



MUTUAL FUNDS

Professional investment management for today's complex, evolving markets.

THE BASICS

What you need to know about mutual funds

What's a mutual fund?

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

Mutual funds are the most popular and convenient investment vehicle for Canadians seeking to build, grow and preserve their wealth.

Diversification

The expression, 'never put all your eggs in one basket' is especially relevant to the world of investing. When the stock market is rising steadily, you may wish you had all your investments in equities. But the reality is that no asset class, whether it's stocks or bonds, will always chart an upward path. The good news is that when one asset class isn't doing so well, one of the others tends to step in with stable or positive performance, providing a smoother ride for the overall portfolio. This is a key benefit of diversification.

Professional management

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



Questions and answers about mutual funds

1 What types of funds are available?

There are dozens of fund types, covering the full spectrum of asset classes, geographic regions, risk profiles and investment styles. Your advisor can provide you with guidance on which funds may be best suited to your specific needs.

2 What are some of the most popular?

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

Fixed-income funds invest primarily in government or corporate 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 traditional 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 to provide enhanced diversification.

The type of fund that's right for you will depend on your financial objectives, appetite for risk and time horizon.

3 How much does a mutual fund cost?

Besides the value of the mutual fund units you purchase, there are management as well as administrative fees, which can total between 0.25% to more than 2.5% of the mutual fund's value.

Please be sure to read the fund's prospectus before purchasing units.

4 How do I buy mutual funds?

Selecting the funds that best suit your unique circumstances is a complex, research-intensive process that requires special training. That's why most people buy mutual funds with the guidance of their Investment Advisor. Once you know which funds are right for your needs, you can make a lump-sum purchase or invest a specific amount at set intervals (e.g., monthly) through convenient pre-authorized contributions.

Canadians continue to have more assets invested in balanced funds than any other mutual fund category.

Source: IFIC Monthly Investment Fund Statistics – October 2023.

Mutual fund assets totalled more than \$1.8 trillion at the end of 2022.

Source: 2022 IFIC Investment Funds Report.

About iA Private Wealth

iA Private Wealth offers tailored wealth management solutions through a network of more than 460 independent Investment Advisor teams. With over \$50 billion in assets under administration, we are the partner of choice for discerning investors across Canada.

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