

## What Are These Mutual Funds In My Investment Account?



*Presented by:*  
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*April 23, 2020  
8:30pm-9:30pm Eastern Time*

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## We're all in this together

Money Smart Week events are cancelled due to COVID-19...  
So we are bringing you "social distance" Financial Education.



April is **Financial Literacy Month**



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## DISCLAIMER

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The information contained in this presentation is for education and information purposes only, and does not constitute professional advice. The information provided is subjective and you should always do your own research before making decisions. While reasonable efforts are made to include accurate and up-to-date information, the creator makes no warranties or representations of any kind concerning the accuracy, timeliness or suitability of the information provided for any purpose. Validity of the content is not guaranteed and you are strongly urged to consult a professional or other authority in the appropriate field before acting on any of the content.



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**#DSCLMR (In 140 Characters or Less)**

This is 4 📄 & 📄 purposes only. 🚫 specific advice is being given. U may 👍 🗣️ or 🤔 the 📈 I tlk abt but it's yr 💰 so always do yr own 🤝 & make yr own **BUY SELL** decisions.

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**What we will cover:**

1. Mutual Fund Basics
2. Common accounts you will see these funds in
3. How to know what Funds are in your investment accounts
4. The difference in an Index and Actively Managed Funds
5. What to look for in a Fund
6. How to find out what companies are in your Fund
7. How quickly your money can grow to \$1 million!

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**What is a Mutual Fund?**



A basket of stocks or other investments

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### ETFs vs. Mutual Funds

- ETF stand for: *Exchange Traded Fund*
- ETFs are very similar to Index Mutual Funds
- Both are a basket of stocks or other investments
- ETFs can be purchased on the US exchanges throughout the day, just like a stock
- Mutual Funds can only be purchased at the closing price at the end of each day
- In employer-sponsored plans, you will probably have Mutual Funds and not ETFs



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### Where can these funds be found?

- 401(k), 403(b), 457 or other employer-sponsored plan
- Thrift Savings Plan (TSP, [www.tsp.gov](http://www.tsp.gov))
- Traditional IRA or Roth IRA
- 529 College Savings
- Health Savings Accounts (HSA)



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### Employer-Sponsored Plans

- 401k, 403b, 457, TSP, HSA
- **If your company offers a match, take it!**
- Offers a lineup of Mutual Funds and/or ETFs
- Provides a Fund Fact Sheet for each offering
- Usually no trading fees, but limited offerings
- Look closely at expense ratios and fees in funds
- Required by law to disclose overall plan fees



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Is it possible to become a **Millionaire?**

**\$50** → **9%** → **40**

Invest \$50 a week or \$2,600 a year

9% Growth 40 Years

**Compound Growth**

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**\$50 +**

The magic of **COMPOUND GROWTH!**

**YOU'RE MY MILLIONAIRE**

Did you know that all you have to save is \$50 a week to become a millionaire? It's true!

AND HERE'S THE FIRST \$50 TO GET YOU STARTED...

The greatest wisdom I can pass on to you is that time is on your side. So, if you start early saving just \$50 a week, invest it, and earn an average annual return of 9%, it will grow to a million dollars over a 41-year period!

CONGRATULATIONS!

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**Target Date or Lifecycle Funds**

**The Easy Button**

Automatically rebalances to maintain a set mix of stocks & bonds based on the date you plan to retire

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### Target Date Funds - Example

**Target Retirement 2030**  
 This would be for a 50 year old that plans on retiring in in 10 years (at age 60)

**Estimated split:**

70% Stocks  
30% Bonds

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### Things to look for in a Fund

1. Name
2. Ticker (if available)
3. Asset Class
4. Overall ratings/rankings (Morningstar & others)
5. 1, 3, 5 and 10 Year Performance
6. **Expense Ratio (much lower fees now!)**
7. Is there any upfront fees (load)
8. Top Holdings

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**Actively Managed**

**Active**

Humans in Charge  
Expensive  
Performance < Fee

-VS-

**Index Fund**

**Passive**

Markets in Charge  
Cheap  
Matches Index

**\$17,000 More in fees**  
 1.1% vs .10% fees  
 Over 20 years

*In fact, studies show that over long periods, actively managed funds do not perform better than their passive (Index Funds) counterparts. The reason why has a lot to do with fees.*

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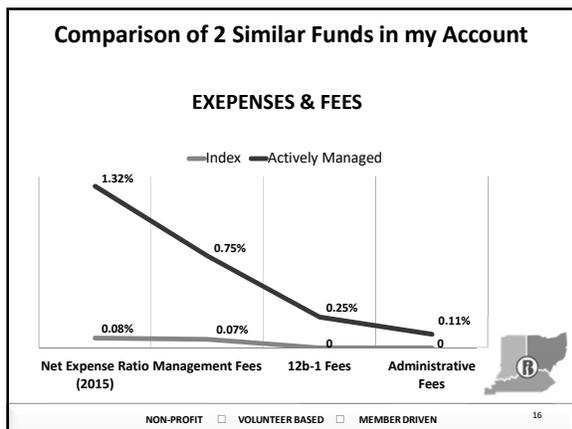
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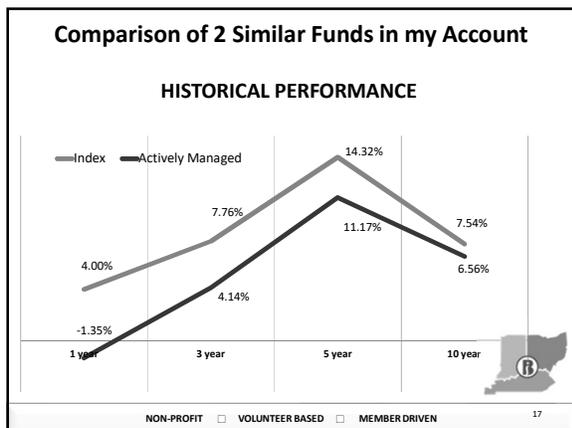
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### In case you didn't catch all that...

**The Passive Index Fund has:**

- ✓ Better Past Performance
- ✓ Lower Expenses
- ✓ Lower Fees

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**Key Words of US Stocks Funds**

- Large/Mid/Small Size Companies
- Equities
- Blend
- Growth
- Value
- Domestic



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**Key Words of Non-US Funds**

- International
- Global
- Emerging Markets
- Developed Markets
- Non-US
- Foreign



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**Key Words for other Categories**

- Alternative
- Sector
- Target Date/Lifecycle/Lifepath
- Bonds
- Fixed Income
- Money Market



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### A typical list of funds in your account

Investment Name	Ticker	Asset Class
<a href="#">Schwab Target 2040 Index Fund</a>	SWYGX	Large Blend
<a href="#">Schwab Target 2050 Index Fund</a>	SWYMX	Large Blend
<a href="#">Schwab Target 2060 Index Fund</a>	SWYNX	Large Blend
<a href="#">Vanguard Equity-Income - A</a>	VEIRX	Large Cap Value
<a href="#">Vanguard Extended Market</a>	VEXAX	Small Cap Growth
<a href="#">Vanguard Healthcare</a>	VGHAX	Alternative Blend
<a href="#">Vanguard Mid Cap Index - A</a>	VIMAX	Mid Cap Blend
<a href="#">Vanguard REIT</a>	VGSLX	Alternative Blend
<a href="#">Vanguard S&amp;P 500 Index - A</a>	VFIAX	Indexed
<a href="#">Vanguard Small Cap Index - A</a>	VSMAX	Indexed
<a href="#">Vanguard Total Stock Market</a>	VTSAX	Large Cap Blend
<a href="#">Vanguard Treasury Money Market</a>	VUSXX	Money Market

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### Fund Fact Sheet

- A quick reference summary of the key information about a fund (typically one page)
- Includes: Expense Ratio, Risk Level, Asset Class, Category, Top Holdings, Past Performance, etc.
- Should be available within your account fund listings (usually it's as simple as clicking a link)



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#### Vanguard Total Stock Mkt Idx Adm VTSAX

Overall Morningstar Rating™ **★★★★★**

Morningstar Analyst Rating™ **Gold**

03/14/2019

Overall Morningstar Rating is based on risk-adjusted returns, derived from a weighted average of the three-, five-, and 10-year (if applicable) Morningstar metrics. Morningstar Analyst Rating is a subjective evaluation performed by mutual fund analysts of Morningstar, Inc. and based on five pillars: Process, Performance, People, and Price.

For more information about this report, see Data Definitions and Disclosure links: Data Definitions | Disclosure | Print

Snapshot
Portfolio
Performance
Operations
Ratings & Risk
Tax
IR Filings

NAV **\$72.16** ↑0.14%

USD | NAV as of 18 Apr 2019 | 1-Day Return as of 18 Apr 2019

T1M Yield **1.92%**

30-Day SEC Yield **1.88%**

Expenses **0.04%**

Fee Level **Low**

Turnover **3%**

Status **Open**

Category **Large Blend**

Investment Style **Large Blend**

Growth of 10K VTSAX

• VTSAX • Category: LB



Overall Morningstar Risk Measures

Risk vs. Category (1,218) Avg

Return vs. Category (1,218) High

Low Avg

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**More Resources & Education:**

- Your employer or account provider
- Fund Company Website
- Morningstar
- FINRA Fund Analyzer
- Google Finance
- Yahoo Finance
- Value Line (free through most Libraries)



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**Choosing the Right Funds Could Mean...**

More money in your account



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Now... Imagine if you could cut that time in **Half!**

YEARS: 5 10 15 **20** 25 30 35 **40**

**\$350**  
Per Week  
**\$18,000**  
Per Year

**\$50**  
Per Week

**20 Years**  
or  
**40 Years**

**\$1 Million**  
**...YOUR CHOICE**



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### Additional Resources for COVID-19 & your Finances

Protecting your finances during the Coronavirus Pandemic:

[www.consumerfinance.gov/coronavirus/](http://www.consumerfinance.gov/coronavirus/)

“Investing in Turbulent Times”, Presented by Doug Gerlach:

[www.betterinvesting.org](http://www.betterinvesting.org)

Direct Link: <https://bit.ly/2U4bkhP>



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### Learn more about BetterInvesting OKI Chapter

[www.BetterInvesting.org/okitri](http://www.BetterInvesting.org/okitri)

Meetings will be *virtual only* until further notice



#### Cincinnati Model Investment Club (CinMIC)

Meets at West Chester Library and online  
3<sup>rd</sup> Saturday of each month, 9:45am-11:45am  
*Meetings are free and open to the public (online and in person)*



#### Dayton Model Investment Club (DayMIC)

Meets at Beavercreek Fire House and online  
2<sup>nd</sup> Tuesday of each month, 7pm-9pm  
*Meetings are free and open to the public (online and in person)*



A link to this recorded session will be available within 2 days at:  
<https://www.betterinvesting.org/chapters/oki-tri-state/news-articles>



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[BetterInvesting.org/InvestBetter](http://BetterInvesting.org/InvestBetter)



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