments and are an important factor that investors should consider when buying mutual fund shares.

From [www.sec.gov](http://www.sec.gov)

**Ex. 1 Find the words or expressions in the text which mean the following:**

- 1) a financial institution that gathers money from investors and invests it afterwards: \_\_\_\_\_
- 2) to collect money: \_\_\_\_\_
- 3) a person whose job it is to deal with investments: \_\_\_\_\_
- 4) a payment that applies: \_\_\_\_\_
- 5) costs related to sales: \_\_\_\_\_
- 6) postponed: \_\_\_\_\_
- 7) instability: \_\_\_\_\_
- 8) units of a fund's assets: \_\_\_\_\_
- 9) a collective term for stocks, bonds, shares, etc.: \_\_\_\_\_
- 10) not precise: \_\_\_\_\_
- 11) with certain conditions applying: \_\_\_\_\_
- 12) a kind or type of something: \_\_\_\_\_
- 13) to work for an institution: \_\_\_\_\_

**Ex. 2 Match the expressions from the two columns into logical collocations:**

- |                    |             |
|--------------------|-------------|
| 1) to invest       | instruments |
| 2) money market    | market      |
| 3) a broker        | fees        |
| 4) secondary       | to risks    |
| 5) net value       | objective   |
| 6) redemption      | in stocks   |
| 7) registered with | for a fund  |
| 8) an index        | fund        |
| 9) an investment   | SEC         |
| 10)subject         | assets      |

**Ex. 3 Provide English equivalents of these expressions:**

1) fundusz powierniczy	7) rynek wtórny
2) gromadzić w puli	8) makler działający w imieniu (z ramienia) funduszu
3) zmienność (np. rynku)	9) podlegający ryzyku
4) jednostki uczestnictwa w funduszu	10)papery wartościowe
5) instrumenty rynku pieniężnego	11)opłata
6) fundusz indeksowy	12)odroczone

**Grammar corner...**

In the text you read about investors who CANNOT purchase on the secondary market or about fees that MAY be charged at purchase. The capitalized verbs are called MODAL VERBS and they behave in a certain way. First, they don't have the third-person-singular -s ending. Second, they are not followed by *to*. Essentially it is impossible to say: she cans to swim (SHE CAN SWIM). If you want to speculate about the past, you use modal verbs and you add HAVE + THIRD form of the verb, e.g. I should have invested in that company when the time was right (but sadly you didn't and now you feel bad about it).

*Must means that it is necessary for you to do something. May and might mean that there is a good chance something will happen or you will do something (may is more likely than might). Can and could mean something quite similar. Should means that it's a good idea for you to do something, while can means that there is some chance something will happen. Cannot means that there's no chance at all of something happening.*

**Ex. 4 Complete the sentences with correct modal verb and add any other necessary words:**

- 1) If you sign a non-compete agreement, you \_\_\_\_\_ cooperate with other entities.
- 2) I \_\_\_\_\_ sold my share of the company when its market capitalization was still high.
- 3) I'm 100 percent sure that the financial crisis of 2008 \_\_\_\_\_ been caused by NINJA loans.
- 4) I have some disposable income so I \_\_\_\_\_ invest part of it.
- 5) You definitely \_\_\_\_\_ think about your retirement as early as in your thirties.
- 6) You \_\_\_\_\_ seen the CEO in the hallway because he is on a business trip to Thailand.
- 7) We \_\_\_\_\_ try to develop a new product, but I think we should rather improve the current portfolio.
- 8) We can't say for certain, but we predict that the dot-com business \_\_\_\_\_ replace traditional sectors and scoop their market share.
- 9) As you \_\_\_\_\_ have noticed, our shares are going through the floor and we \_\_\_\_\_ take action immediately.

<b>GLOSSARY</b>	
<b>a mutual fund</b>	fundusz powierniczy
<b>to pool money</b>	gromadzić środki pieniężne w puli
<b>a broker</b>	makler
<b>a fee</b>	opłata
<b>sales loads</b>	koszty obciążające sprzedaż
<b>deferred</b>	odroczone
<b>volatility</b>	zmienność (np. rynku)
<b>mutual fund shares</b>	jednostki uczestnictwa w funduszu powierniczym
<b>securities</b>	papiery wartościowe
<b>approximate</b>	przybliżony (np. kosztorys)
<b>subject to</b>	podlegający
<b>to act for sb/sth</b>	działać w imieniu kogoś/czegoś
<b>money market instruments</b>	instrumenty rynku pieniężnego
<b>secondary market</b>	rynek wtórny
<b>net value asset</b>	aktywa netto
<b>registered with SEC</b>	zarejestrowany w amerykańskiej Komisji ds. Papierów Wartościowych i Giełd
<b>index fund</b>	fundusz indeksowy
<b>investment objective</b>	cel inwestycyjny
<b>to charge a fee at purchase</b>	naliczyć opłatę w chwili zakupu
<b>market capitalization</b>	kapitalizacja rynkowa
<b>NINJA loans (no-income-no-job-or-assets)</b>	pożyczki dla klientów wysokiego ryzyka
<b>disposable income</b>	dochód rozporządzalny
<b>to scoop the market share</b>	przejąć udział w rynku
<b>the dot-com business</b>	branża informatyczna
<b>redemption fee</b>	opłata za odkup

**ANSWER KEY:**

*Ex. 1*

- 1) a mutual fund
- 2) to pool
- 3) a broker
- 4) a fee
- 5) sales loads
- 6) deferred
- 7) volatility
- 8) mutual fund shares
- 9) securities
- 10) approximate
- 11) subject to
- 12) a variety
- 13) to act for the fund

*Ex. 2*

- 1) to invest in stocks
- 2) money market instruments
- 3) a broker for a fund
- 4) secondary market
- 5) net value assets
- 6) redemption fees
- 7) registered with SEC
- 8) an index fund
- 9) an investment objective
- 10) subject to risks

*Ex. 3*

- 1) mutual fund
- 2) pool
- 3) volatility
- 4) mutual fund shares
- 5) money market instruments
- 6) index fund
- 7) secondary market
- 8) broker for the fund
- 9) subject to the risks
- 10) securities
- 11) fee
- 12) deferred

*Ex. 4*

- 1) cannot
- 2) should have
- 3) must have
- 4) might
- 5) should
- 6) can't have
- 7) could (might)
- 8) might (could)
- 9) may, must