

MISSISSIPPI DIVISION OF MEDICAID

Eligibility Policy and Procedures Manual

CHAPTER 300 - Resources

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303.03 **MUTUAL FUND SHARES**

A mutual fund is a company whose primary business is buying and selling securities and other investments. Types of mutual funds include growth funds, income funds, balance funds, municipal bonds, money market funds, load funds, no load funds.

Treatment
<ul style="list-style-type: none">• Shares in a mutual fund represent ownership in the investments held by the fund.• The investments may be pooled assets (such as stocks or bonds, managed by an investment company).• A mutual fund share represents ownership interest in this pool as opposed to a specific stock.• The development guidelines for stocks also apply to mutual fund shares. Many newspapers contain a separate table showing the values of funds not traded on an exchange.

Description of Mutual Funds

Growth Funds - Growth Funds are also known as performance funds and hedge funds. The primary object of these funds is aggressive, long-term growth of investment rather than current income. Dividends typically are low.

Income Funds - The objective of these funds is current income through high dividends and interest as opposed to capital gains.

Balanced Funds - The objective of these funds is a balance of growth and income.

Municipal Bond Fund - The fund invests in tax-exempt bonds and the interest is passed along to holders on a tax-exempt basis.

Money Market Funds - The fund invests in conservative vehicles such as T-Bills and bank certificates. The minimum investment is usually \$1000, but may be less. Income may fluctuate daily based on interest rates. Money market funds often have a check-writing feature.

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MUTUAL FUND SHARES (Continued)

Buying and Selling Mutual Funds

“Load” funds are sold through a broker who collects a commission. “No-Load” funds usually are purchased directly from the fund with no commission and often are advertised in newspapers or magazines.

Reading Mutual Fund Quotations

The format of the following table is typical of those shown in newspapers and financial publications, showing from left to right:

- The names of the funds available for each management group (in this case, four funds managed by the Fund Founders Group):
- The high and low values for the preceding 52-week period;
- The most recent closing price;
- The change over the previous week; and
- The fund’s income and capital gains totals for the previous 12 months.

Fund Founders Group	52 Weeks		Week’s		Capital	
	H	L	Close	Change	Income*	Gains
Growth n.	8.77	6.28	6.37	-0.08	0.157	2.505
Income n.	15.18	13.72	13.87	+0.01	1.273	0.232
Mutual	11.56	9.74	9.98	-0.07	0.426	0.706
Special n.	37.11	22.88	23.54	-0.13	1.900	1.395
N = no load						
*= last 12 months						