

14-

14 Mutual fund and ETF

14.1 the structure and characteristics of Mutual Funds integrate the capitals from lots of investors, and by managers to invest in many financial products to decrease the risks.

- benefits - you can use that to invest the high-price stocks
- professionals managers may be with more experience.

14.2.1

14.2 types of mutual funds by the exchange-ways after releasing

(khai-hong3 heng5 ki-kim: open-end fund - after releasing, investor can buy and sell it.

NAV=Net Asset Value=jing4 zi1chan3 jia4zhi2

hong1-pit4 heng5 ki1-kim1: after releasing, investors cannot sell & buy with a investing trusts comp. (tau5-sin3 kong1-si1)---she/he has to sell it in a concentrated market/ eg-stock exchangeing

14.2.2 by the object of investing

HIGH

LOW

Risk comparison : der. fin. goods (stock) debt bond) coin market.

1. stock fund - stocks as the origin, more than 70%
2. bond fund - govt., comp, finincl. bonds, & the combination has the lifetime more than 1 yr.
ko1-siu1-ek8 tse7-khoan7-heng5 ki1-kim: credit rate is lower.
3. Money market fund (hoe3-pe7 chhi7-tiunn5 ki-kim)
-a-harber-teper-rily
a tmp. harbor to store the money at a short time.

4/ derived fin. good. fund

14.2.3 by the region of investing

- global) regional) mono-market

RISK LOW--- ===HIGH

14.2.4 by the object of investing

- aggressive growth fund) growth fund) balance fund) income fund
tsik-kik8 sing5-tiong2 sing5-tiong2 ring5-hing5 siu-ik8-hing5
hing5 h/ h.

persuing capital gaining.

stable incme

14.2.5 by the registering place

foreign fund vs domestic fund

I-- may have the loss from the currency (hue3-pe3) changing.
but the risk can be diluted ((di=far; lute=lave=wash)

xi1shi4

14.2.6 by the gathering of money's way

- a) kong1-bok8 (public gathering)
- b) su1-bok8 (private gathering)

14.3 Special mutual funds

14.3.1 tsoo2-hap8-heng5 ki-kim (fund of funds - invest other mutual funds)

14.3.2 suann3-heng5 ki-kim (umbrella fund)

Fund A)
Fund B) -- releasing to the same time to the investors
Fund C) --) investors can change the rate between fund
... A, B, C, &c.

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14.3.3 **Guaranteed fund; po2-pun2-heng5 ki-kim**

It promise that in the worst situation, the investors can get a certain rate of the input money.

14.3.4 **multiple assets fund** bond

- investing objects, incl: stocks, bond, mutual fund, REIT, &c.

14.3.5 **Index fund (tsi2-soo3-hing5 ki-kim)**

- general stock fund: Active (tsu2-tong7) Management Strategy)

- Index fund: passive mangmt. Str.

-)0))) low managing cost, and high $s\frac{1}{2}$ turnover-rate

eg. 0050 : mng. cost: 0.7% (tsiu-tsuan2-lüt)

gen. stock fund: 1.2-1.7%

14.4 **Exchange Trade Fund; ETF**

tsi2-soo3 koo2-phio3-hing5 ki-kim

exchange of similar stock combination ((-)) ETF stock
(of the ETF's objects)

diff. between ETF and index fund

1. exchange method: ETF's price is depends on the market price

2. ETF's management cost rate is lower.

3. ETF's performance is more close to the objects.

14.4.2 **Categorise of ETFs**

Traditional ETF

Domestic ETF

Foreign-ETF- components ETF

Foreign stock price ETF

Connective ETF (lian5-kiat-sik ETF)

Foreign ETF

leverage (kong7-kan2-heng5) & inverse ETF

from. latin "levis" light)

light

Futures (ki5-he3) ETF

Bond ETF

VIX (pho-tong7-lüt) future ETF - catch on the index of VIX future
VIX --)) cf. CH13

leverage and future ETF have risk about changing of the rollover

(n. tsuan2-tshng1)

the bond (tse7-khan7) and its price line are usually INVERSE
to the stock price's) ###"

14.4.3 **The trading practices of ETF**

- transaction unit: usually like a stock

- raise/fall limit: domestic : 10%

- trust trading (sin3-iong7 kau1-ek): ETF is available. to be used in
trust exchanging--- transaction
ijn inth beginng. of the releasing
(tsiunn7-tshi7)

14.5.2 **purchasing methods**

1. signal- once time

2. fixed quantity & fixed period

3. fixed period but movable quantity - ~~is~~ Good situ. -)) add more

Bad situ. -)) add less amount

Duotuo: 1. is better

Kongtuo: 2. & 3. is better

Panzheng: depends on the changing of the market.

14.5.4 **investing expense of mutual funds** *→ next page*

-----ENGLISH ROOM/SEOMRA BEURLA----- ** SEE THE P. **

strategy: tshik-liök: ((from Greek strategos (tsiang-kun)

cf. strategem : tsian3-liök-süt < stratos: army+agein: lead
tsian3-süt

14.5.4 the expenses of investing a mutual fund

1. applying and redeeming cost

*** ENGLISH ROOM/SEOMRA BEURLA***

(1) redeem = re(d) + e-mer

re- Ltn: buy

I-su: siok8-tng2-khi3

Isu

2. managing and storing cost

(2) dividend: congnated to "divide"

14.5.5 the dividends giving method

期限

1. dividend will-give-t- be given to the investors prioda-ically in some ETF.

2. total benefit/profix = the diffeninate bwtween markt price and buying price + dividend

3. some ETF manipulator will input the dividends to reinvesting the ETF

4. the high dividend is not always good - you shold also watch the diff. between the price before and after.

14.5.6 the taxes and health-caring investment supplementing fee

1. domestic fund : capital gaining (tsu1-pun2 li7-tik) is tax-free.
dividend income: income tax

foreign-fund-

2. foreign fund: after-the-lowest- mininum tax system started, from 2010, if ~~na~~- an investor's basic income quota less than 6,700,000- 6,700,000 or foreign incme less than 1,000,000 (both are in NT\$)

the incme from foregn. funds will need no6 to taxed. V (be)