

### ✎ 9.3 INSERT THE WORDS (change the word form if necessary):

*return, cash reserve, tracking, to regulate, commissions, liquidity, investment objective, portfolio, withdrawal, target*

1. Some mutual funds invest exclusively in a particular sector (e.g. energy funds), while others might ... growth opportunities in general.
2. The key is for you to find the mutual funds that most closely match your own particular ....
3. ... is the ease with which you can convert your assets--with relatively low depreciation in value - into cash.
4. When you own a mutual fund, you don't need to worry about ... the dozens of different securities in which the fund invests
5. Mutual funds in the USA ... by the government under the Investment Company Act of 1940.
6. Some mutual funds charge high sales ....
7. ... on a mutual fund are by no means guaranteed.
8. This can make it difficult for you when trying to manage your ....
9. Mutual funds usually maintain large ... as protection against a large number of simultaneous ....

### ✎ 9.4 INSERT THE PREPOSITIONS WHERE NECESSARY

All mutual funds fall ... one ... two broad categories: open-end funds and closed-end funds. Most mutual funds are open-end. The reason why these funds are called "open-end" is because there is no limit ... the number ... new shares that they can issue. New and existing shareholders may add as much money ... the fund as they want and the fund will simply issue new shares ... them. Open-end funds also redeem, or buy back, shares from shareholders. In order to determine the value ... a share ... an open-end fund ... any time, a number called the Net Asset Value is used. You purchase shares ... open-end mutual funds ... the mutual fund itself or one ... its agents; they are not traded ... exchanges.

Closed-end funds behave more like stock than open-end funds; that is to say, closed-end funds issue a fixed number ... shares ... the public ... an initial public offering, ... which time shares ... the fund are bought and sold ... a stock exchange. Unlike open-end funds, closed-end funds are not obligated to issue new shares or redeem outstanding shares. The price ... a share ... a closed-end fund is determined entirely ... market demand, so shares can either trade ... their net asset value ("at a discount") or ... it ("at a premium"). Since you must take ... consideration not only the fund's net asset value but also the discount or premium ... which the fund is trading, closed-end funds are considered to be more suitable ... experienced investors. You can purchase shares ... a closed-end fund through a broker, just as you would purchase a share ... stock.

## **9.5 CHOOSE THE RIGHT VARIANT TO SUBSTITUTE THE UNDERLINED WORDS AND WORD COMBINATIONS**

1. This means that index funds **do not require** the management of a professional money manager.

*do not lack*

*do not leck*

*lack*

*lack for*

2. Since index funds **attempt** to mirror a stock index, decisions about which stocks to buy and sell are automatic for the fund and transactions are infrequent.

*endeavour*

*endear*

*endorse*

*endow*

3. In theory this should enable them to more **thoroughly** research and track their holdings.

*entirely*

*whole*

*perfect*

*complete*

4. They **emphasize quality over quantity.**

*prefer quality to quantity*

*prefer quality over quantity*

*prefer quality above quantity*

*prefer quality beyond quantity*

5. **In general**, the smaller the average market cap of the fund's holdings, the more volatile the return.

*by and large*

*at a whole*

*all at all*

*in the whole*

6. Stock funds may also be classified **according to** the market capitalization of the companies in which they invest.

*in accordance with*

*accord with*

*in accordance to*

*in accord with*

7. In general, sector funds are more volatile and risky than mutual funds that invest their assets **across** a wide variety of industries.

*through*

*about*

*around*

*at*

8. Sector funds are **usually** used by investors to achieve growth.

*generally*

*common*

*ordinary*

*generally*

9. If you want to achieve **both growth and value objectives**, the mutual fund industry has a ready solution for you: blend funds.

*growth objectives as well as value*

*growth objectives as well as value objectives*

*as growth objectives as well as value*

*as growth objectives as value*

10. Some aggressive growth funds may even invest in derivatives, such as options, **in order to increase** their gains.

*in order that they may increase*

*in order that they will increase*

*therefore they will increase*

*that is why they can increase*

11. Aggressive growth funds **are similar to** regular growth funds.

*alike*

*likely*

*as to*

*likely to*

12. These are the stocks that **have fallen out of favor with** mainstream investors for one reason or another.

*into disgrace*

*into disguise*

*into disgust*

*into disenchantment*

13. The hope is that these rapidly growing companies will continue to increase in value, **thereby** allowing the fund to reap the benefits of large capital gains.

*herewith*

*therewith*

*whereby*

*whenever*

14. They focus on companies that are **experiencing** significant earnings or revenue

growth, rather than companies that pay out dividends.

*undergoing*

*overcoming*

*overdoing*

*overliving*

## ♣ 9.6 FIND AND CORRECT MISTAKES IN THE FOLLOWING SENTENCES

Mutual funds earn money on their investments through one of two ways: dividend income and capital appreciation. In other words, a mutual fund makes money at one of the fund's assets when that asset pays the mutual fund dividends or interest, or when the mutual fund sells the asset for more than what it initially paid (if it sells the asset at less than what it initially paid, that is called a capital loss). A federal government mandates that all mutual funds distribute this dividends and capital gains to the fund's shareholders at least once per year. Most mutual funds choose to distribute their investment income on a quarterly, semi-annual or annual basis.

In order to determine which shareholders are qualified for distribution payments, mutual funds specify a day during each distribution period known as the record day. If you own shares in a fund on or before the record day you qualify for a distribution. The day after the record day is known as the ex-dividend date. If you purchased shares on the ex-dividend date then the amount of the distribution is subtracted from the fund's net asset value (NAV) per share.

You should be aware that if you receive distributions from a mutual fund then you must pay taxes for them, regardless of how long you have owned shares in the fund and regardless of whether or not you received the distributions in a form of cash or in the form of new shares.