

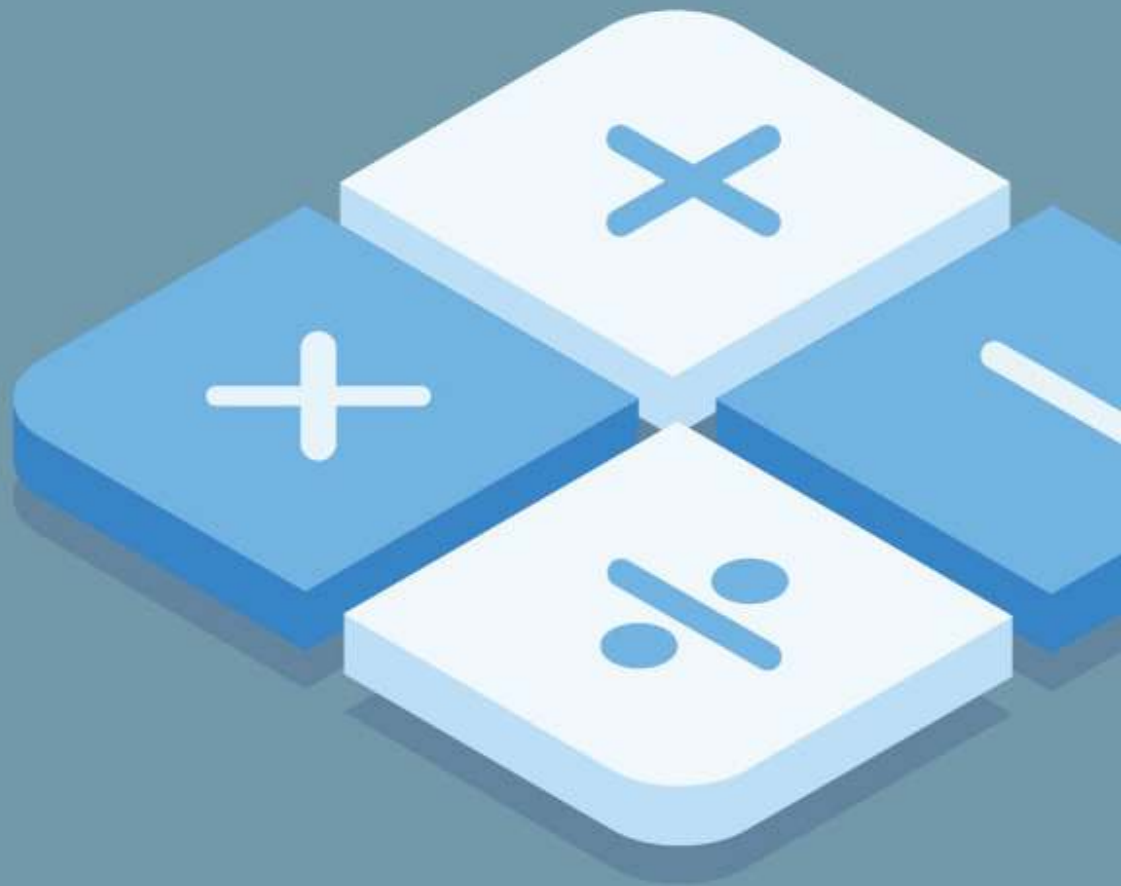
Advantages of Mutual Fund Investing

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R u p a n s h
A s h w a n i

Advantages of Mutual Fund Investing

Mutual funds have grown in popularity over the last few years to the point where it's harder to find an investor who is not using mutual funds than one who is. The popularity of mutual funds is no surprise when you consider that they are one of the easiest investments to use and require very little knowledge of the financial markets. There are 4 main advantages that mutual funds offer every investor, as you will learn in this article.

The first advantage of mutual fund investing is that mutual funds offer professional management of your investment dollars. Mutual funds are run by fund managers, who are essentially watching over your investment daily. There is almost no other place where you get that kind of investment management without paying huge management fees.

The second advantage of mutual fund investing is that mutual funds are extremely liquid. Any investor can sell his shares in a mutual fund any day that the stock market is open. Compare that to investing in real estate, CDs or even stocks that have low trading volume which can take weeks to months to liquidate your stake. The liquidity of mutual funds gives any investor the ability to get out of the investment quickly if needed.

The third advantage of mutual funds is the diversification that they offer. Mutual funds invest in tens or even hundreds of different stocks, bonds or money markets. Trying to duplicate this type of diversification in your own portfolio would result in very high trading fees, not to mention huge headaches from trying to monitor hundreds of stock positions. This leads us into the fourth advantage of mutual funds, lower fees.

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Mutual funds have very low fees due to their ability to take advantage of economies of scale. Since mutual funds are pooling the investment dollars of so many investors they can buy stocks in larger quantities which leads to lower fees for mutual funds investors. Numerous mutual funds have fees that are under 2 or 3%.

Mutual funds are growing at a feverish pace as more and more investors put their money in them. But considering the great advantages that mutual funds offer the average investor all the way up to guy with the multi-million dollar portfolio, it's really no surprise.

About Rupansh Ashwani

Rupansh Ashwani is the author of 'The Sojourn' and 'Pulchritude - An Eternal Love Story'. He is also the singer/composer/lyricist of 'Proud to be a CA', 'Love can go so Far', 'Show me the way' and 'You are in my dreams.'

Rupansh Ashwani is CA,MBA,CFA,MFA,DISA,B.Com Hons He also topped highest marks in CA exams in India in 2011. He also is a certified career counsellor and study abroad counsellor.

