

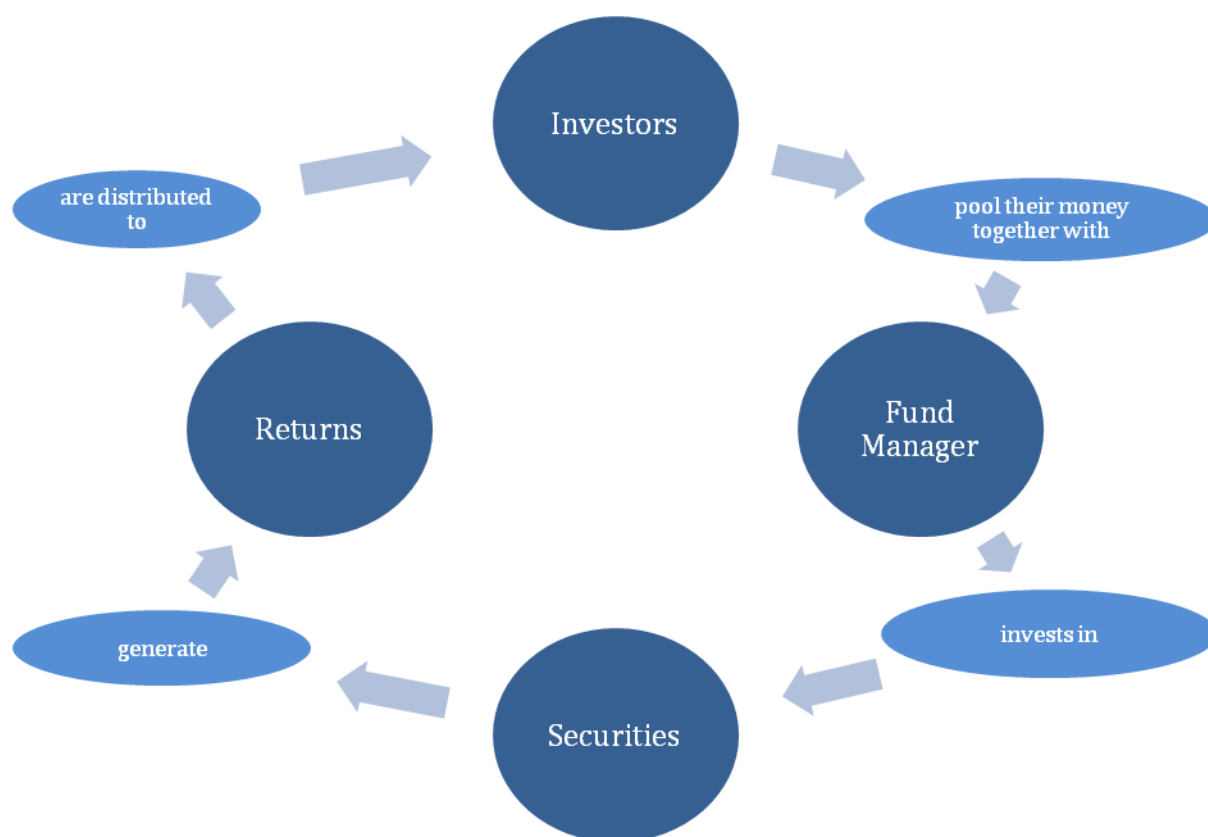
Understanding Mutual Funds

Mutual Funds, also known as Collective Investment Schemes (CIS), are unique investment vehicles that have various benefits. However, little is known by most investors of their features and benefits. Over the next few weeks, FSDH Asset Management Limited will provide you with basic information about the features and benefits of this investment vehicle. Please find below our first article in the series:

What are Mutual Funds?

Mutual Funds are investment vehicles that collect money from various investors to create a large pool of funds, which is then invested by a Fund Manager. The Fund Manager invests the monies collected in various securities such as Bonds, Shares, Treasury Bills and Real Estate. The income generated by the investments is then apportioned to all investors in the mutual fund on the basis of their respective investments.

How Mutual Funds work:



When an investor buys a mutual fund, they are buying a portion of the pool of investment securities. For example, if a mutual fund invests in a bond issued by the Federal Government of Nigeria, an investor in the mutual fund does not directly own the Federal Government of Nigeria bond, instead, the investor owns a share of the mutual fund that is invested in the bond.

