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Mutual Funds Or ETFs? Exchange-Traded Funds Offer More Diversification At A Lower Cost. Do Mutual Funds Still Belong In Your Portfolio?

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For Years the critics have piled on mutual funds -- complaining about exorbitant management fees that chip away at returns; about holdings that are flipped too often, or not enough; and about restrictive mandates that make it all but impossible for managers to avoid market disasters like the one investors have just lived through.

These days, investors can't say the words "mutual funds" without a snarl. And with the ability of exchange-traded funds (ETFs) to mimic the best attributes of mutual funds at much lower costs, the question naturally comes to mind: Does anyone really need to buy mutual funds?

"If you are one of those people who just buys and holds and forgets about it, there is absolutely no benefit in owning mutual funds," says Frank Wiginton, a fee-based financial planner with TriDelta Financial Partners. "You might as well be in ETFs."

His advice? Mutual fund diversification and professional money management are fine for beginning investors with less than \$60,000 of assets. "From \$60,000 to maybe \$200,000 you start building your own portfolio, and ETFs are beautiful for that."

And for those with more? Think stocks and bonds. "Unless you are a real do-it-yourselfer," he says, "you should be approaching teams of brokers who can give services above and beyond just your financial management." Mutual funds is a featured topic this month on the Financial Post network. Find more tips and tools relating to this subject at financialpost.com/money

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