EVALUATION: MUTUAL FUND ASSIGNMENT

You are a financial advisor. In your groups, it is your task to decide what type of mutual fund would be the best fit for your client. Choose your client based on one of the following ten scenarios and find a mutual fund that suits the needs of your client in that scenario.

INVESTOR PROFILES:
1. Penelope is a 16 year old high school student (sophomore) who has $8500 in savings. She is planning to use it for college. She needs to pay for her first year's tuition, as well as room and board. She also has a part time job and saves $100 per month.
2. Mr. Miller is broke. He spent all of his money on pizza and Rogaine! He is newly married (thanks in part to his new hair). His wife has $22,000 in savings which they plan to use as a down payment on a first home sometime in the next five years.
3. Mr. Johnston is a father who puts $200 per month into a 529 (college savings plan) for his baby daughter, Chloe's, college education.
4. Edna is a 35-year-old woman who saves $400 per month for her retirement in an ROTH IRA.
5. Normand is a 55 year old man who has $10,000 that he has saved and plans to use for his dream "trip around the world" when he retires in two years.
6. Jack is a 2nd year college student on a full football scholarship. He therefore has no real school expenses and saves all of the money he gets. He receives $3000 each summer from his summer job as a lifeguard.
7. Jessica is a young girl who received a $2500 gift from her grandparents for her 13th birthday.
8. Mr. Roberts has just retired from teaching at the age of 58. He has accumulated $1,000,000 in savings over the years, but has no investments. He carries all of his money around in a pocket protector in his front shirt pocket, for fear the banks will rip him off. To fulfill his cycling dreams Mr. Roberts plans to buy a $300,000 condo in France to watch the Tour De France each year. What should the former teacher do with the rest of his cash?
9. Mr. Bocknek is "short" on cash; he is married with 3 school-aged children. He has just won the Gary Coleman lookalike contest and has been awarded $500,000! What should he do with his money?
10. Bev is a retired engineer who receives has a small pension. She has $5,500,000 in savings. She needs additional income to supplement her pension.

ASSIGNMENT REQUIREMENTS
1. Explain in general what type of mutual fund your investor should invest in and why. Think about the type of investor your client is. Think about their age, their risk tolerance, and their investment time frame (when they need their money) to determine what type of mutual fund would best match their needs. (2 paragraph minimum) {15 points}
2. Now select and recommend to your client a specific (real) mutual fund. Talk about why your investor should buy into it and provide an overview of the fund’s objectives. Explain why this particular mutual fund fits the needs of your client which you outlined in part one of this assignment. (2 paragraph minimum) {15 points}
3. Find the manager of the fund. Report on their biography, if one is given. (1 paragraph) {5 points}
4. Find the 1, 3, 5, and 10 year returns of the fund. Remember, past results do not impact future results! Compare these returns against a similar fund (same general makeup and objectives) sold by a competitor. This means you have to research two different funds!!! Show results in a chart. {10 points}

5. Identify the NAV (net asset value). This is the price of the mutual fund (similar to stock price). {5 points}

6. Include a graphical representation on the growth of a $10,000 investment over the past 10 years. {5 points}

7. List the top 10 holdings in the fund and the fund’s asset mix. {5 points}

8. List the expense ratios and any other fees that you feel are important and might impact your investor. {5 points}

9. Identify the minimum investment requirements for initial purchase as well as minimums for additional investments. Do these fees change if this mutual fund is purchased in some sort of retirement account? i.e. IRA. Come up with a plan for additional investments for your investor. {10 points}

10. List the amount of and distribution schedule of dividends and capital gains. {10 points}

11. Layout, format and professionalism of presentation count! {15 points}

TOTAL POINTS 100

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**Different Investments Have Different Risk and Reward Potentials**

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Source: Schwab Center for Financial Research

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