



Mutual Funds

a popular investment choice

A mutual fund is a company that makes investments on behalf of individuals and institutions who pool their money to achieve a common financial goal. The fund may invest in the stocks, bonds and/or money market instruments of a variety of companies, institutions and/or government agencies.

Did you know that mutual funds may be a wise investment alternative for many retirement plan participants?

A mutual fund is a company that makes investments on behalf of individuals and institutions who pool their money to achieve a common financial goal. The fund may invest in the stocks, bonds and/or money market instruments of a variety of companies, institutions and/or government agencies. These securities compose the fund's portfolio. The mutual fund company sells shares of this portfolio, representing ownership, to investors, who then share in the profits or losses of the fund's investments.

Mutual funds offer the following benefits:

- » **Diversification:** Since a mutual fund typically invests in a variety of companies, industries and geographic areas, the risk of "putting all your eggs in one basket" may be reduced.
- » **Flexibility:** Many fund companies offer a family of funds composed of several different mutual funds with varying objectives. Investors generally enjoy an exchange privilege allowing them to transfer portions of their investments into other funds within the family as their needs change. Most mutual funds also offer automatic reinvestment or withdrawal of dividends and capital gains.
- » **Professional Management:** Securities selection and buy and sell decisions are handled by the fund's managers, who are professionals with expertise in a variety of investment disciplines.
- » **Liquidity:** By law, every mutual fund must stand ready on any business day to redeem any or all of its shareholders' investments. Mutual fund investors may cash in all or part of their shares at any time, and receive the current value of their investment which may be more or less than the original cost.¹

Current per-share value, known as net asset value (NAV) is determined by subtracting the fund's liabilities from its assets, and dividing the remainder by the number of shares outstanding. The NAV for each fund is calculated daily after the market closes and published online and in the financial section of many major newspapers.
- » **Simplicity:** Minimum initial mutual fund investments can be as low as \$500 and subsequent investments as low as \$25, putting the possibility of starting an investment program within reach for many individuals.

¹Taxes, fees and expenses may also apply.

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When it comes to selecting a mutual fund, investors have literally thousands of choices. And each fund may offer multiple classes of shares; each class has different fees and expenses. The class that may be best-suited to your investment objectives depends on several variables, such as the amount you plan to invest and

your investment time frame. It is important to request and read the prospectus for every mutual fund you are considering. The prospectus describes the mutual fund and contains information about the fund's objectives, risks, performance and costs.

The table below provides an overview of some of the most common types of mutual funds:

Fund Category	Portfolio	Objective	Risk
Emerging/Aggressive Growth	Stocks	Maximize Capital Gain	Highest
Growth	Stocks	Long-term Capital Gain	High
Growth & Income	Stocks, Bonds	Growth & Income	Moderate
Equity Income	Stocks, Bonds	Income & Growth Potential	Moderate
Fixed Income	Bonds	High Income, Stability	Lower
Money Market	T-bills, CDs, Commercial Paper	Liquidity, Preservation	Lowest

Many investors are overwhelmed by the task of researching and evaluating the multitude of investment options available. Your Financial Professional can help you select appropriate investments based on your objectives and tolerance for risk. Often, the advice and guidance of a financial professional can mean the difference between achieving your goals and falling short. Financial Professionals have access to a wide selection of mutual funds from many well-known investment companies, and can help you develop an investment strategy that reflects your needs.

Diversification does not assure a profit or protect against market loss.

Actual investment return and principal value of mutual funds will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. All investments are subject to risk, including the risk of principal loss.

Before investing in a mutual fund, consider its investment objectives, risks, charges and expenses carefully. The prospectus, which contains this and other information about the mutual fund, can be obtained by contacting Lincoln Investment. Please read the prospectus carefully before you invest or send money.



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