

## **Three Definitions (Andy Xiao)**

### **Introduction:**

Hello, classmates of ENGL 310. The purpose of this assignment is to define a term in various methods of technical writing to help enhance my literature abilities as well as allowing you guys understand it better. The term, in this case, is "Mutual Fund". The criteria to follow for the assignment is to apply the parenthetical, sentence and expanded definition towards the term mutual fund. This is a very interesting term that I refer to frequently at work and I believe it is a core financial term that could be supplementary to the entire class.

### **Term: Mutual Fund**

#### **Parenthetical definition:**

One of the best places to put your money today is in a Mutual Fund (A type of financial investment)

#### **Sentence Definition:**

Mutual Fund is an investment where individuals pool their liquid capital together into one massive pile of money for the purpose of investing in securities such as stocks, bonds, money market instruments, and other assets.

#### **Expanded definition:**

#### **History:**

Many decades ago, people struggled immensely with the concept of investing. A doctor could have a very high income but has no idea how to handle his money, as it sits in a savings account and loses its value to inflation. Then came the first modern-day mutual fund, Massachusetts Investors Trust. The mutual fund was created on March 21, 1924, as it was the first mutual fund with an open-end capitalization, possessing continuous issue and redemption of shares by the investment company. Throughout the period of one year, the fund encountered a growth of 784% from \$50,000 to 392,000. Lastly, in the contemporary financial society, the Canadian mutual funds' industry directly created \$5.8 billion in real GDP and had a total economic footprint of \$17 billion (1% of total GDP).

#### **Negation:**

A mutual fund is not just a type of equity or bond, it is instead a massive combination of all types of investing commodity in one single portfolio. When a mutual fund is purchased it does not mean the fund holder needs to understand the stock market and perform any type of trading. All the asset allocation for the portfolio is handled by a team of financial experts, where they will constantly buy in and out of different sectors with their expertise.

#### **Operating Principle:**

For an individual to legally own a mutual fund requires the trade to be processed by a mutual fund representative. In order to become a mutual fund representative, he/she must take the

certification exam for Investment Fund Institute of Canada and pass with a 60% or higher. Moreover, there are two ways of investing in a mutual fund. First is called a lump sum investment, where the customer inputs a large portion of money at the initial stage of the transaction. On the other end of the spectrum, there is also a Preauthorized periodic plan, where customers set up a pre-authorized debit for a period of time and the money will automatically be invested at the periods chosen. When a customer successful owns a mutual fund, they can monitor the portfolio of the fund to see where the assets are being allocated and the return on those investments.

## Visuals



## APA Citations:

1. The History of Mutual Funds. (n.d.). Retrieved from <https://www.ific.ca/en/articles/who-we-are-history-of-mutual-funds>
2. Mutual Funds - Guide to Types of Mutual Funds and How They Work. (n.d.). Retrieved from <https://corporatefinanceinstitute.com/resources/knowledge/trading-investing/mutual-funds/>
3. (n.d.). Retrieved from <https://www.ific.ca/en/info/stats-and-facts/>