

Mutual Funds



Invest with confidence.

Diversify your portfolio with mutual funds.

^wHollisWealth®



Canadians love their mutual funds. In fact, over one third own mutual funds worth more than \$1.4 trillion. Why are they so popular? There are many reasons, of course, but the most important may be the funds' ability to diversify your savings.

The basics

What you need
to know about
mutual funds

What's a mutual fund anyway?

A mutual fund is simply a basket that holds a variety of assets – like stocks, bonds, real estate or other securities. When you purchase shares of a mutual fund, you're simply buying a portion of that basket and what it holds, along with hundreds or thousands of like-minded investors.

Diversification

One of the key benefits of mutual funds is their ability to allow investors to diversify their assets. If, for example, an investor bought shares in one company and those shares skyrocketed, the investor might make a lot of money. But what if the shares' value dropped? With all the investor's eggs in one basket, there would be a significant risk of a substantial loss. That's why mutual funds are so attractive. They're made up of diverse assets whose values may rise or fall.

Professional management

Most of us don't have the time or expertise to properly research companies or to keep track of ups and downs in the financial markets. Buying mutual fund shares is an inexpensive way for investors to rely on a full-time experienced money manager to monitor investments, markets and changes in the economy and make timely decisions on behalf of mutual fund owners.

FAQ5

Five questions and answers about mutual funds

1 What kind of mutual funds are there?

There are basically three varieties – equity funds which invest in stocks, fixed-income funds which invest in bonds and money market funds which invest in treasury bills and corporate commercial paper.

2 Is that really it?

Well no, not really. There are actually more than 10,000 kinds of mutual funds in North America, classified by style, size of the equities they hold and predetermined categories – for instance, whether a mutual fund invests in emerging markets equities, Japanese stocks, the technology sector or a market index like the S&P 500.

3 Which one is right for me?

Money market funds usually have the lowest returns but they are also a convenient place to park your money because the funds are very accessible.

Fixed-income funds invest primarily in government or corporate debt (bonds). Returns are usually higher than money market funds or GICs, but they're a bit riskier – for instance, when interest rates go up, the value of fixed-income funds usually goes down.

Equity funds invest in a variety of stocks, from large-cap and blue chip companies that are in solid financial shape to startup companies with the potential for big gains (as well as losses).

Balanced funds are mutual funds that combine bonds and equities. The type of fund that's right for you will depend on your appetite for risk and the length of time you plan on investing.

4 How much does a mutual fund cost?

Besides the value of mutual fund units when you purchase them, there are management fees to pay the fund manager or team as well as administrative fees, which can total between 0.25 to more than 2% of the mutual fund's value.

5 Should I buy the mutual fund with the best past performance?

Mutual fund companies often advertise their funds' 1-, 3- or 5-year performance as a way to get your attention and convince you to buy. While an attractive past performance may suggest a great asset mix or capable fund managers, they don't tell the whole story.

Past performance in no way guarantees that a mutual fund will reproduce that performance in the future. It could fare worse or better or about the same. Also remember that fund performance is relative. If Fund A grew 25% last year but Fund B grew 50%, Fund A's returns won't seem as impressive. Then again, if Fund C's return was a seemingly dismal 1% but similar funds lost 10%, then C's returns will appear positively huge.

Mutual funds are not guaranteed and information on returns is based on past performance which may not reflect future performance. Mutual funds may be associated with commissions, trailer fees, management fees and other expenses. Please read the prospectus; important information regarding mutual funds may be found in the simplified prospectus.

Did you know?

86%
of Canadians have
greater confidence in
mutual funds
than GICs, stocks
and bonds.

Mutual funds
account for
31%
of Canadians'
financial wealth.

(Source: IFIC - <https://www.ific.ca/en/info/stats-and-facts>)

(Source: IFIC - <https://www.ific.ca/en/info/stats-and-facts>)



**Mutual funds are a good way to diversify
your savings and grow them over the
long term.**

Speak to a HollisWealth advisor to learn more.

HollisWealth^W[®]

INVESTED IN YOU.

HollisWealth[®] is a division of Industrial Alliance Securities Inc., a member of the Canadian Investor Protection Fund and the Investment Industry Regulatory Organization of Canada.