Mutual Funds and Brokerage

What are Mutual Funds and Brokerage?

When a large amount of money is needed for any enterprise, from building a factory to funding a corporation to drilling wells in a new oil field, that money is raised from investors—usually a large number of them. Commonly, the enterprise raises that money by either selling ownership shares in itself or simply borrowing it. When ownership is sold, the investor gets shares of stock. When money is borrowed, the investor gets bonds. Stocks and bonds are both securities. Investors buy and sell individual securities through brokers, also called securities dealers.

Additionally, mutual fund companies—and other so-called asset management firms—form funds, which consist of a variety of securities. The asset management company buys and sells the securities in a fund, seeking to maximize its value, and it sells shares in these funds to investors directly and through securities brokers.

Portfolio Manager (Mutual Funds): Portfolio fund managers use their knowledge of investment theory, market experience, research from staff and outside companies, and occasionally luck to pick investments for their fund portfolios. To reach the pinnacle in this profession, count on many years in the ranks of investment advisory and money management. Passing the SEC’s Series 7 exam is necessary to be registered and the Chartered Financial Analyst (CFA) designation is a huge plus for people planning on entering portfolio management.

Wholesaler: Brokers and many of their clients tend to like passive investments, and funds are ideal for these types of people. But they may also want a little more involvement in fund information and more details than Mr. and Mrs. J.Q. Public. Enter the wholesaler from mutual fund XYZ, ready to host a "client appreciation program."

Wholesalers market their funds to huge clients such as Merrill and Morgan Stanley, but also must focus on smaller brokers and independent financial advisors.

Analyst or Researcher: Here you delve into the fundamentals, examining every single feature of a security to determine if it’s really a buy. You specialize in a certain industry or an industry segment and come to know the companies that compete there inside out. Expect to give computer screens lots of quality time and to really get cozy with annual reports. If you don’t like reading, accounting, crunching numbers, and more reading, you won’t be happy here. But it's excellent training for more substantive and lucrative investment-advisory work or portfolio management.

Financial Planner: Financial planners help people work out money questions and problems. You need to know a lot about tax law and different investment strategies. You can work alone with a fair amount of flexibility as an independent or join a firm. Many of these professionals now opt for a CFP (Certified Financial Planner) certification.

Sales and Marketing: These jobs are similar to product management positions at consumer products companies, but the products are financial products. Marketers focus on both the long-term picture and specific current product offerings. Who needs what and how much will they pay for it?

Customer Service: Responsible for being on top of challenges and issues and making them disappear or at least diminish by the close of trading. And investors, especially the new ones, have endless questions. It is your job in customer service to “research” the right answers quickly, capably, and cordially. If you are interested in working in marketing or portfolio management this is a good place to start because you will gain customer knowledge.