



# YOUNG INVESTORS

*BECOMING AN...*

## Informed Investor

Today's Topic:  
**Passive or Active Management**

### PASSIVE OR ACTIVE MANAGEMENT

When you begin the investment process, one of the first decisions you must make is whether to invest actively or passively.

A passive investment approach involves investing in a market "index" fund that is designed to track the return of the overall market. The most common market index is the Standard & Poor's 500 Index, which represents stocks of the largest 500 companies that trade in the market. In a



passive approach, you purchase an investment that tracks this index and make no attempt to distinguish between good and bad investments.

Unlike a passive approach, in an active investment approach you are attempting to select

companies that you believe will do better than the average. This selection is usually based on a wide variety of factors, including the company's financial statements and earnings outlook.



Let's explain this further, with the following analogy. As part of a 3-point basketball competition, you are given two choices. Your first option is to sit out and take the average score of all of the other players without taking a single shot. If you do, you are a "passive" player and basically accept the average with no additional risk or reward. However, if you think you are a good 3-point shooter and can do better than the average, you can choose to become an "active" player. Your ability to make good shots (or pick good investments) will determine how well you do.

There are both positives and negatives to each approach and these should be weighed carefully before you decide how to invest your money.

**CONGRATULATIONS! JOEY FROM SCHWENKSVILLE, PENNSYLVANIA  
LAST QUARTER'S "RUN WITH THE BULLS" CONTEST WINNER - \$100 TARGET GIFT CARD**

## THINGS TO KNOW

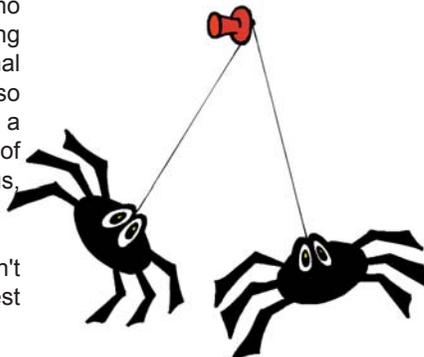
We talked about the differences between active and passive management. One of the most popular passive investments are ETFs. ETF stands for "Exchange-Traded Fund". These investments are designed to track the returns of the general market, or a specific sector, and are traded on an exchange just like a company's stock.



The most popular ETFs are known as the Spiders. This ETF, traded under the symbol SPY, is designed to track the S&P 500 Index.

The advantages of investing in ETFs include no individual stock trading costs, no market timing decisions to match the market return and minimal management/administrative fees. ETFs are also very liquid, meaning you can get in or out of a position with one trade, whereas with a portfolio of stocks, you may have to sell multiple holdings, which increases trading costs.

There are many different types of ETFs, so don't forget to do your homework on which one is best for you.



**WIN \$100 Gift Card from Target**

*Run With The Bulls*

**STOCK MARKET CONTEST**

**START DATE 11/16/09**

TO PLAY,

- Visit [Younginvestorfund.com](http://Younginvestorfund.com)
- Click On Game Center Link
- Click Run With The Bulls Icon
- Register & Pick Your Stocks!



**Win Prizes**

# Laughing Studio



Where do ghosts mail their letters?

At the ghost office

Where do vampires keep their money?

At the Blood Bank

Why didn't the turkey eat dessert"?

Because he was already stuffed

What is a ghost's favorite article of clothing?

Boo-jeans

What is a ghost's favorite dessert?

Ice Scream

Ha

Ha

Ha

Ha



• The company opened its "virtual doors" in July 1995 as an on-line bookstore...it didn't start selling electronics and toys until 1999.



• The first item sold by Amazon.com was a book by Douglas Hofstadler about artificial intelligence (Fluid Concepts and Creative Analogies).

• Did you know that it's estimated that there were over 615 million visitors to Amazon.com in 2008...that's approximately 10% of the world's population! AMAZING!!

• Amazon.com sells directly over 25,000 Toys & Games, including 4,000 action figures and dolls.



• In 2008, Amazon.com spent \$1.5 billion in outbound shipping costs, to ship the products it sold...that's enough money to send over 3 billion letters!

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# GAME STUDIO



## OBJECTIVE:

Try to fill in the missing numbers.

The missing numbers are integers between 1 and 20. The numbers in each row add up to totals to the right. The numbers in each column add up to the totals along the bottom. The diagonal lines also add up the totals to the right.

## WIN A PUZZLE!

							66
10			18	8		8	98
20	13	3	20	6		14	95
5	6	11	17	7		14	73
3	18	12				9	78
19	6	6	13	5		9	71
	8	18	15	17	14	16	97
14	13	1	5	11	16	4	64
80	79	70	92	71	110	74	61

Name \_\_\_\_\_  
 Address \_\_\_\_\_  
 City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_  
 Phone \_\_\_\_\_  
 E-mail \_\_\_\_\_  
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