

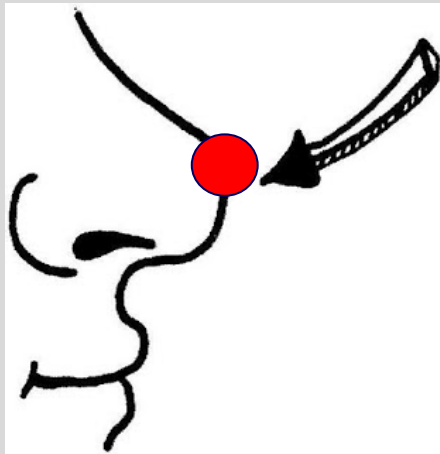
Investing for Successful Retirement

UD Osher – OLLI
Spring 2024

- **Rajeev A. Vaidya**
- **Ron Materniak**
- **Jane Roe-Fox**

Disclaimer in plain language

Disclaimer – in plain language:



Opinions are like noses, everyone has one !

You are going to see mine in this course !!

We are simply sharing our perspective.

This is not investment advice or recommendation.

Ron, Jane and I are not a financial advisors.

This course is for educational purposes only.

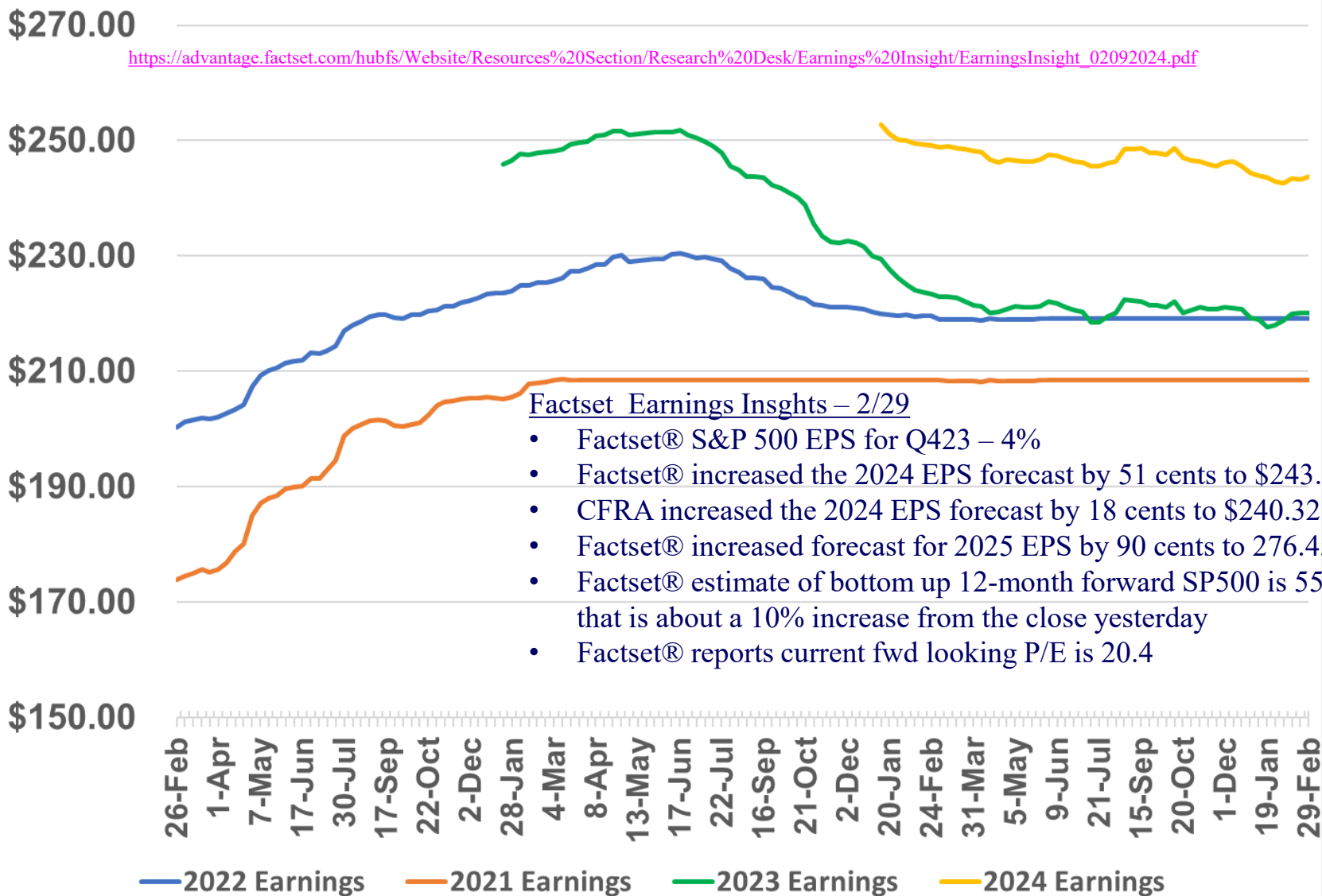
Form your own opinion, make your own investment decisions.

Fifth Class – March 6th

- US Equities Market Review – 20 minutes
- ETFs deep dive – Part 1
 - What is an ETF?
 - How does it work?
 - Performance Criteria for an ETF

Factset(R) - S&P 500 Calendar year earnings forecast

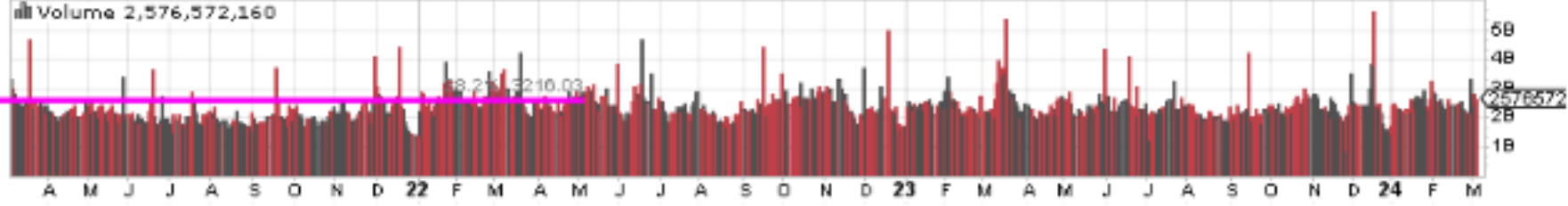
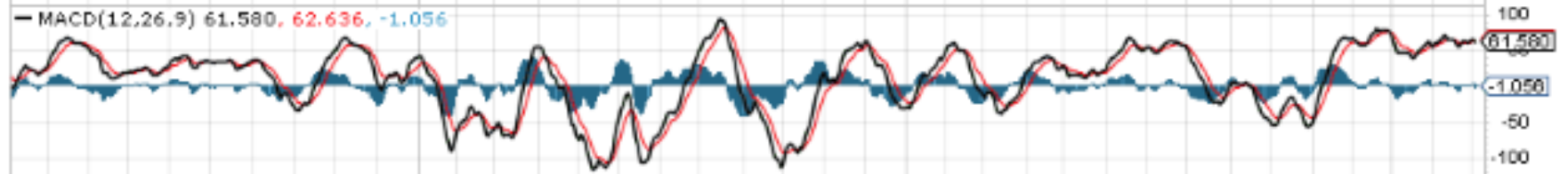
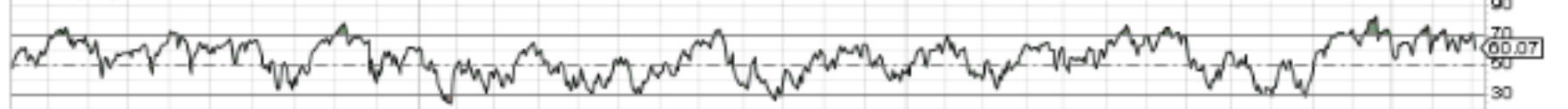
https://advantage.factset.com/hubfs/Website/Resources%20Section/Research%20Desk/Earnings%20Insight/EarningsInsight_02092024.pdf



5-Mar-2024

Open 5110.52 High 5114.54 Low 5056.62 Close 5078.65 Volume 2.8B Chg -52.30 (-1.02%)

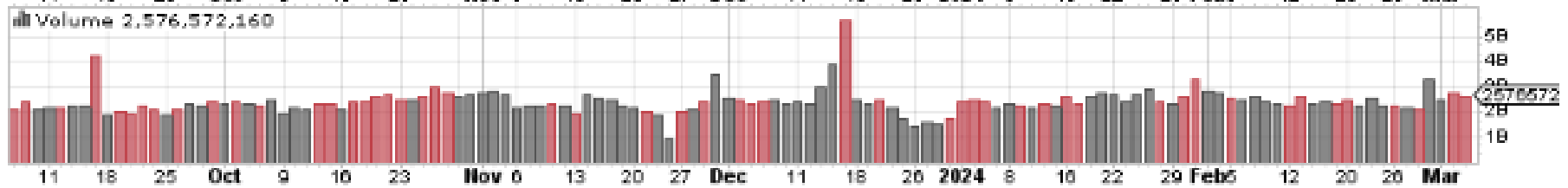
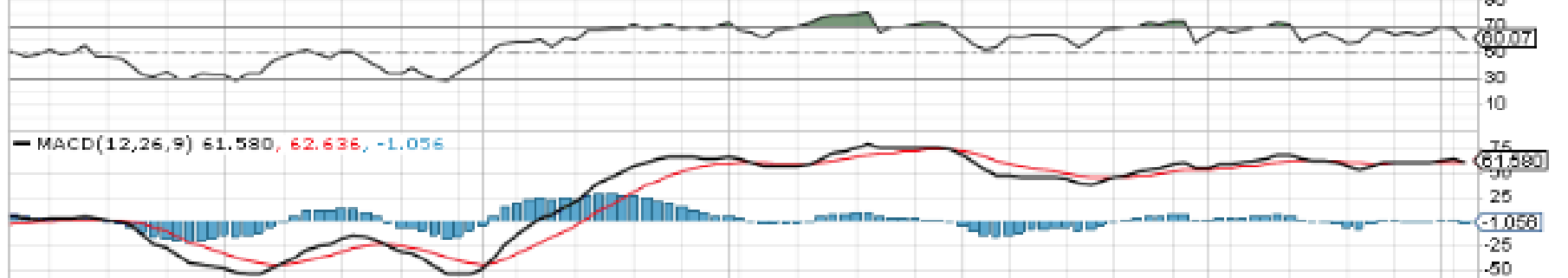
▲ RSI(14) 60.07



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▲ RSI(14) 60.07



\$NYAD NYSE - Advance-Delay Issues INDX

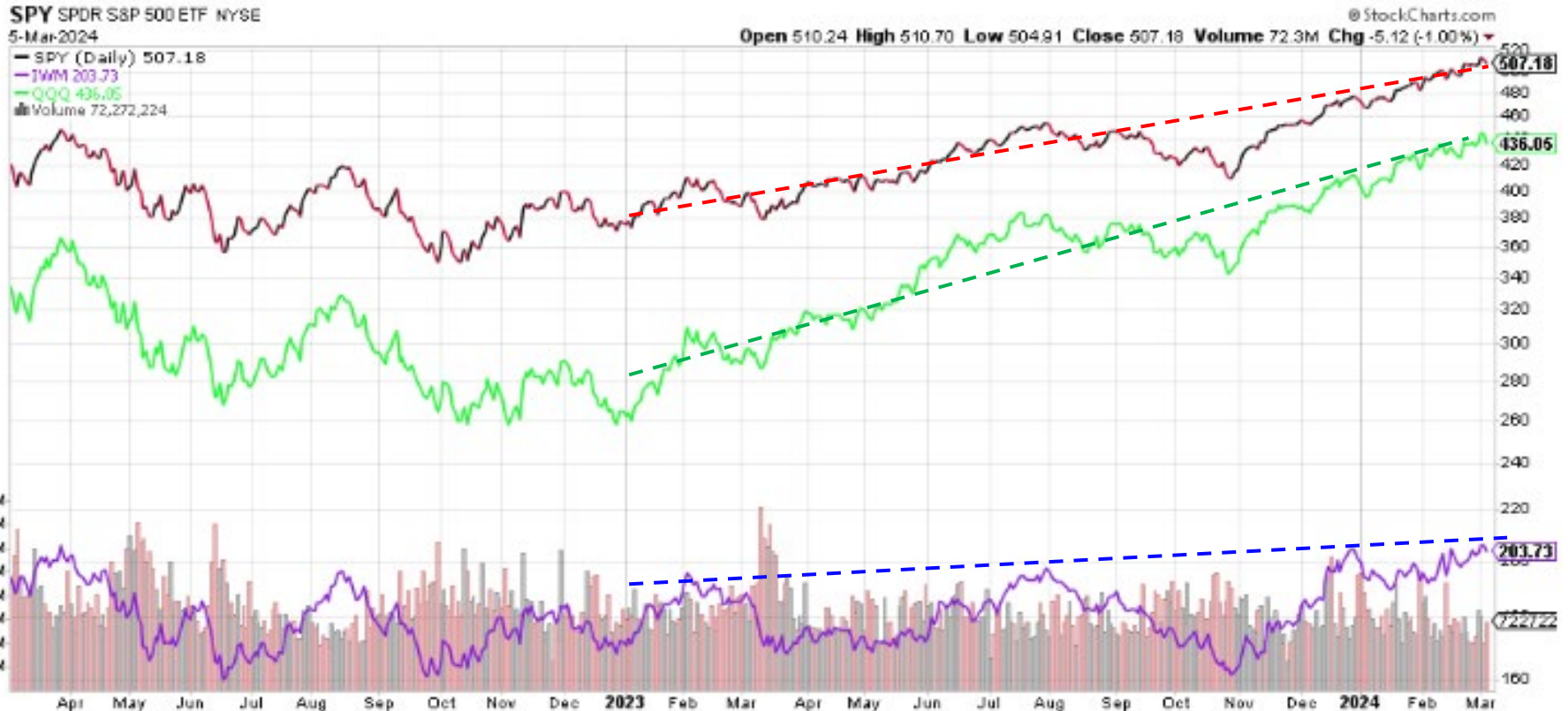
5-Mar-2024

© StockCharts.com

Open 1699.00 High 1699.00 Low 1699.00 Close 1699.00 Chg -681.00 (-28.61%)



Market Breadth – another way



This is NOT investment advice

Weekly market direction

Prof. Guy Werner

Guy.werner@verizon.net

COLUMNS CD&E ARE FROM IBD AND ARE PROVIDED BY DAVE (IN THE NORTH) SMITH

		ANIL PARKH's TRIPLE SCREEN (52 W DAILY HIGH SHOWN IN GREEN 52 W LOW SHOWN IN RED)														
		DISTRIBUTION DAYS		S&P 500 TRIPLE SCREEN						NASDAQ TRIPLE SCREEN						
SAT	DATE	MARKET PULSE (IBD)	S&P 500	NASDAQ	8-20 EMA	MACD	RSI	CLOSING	Δ	%CHANGE	8-20 EMA	MACD	RSI	CLOSING	Δ	%CHANGE
SAT	02/24/24	FOR THE WEEK							83	1.66%					221	1.40%
SUN	02/25/24	YTD							319	6.69%					985	6.56%
MON	02/26/24	CONFIRMED UP (60% -80%)	5	3	P	0	P	5,069	-19	-0.37%	P	F	P	15,976	-20	-0.13%
TUE	02/27/24	CONFIRMED UP (60% -80%)	5	3	P	0	P	6,078	9	0.18%	P	F	P	16,035	69	0.37%
WED	02/28/24	CONFIRMED UP (60% -80%)	5	4	P	0	P	5,069	-9	-0.18%	P	F	P	15,947	-88	-0.55%
THUR	02/29/24	CONFIRMED UP (60% -80%)	4	4	P	0	P	5,096	27	0.53%	P	F	P	16,091	144	0.90%
FRI	03/01/24	CONFIRMED UP (60% -80%)	4	4	P	P	P	5,137	41	0.80%	P	P	P	16,274	183	1.14%
SAT	03/02/24	FOR THE WEEK							49	0.96%					278	1.74%
SUN	03/03/24	YTD							368	7.72%					1263	8.41%
SUN	03/03/24	FOR THE MONTH							251	5.18%					927	6.11%
MON	03/04/24	CONFIRMED UP (60% -80%)	4	5	P	P	P	5,130	-7	-0.14%	P	P	P	16,207	-67	-0.41%
TUE	03/05/24	CONFIRMED UP (60% -80%)			P	0	P	5,078	-52	-1.01%	P	0	P	15,939	-268	-1.65%

https://drive.google.com/drive/folders/0B6Qc_gipshXMelkzQ245d2R1eTQ?resourcekey=0-5pWglNqaJPJ12L2qYurMWg

TLT iShares 20+ Year Treasury Bond ETF Nasdaq QM
5-Mar-2024

@ StockCharts.com

Open 95.23 High 95.88 Low 94.96 Close 95.43 Volume 37.7M Chg +1.34(+1.42%) ▲

TLT (Daily) 95.43
Volume 37,678,932



US Dollar - weekly



Fifth Class – March 6th

- US Equities Market Review – 20 minutes

- ETFs deep dive – Part 1
 - What is an ETF?
 - How does it work?
 - Performance Criteria for an ETF

Funds and ETFs

- Mutual Funds and ETFs
 - What are they?
 - How do they work?
 - How do you buy them?
- Pre-reading if you have time
 - Investopedia links:
 - <https://www.investopedia.com/terms/m/mutualfund.asp>
 - <https://www.investopedia.com/terms/e/etf.asp>
 - <https://www.investopedia.com/ask/answers/09/mutual-fund-etf.asp>
 - https://www.investor.gov/sites/investorgov/files/2020-04/mutual-funds-ETFs_2_0.pdf

What is a Fund?

- A pool of money (Company) that is invested in a portfolio of investments. Run by a bank or a financial company.
- Portfolio can be equities in
 - A market
 - A sector
 - A strategy
 - Etc.
- Investors can invest in the Fund and get exposure to the entire portfolio
 - Investors own a fraction of the portfolio.

Funds –

- Funds are regulated by the govt.
 - SEC
 - Investment Company Act of 1940
- Who offers them
 - State Street, Blackrock
 - JP Morgan, etc.
 - Vanguard, Fidelity etc.
 - Many others
- US registered ETFs \$ 7t AUM ... Mutual Funds \$27t AUM
 - Less than 5% actively managed
 - Data from statista.com end of 2021

Largest Mutual Funds

RANK	SYMBOL	FUND NAME
1	VSMPX	Vanguard Total Stock Market Index Fund;Institutional Plus
2	FXAIX	Fidelity 500 Index Fund
3	VFIAX	Vanguard 500 Index Fund;Admiral
4	VTSAX	Vanguard Total Stock Market Index Fund;Admiral
5	VMFXX	Vanguard Federal Money Market Fund;Investor
6	SPAXX	Fidelity Government Money Market Fund
7	FDRXX	Fidelity Government Cash Reserves
8	FGTXX	Goldman Sachs FS Government Fund;Institutional
9	VGTSX	Vanguard Total International Stock Index Fund;Investor
10	SWVXX	Schwab Value Advantage Money Fund;Investor
11	OGVXX	JPMorgan US Government Money Market Fund;Capital
12	VIIIIX	Vanguard Institutional Index Fund;Inst Plus
13	VFFSX	Vanguard 500 Index Fund;Institutional Select
14	FRGXX	Fidelity Instl Government Portfolio;Institutional
15	VTBNX	Vanguard Total Bond Market II Index Fund;Institutional
16	VTBIX	Vanguard Total Bond Market II Index Fund;Investor
17	GVMXX	State Street US Government Money Market Fund;Prem
18	AGTHX	American Funds Growth Fund of America;A
19	TFDXX	BlackRock Liquidity FedFund;Institutional
20	VMRXX	Vanguard Cash Reserves Federal Money Market Fd;Adm
21	MVRXX	Morgan Stanley Inst Liq Government Port;Institutional
22	VINIX	Vanguard Institutional Index Fund;Institutional
23	FCNTX	Fidelity Contrafund
24	TTTXX	BlackRock Liquidity Treasury Trust Fund;Institutional
25	VTILX	Vanguard Total International Bond II Index Fund;Institutional

AUM 464.5 B

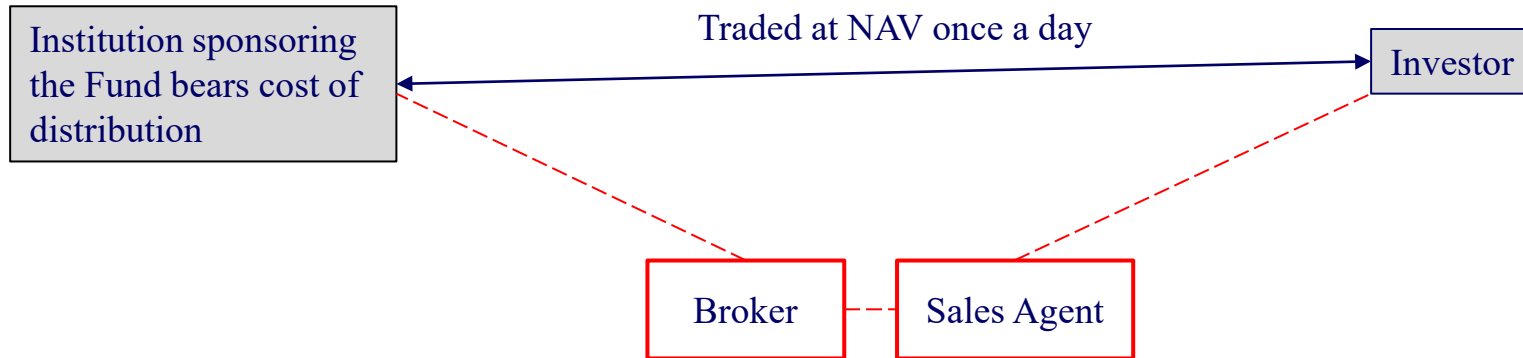
Higher min investment
Lower expense ratio

Largest ETFs

<https://etfdb.com/compare/market-cap/>

Symbol	Name	AUM	Avg Daily Share Volume (3mo)
SPY	SPDR S&P 500 ETF Trust	500.6	77,466,578
IVV	iShares Core S&P 500 ETF	442.5	5,466,391
VOO	Vanguard S&P 500 ETF	413.4	5,166,906
VTI	Vanguard Total Stock Market ETF	374.2	3,464,181
QQQ	Invesco QQQ Trust Series I	252.0	44,423,645
VEA	Vanguard FTSE Developed Markets ETF	125.9	11,515,790
VUG	Vanguard Growth ETF	115.2	1,002,498
VTV	Vanguard Value ETF	110.7	2,517,716
IEFA	iShares Core MSCI EAFE ETF	109.3	8,289,556
BND	Vanguard Total Bond Market ETF	105.4	7,722,586
AGG	iShares Core U.S. Aggregate Bond ETF	102.1	9,360,162
IWF	iShares Russell 1000 Growth ETF	87.4	1,481,930
IJH	iShares Core S&P Mid-Cap ETF	79.9	8,048,811
VIG	Vanguard Dividend Appreciation ETF	76.9	1,359,743
IJR	iShares Core S&P Small-Cap ETF	76.9	5,139,094
IEMG	iShares Core MSCI Emerging Markets ETF	74.4	11,684,460
VWO	Vanguard FTSE Emerging Markets ETF	74.4	10,925,977
VGT	Vanguard Information Technology ETF	69.1	523,548
VXUS	Vanguard Total International Stock ETF	65.7	3,106,343
XLK	Technology Select Sector SPDR Fund	63.0	6,989,401

How a Mutual Fund works



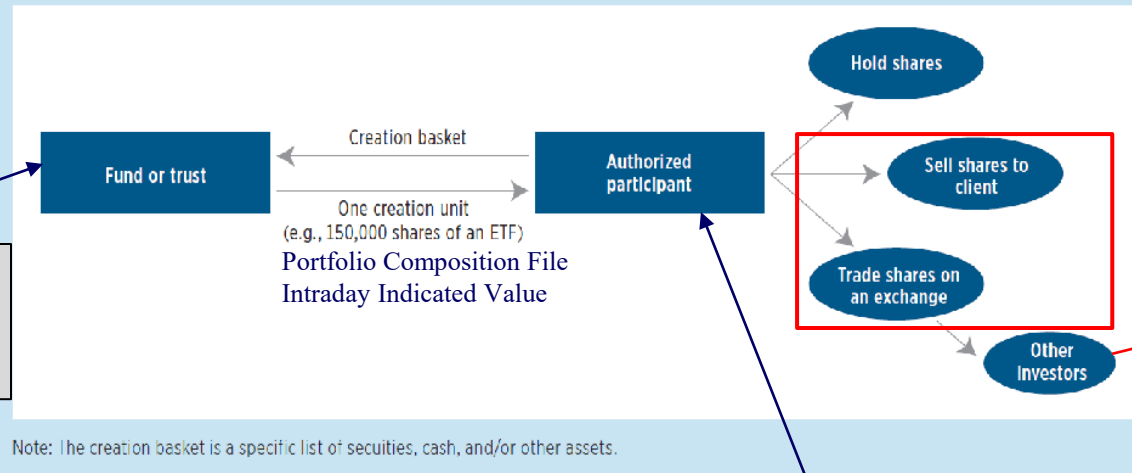
ETF?

- Hybrid – Investment features of Mutual funds married to trading features of common stocks.
 - Like a mutual fund, an investor owns a proportional interest in pooled assets.
 - Generally managed by an investment company for a fee.
 - Regulated by the Investment Company Act of 1940.
 - Traded in continuous markets on global stock exchanges – continuous pricing and liquidity throughout the trading day.
- Over 8000 global ETFs, over 2600 in the US (not updated)

How an ETF works

FIGURE 3

Creation of ETF Shares



Institution sponsoring the ETF does not distribute

Traded all day long like a stock

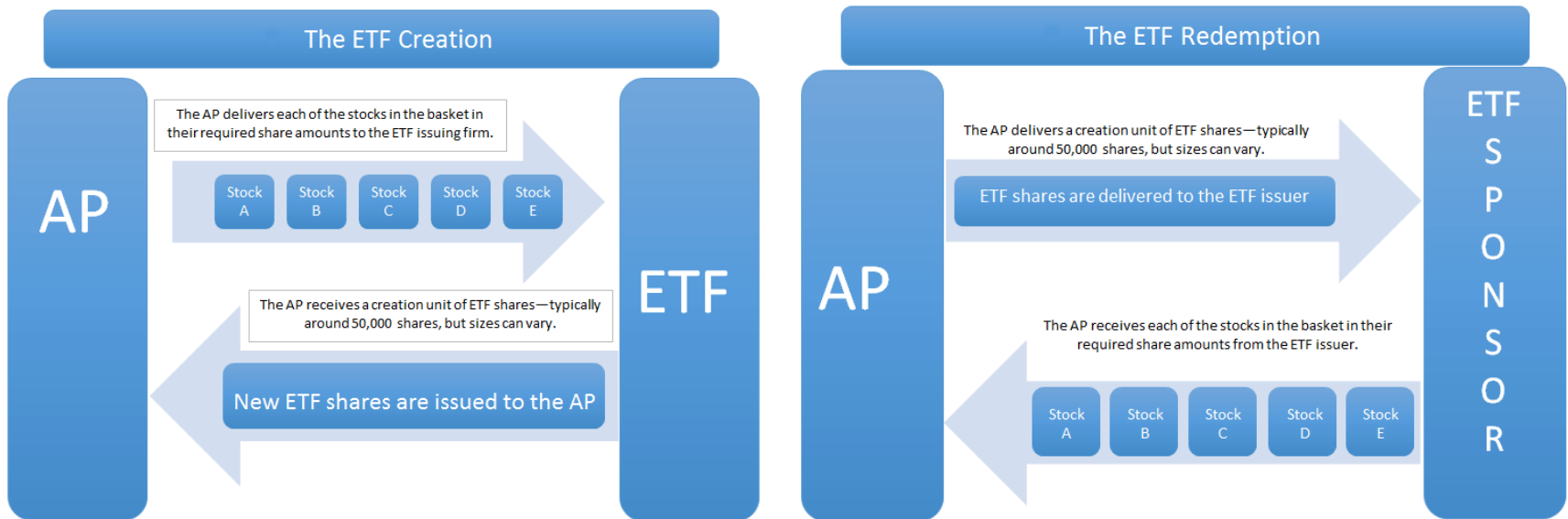
large market maker or institution with a ETF trading desk. Make profits through arbitrage of the ETF NAV vs. underlying assets and through trading commissions and fees in the secondary market.

How ETFs work - Investment Company Institute

https://www.ici.org/etf_resources/background/explain_18_etfs

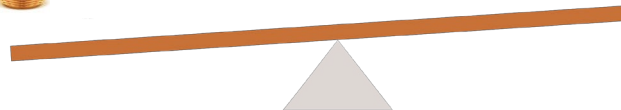
https://www.ici.org/etf_resources/background/faqs_etfs

Arbitrage



Basket of Stocks

Share of the ETF



<https://www.etf.com/etf-education-center/etf-basics/what-is-the-creationredemption-mechanism>

ETFs – Pros and Cons

Pros	Cons
Like an individual stock – tradeable intraday, go long or short, optionable, marginable etc.	An ETF for anything – makes unfamiliar markets accessible to novices.
Lower expenses – no distribution expense, passive strategies.	Transaction Costs, Bid/Ask Spreads
Transparency – portfolio, price discovery	
Less taxable distributions, more investor control on taxes.	
Investment or redemption by one investor does not impact others directly.	
No minimum investments.	

How an investor benefits

- Dividend payments
 - Funds pay all dividends minus costs back to investors
 - Taxable for the investor
- Capital Gains/Losses
 - When a fund makes a gain or a loss by selling shares, it must pass the gain/loss minus costs back to the investor.
 - Happens regularly for a Mutual Fund .. Not for an ETF
 - Taxable for the Investor
- Gain or loss from buying and selling the fund shares for the investor
 - Investor makes a gain or loss from buying and selling
 - Taxable for the investor

Fees and Expenses







Mutual Funds

- ❑ Management (12-b-1) fees
- ❑ Sales or Redemption Loads
 - ❑ Fees earned by sales agent
- ❑ Account Management fees

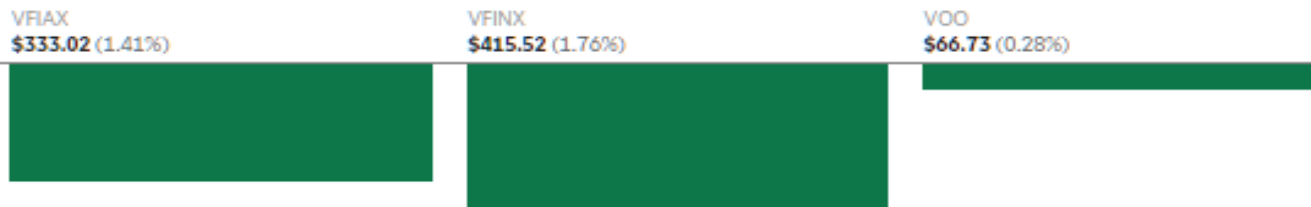
Vary by share class (?)
Often based on investment size

ETFs

- ❑ Management (12-b-1) fees
- ~~❑ Trade commissions by broker~~ →
- ❑ Bid – Ask spread

Compared Funds	VFIAX  Vanguard 500 Index Fund Admiral Shares 	VFINX  Vanguard 500 Index Fund Investor Shares 	VOO  Vanguard S&P 500 ETF  Prospectus
Fund Category 1/31/24	Large Blend	Large Blend	Large Blend
Morningstar Rating 1/31/24	★★★★★ High	★★★★ Above Average	★★★★★ High
Morningstar Return 1/31/24	High	Above Average	High
Fund Price Today's Change	\$475.03 +3.80	\$475.03 +3.80	\$471.43 +4.50
1-Year Return vs. selected funds	+20.77% High	+20.65% Below Average	+20.76% Above Average
Net Expense Ratio vs. selected funds	0.04% Above Average	0.14% High	0.03% Below Average
Avg. Market Cap vs. selected funds	\$251.7B High	\$251.7B High	\$251.7B High
Sales Load	No Load Brokerage Commissions Apply	No Load Brokerage Commissions Apply	No Load Brokerage Commissions Apply
Inception Date	11/13/2000	08/31/1976	09/07/2010

Cost Analysis Hypothetical example: Fees were calculated assuming an initial investment of \$10,000 followed by additional reinvestments of \$2,500 every year for four years (with an estimated rate of return of 5 percent).












Show table values relative to:

Mouseover stars to see Morningstar Rating detail.

Mouseover table to see comparative information.

Compared Funds	VFIAX Vanguard 500 Index Fund Admiral Shares <small>NL</small>	VFINX Vanguard 500 Index Fund Investor Shares <small>NL</small>	VOO Vanguard S&P 500 ETF Prospectus
Fund Category 1/31/24	Large Blend	Large Blend	Large Blend
Morningstar Rating 1/31/24	★★★★★ High	★★★★★ Above Average	★★★★★ High
Expense Ratio vs. selected funds	0.04% Above Average	0.14% High	0.03% Below Average
12b-1 Fee vs. selected funds	-- N/A	-- N/A	-- N/A
Redemption Fee	--	--	--
Sales Load	No Load Brokerage Commissions Apply	No Load Brokerage Commissions Apply	No Load Brokerage Commissions Apply
Initial Minimum Initial IRA Initial AIP	\$3,000 N/A N/A	\$0 N/A N/A	-- N/A N/A
Additional Minimum Additional IRA Additional AIP	\$1 N/A N/A	-- N/A N/A	-- N/A N/A

Compared Funds	VFIAX  Vanguard 500 Index Fund Admiral Shares 	VFINX  Vanguard 500 Index Fund Investor Shares 	VOO  Vanguard S&P 500 ETF  Prospectus
Fund Category 1/31/24	Large Blend	Large Blend	Large Blend
Morningstar Rating 1/31/24	★★★★★ High	★★★★ Above Average	★★★★★ High
YTD Return vs. selected funds	+1.68% High	+1.67% Above Average	+1.61% Below Average
1-Month Return vs. selected funds	+1.68% 	+1.67% 	+1.61% 
3-Month Return vs. selected funds	+15.99% Above Average	+15.97% Below Average	+16.01% High
5-Year Return vs. selected funds	+14.26% High	+14.14% Below Average	+14.26% Above Average
10-Year Return vs. selected funds	+12.58% High	+12.46% Below Average	+12.57% Above Average
Since Inception Inception Date	+7.67% 11/13/2000	+11.23% 08/31/1976	+13.82% 09/07/2010

Compared Funds	VOO Vanguard S&P 500 ETF Prospectus	IVV iShares Core S&P 500 ETF Prospectus	SPY SPDR® S&P 500 ETF Trust Prospectus
Fund Category 1/31/24	Large Blend	Large Blend	Large Blend
Morningstar Rating 1/31/24	★★★★★ High	★★★★★ High	★★★★ Above Average
Morningstar Return 1/31/24	High	High	Above Average
Fund Price Today's Change	\$471.43 +4.50	\$515.39 +4.94	\$512.85 +4.77
1-Year Return vs. selected funds	+20.76% High	+20.75% Above Average	+20.61% Below Average
Net Expense Ratio vs. selected funds	0.03% Above Average	0.03% Above Average	0.09% High
Avg. Market Cap vs. selected funds	\$251.7B High	\$251.6B Below Average	\$251.6B Above Average
Sales Load	No Load Brokerage Commissions Apply	No Load Brokerage Commissions Apply	No Load Brokerage Commissions Apply
Inception Date	09/07/2010	05/15/2000	01/22/1993

What do you want in a Fund?

- Reputable Sponsor
- Liquidity
- Delivers exposure to the asset class / index you want exposure to
 - Fits your asset allocation plan
 - Matches performance of the asset class
- Low Expense Ratio and transaction fees
- Rated well by rating agencies

Sources of information for ETFs

- Morningstar
 - Paid subscription gives access to more content including medalist funds etc.
 - 2 part rating system – Stars for prior performance; Medals for future outlook
- AAI ETF database
 - Annual list of ETFs and performance (requires membership)
- Your Brokers website
 - ETF prospectus
 - ETF selection tools
 - ETF comparison tools
 - CFRA or other analyst reports on ETFs
- <https://etfdb.com/>
 - ETF database website – a lot of free information
 - Paid subscription provides more

Sixth Class – Mar. 13th

- US Equities Market Review – 20 minutes

- ETFs deep dive – Part 2
 - Performance metrics
 - Risk
 - ETFs for various asset classes

Thanks !!

□ Happy Investing !!

□ **My EMail**

□ diyinvst@udel.edu

□ **Class website**

□ <http://udel.edu/~diyinvst>