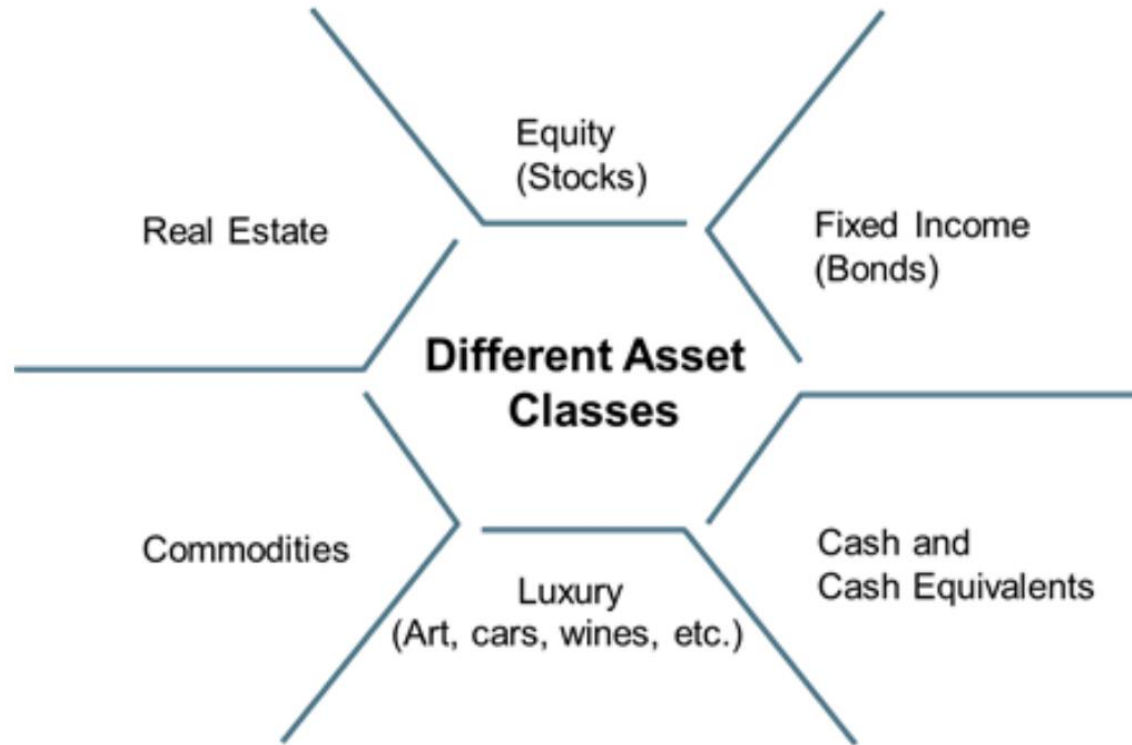


Session 2

S&P500 and DCA

Asset Classes



What is the S&P500

Stands for Standard and Poor's 500

Is a group of the biggest 500 companies in the US.

Also serves as an index/benchmark

Traded as an ETF, what is an ETF?

NYSEARCA:SPY

NYSEARCA:IVV

NYSEARCA:VOO



A wooden basket filled with white eggs, with some eggs spilled out on the surface. The basket is tilted, and several eggs have fallen out, including one that is cracked. The background is a plain, light-colored surface.

What is Diversification

Diversification



Dollar Cost Averaging (DCA)

What is Dollar Cost Averaging

Dollar-Cost Averaging (DCA) is an investment strategy where you invest a fixed amount of money at regular intervals, buying more shares when prices are low and fewer when prices are high, aiming to reduce the impact of market volatility over time.

Imagine you decide to invest \$500 into the S&P 500 index every month using DCA:

- 1. Regular Investments:** Each month, you invest \$500 in the S&P 500 index.
- 2. Market Fluctuations:** The value of the S&P 500 index can go up and down over time. Some months it may be higher, and other months it may be lower.
- 3. Buying More When It's Low:** When the S&P 500 is lower (perhaps during a market dip), your \$500 buys more of the index because the price per share is lower.
- 4. Buying Less When It's High:** Conversely, when the S&P 500 is higher (during a bull market), your \$500 buys you fewer shares because the price per share is higher.

With DCA in the S&P 500, you continue investing the same amount regularly, whether the market is up or down. Over time, this strategy can potentially reduce the average price you pay for the S&P 500 index, making it a popular approach for long-term investors who want to avoid the stress of trying to time the market.

Important!!!

Past performance is not indicative of future results.

Guess the amount

Start Date: 2002-01-01

End Date: 2022-01-01

\$500/month

240 months

\$120,000

\$365,355

- According to a 2020 report, over a 15-year period, nearly 90% of actively managed investment funds failed to beat the market.
- Portfolio managers are often Ivy League-educated investors who spend their entire workday attempting to outperform the stock market.

Mutual Fund vs ETF Fees

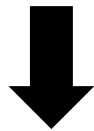


Mutual Fund
[myü-chə-wəl 'fænd]

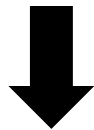
A managed fund that pools money from shareholders to invest in securities.

Investopedia


\$1,000,000



2%



\$20,000 **50x the expense**



Index Fund
[in-'deks 'fænd]

A type of mutual fund or exchange-traded fund (ETF) with a portfolio constructed to match or track the components of a financial market index.

Investopedia

\$1,000,000



0.03%



\$300

Mutual/Hedge Fund



- Customized based on your needs
- Point of contact
- Diversify into different asset classes

Index Fund



- One size fits all
- No customization
- Only Stocks

Mr. Market

You only lose money when you sell....

1. MEET MR. MARKET



**Thank You
&
See You Next Week!**