

Types of Investment Companies

MUTUAL FUNDS

These are investment companies that pool money from many investors to purchase securities like stocks, bonds, and other assets. They are managed by professional portfolio managers.

EXCHANGE-TRADED FUNDS (ETFs)

Similar to mutual funds, ETFs also pool investors' money to buy a diversified portfolio of assets. However, unlike mutual funds, ETFs are traded on stock exchanges like individual stocks.

CLOSED-END FUNDS

These are a type of investment company with a fixed number of shares that are traded on stock exchanges. The market price of closed-end funds can differ significantly from the net asset value of the fund's holdings.

UNIT INVESTMENT TRUSTS (UITs)

UITs offer a fixed portfolio of stocks, bonds, or other securities, which are held until the trust's termination date. Investors in UITs own units in the trust, and the investment is generally passive.

HEDGE FUNDS

These are private investment partnerships or funds that use various strategies to earn active returns for their investors. Hedge funds are typically open to a limited range of accredited or qualified investors and can use a wider range of investment techniques than mutual funds or ETFs.

PRIVATE EQUITY FIRMS

These firms invest in private companies (those not listed on public stock exchanges) or buy out public companies to take them private. Their strategy often involves making significant changes to a company's operations or structure in order to increase its value.

REAL ESTATE INVESTMENT TRUSTS (REITS)

REITs invest in real estate or real estate-related assets. They provide a way for individual investors to earn a share of the income produced through commercial real estate ownership without actually having to buy, manage, or finance any properties themselves.

VENTURE CAPITAL FIRMS

These firms specialize in investing in startup companies and small businesses with perceived long-term growth potential. Venture capital is a crucial source of funding for startups that do not have access to capital markets.

COMMODITY POOLS

Similar to mutual funds, commodity pools gather money from investors to invest in commodities, such as agricultural products, natural resources, precious metals, and energy.