



## **Exchange Traded Funds**

We believe that asset allocation is the most important factor in overall portfolio performance. Once that is determined, on a client-by-client basis, we use Exchange Traded Funds (ETFs) to reach the proper targets. ETFs enable us to reach allocation targets, diversifying across sectors of the economy and around the globe, without taking individual stock risk.

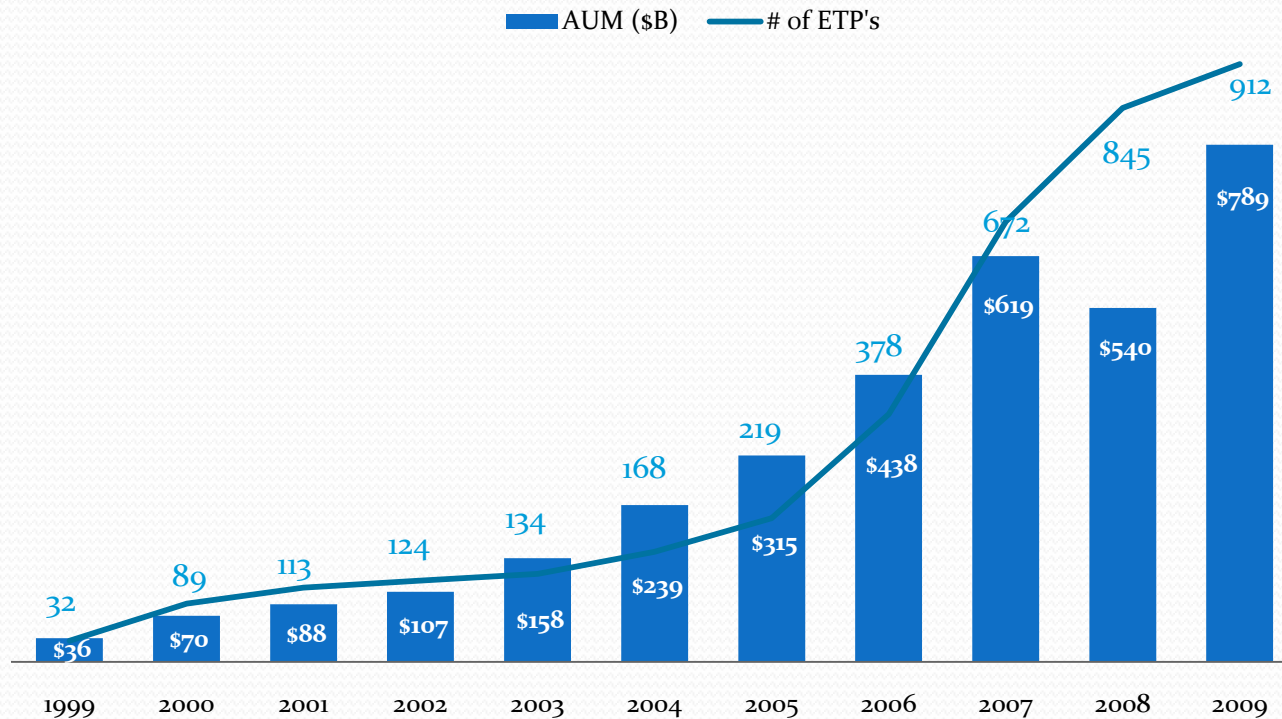
# Exchange Traded Funds, ETFs

- ETFs are 'baskets' of individual stocks
- Owners know exactly what stocks are in each ETF – there is great transparency.
- ETFs allow an investor to quickly and easily obtain a desired sector, market or benchmark (index), by trading just a single security.
- The securities offer intraday liquidity, and continuous, real-time trading and pricing.
- ETFs are available on a wide range of both broad and narrowly focused indices.
- ETFs are listed on the major stock exchanges.
- An ETF investor can go long or sell short an entire portfolio of securities quickly and efficiently.
- ETFs can be tax efficient and are inexpensive.



# Snapshot of the U.S. ETF Market

## Exchange Traded Products



The US listed ETF industry has grown dramatically in the last few years, not only in size (measured in assets under management, AUM) but in number (measured by the number of ETFs in existence).

Source: J.P. Morgan



## **Risks and Considerations**

ETF are not risk free. ETF shareholders are subject to risks similar to those of holders of other stock portfolios. A primary consideration is that the general level of stock prices within the portfolio may decline, affecting the value of each ETF share.

