

Rational selection of bond mutual funds and equity mutual funds -- overview

Category : Selecting Diversified Investment Funds -- Mutual Funds and ETFs

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Summary: Given the extremely large variety and number of available fixed income and equity investment funds, investors need a rational basis to select among them. Without scientific selection criteria and a good understanding of which factors are more or less likely to increase risk-adjusted returns, investors will make erroneous decisions based on false assumptions. Most individual investors want to select bond and equity mutual funds and exchange-traded funds to hold for a long duration. Many would also like to invest additional amounts automatically into these funds over time. These investors are less concerned about short-term fluctuations than about their longer-term capital appreciation goals. In addition, they hope to choose equity mutual funds with exceptional performance and to avoid funds that consistently trail the pack. Such investors want to use mutual screening or selection criteria to identify better funds and to minimize the need for frequent changes due to inferior performance. Individual investors are better served, if they understand what the scientific investment literature says about potential selection criteria. Please read this article on our new [Best No Load Funds](#) website for more information: [7 Ways to Pick the Best Noload Mutual Funds and ETFs](#)