

# Mutual funds

24 consumer firms in 4 industries have 10 shares each. They sell their individual firm stock and buy shares in mutual funds.

1	2	3	4
1	$\sqrt{2}$	$\sqrt{3}$	2
1 : 4 2 : 5 3 : 6	1 : 4 2 : 5 3 : 6	1 : 4 2 : 5 3 : 6	1 : 4 2 : 5 3 : 6

Firms place market sell orders

Consumers place market buy orders

8 market makers buy and sell firm stock

1 : 3 : 5 : 7
2 : 4 : 6 : 8

All 36 players have 50 units of cash

4 mutual funds buy firm stock, repackage and sell shares in fund

1 : 3
2 : 4

Mutual funds place market buy orders