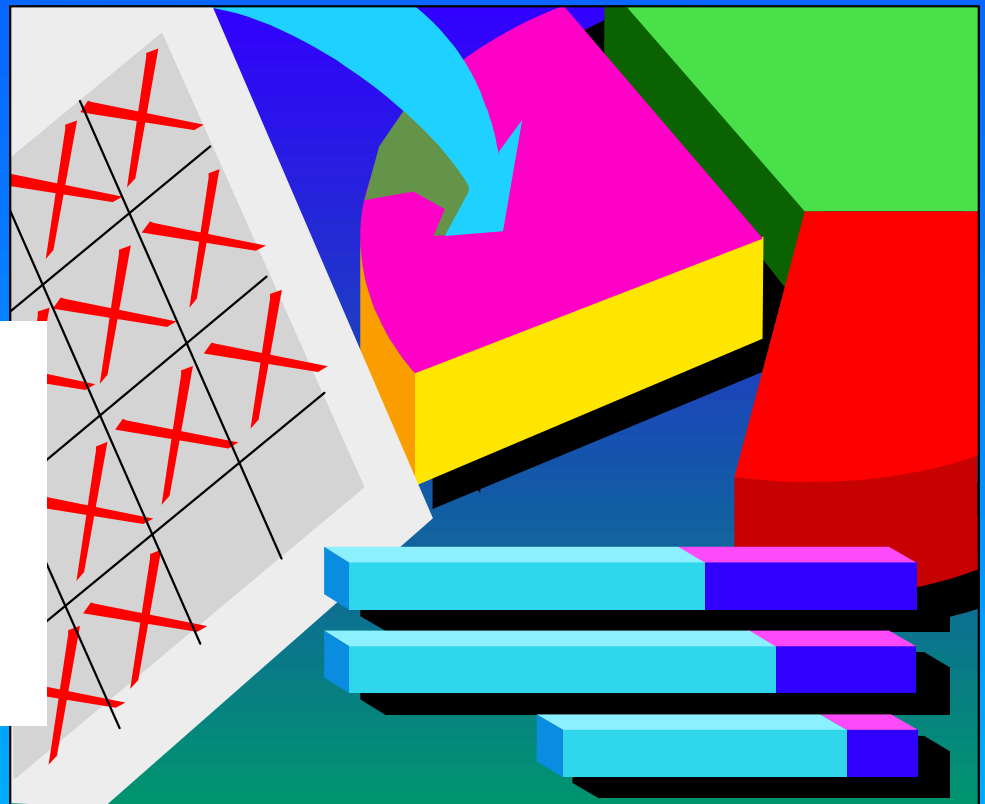


How Individual Investors Use Mutual Funds and ETFs



American Association of Individual Investors



- Nonprofit Organization
- Unbiased Educational Information
- <https://clevelandaaii.wordpress.com>
- aaiichapter_cleveland@yahoo.com
- www.aaii.com



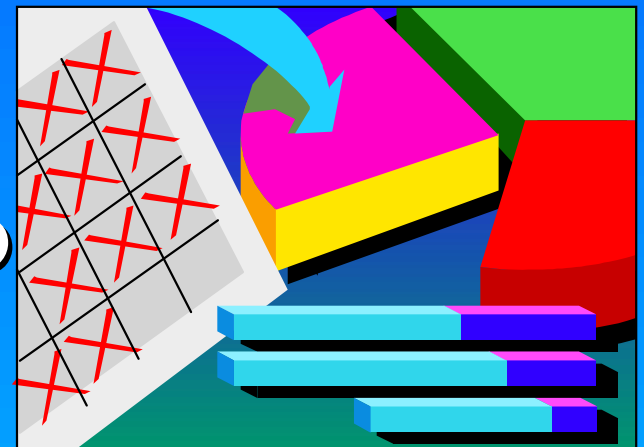
Westside Financial Planning Subgroup

- Monday, October 3, 2022
- Monday, December 5, 2022
 - 7:00 PM
- Monday, February 6, 2023



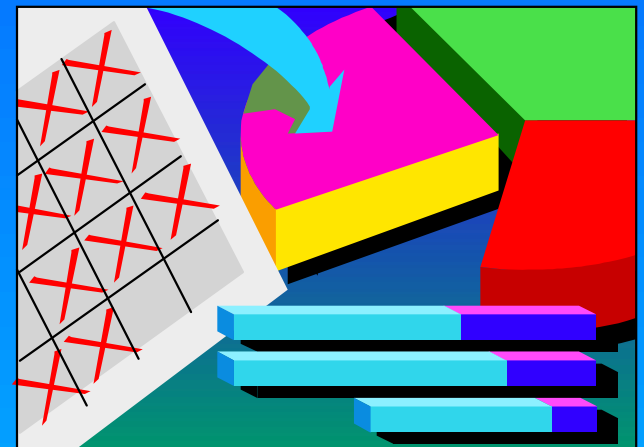
Websites

- <https://clevelandaaii.wordpress.com>
- www.aaii.com
 - Schedule Updates
 - Links to Calendar
- AAII Communities
- Selected Presentation Info



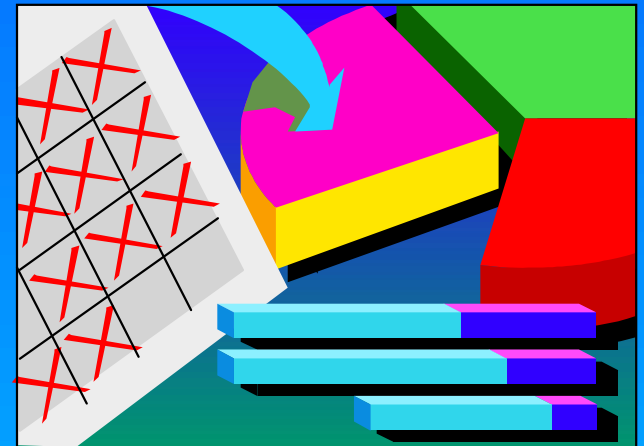
Educational Seminar

- How Securities Fraud Impacts Investors
 - Discussed by James Park, UCLA professor and author
- October



Educational Seminar

- The Tax Goddess
 - presented by Shauna Wekherlienn, CPA
- November



Mutual Funds

- Pools assets to invest in stocks, bonds, money market instruments, and other assets.
- Operated by professional money managers
- Allocate assets and attempt to produce capital gains or income
- Portfolio is structured and maintained to match the investment objectives stated in its prospectus.
- Each shareholder, therefore, participates proportionally in the gains or losses of the fund.

— <https://www.investopedia.com/terms/m/mutualfund.asp>

Exchange Traded Funds - ETFs

- A pooled investment security that operates much like a mutual fund.
- Typically tracks a particular index, sector, commodity, or other assets
- Unlike mutual funds, ETFs can be purchased or sold on a stock exchange the same way that a regular stock can.
- An ETF can be structured to track anything from the price of an individual commodity to a large and diverse collection of securities or structured to track specific investment strategies.

— <https://www.investopedia.com/terms/e/etf.asp>



Differences

■ Mutual Funds

- Active or Passive
- Active - Beat the Market
- Priced after market close
- Expense ratio, loads, 12b-1
- Distribute gains annually
- Minimum investment
- Sold at NAV

■ ETFs

- Typically Passive
- Passive - Follow the market
- Priced during market open
- Low costs
- No capital gain distribution requirement
- No investment limits
- NAV spread - Bid/Ask

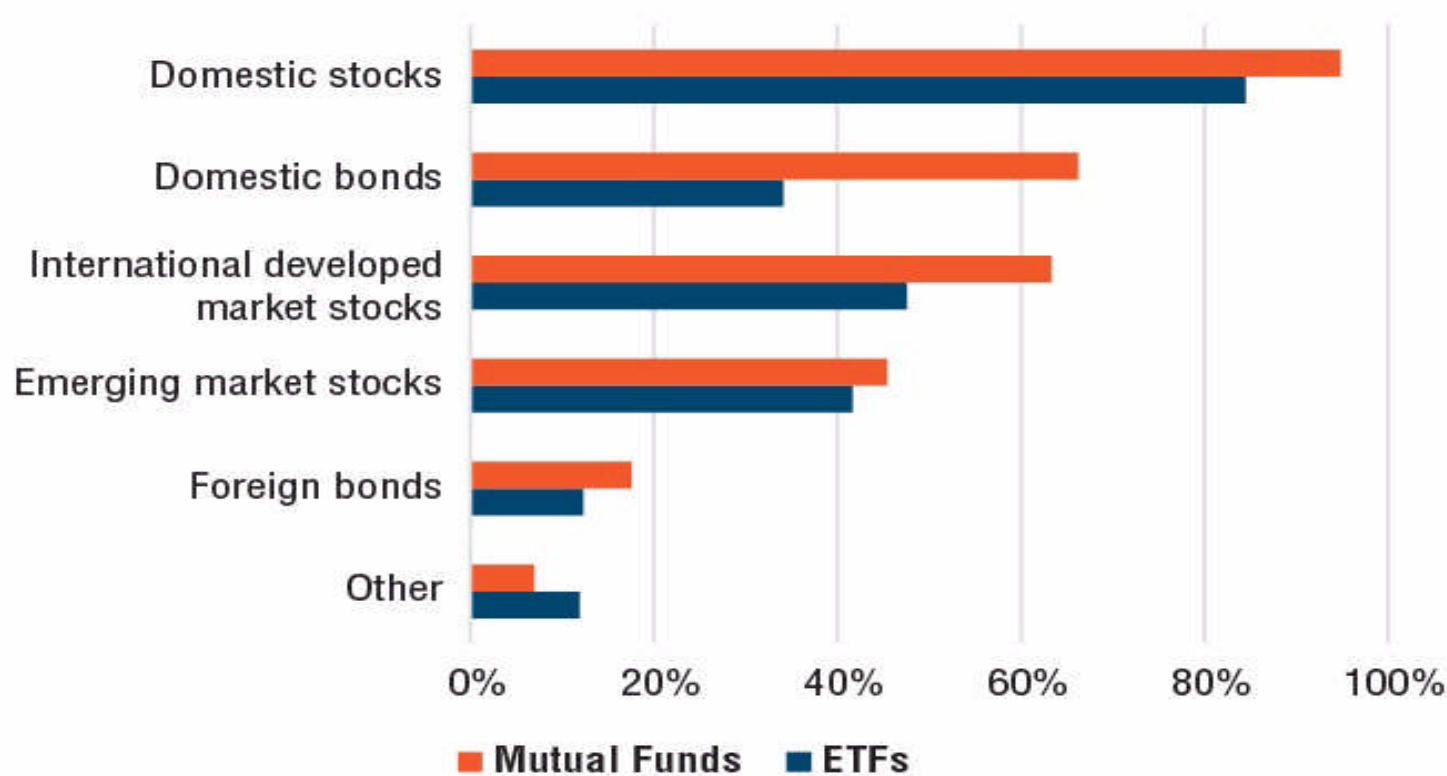
<https://www.aaii.com/journal/article/14322-online-exclusive-mutual-funds-vs-etfs-what-makes-them-different>



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FIGURE 1

Mutual Fund and ETF Usage



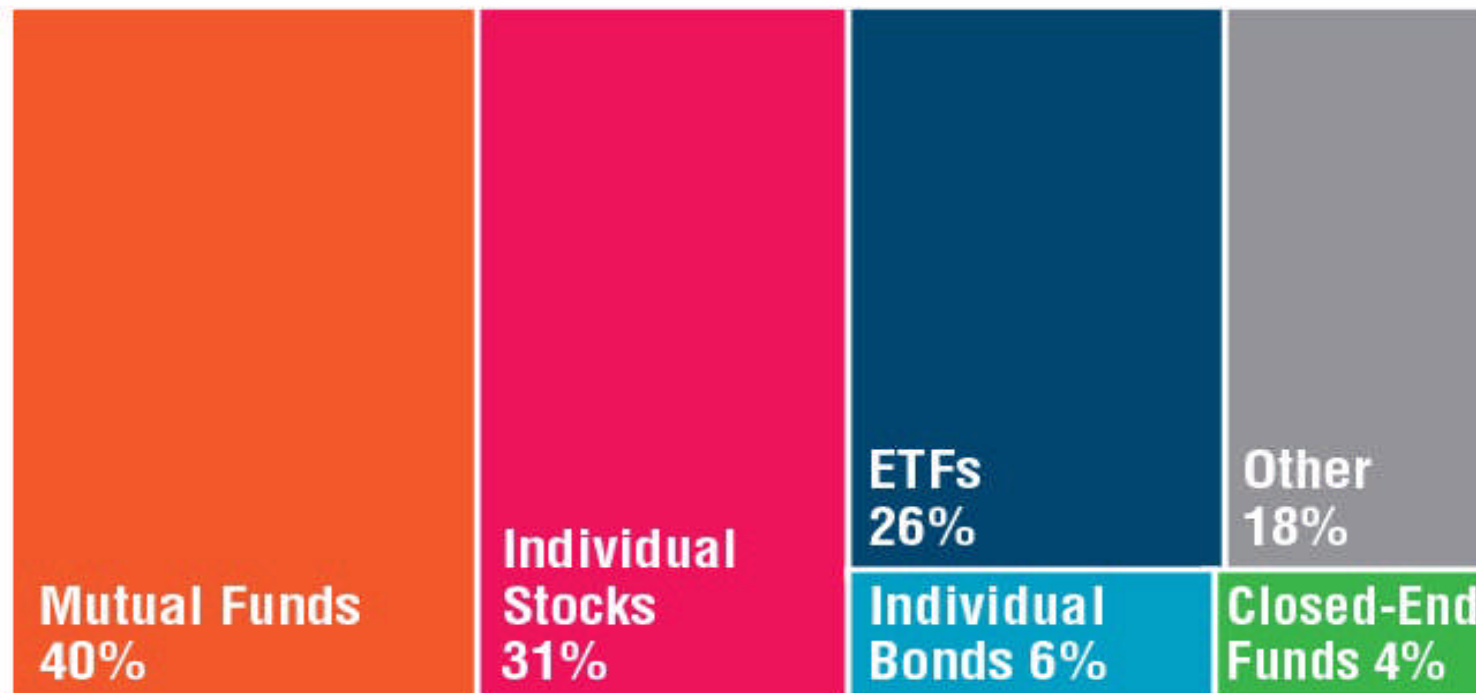
<https://www.aaii.com/journal/article/18693-how-individual-investors-use-mutual-funds-and-etfs>



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FIGURE 2

Portfolio Allocations Among Mutual Fund and ETF Investors



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FIGURE 3

Characteristics Considered When Choosing a Fund

