



Exchange Traded Funds

Exercise

There are 5 case studies which show Individuals or Families with different profiles.

Every group will be given a case and they have to suggest ETF products that are suitable for the case they are given.

The group must also explain the suitability of the products suggested.



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Case 1: Diversity

Regina just graduated from Singapore Management University and has been working for 8 months. She is interested in investing in ETFs. She understands that one feature of ETFs is that it enables diversification in a single transaction with minimum investment. As this is her first time investing, she is rather risk-averse and would like to purchase an ETF with a well-diversified underlying index.



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Case 2: Capital Gains

Morgan recently met up with his good buddy Alan who works at a brokerage firm. Alan told Morgan that some clients of his recently made a lot of money by selling their ETFs that were purchased some time ago. Having heard this, Morgan also became interested in investing his spare cash to gain returns from long-term holdings. Alan advised Morgan that he could start by analyzing the 3-year performance of the ETFs.

Search can be conducted using [Phillip ETF Screener](#), compare on: Performance – Long Term, 3 years descending on Annualized Returns



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Case 3: Fixed Income

Horace has been married for 6 years and he has a daughter aged 4 years old. When he purchased his flat 5 years ago, he took out a housing loan, repayable in 30 years. He recently decided to start investing in ETFs to supplement his income. He prefers to invest in ETFs that have stable underlying indices, such as those which offer a stream of income so that he can hedge against his housing loan.



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Case 4: Commodities

Lincoln works in a commodities trading firm and has a deep understanding of how commodities indices work. His wife has been urging him to start investing a portion of their savings so as to supplement their retirement funds. Lincoln therefore opened a CDP account as well as an online trading account with Saxo Capital. He would like to purchase ETFs that are linked to commodities as he feels most confident investing in them.



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Case 5: Emerging Markets

Francois, an expatriate from France, works in the investment bank arm of Deutsche Bank. He has various investments in stocks, bonds and warrants and would like to diversify his portfolio to include ETFs. He is rather interested in investing in emerging markets as he sees good growth potential in such markets. As he is experienced in investing, he knows that such investments are usually more volatile but is willing to take the risk.