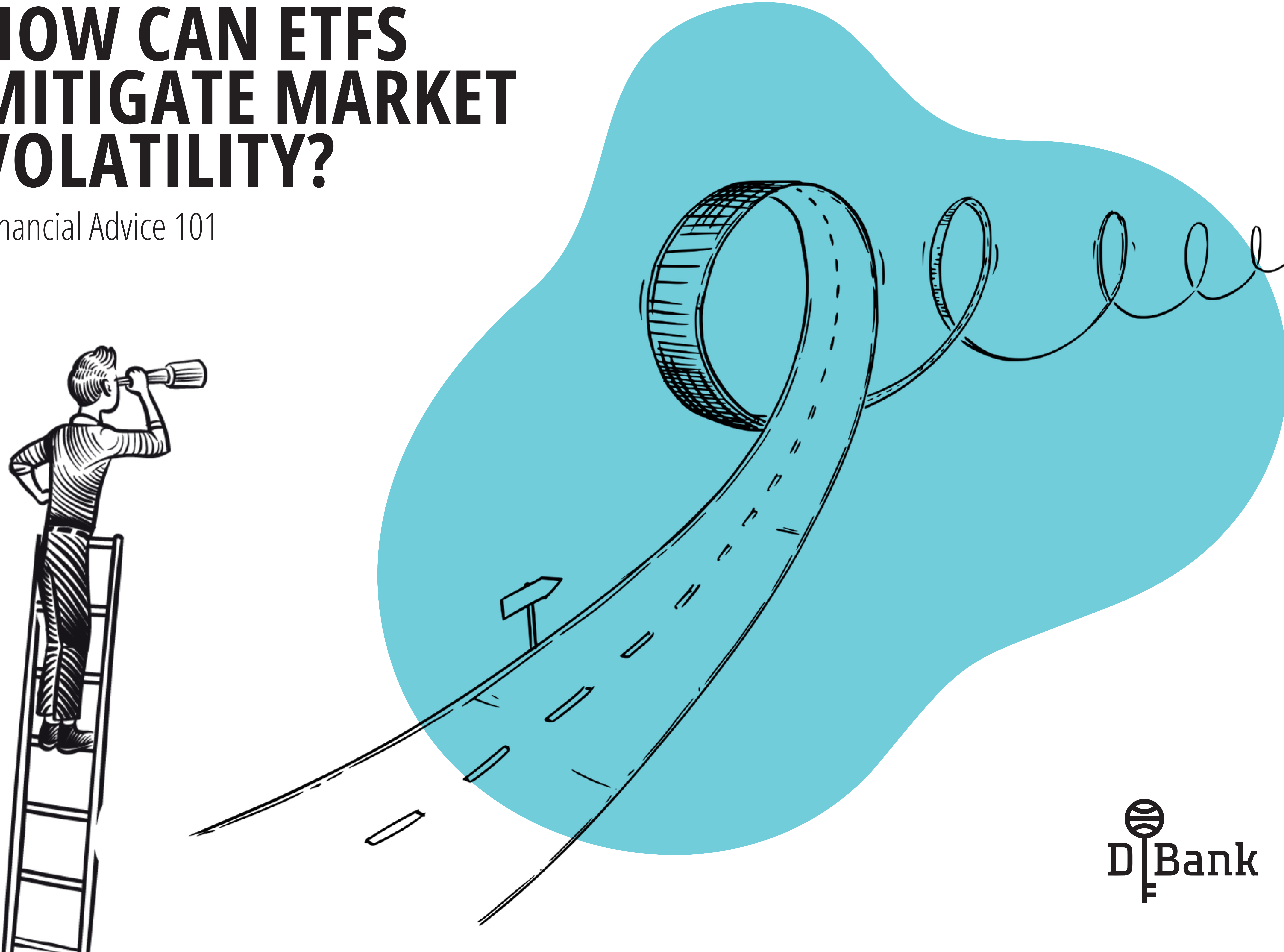
HOW CAN ETFS MITIGATE MARKET VOLATILITY?

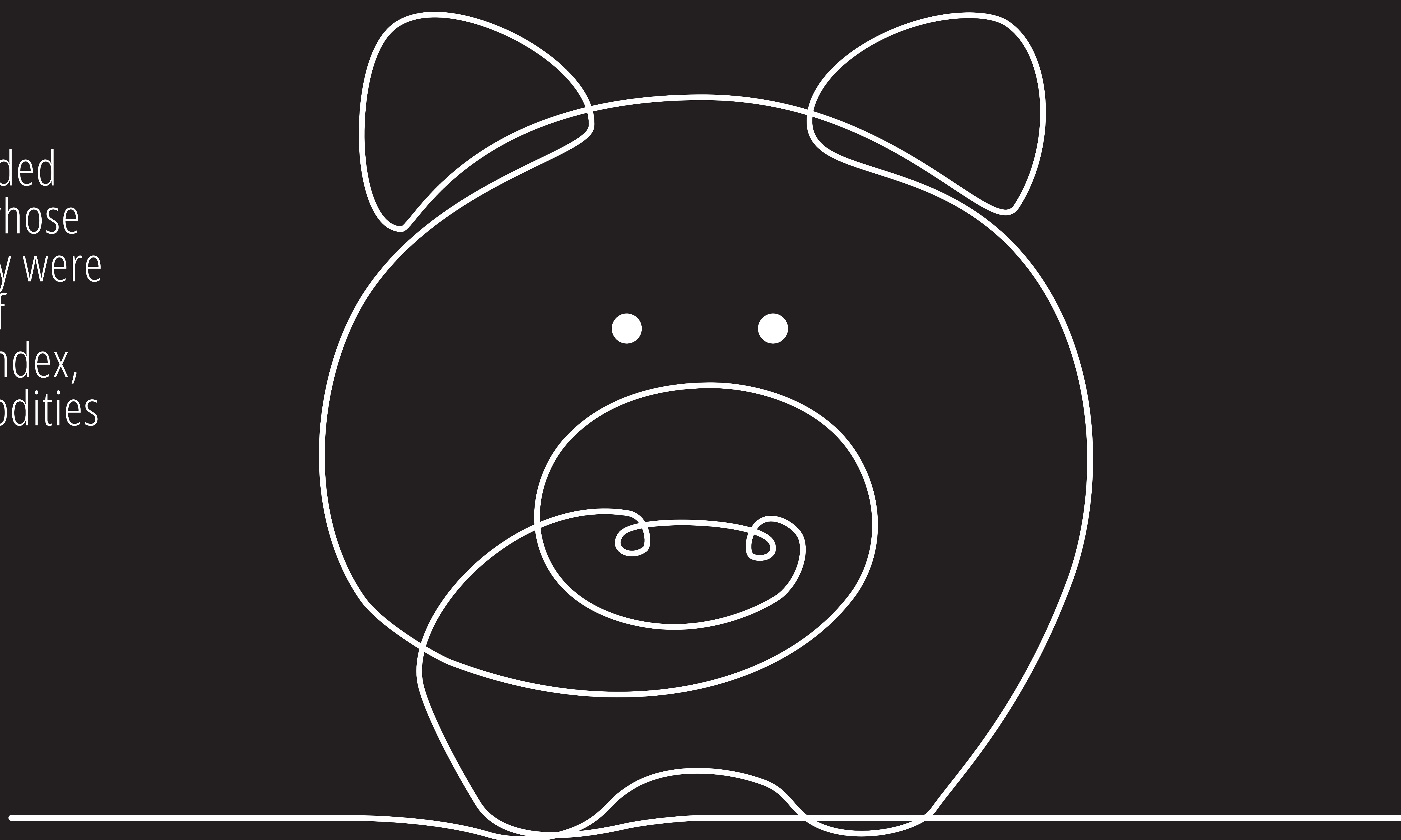
Financial Advice 101



D Bank

EXCHANGE TRADED FUNDS (ETFS) ARE AN INTERESTING ALTERNATIVE FOR THOSE MODERATE AND CONSERVATIVE INVESTORS WHO WANT TO INCREASE THEIR RETURNS AND MINIMIZE THE ASSOCIATED RISKS

Known by their name in English «Exchange Traded Funds» (ETF), are a type of investment funds whose shares are traded on the stock market as if they were shares and whose investment policy consists of replicating the composition of a stock market index, whether variable income, fixed income, commodities or foreign exchange.



What are the types of ETFs? AND WHICH ONE BEST SUITS YOUR NEEDS

The investor will be able to choose from a wide variety of ETFs.

ETFs On Equities

They replicate share basket indexes of the main world stock markets, such as the Dow Jones Industrial, Hang Seng Index, Standard & Poors 500, etc. ETFs can replicate, in the same country, different representative indexes of that country.

ETFs On Fixed Income

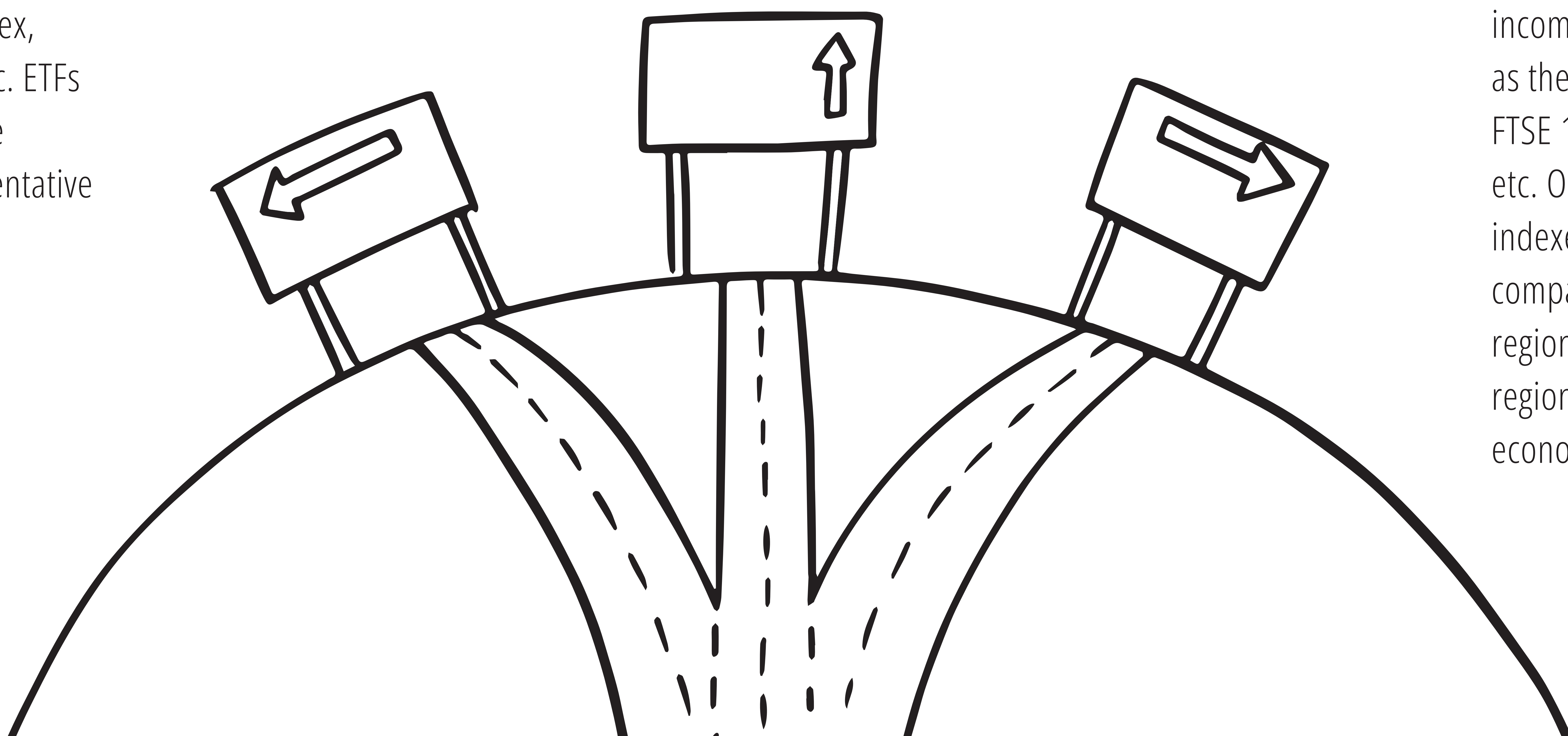
They are those that replicate indexes of debt financial assets, commonly called fixed income assets, which represent baskets of obligations or bonds, in the public or private sphere.

ETFs Monetary

They are indexes that represent short-term state debt assets with the highest credit rating, as well as monetary assets traded on the interbank market.

ETFs on national or regional indices

Indexes that represent the national markets or stock exchanges, whether fixed income or variable income, such as the DOW JONES, BOVESPA, FTSE 100, NIKKEI 225, IBEX-35, etc. Or fixed or variable income indexes that represent companies belonging to certain regions within countries or even regions within continents or economic groups.



WHAT IS A GOOD OPTION?

Growth expectations

The future of this new financial product promises to be spectacular given the large number of indices being replicated. This will also cause the creation of new stock indices of all possible modalities that can be replicated, whether variable income, fixed income, raw materials, etc., allowing investors to access foreign and unknown markets, without the need to select a specific securities portfolio.

Operational Simplicity

It allows the acquisition of a basket of securities that replicates a market through the simple acquisition of a listed participation comparable to a share. Yo u don't need to buy the set of securities belonging to the index.

Maximum Profitability

It allows investors to obtain returns equivalent to those of a market, without devoting the time and effort necessary to carry out active management that implies the continuous purchase and sale of securities.

Diversification

The purchase of ETFs directly implies the purchase of a highly diversified portfolio of securities.

Global Investment

It allows investors to invest in any market in the world without having knowledge about the companies that are listed on these markets and with the difficulty that their individual choice implies. With ETFs, it is simply enough to acquire an Exchange Traded Fund that replicates that market.

Minimum Risk

As a consequence of diversification, risk is minimized, at least in passive management by the investor.

Transparency

At all times during the trading session, the composition of the ETF's securities portfolio is known, as well as the listed price (or net asset value thereof) at which it can be bought or sold at any time during the session, an aspect that is not happens in mutual funds conventional.

Liquidity

The purchase and sale of ETFs have immediate liquidity, that is, they can be purchased or sold at any time during the open market phase of the continuous market. This is not possible in mutual funds.

WHAT IS A GOOD OPTION?

Active Management

Investing in exchange-traded funds also allows tactical operations to be carried out in the short, medium and long term as if they were stocks. Even operating in this active way allows the application of fundamental analysis, graphic and technical analysis, risk analysis and the analysis of ratios or stock market multipliers. It also allows the formation of ETF portfolios, overweighting or underweighting the different markets or sectors based on their overvaluation or undervaluation. Therefore, it allows an allocation of assets or "asset allocation" by having a portfolio of ETFs, in which it is invested in various countries or sectors, with greater or lesser risk.

Passive Management

It allows investors who consider the markets to be efficient (according to this position it is practically impossible to beat the market in the long term) to adopt a passive position in the investment and obtain the return of the market, represented by the Stock index.

Sophisticated Strategies

In addition to adopting an active or passive strategy in investment, these funds will allow a wide range of speculation and even protection strategies with the launch of derivative financial instruments (options and futures) on ETFs.

Dividends

Unlike most traditional financial investment funds, in which the returns on the securities that are part of the portfolio are reinvested, equity ETFs can pay dividends, at the discretion of the ETF manager.

Reduced Costs

The acquisition of ETFs is made at the same cost as the purchase or sale of shares, not applying the usual subscription and redemption commissions in mutual funds. Additionally, keep in mind that replicating a stock index by an individual investor would entail him buying the entire index stock and bearing high commissions.

Valuation in Real Time

The ETF has a price or rate at all times throughout the trading session, unlike the rest of the investment funds whose shares are subscribed or redeemed at the daily net asset value obtained at the end of the trading session.

customer.service@dbankonline.com
0-800-100-9105
dbankonline.com
Instagram: dbankofficial