



## Fund Families

Mutual fund families are created when giant companies make groups of mutual funds. The large investment companies are the parents, and their various creations are the “children”. They create massive groups of funds called fund complexes, fill them, and leverage their massive resources to market the complex instead of individual funds.

If they spot a market hole that can be filled with a mutual fund, they’ll actively seek out a management team to handle the operations. This team is usually highly experienced in the fund’s category, but sometimes they are not. If this is true it works to your detriment. Fortunately the management team’s experience and history should be easily determined from fund documentation.

If you are dealing with a fund family, you will normally be given a large list of funds to pick from. You will always purchase into a singular fund. Fund families do not come in a package deal. You must purchase into any other investments. You still benefit from purchasing into a fund family indirectly. Unlike singular funds, a fund family is extremely observant of the child fund’s performance. If the fund is poorly run and underperforms, the parental company may boot the management team, and bring in someone else.