

Exchange-Traded Funds (ETFs)



Why ETFs?

Whether you're seeking ways to help diversify your investments, find opportunities in different markets and sectors or simply start investing, there is likely an ETF that can meet your needs.

ETFs in a nutshell

Composed of a diverse range of asset classes

- › May invest in a pool of stocks, bonds and other financial instruments.
- › Provide diversification benefits, much like a mutual fund.

Traded like a stock

- › Traded on an organized exchange.
- › Prices change throughout the day as investors buy and sell ETFs.
- › Flexible trading terms such as buying on margin, short selling and other types of orders.

Types of ETFs

Actively managed ETFs

Active ETFs have portfolio managers making investment decisions with the objective of outperforming the market rather than passively tracking a benchmark index.

Index tracking ETFs

The most common type of ETF, they seek to replicate and passively track the performance of an underlying benchmark by investing in its component securities.

Alternative ETFs

Alternative investment solutions are assets outside the space of conventional asset classes such as stocks and bonds. These ETFs provide more diversification and risk management opportunities.

FIVE REASONS TO INVEST IN ETFs

1. DIVERSIFICATION

Exposure to a wide range of asset classes or individual securities can reduce volatility and offer increased protection against market downturns.

2. TRANSPARENCY

Information on an ETF's current price/underlying holdings is easily accessible and disclosed frequently.

3. LIQUIDITY

Buying and selling ETFs is relatively simple, as they are traded on organized exchanges.

4. COST EFFECTIVENESS

ETF management fees allow the investor to minimize the management fees paid and capture the maximum potential return.

5. TAX EFFICIENCY

ETFs offer the flexibility of tax management strategies such as tax loss selling.

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