

ETF Investment Strategies

Before investing, know:

What is your risk tolerance (high, medium, low)?

Before investing, know:

~~What is your risk tolerance (high, medium, low)?~~

**** Irrelevant ****

At our age, the goal is to make money and **avoid losses**

Make decisions based on facts, **not opinions, not emotions**

Some facts are hard to accept

But, if you ignore them, **you can get burned**

Hard Facts That Affect You

Tariffs are **paid by importers** and **passed on to consumers**

If consumers stop buying, **GDP declines, Job losses increase**

Mexico & Canada are **NOT going to pay our tariffs**

Food & Construction prices will go UP

42% of agricultural labor is by **undocumented immigrants**

20% of construction labor is by **undocumented immigrants**

Facts That Affect Your Investments

The **11 biggest single-day stock market declines** have happened under a **Trump administration**

The **Smoot-Hawley Tariff Act** of 1930 **accelerated the Great Depression** by triggering a **global trade war**, where countries retaliated by raising their own tariffs on American goods, leading to a dramatic decrease in international trade.

The Indexes

The **Dow** tracks big, stable blue-chip stocks (**30 companies**)

The **S&P 500** tracks the broad market (**500 companies**)

The **Russell 2000** tracks **2,000** small-cap companies

The **Nasdaq Composite** tracks growth and Tech trends (**3292 companies**)

The **Nasdaq 100** tracks the largest, non-financial growth and Tech companies
Tracks **101 companies**

CBOE Volatility Index (VIX) measures **expectation of volatility** over the next 30 days

What's The Purpose of The Indexes?

The metrics that show how the “Stock Market” is doing

Are Large-Cap companies performing well?

Check the Dow Jones Industrial Average

How are Small-Cap companies doing?

Check the Russel 2000

Check the VIX before buying!

Market Summary > VIX

15.89

-0.13 (0.81%) ↓ today

Feb 12, 3:15 PM CST • Disclaimer

1D | 5D | 1M | 6M | YTD | 1Y | 5Y | Max



Open	15.91	Low	15.64	52-wk high	65.73
High	17.18	Prev close	16.02	52-wk low	10.62

Given \$10,000 which stocks should you buy?

Method

1. Identify companies with **solid balance sheets** and **great cash flow**
2. Identify **sectors** (tech, energy, transports) **that provide great returns**
3. Buy stocks of a **large number of companies** across those sectors
4. Monitor their performance and **rebalance portfolio** as necessary

Q: Do you have the time and expertise to do this?

Many people pick the “Hot stocks” they hear about

A: ETF managers have the experience to do this right

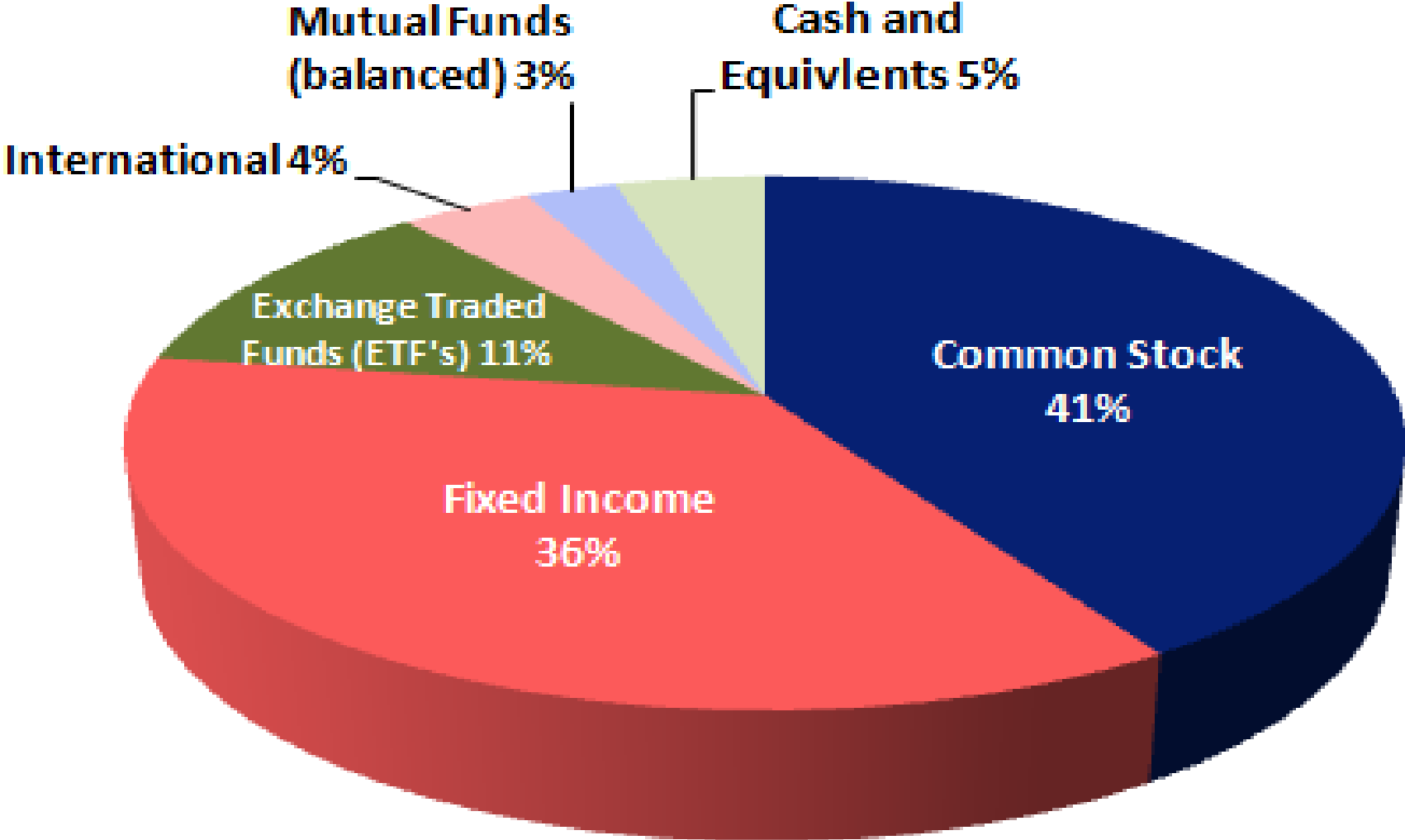
Is this a great portfolio?

<u>Symbol</u>	<u>Quantity</u>	<u>Price</u>	<u>Market Value</u>	<u>Cost Basis</u>
GOOGL	200	\$185.23	\$37,046	\$32,599
AMZN	100	\$228.68	\$22,868	\$19,757.56
NVDA	200	\$138.85	\$27,770	\$18,680
META	200	\$736.67	\$147,334	\$52,454
PLTR	400	\$119.16	\$47,664	\$16,483
MSFT	500	\$408.43	\$204,215	\$57,750
			-----	-----
			\$486,897	\$197,723.56

NO.

A great portfolio has a balanced mix of **individual stocks, ETFs, T-bills, bonds etc.** The goal is to achieve **significant growth** while minimizing **downside risk**.

Sample Balanced Allocation



Why Invest in ETFs?

1. You lack the **funds, time, expertise** to buy the right combination of stocks to achieve your financial goals
2. You want a **tax-efficient vehicle** for your stocks
3. You want someone else to evaluate and **rebalance your portfolio** but you don't want to pay a financial advisor 2%

So...

What is an **ETF**?

How is it different from a **Mutual Fund** or **Index Fund**?

Mutual Fund

Money from investors used to buy a collection of assets

Actively managed by a Fund Manager

Advantages:

Investors can own a variety of assets for little money

Disadvantages:

Must pay the Fund Manager

Must send money to Fund Manager to buy shares

Must send request to Fund Manager to sell shares

Trades are done AFTER the market closes

When shares are sold, value of remaining shares fall

Index Fund

Money from investors used to buy a collection of assets

Passively managed; no Fund Manager needed

Advantages:

Less expensive than a Mutual Fund

Investors can own a variety of assets for little money

The fund mirrors a stock market index

Disadvantages:

May not be traded on an Exchange

May or may not need to send money to buy/sell shares

Exchange Traded Fund (ETF)

Money from investors used to buy a collection of assets

Passively managed; no Fund Manager needed

Advantages:

Investors own a variety of assets for little money

Less expensive than a Mutual Fund

Traded daily on an Exchange (easy to buy/sell shares)

Each fund has a specific financial purpose & goal*

Disadvantages:

*To benefit, you must use the ETF for its intended purpose

Many Different Types of ETFs

Equity

Fixed Income

Commodity

Sector

Factor

Active

Thematic

Dividend

International

Types of Dividend ETFs

Stability

International

Growth/High Growth

Income/High-Income

Inverse (shorts an Index)

High-Growth ETFs are highly concentrated

- VanEck Semiconductor ETF (SMH) **26 companies, 1 sector**
- SPDR NYSE Technology ETF (XNTK) **35 companies, 1 sector**

High-Income ETFs use option strategies that increase risk, stunt growth

- Round Hill Innovation 100 **0 DTE Covered Call Strategy** ETF (QDTE)
- YieldMax MSTR Option Income Strategy ETF (MSTY) **1 company, 1 sector**

Stability

Foundational ETFs

SPDR S&P 500 ETF Trust (SPY)

Yield: 1.21% Expense Ratio (net): 0.09% 1-Yr: 26.86% 3-Yr: 13.04%

Vanguard S&P 500 ETF (VOO)

Yield: 1.24% Expense Ratio (net): 0.03% 1-Yr: 26.99% 3-Yr: 13.10%

Schwab US Dividend Equity ETF (SCHD)

Yield: 3.64% Expense Ratio (net): 0.06% 1-Yr: 14.33% 3-Yr: 6.37%

Invesco QQQ Trust (QQQ)

Yield: 0.56% Expense Ratio (net): 0.20% 1-Yr: 25.12% 3-Yr: 15.22%

Stability

Foundational ETFs

SPDR S&P 500 ETF Trust (SPY)

Yield: 1.21% Expense Ratio (net): 0.09% 1-Yr: 26.86% 3-Yr: 13.04%

Vanguard S&P 500 ETF (VOO)

Yield: 1.24% Expense Ratio (net): 0.03% 1-Yr: 26.99% 3-Yr: 13.10%

Schwab US Dividend Equity ETF (SCHD)

Yield: **3.64%** Expense Ratio (net): **0.06%** 1-Yr: **14.33%** 3-Yr: **6.37%**

Invesco QQQ Trust (QQQ)

Yield: **0.56%** Expense Ratio (net): **0.20%** 1-Yr: **25.12%** 3-Yr: **15.22%**

Would you give up returns to minimize downside risk?

Growth

Invesco NASDAQ 100 ETF (QQQM)

Yield: 0.61% Expense Ratio (net): 0.15% 1-Yr: 25.21% 3-Yr: 15.32% NAV: \$211.71

Vanguard Growth ETF (VUG)

Yield: 0.47% Expense Ratio (net): 0.04% 1-Yr: 32.07% 3-Yr: 15.31% NAV: \$412.93

Vanguard Information Technology ETF (VGT)

Yield: 0.60% Expense Ratio (net): 0.10% 1-Yr: 26.97% 3-Yr: 17.35% NAV: \$606.78

Invesco S&P 500 Momentum ETF (SPMO)

Yield: **0.48%** Expense Ratio (net): **0.13%** 1-Yr: **47.49%** 3-Yr: **21.06%** NAV: **\$98.19**

International Exposure

Freedom 100 Emerging Markets (FRDM)

Yield: 2.39% Expense Ratio (net): 0.49% 1-Yr: 15.48% 3-Yr: 4.85% NAV: \$35.83

Vanguard International Dividend Appreciation ETF (VIGI)

Yield: 1.93% Expense Ratio (net): 0.15% 1-Yr: 7.08% 3-Yr: 3.17% NAV: \$82.19

iShares Eurozone (EZU)

Yield: 2.71% Expense Ratio (net): 0.51% 1-Yr: 14.12% 3-Yr: 7.66% NAV: \$52.51

The returns on International ETFs are **lower** than on U.S. ETFs so **use them sparingly.**

Income

JPMorgan Equity Premium Income ETF (JEPI)

Yield: 7.33% Expense Ratio (net): 0.35% 1-Yr: 14.28% 3-Yr: 8.71% NAV: \$59.29

JPMorgan Nasdaq Equity Premium Income ETF (JEPQ)

Yield: 9.66% Expense Ratio (net): 0.35% 1-Yr: **24.13%** 3-Yr: n/a NAV: **\$56.86**

Amplify CWP Enhanced Dividend Income ETF (DIVO)

Yield: 4.70% Expense Ratio (net): 0.56% 1-Yr: 19.78% 3-Yr: 10.09% NAV: \$42.45

JEPI and **JEPQ** are **covered call ETFs**

They sell covered calls on the S&P 500 Index

No shares are sold, all transactions are settled in cash

Covered Call ETF



Income

Not every Covered Call ETF is a good investment:

Round Hill Innov-100 **ODTE Covered Call** Strategy ETF (QDTE)

Yield: 9.3% Expense Ratio (net): 0.95% 1-Yr: - 3-Yr: - NAV: \$39.49 Inception 3/6/24

NAV Depletion

Roundhill Innovation-100 ODTE Covered Call Strategy ETF (QDTE)

☆ Follow

39.49 **-1.16** **(-2.85%)** **39.78** **+0.29** **+(0.73%)**

At close: 4:00:00 PM EST

After hours: 5:31:01 PM EST

1D 5D 1M 6M YTD 1Y 5Y All



Key Events

▲ Mountain ▾

↗ Advanced Chart



-14.19%



Video

How To Avoid Dividend Traps

Build a Strong, Resilient Portfolio

1. **Diversify.** Invest in a wide array of companies across different sectors.
2. Seek **Stability, Growth, Income**, and exposure to **International markets**
3. Know the purpose and goal of an ETF **before** you invest
4. **Compare holdings of each ETF to minimize overlap (QQQ & VGT).**
Overlap should be < 30%
5. **Avoid Dividend Traps**
6. Check your portfolio's performance and rebalance as necessary
7. Invest in ETFs, but **still own individual stocks, treasuries and bonds**
8. **Don't fall in love with your portfolio, it won't always love you back**

Don't Time The Market

Don't try to time the market

(sell before it goes down, jump back in before it goes up)

Time in-the-market, beats Timing the market

Instead:

Use combinations of ETFs to **beat on the upside** and **cushion downside risk**

ETF Combos That Work

Goldman S. Nasdaq-100 Core Premium Income (GPIQ) +
JPMorgan Nasdaq Equity Premium Income ETF (JEPQ) +
JPMorgan Equity Premium Income ETF (JEPI)

Schwab US Dividend Equity ETF (SCHD) +
JPMorgan Nasdaq Equity Premium Income ETF (JEPQ) +
Invesco S&P 500 Momentum ETF (SPMO)

Capital Group Dividend Value ETF (CGDV) +
JPMorgan Equity Premium Income ETF (JEPI) +
Invesco S&P MidCap Momentum ETF (XMMO)

End.

Now go forth, and make money!