



DIY Investing

Individual Stocks or Exchange Traded Funds?

Survey by TD Bank About DIY Investors

41% don't have any idea where to start

58% don't know the difference between a mutual fund and an exchange traded fund

38% don't know the difference between a stock and a bond

55% don't know how to do a trade online

25% don't believe investing small amounts will bring you benefits

39% don't know where to find free educational resources to help them

What Are You Trying To Accomplish?

Ask Yourself These Questions:

- Are You Investing For Retirement?
- Trying to Find an Alternative to Cash?
- Trying to Make Extra Money?
- Trying to Take Advantage of a Specific Opportunity or Trend?
- How Much Time are You Willing to Commit?

What is The Difference Between an ETF (Exchange Traded Fund) & a Stock?

ETF (Exchange Traded Fund)

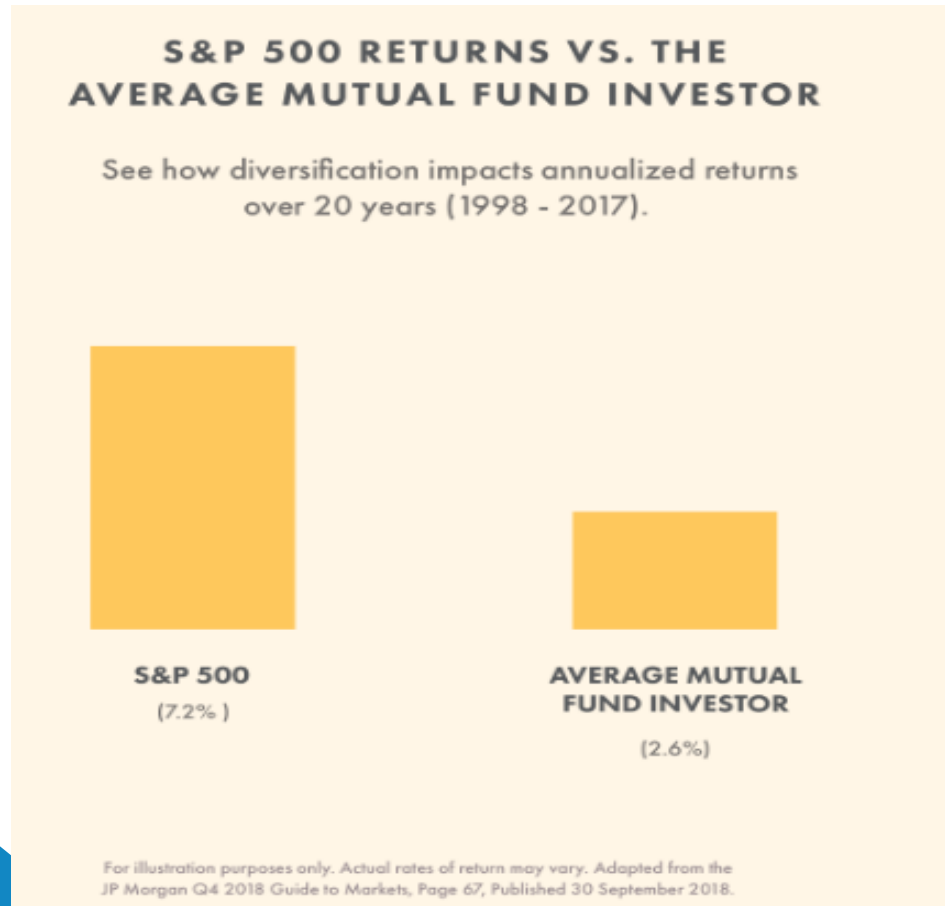
- Is a basket of securities that trade on an exchange, just like a stock.
- The share prices fluctuate all day as the ETF is bought and sold; just like a stock
- They can contain all types of investments including stocks, commodities, or bonds;
- ETFs offer low expense ratios and fewer broker commissions than buying the stocks individually.



Stock (also known as “shares” or “equity”)

- A stock is a form of security that indicates the holder has proportionate ownership in the issuing corporation.
- Corporations issue (sell) stock to raise funds to operate their businesses. There are two main types of stock: common and preferred.
- Stocks are bought and sold predominantly on stock exchanges, though there can be private sales as well, and they are the foundation of nearly every portfolio.
- Historically, they have outperformed most other investments over the long run.

Passive (Index) vs. Active - What Does The Data Say?



% of large-cap funds that underperformed S&P 500



Source: S&P Dow Jones Indices • [Get the data](#) • Created with Datawrapper

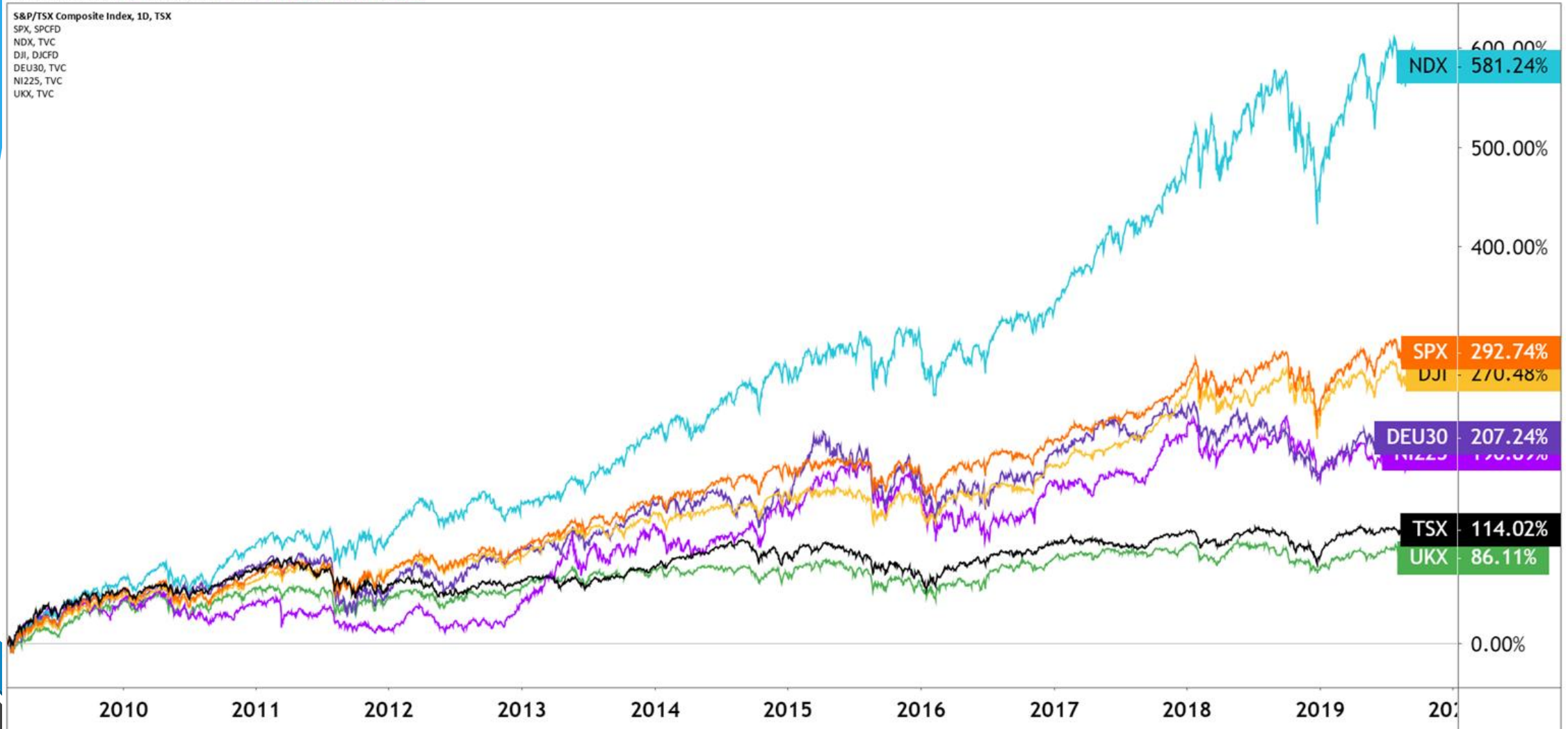
Not All ETFs (Indexes) Are Created Equal

grieben published on TradingView.com, October 09, 2019 17:37:33 UTC

TSX_DLY:TSX, 1D 16367.25 ▲ +73.30 (+0.45%) O:16347.34 H:16373.56 L:16308.67 C:16367.25

S&P/TSX Composite Index, 1D, TSX

SPX, SPCFD
NDX, TVC
DJI, DJCFD
DEU30, TVC
NI225, TVC
UKX, TVC



Created with TradingView

ETF's Are Good at Reducing Company Specific Risk BUT...

- Pay attention to the weightings of each individual holding
- For Example: Canada has a small representation for most individual sectors so when you buy for "diversification" it could still be heavily weighted to a small number of companies. XIT.TO (iShares SP TSX Capped Info Tech): Constellation Software, CGI Inc. and Shopify make up nearly 75% of the ETF
- There are equal weight ETFs such as ZEB.TO (Equal weight among Canada's 6 largest banks)
- **PAY ATTENTION TO THE FEES:** Check the MER/Management fee
 - Fees range from close to 0% to around 1%
 - Passive or Index based fee will be less
 - Active or Specialty fee will be more

There's an ETF For Everything

- Cannabis, Social Media, Commodities, Robotics/AI, FinTech etc.
- Leveraged ETFs: 2x, 3x leveraged as well as inverse leveraged for indices, sectors and commodities
- Factor ETFs: Smart Beta, Rule Based etc.
- Resources:
 - Canadian/US ETFs: Horizon, Vanguard, BlackRock, BMO