

Different types of ETFs

Voiceover

Exchange Traded Funds or ETFs cover a wide range of options giving investors like you exposure to many investments.

You may have heard that ETFs are also a less expensive alternative to mutual funds. And while that is generally true, there are different types of ETFs that provide investors with different solutions.

Passive ETFs simply follow an existing market index with pretty much no change in its makeup. With little to no involvement by a fund manager, this keeps costs really low.

Factor-based ETFs are more advanced and costs a bit more because of a portfolio manager's involvement.

In return, they're specially built around a theme, such as companies with dividends or high-quality stocks.

And finally, there are actively managed ETFs.

In this case, a portfolio manager is constantly looking to re-configure the fund's makeup to take advantage of changing market conditions. While there may be more costs to this type of ETF, it gets more attention from the fund managers.

Are they right for you?

Talk to a financial advisor, do your research and consider ETFs. They can be a smart, simple and innovative way to make the most of your hard-earned money.

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