

How Many Mutual Funds Should You Have in Your Investment Portfolio?

This week's AAI **Weekly Digest** highlights these “must-read” AAI articles:



Frontier Markets Offer Growth From a Very Diverse Set of Economies

AAI Journal editor Chuck Rotblut interviews Laura Geritz, manager of the Wasatch Frontier Emerging Small Countries Fund. These smaller countries have strong growth prospects and companies that are often oligopolies or monopolies tied to multinational corporations. The two discuss the opportunities and challenges of investing in these nascent economies.

The Mutual Fund Cash Dilemma

J
o
h
n
D



eysher

Should fund managers let cash build in the absence of opportunities, or should they remain fully invested at all times? While most mutual fund managers are required to stay invested, some have the flexibility to raise their cash allocations, raising an allocation dilemma for shareholders.

Why Aren't There More Active ETFs?



Out of more than \$2 trillion in U.S.-listed ETF assets as of 2015, less than 1% was tied to actively managed funds. The market share devoted to the overwhelming majority of active exchange-traded funds is even smaller. PIMCO's Enhanced Short Maturity Active ETF (MINT) and Total Return Active ETF (BOND) account for almost one-third of active ETF assets under management (AUM). A requirement to reveal holdings daily has deterred active managers from launching ETFs but NextShares thinks it has a solution.

How Many Mutual Funds Should You Have in Your Investment Portfolio?



It may be time to take an inventory of your mutual funds. How many are there? What are their investment styles? Is your portfolio of mutual funds cluttered just like your closet? Have you owned some mutual funds so long that you have forgotten why you bought them? Are there some mutual funds on the top shelf, way in the back of your financial closet you haven't even looked at in a while?

Our [Member Question](#) for this week is:

How many mutual funds or exchange-traded funds (ETFs) do you hold in your investment portfolio?

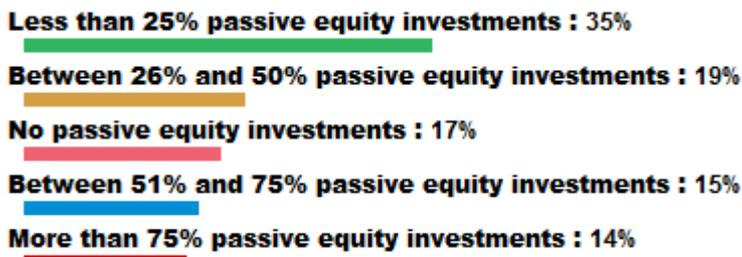
[Vote Now »](#)

Vote to answer this week's Special Question:

If you hold more than eight mutual funds or ETFs, what is your rationale for holding so many?

Last Week's Results:

What percentage of the stock (equity) portion of your investment portfolio would you classify as passive (index funds or index ETFs) as opposed to active (individual stocks or actively managed non-indexed funds or ETFs)?



Poll results are as of 9 a.m. (Central) on Monday. 1,928 respondents.



Majority of Readers Prefer Indexing Over Active Investing, Individual Stocks

When it comes to investing, perhaps one of the first questions we need to answer is whether we are going to follow an active or passive strategy. The prime example of a passive approach is to buy an index fund that follows one of the major indexes such as the S&P 500. Our readers reveal what percentage of their equity holdings are in passive funds and why some prefer investing in mutual funds or ETFs instead of individual stocks.

2016



Total assets invested in exchange-traded products (ETPs), which include exchange-traded funds (ETFs) and exchange-traded notes (ETNs), was \$2.3 trillion as of June 30, 2016, a nearly 140% increase over the last five years. Our Individual Investor's Guide to Exchange-Traded Funds provides the return, expense and portfolio composition information on 473 ETFs, ETNs and other exchange-traded products.

The AAI Weekly Digest is one of the many **benefits** of AAI membership. To learn more, consider a **30-day Trial AAI Membership** to start becoming an effective manager of your own assets.