



Financial Literacy with Mr. 401(k)  
Winter Term 2024 - 2025  
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Getting Started with  
Investing

# **Class 26: Investment Fund Basics**





**Capital belonging to several investors, used to collectively buy investments, like stocks and bonds, while each investor retains ownership of their own shares.**

# **Investment Funds**



# Several Types of Investment Funds – Our Focus is On...



## Exchange Traded Funds (ETFs)

An ETF is like a shopping basket of investments



## Mutual Funds

A mutual fund is like a jar of professionally managed money

# How to Think About ETFs

An ETF is like a shopping basket that holds a little bit of different things you can invest in (ex. stocks, bonds, gold, real estate, bitcoin, etc.) You can buy or sell pieces of this basket in the stock market, just like you would buy a single company's stock.





# How to Think About Mutual Funds

Think of a mutual fund as a giant jar where several investors put their money. A fund manager invests the money in the jar. The jar's value changes based on how well the investments inside it perform. Investors may redeem their share of the jar for cash.







Why might  
people choose  
investment funds  
over individual  
stocks, bonds,  
real estate  
parcels, or cash?



# Principal Mutual Fund and ETF Benefits



## Affordability

Low minimum investment requirements make funds accessible to most investors.

Operating expenses are spread across many investors, reducing costs.



## Convenience

Automatic investment options allow for hassle-free investing over time.

Dollar-cost averaging helps reduce the impact of market fluctuations.



## Diversification

A broad mix of stocks, bonds, and other assets reduces the risk of major losses.

Investing in a fund spreads money across multiple companies or asset classes.



## Stewardship

Experienced fund managers research and select investments on behalf of investors.

Professional oversight helps ensure prudent decision-making and risk management.



## Transparent

Fund holdings and costs are publicly available, making it easy to track investments.

Investors can see exactly how their money is being managed.

# Largest 6 ETFs

Source: Charles Schwab & Co., Inc. 02/26/2025

Symbol	Description	Fund Category	Morningstar Category	Total Assets (\$)	Net Expense Ratio (%)	NAV Return (YTD)
VTI	Vanguard Total Stock Market Index Fund ETF Shares	US Equity	Large Blend	1.8 T	0.03%	3.10%
VOO	Vanguard S&P 500 ETF	US Equity	Large Blend	1.4 T	0.03%	2.78%
SPY	SPDR® S&P 500 ETF Trust	US Equity	Large Blend	627.7 B	0.09%	2.78%
IVV	iShares Core S&P 500 ETF	US Equity	Large Blend	600.1 B	0.03%	2.78%
VXUS	Vanguard Total International Stock Index Fund ETF Shares	International Equity	Foreign Large Blend	445.3 B	0.05%	3.34%
BND	Vanguard Total Bond Market Index Fund ETF Shares	Taxable Bond	Intermediate Core Bond	344.9 B	0.03%	0.57%



# Largest 6 Mutual Funds

Source: Charles Schwab & Co., Inc. 02/26/2025

Symbol	Description	Fund Category	Morningstar Category	Fund Assets (\$)	Net Expense Ratio (%)	Total Return (YTD)
VTSEX	Vanguard Total Stock Market Index Fund Admiral Shares	US Equity	Large Blend	1.8T	0.04%	3.09%
VFFSX	Vanguard 500 Index Institutional Select Shares	US Equity	Large Blend	1.4T	0.01%	2.78%
VFIAX	Vanguard 500 Index Fund Admiral Shares	US Equity	Large Blend	1.4T	0.04%	2.78%
FXAIX	Fidelity 500 Index Fund	US Equity	Large Blend	638.8B	0.02%	2.78%
VTIAX	Vanguard Total International Stock Index Fund Admiral Shares	International Equity	Foreign Large Blend	445.3B	0.09%	3.34%
VBTLX	Vanguard Total Bond Market Index Fund Admiral Shares	Taxable Bond	Intermediate Core Bond	344.9B	0.04%	0.64%



# Three Key Takeaways

- Investment funds help people invest their money in an easy, affordable, and smart way. They spread money across different investments to reduce risk.
- ETFs are like shopping baskets filled with different investments—stocks, bonds, and even things like gold. You can buy or sell pieces of this basket on the stock market.
- Mutual funds are like giant jars where many people put their money. A professional fund manager decides what to invest in, and the jar's value grows or shrinks based on how those investments perform.





# Where to Learn More

- [Investopedia Stock Market Simulator](#) by Investopedia
- [The Intelligent Investor: The Definitive Book on Value Investing](#) by Benjamin Graham
- [Ultimate Investment Guide and Stock Market for Teens: Money Management, Maker, Saving, Budgeting, and Investing Skills for Financial Teenager's Freedom](#) by Samantha Parker



A collaborative workspace where several people are working on a business plan project. The scene is a top-down view of a wooden table covered with various documents, colorful sticky notes (pink, green, yellow), and a circular diagram with segments labeled 01 through 08. Hands are visible, interacting with the documents and sticky notes. In the background, there are office supplies like a white mug, a black desk lamp, and a printer. The overall atmosphere is one of active collaboration and planning.

# Business Plan Project



# Business Idea & Business Plan Project within Money Mavericks Groups



## **Develop Business Idea**

What problem does your business solve? Who are the business's target customers? **[Completed]**



## **Write Business Plans**

How does the business earn money? What are the ongoing costs? How will it differentiate?



## **Present Your Business Plans**

Each Money Mavericks Group gives a 10-minute presentation of their business plan to class



# Money Mavericks

**Objective:** First, give your business a name – you can always change it later as your business plan develops. A good business plan demonstrates how a business idea will be a developed into successful company. Here are some questions to help you get started...





# Practical Application

## 1. Business Identity

- What is your business name?
- Design a logo for your business. *(Optional but encouraged!)*
- What is your business's mission? *(What problem does it solve? Why does it exist?)*
- What is your business's vision? *(Where do you see your business in the future?)*

## 2. Products & Services

- What products and/or services does your business offer?
- What makes your product or service valuable to customers? *(What problem does it solve or what needs or wants does it fulfill?)*

## 2. Products & Services (continued)

- How does your business earn money? *(Sales, subscriptions, services, etc.)*
- How much will you charge for your products or services? How did you decide on these prices?
- How many products or services do you need to sell to cover your costs? *(Break-even point)*

## 3. Target Market & Customers

- Who are your business's target customers? *(Age, interests, location, etc.)*
- Where will customers find your business? *(Online, in a store, at events, etc.)*



# Practical Application

## 4. Costs & Expenses

- What are the costs to start your business? (*Supplies, materials, website, etc.*)
- Where will your business's startup costs come from? (*Savings, investors, fundraising, etc.*)
- What are your business's ongoing expenses? (*Rent, supplies, marketing, employee wages, etc.*)

## 5. Competition & Differentiation

- Who are your main competitor(s)?
- What makes your business different from the competition?
- Why would customers choose your business over a competitor?

## 6. Marketing & Customer Engagement

- How will your business promote its products and/or services? (*Social media, flyers, ads, word of mouth, etc.*)
- How will you attract new customers and keep them coming back? (*Special deals, loyalty programs, great customer service, etc.*)

## 7. Team & Responsibilities

- Who are the members of your business team?
- What roles and responsibilities will each team member have? (*Who is in charge of marketing, finances, operations, etc.?*)



# Practical Application

A large, dark silhouette of a human head in profile, facing left, serves as a background. Inside the head's outline, three interlocking puzzle pieces are visible. The pieces are a golden-brown color with a textured, slightly grainy surface. They are arranged in a triangular pattern, with one piece at the top and two below it, slightly offset.

## 8. Challenges & Risks

- What are some possible challenges your business might face? (*Competition, cost overruns, customer interest, etc.*)
- How will your business overcome these challenges? (*Backup plans, strategies, adjustments, etc.*)

## 9. Business Pitch

- Write a short “elevator pitch” that describes your business to potential customers. (*This should be a persuasive and engaging summary.*)



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Empowering Young Minds to  
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