

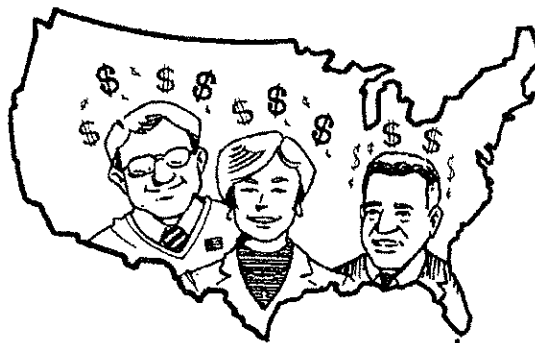
Name _____ Date _____

Mutual Funds

Rather than selecting your own mixture of stocks and other investments, you can pool your money with other investors and buy shares in a **mutual fund**. When the fund earns money on its investments, the profits are paid to investors in the fund in the form of **dividends**.

Most mutual funds have a **sell price** that represents the current value of a share and a **buy price** that is usually higher than the sell price, since it includes a sales charge.

According to the mutual fund listing below, a share of Corvette Fund can be sold for \$23.17, it can be purchased for \$24.76, and its value decreased by \$0.06 per share from the previous day.



MUTUAL FUNDS

Fund	Sell	Buy	Chg
Allegiance	10.31	10.74	+0.09
Americana	15.07	NL	+0.07
Cornell	13.98	15.28	-0.04
Corvette	23.17	24.76	-0.06
Criteria	17.18	NL	+0.14
Dayton	6.95	7.24	-0.03
Forecast	7.38	7.85	+0.07
Future	24.12	NL	-0.11
Generation	10.25	11.01	+0.02
Guard	36.54	38.12	+0.16
Hanover	16.45	NL	-0.03
International	12.83	14.12	+0.08
Keymark	9.56	NL	-0.14
NL means No Load (Buy price is equal to sell price.)			

Name _____ Date _____

Example 1: What will it cost to buy 80 shares of the Hanover Fund?

THINK: Since the fund is no load (NL), the buy price is the same as the sell price.

Multiply to find the price.

$$80 \times \$16.45 = \$1,316$$

80 shares will cost \$1,316.

Example 2: An investor sells 250 shares of the Forecast Fund. What is the current value of those shares?

THINK: The sell price for a share of the fund is \$7.38.

Multiply to find the value.

$$250 \times \$7.38 = \$1,845$$

The 250 shares are currently worth \$1,845.

Think About It

1. What are the advantages of investing in a mutual fund rather than buying individual stocks or bonds?

Practice

Remember to estimate whenever you use your calculator.

Use the mutual funds listing on page 99. Complete the table.

Fund	Cost to buy 1 share	Cost to buy 50 shares	Cost to buy 250 shares
Guard	1. _____	2. _____	3. _____
Criteria	4. _____	5. _____	6. _____
Cornell	7. _____	8. _____	9. _____
Future	10. _____	11. _____	12. _____

Name _____ Date _____

the mutual funds listing on page 99.

Find the current value of the mutual fund shares.

13. 400 shares of Allegiance _____
14. 1,500 shares of Keymark _____
15. 550 shares of Generation _____
16. 40 shares of Dayton _____
17. 2,200 shares of Americana _____
18. 750 shares of International _____
19. 30 shares of Criteria _____
20. 85 shares of Guard _____

Solve.

21. An investor has \$4,000 to invest in a mutual fund.
To the nearest whole share, how many shares of the
Forecast Fund can be bought? _____
22. An investor has \$12,000 to invest in a mutual fund.
To the nearest whole share, how many shares of the
Hanover Fund can be bought? _____
23. An investor has \$1,500 to invest in a mutual fund.
To the nearest whole share, how many shares of the
International Fund can be bought? _____
24. An investor bought 400 shares of the Generation
Fund at \$8.17 per share. If the shares are sold
at today's price, how much profit will be made?

25. An investor bought 650 shares of the Criteria
Fund at \$21.74 per share. If the shares are sold at
today's price, how much of a loss will there be?

26. An investor bought 200 shares of the Keymark
Fund at \$9.48 per share. If the shares are sold
at today's price, how much profit will be made?

Name _____ Date _____

Use the mutual funds listing below for problems 27–41.

MUTUAL FUNDS

Fund	Sell	Buy	Chg
Ameron	9.23	9.68	+0.11
Carmel	16.61	NL	+0.08
Dorell	14.18	16.09	-0.04
Gordon	18.96	NL	+0.02
Marcus	28.31	30.34	+0.05
Oceana	13.27	NL	+0.08
Revere	12.67	13.68	+0.07
NL means No Load (Buy price is equal to sell price.)			

Complete the table.

Fund	Cost to buy 1 share	Cost to buy 50 shares	Cost to buy 250 shares
Revere	27. _____	28. _____	29. _____
Dorell	30. _____	31. _____	32. _____
Carmel	33. _____	34. _____	35. _____

Find the current value of the mutual fund shares.

36. 200 shares of Ameron _____
37. 1,200 shares of Gordon _____
38. 50 shares of Oceana _____
39. 300 shares of Carmel _____

Solve.

40. An investor has \$5,000 to invest in a mutual fund.
To the nearest whole share, how many shares of the
Revere can be bought? _____
41. An investor bought 750 shares of the Gordon
Fund at \$20.45 per share. If the shares are sold at
today's price, how much of a loss will there be?

Page 94**Problem Solving Applications**

1. \$8.23 2. \$86.50
3. \$57.14 4. \$87.06
5. increase 6. increase
7. decrease 8. decrease
9. Nostro 10. Nasco
11. 3 stocks 12. Nostro
13. \$9.13 high; \$6.85 low
14. \$2.28
15. \$420
16. no
17. (P) \$162

Pages 97-98**Think About It**

1. Stocks represent a piece of ownership in a corporation, while bonds represent only a loan to a corporation or government. Stocks pay dividends, while bonds pay interest.
2. Municipal bonds are issued by local governments, while corporate bonds are issued by corporations.

Practice

1. Chapman International
2. Chapman International
3. City of Yuma
4. Chapman International
5. City of Yuma, Dover Products
6. Chapman International, Eastern Metals, Finch Township
7. \$3,812 8. \$8,032
9. \$20,440 10. \$13,365
11. 95% 12. 87.5%
13. 83.75% 14. 150%

15. 105% 16. 112.5%
17. \$510 18. \$413
19. \$1,590 20. \$2,625
21. 7.1% 22. 4.6%
23. 8.1% 24. 5.2%

Pages 100-102**Think About It**

1. Because mutual funds represent a broad array of investments, investing in mutual funds is usually less risky than buying and selling individual stocks and bonds. Their earnings, or yields, are often higher than most individuals would be likely to get by themselves.

Practice

1. \$38.12 2. \$1,906
3. \$9,530 4. \$17.18
5. \$859 6. \$4,295
7. \$15.28 8. \$764
9. \$3,820 10. \$24.12
11. \$1,206 12. \$6,030
13. \$4,124 14. \$14,340
15. \$5,637.50 16. \$273
17. \$33,154 18. \$9,622.50
19. \$515.40 20. \$3,105.90
21. 509 shares
22. 729 shares
23. 106 shares
24. \$832
25. \$2,964
26. \$16
27. \$13.68
28. \$684
29. \$3,420
30. \$16.09
31. \$804.50
32. \$4,022.50

33. \$16.61
34. \$830.50
35. \$4,152.50
36. \$1,846
37. \$22,752
38. \$663.50
39. \$4,983
40. 365 shares
41. \$1,117.50

Pages 106-108**Think About It**

1. Because pension fund contributions are invested and earn interest, the fund grows as much from investment income as from ongoing employee contributions.
2. Possible answer: An employee with a 401(k) plan may get matching contributions to the plan from his or her employer. With an IRA, an individual does not get employer contributions.
3. Possible answer: If a person will be in a lower tax bracket when retired, he or she might pay less in taxes on withdrawals from a traditional IRA than on contributions made now to a Roth IRA.

Practice

1. 2.00
2. \$9,600
3. \$800
4. 1.41
5. \$7,994.70
6. \$666.23
7. 1.89
8. \$13,475.70
9. \$1,122.98

