



## Rubiani Wealth Management

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### Introduction to Investing in Mutual Funds

Mutual funds/ Unit Trusts are a way of investing pooled funds. A mutual fund consists of the owners who are the investors into the fund, the fund managers and the trustee who have title of the fund in trust on behalf of the investors. To invest, you buy a unit of the pooled fund. The price of a unit depends on the overall performance of the fund. This price is determined every day. You can find these daily prices for the various mutual funds from the daily newspaper (next to the NSE stock market report).

There are four types of Unit Trusts

- ✓ **Fixed income** – Fund managers invest this fund in opportunities with fixed income return such as real estate for rental
- ✓ **Equity Fund** – All the funds are invested in the stock exchange
- ✓ **Money Market** – The funds are invested in money market opportunities such as treasury bills, bank lending and bonds.
- ✓ **Balanced Fund** – The funds are diversified to equities, fixed income and money market products.

There are 25 Capital Markets Authority (CMA) registered Mutual Fund managers each running their set of mutual funds. Most of the Fund Managers are banks and insurance companies.

### Tips When Investing in Mutual Funds

- ✓ Equity Funds and Balanced Funds will generally perform poorer than the NSE indexes. It is easier to buy and sell individual shares in the NSE than when trading a large fund. For this reason, we advise trading stocks directly in the NSE than through Equity and Balanced Fund.
- ✓ On the other hand, when lending bulk money say to a bank or investing in a bond, you can be able to negotiate for much better rates. For this reason, Money Market Mutual Funds will generally perform much better than investing in Treasury Products, bank fixed deposits and other fixed interest rate products.

Rubiani Wealth Management is in partnership with 4 of the leading fund managers in Kenya

- Pan Africa Asset Managers
- ICEA Lion Asset managers

- CIC Asset managers
- CFC Stanbic Asset Managers

Please feel free to contact us for further advise and for assistance when investing in mutual funds.