

The World of ETFs

Description

Which investing strategy should I use? Is Stock A better than Stock B, or the other way round? How come my numbers don't tally? What if I don't have time to monitor the market and can't buy or sell in time?

Welcome to the world of investing and all the stress associated with it. Except that it doesn't have to be.

The infographic is divided into three colored panels. The top-left panel is yellow and titled 'Diverse' in large black font. It features a 2x2 grid of colored squares: top-left is blue with 'A', top-right is maroon with 'B', bottom-left is brown with 'C', and bottom-right is purple with 'D'. A green square with 'E' is positioned below the purple square. Below the grid, the text reads: 'Investing in ETFs is investing in small pieces of companies that make up the share.' The top-right panel is light green and titled 'Lower Fees' in large black font. It contains a black circle with a red dollar sign and a blue downward-pointing arrow. The bottom-right panel is pink and titled 'Liquid' in large black font. It shows two black human figures on either side of a horizontal double-headed arrow labeled 'Stock Exchange'. The figure on the left is holding a stack of papers, and the figure on the right is holding a stack of colorful blocks. Below this, the text reads: 'You can trade ETFs for cash vice-versa during business ho...'

There are a group of investors who don't track the market and who don't select individual stocks, but still enjoy market-weighted returns with minimal effort.

That's right, I'm referring to index investors. And if you wanna be like them, here's an introduction into their world of indexes and ETFs.

Index Investing and ETFs

Don't know which stock to pick? Then don't!

While I personally enjoy the research and stocks selection process, I know of many people who don't, or who simply don't have the time for it. I know how that feels like, especially when you feel like you've a million and one tasks on your to-do list to accomplish.

Enter Index Investing – a strategy where you invest in exchange-traded funds (ETFs) that closely track an underlying index instead of selecting individual stocks to put your money in.

It's a lot easier and takes up less time.

ETFs are Low-cost

[I've previously shared about one of my biggest must-haves in investing: keeping costs low, and ideally below 1%.](#)

Index funds are often the lowest-cost financial instruments available to a retail investor, simply because there's no active portfolio manager who needs to be paid. You also get immediate access to multiple stock holdings without having to pay more.

Low costs lead to better returns, and are usually a more accurate predictor of investment performance than anything else.

ETFs are Diversified

Ever heard about not putting all your eggs in one basket?

ETFs are the easiest ways to diversify your portfolio because they can offer you exposure to different markets and industries within a *single* purchase.

For instance, imagine if you wanted to buy 1 lot of each of Singapore's top 30 companies by market cap. That will cost you at least \$750 in brokerage fees and a sizeable 5-digit sum, but you can bypass this by simply buying the STI ETF instead. It'll cost you wayyyyy less.

ETFs are Fun!

Some investors think ETFs are boring. Nothing could be further than the truth.

Most people think of market or country indexes, but there are also industry-specific ETFs, and even thematic ETFs.

For instance, did you know there's an ETF ticker called SLIM? Everyone laughs whenever I mention this, but I'm completely serious. SLIM is an ETF that invests in and tracks the performance of the global companies that would benefit if obesity numbers continue to grow. [Check it out here.](#)

Or, if you believe that Millennials are going to be responsible for the majority of consumer spending in the next few decades, with companies such as Netflix, Starbucks and Google benefiting, then you can

also look at the [ETF ticker called GENY \(Gen Y\) here](#).

This is why I've been laughing a lot lately while doing my stocks research, lol. Hopefully I'll be laughing all the way to the bank too ?

Learn more about ETFs before investing

I love ETFs and think that they're perfect for beginner investors, as well as anyone who wants a low-cost and diversified approach to their portfolio. ETFs definitely have a place in my portfolio, and you should explore them too!

The folks at FSMOne recently reached out to me to promote their ETF Focus List and their upcoming ETF Festival which is completely free to attend, aimed at helping investors to better learn and understand ETFs. I thought this was a great initiative, so here are the details:

***** Start of Sponsored Message by FSMOne *****

ETF Focus List

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- Bonds
- Funds
- ETFs

Criteria

All ETFs ×

- Main Sector
- Specialist Sectors
- Geographical Sectors
- Exchange
- Best Performing
- Worst Performing
- Market Indices
- FSM Indices

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If you're stumped on what ETFs to invest in, perhaps start your research by checking out this list of curated 42 ETFs by FSMOne's analysts.

I asked them about their selection criteria, and was told that they evaluate based on:

- Expense ratios (the lower, the better)
- Assets under management (more is usually better, and signals how many investors have put money with them)
- Liquidity (illiquid counters aren't great when you need to sell)
- Tracking difference (as minimal as possible)
- The underlying holdings of the ETF

Think of this list as a starting point; your guide to navigating through the sheer number of ETFs available, while you pick up the skills to eventually spot and analyse your own.

Many of my readers often ask me, where do you find your investment ideas? This might just be one such place for you.

Although the ETFs chosen are by no means a guarantee that you'll get superior returns over its other peers, they do have an edge over the rest based on the quantitative and qualitative criteria discussed above. Best of all, it's a free resource for you to start generating some ideas. Who knows, you might find your next perfectly suited investment opportunity here.

[So start exploring the world of ETFs here on Fundsupermart](#) (FSMOne.com)! The list is updated annually by their analysts to highlight ETFs that they think are worth a deeper look into.

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On the platform, the ETF Focus List serves as a starting point for investors who want to explore the broad market. Investors can utilise this list as a source of idea generation, or even

Regional Equity Country Equity **Sector Equity** Commodity

	Expense Ratio (%)	AUM (millions)	
Financials ETF (NYSE.IXG)	0.47	USD 353	★ Add
REIT ETF (NYSE.REET)	0.14	USD 1,721	★ Add
Oil & Natural Resources ETF	0.40	USD 1,259	★ Add
Technology ETF (NYSE.IXN)	0.47	USD 2,905	★ Add
Automotive & Business ETF (NYSE.MOO)	0.54	USD 777	★ Add
Healthcare ETF (NYSE.IXJ)	0.47	USD 2,130	★ Add
Real Estate ETF (NYSE.JXI)	0.47	USD 213	★ Add
Telecom ETF (NYSE.IXP)	0.47	USD 242	★ Add
Consumer Staples ETF (NYSE.KXI)	0.47	USD 741	★ Add
Consumer Discretionary ETF	0.47	USD 211	★ Add
Semiconductor ETF (NYSE.SMH)	0.35	USD 875	★ Add

And if you're looking for more details on ETFs, or wanna talk to the FSMOne folks about them, join them at their upcoming **FSM ETFestival 2019** where admission is FREE!
Date: 4 May 2019 (Saturday)
Time: 10am – 5pm

Venue: Capitol Theatre, 16 Stamford Road, Singapore 178907

Register here: etfestival.fsmone.com



FSM ETF Festival

Find out how you can
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portfolio of top globa

REGISTER NOW

**4 May 2019
(Saturday)
10 AM - 5 PM**

Capitol Theatre
Nearest MRT: City Hall

**F
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You'll be able to delve deeper into the world of ETFs and we'll also be sharing our favourite ETFs that we believe are primed to outperform. Whether you're a new or experienced investor, you can expect a line-up of presentations from FSMOne.com and other industry professionals from the likes of Nikko Asset Management, which will highlight key market trends and how ETFs can benefit an investor's portfolio.

Find out more about the event [here](#) or reserve your seat directly [via this link!](#)

Category

1. Investing
2. Stocks

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