

The Gravity Model in International Trade

ADVANCES AND APPLICATIONS

Edited by

**Peter A. G. van Bergeijk and
Steven Brakman**

CAMBRIDGE

MUTUAL FUNDS

Portfolio Structures, Analysis,
Management, and Stewardship

John A. Haslem, Ph.D.

The Robert W. Kolb Series in Finance



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The essays in each volume are intended for practicing finance professionals, graduate students, and advanced undergraduate students. The goal of each volume is to encapsulate the current state of knowledge in a particular area of finance so that the reader can quickly achieve a mastery of that special area of finance.

*This book is dedicated to the experts who generously contributed their knowledge,
and to Jane Haslem and our three families and seven grandchildren.*

JOHN A. HASLEM

Introduction

When the financial history of the United States is written, one chapter will necessarily be dedicated to mutual funds. This industry has been and continues to be one of the extraordinary growth stories in the history of American financial markets. Today, 96 million individual investors in 55 million households own mutual funds, representing 87 percent of total fund assets. In 1984, net fund assets totaled \$370 billion; today they are \$10.4 trillion.

Several major forces explain most of this growth, but the first and essential force has been the demonstrated effectiveness of mutual funds as vehicles for providing individual investors with retirement incomes and financial wealth. Mutual funds provide individual investors (and all other investors) with investment performance and investment alternatives, objectives, and services traditionally reserved for institutional and large individual investors. Nonetheless, mutual funds also have numerous shortcomings in their management and regulation that could be removed through stewardship of fund management, increased investor knowledge, and more investor-friendly fund regulation.

This book brings together some of the finest minds in academia, investment management, and mutual fund management to discuss the nature and pros and cons of mutual funds. The focus explores mutual funds as investment vehicles and the approaches that will further improve and lessen the often-hidden pitfalls of fund investing. The result is an improved source of learning for university students and an increased ability of informed investors to make fund decisions that will make the experience much more rewarding and even simpler.

MUTUAL FUNDS

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