



CHICAGO PARTNERS | WEALTH
ADVISORS

Young Investors Series

Investing in Your Future

Guide to Investment Vehicles





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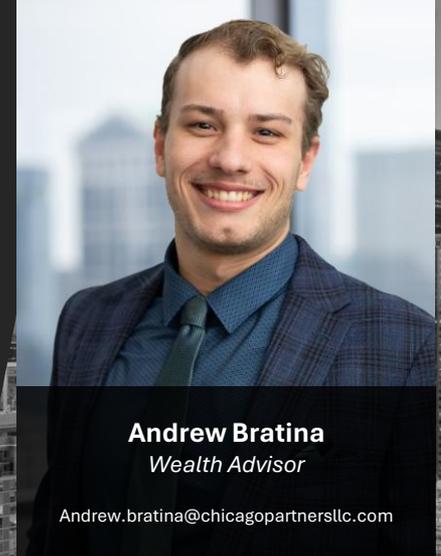
Meet the Team

Today's Speakers:



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What is Chicago Partners?



Andrew Bratina
Wealth Advisor

A **Registered Investment Advisor (RIA)**
headquartered in downtown Chicago

Also known as a “**private wealth manager**” for high-net-worth individuals and families

A **fiduciary** advisor, or an advisor always acting in the best interest of the client

Builds financial plans, makes investment recommendations, and provides account oversight

Works with over 2,700 clients and \$7.5 billion in assets under management



Today's Agenda



Andrew Bratina
Wealth Advisor

Part I

Types of Investment Vehicles

Part II

Ways to Access Investment Vehicles

Part III

Investment Vehicle Selection



Part I

Types of Investment Vehicles

Equities, Fixed Income, and Alternative Investments



Tim Pennino, CFA
Senior Wealth Advisor





Definition

Investment Vehicles

Investment vehicles are the **tools or products you use to invest** your money in order to grow your wealth, earn income, or protect its value over time.

Different types include...

- Equities
- Fixed Income
- Alternative Investments

Investment vehicles determine how your money is invested, how risky it is, and how easily you can access it.



Tim Pennino, CFA
Senior Wealth Advisor



Types of Investment Vehicles

Equities



Tim Pennino, CFA
Senior Wealth Advisor

Equities represent ownership in a company. When you buy a stock, you own a small piece of that business.

How They Accumulate Wealth

- Price growth (the stock goes up in value)
- Dividends (some companies share profits)

Benefits

- Can help protect against inflation
- Easy to buy and sell
- Widely accessible through apps and platforms

Risks

- Volatility in prices
- Company or market downturns can reduce value quickly



Types of Investment Vehicles

Fixed Income



Tim Pennino, CFA
Senior Wealth Advisor

Fixed income investments represent loans to governments or companies that pay regular interest and return principal at maturity.

How They Accumulate Wealth

- Interest payments
- Return of principal at maturity

Benefits

- More stable and predictable returns
- Lower risk than equities
- Helps balance portfolio volatility

Risks

- Lower long-term growth potential
- Interest rate and inflation risk



Types of Investment Vehicles

Alternative Investments



Tim Pennino, CFA
Senior Wealth Advisor

Alternative investments are assets outside traditional stocks and bonds. They usually require qualifying investor status levels.

How They Accumulate Wealth

- Price appreciation
- Income (depending on the asset)

Benefits

- Diversification beyond equities and fixed income
- Potential for higher returns
- Can behave differently from stock markets
- Can optimize tax strategy

Risks

- Higher risk and complexity
- Less liquidity (harder to sell quickly)
- Valuations can be less transparent



Types of Investment Vehicles

Comparison

	Equities	Fixed Income	Alternatives
Risk	Medium-High	Low-Medium	Medium-High
Growth Potential	High	Low-Medium	Medium-High
Liquidity	High	Medium-High	Low-Medium
Typical Horizon	Long-term (5+ yrs)	Short-Medium (1-5 yrs)	Medium-Long (3+ yrs)



Tim Pennino, CFA
Senior Wealth Advisor



Part II

Accessing Investment Vehicles

ETFs, Mutual Funds, and Index Funds



Andrew Bratina
Wealth Advisor





Accessing Investment Vehicles

ETFs (Exchange-Traded Fund)



Andrew Bratina
Wealth Advisor

A basket of investments (stocks, bonds, etc.) that trade on an exchange like a stock, are priced and tradable throughout the day, and are typically low cost and tax-efficient.

Investor's choose ETFs for...

- **Intraday trading** – Buy and sell anytime markets are open
- **Lower costs** – Often cheaper than active mutual funds
- **Diversification** – Instant exposure to many securities
- **Tax efficiency** – Structure can reduce capital gains distributions
- **Transparency** – Holdings usually disclosed daily
- **Flexibility** – Easy to use for tactical or long-term strategies

Common ETFs include...

- **Broad Market ETFs:** SPY/VOO – Owns the 500 biggest U.S companies
- **International ETFs:** VWO – International ETFs (outside the U.S.)
- **Bond ETFs:** AGG/BND – More conservative



Mutual Funds



Andrew Bratina
Wealth Advisor

An investment managed by a professional, that is bought and sold directly from the fund company. They are priced once per day (end-of-day NAV) and can be actively or passively managed.

Investor's choose mutual funds for...

- **Professional management** – Fund managers actively monitor investments
- **Simple buying and selling** – Easy to access
- **Long-term investing** – Designed to stay invested for the long haul
- **Easy integration with retirement accounts** – Commonly available in 401(k)s and IRAs

Trade-offs to know...

- **Limited Trading** – Trades only once per day
- **Expensive Fees** – Can have higher fees than ETF's
- **Tax Drag** – May distribute taxable gains
- **Less Flexibility** – Not as suitable for short-term moves



Index Funds



Andrew Bratina
Wealth Advisor

A type of investment that tracks a specific market index. It can be structured as a mutual fund or ETF, but always follows a rules-based, passive strategy.

Investors choose index funds for...

- **Low cost** – Fees are usually very low
- **Broad diversification** – Spreads risk across many securities
- **Simple** – Follows the market without needing active management
- **Transparent** – Holdings are easy to see

Trade-offs to know...

- **Follows the market** – It won't beat the index
- **Limited flexibility** – Cannot react to market trends actively

Common index funds include...

- **Broad Market Index Funds:** S&P 500 Index Fund
- **International Index Funds:** Emerging Markets Index Fund
- **Bond Index Funds:** Total Bond Market Index Fund



Accessing Investment Vehicles

Side-by-Side Comparison



Andrew Bratina
Wealth Advisor

	Mutual Funds	ETFs	Index Funds
What it is?	Professionally managed pooled investment	Basket of investments that trades like a stock	Fund designed to track a market index
How is it bought/sold?	Through the fund company	On an exchange during market hours	Depends on structure (mutual fund or ETF)
Pricing	Once per day (end-of-day NAV)	Changes throughout the trading day	Same as structure used
Management style	Often actively managed	Can be active or passive	Always passive
Cost	Typically higher fees	Typically lower fees	Usually low cost
Trading flexibility	Low	High	Depends on structure
Tax efficiency	Less tax-efficient	More tax-efficient	Generally tax-efficient
Transparency	Periodic holdings disclosure	Usually daily holdings disclosure	Same as structure used
Best for	Long-term, hands-off investors	Flexible, cost-conscious investors	Broad, long-term market exposure



Part III

Investment Vehicle Selection

Risk Tolerance, Market Cycle Behaviors, and Diversifying Your Portfolio



Tim Pennino, CFA
Senior Wealth Advisor





Investment Vehicle Selection

Considerations to Take



Tim Pennino, CFA
Senior Wealth Advisor



Your Investment Goals

- Are you investing for long-term growth (e.g., retirement, wealth-building)?
- Or are you aiming for income (e.g., regular dividends, bond interest)?
- Short-term savings goals may require more stable vehicles like fixed income.



Risk Tolerance

- How comfortable are you with market volatility?
- If you can handle big swings (like in stocks or crypto), consider equities or alternatives.
- If you prefer stability, fixed income may be a better choice.



Investment Vehicle Selection

Considerations to Take



Tim Pennino, CFA
Senior Wealth Advisor



Time Horizon

- Long-term (10+ years): Equities (stocks), real estate, or long-term bonds are ideal for capital growth.
- Short- to medium-term (1–5 years): Fixed income or low-risk ETFs to preserve capital and provide steady income.



Liquidity Needs

- Do you need quick access to your money, or can you lock it away?
- Equities and ETFs are liquid, while real estate or private equity may take time to sell.
- Bonds can be more accessible but may come with penalties if sold early.



Investment Vehicle Selection

Considerations to Take



Tim Pennino, CFA
Senior Wealth Advisor



Diversification & Portfolio Balance

- Diversifying across different vehicles helps spread risk.
- If you're already invested in stocks, adding fixed income or alternatives can balance volatility.



Costs and Fees

- Pay attention to fees associated with each vehicle: ETFs and index funds tend to have lower fees than actively managed funds or mutual funds.
- Trading costs and expense ratios can eat into returns over time.



Tax Considerations

- Dividends and capital gains may be taxed differently, so choose with taxes in mind depending on your location.



Investment Vehicle Selection

Market Cycle Behaviors

	Equities	Fixed Income	Alternatives
Tends to do well	Bull markets → growth	Stable in downturns, provides income	Can diversify & reduce portfolio swings
Tends to struggle	Bear markets → volatility, potential losses	Returns may lag during strong bull markets	Some are illiquid or tied to economic cycles (real estate, commodities)



Tim Pennino, CFA
Senior Wealth Advisor

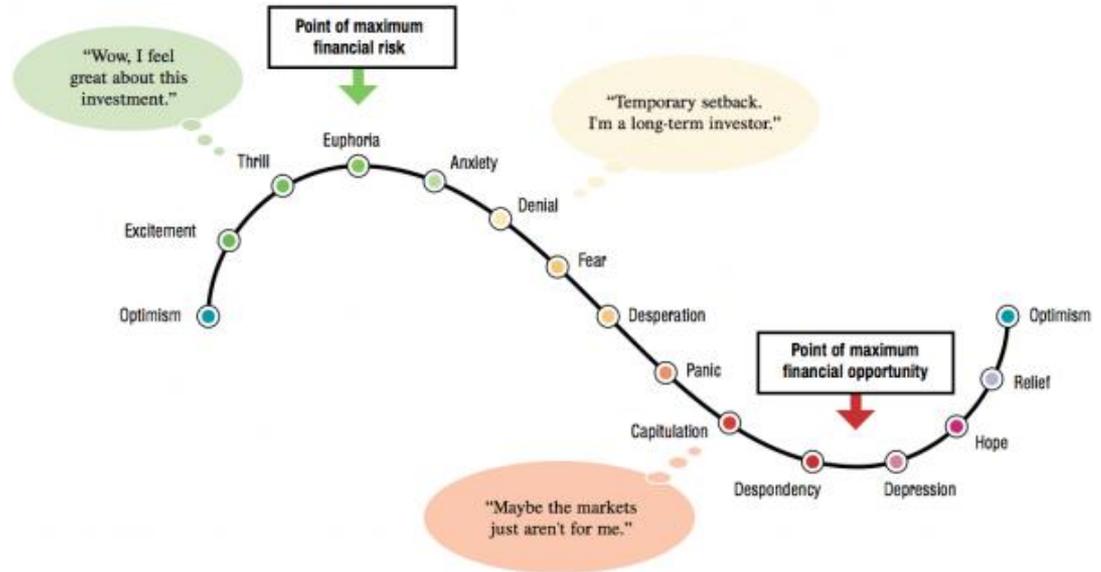


The Impact of Emotions in Investing

Investor Psychology



Andrew Bratina
Wealth Advisor





Building Credit

Investing Guidelines



Andrew Bratina
Wealth Advisor



Investing just a small amount regularly can grow significantly over time due to compound interest.



Diversify - Use a mix of equities, fixed income, and alternatives to balance risk and reward.



Match investments to your goals & risk tolerance.



Stay patient through market cycles and stick to your long-term plan.



Actionable Steps



Andrew Bratina
Wealth Advisor

Identify your time horizon and liquidity needs.

Determine your risk tolerance and evaluate your goals.

Determine an asset allocation that aligns with your identified risk tolerance and goals.

Set up automatic contributions to your investment accounts.



Submit Your Ideas For Future Topics



Tim Pennino, CFA
Senior Wealth Advisor

**We would love to hear from
you!**

You can navigate to the web address
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have for future Young Investor
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Q&A

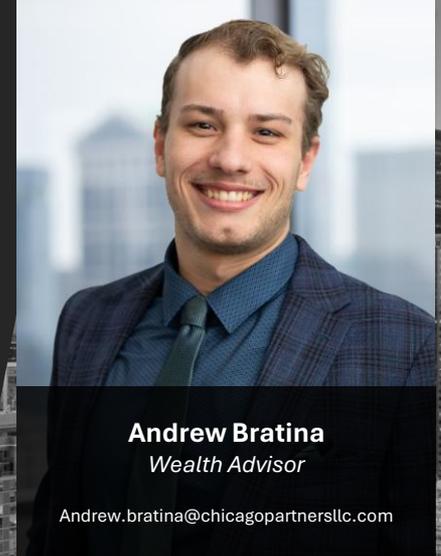
Thanks for attending!

Stay tuned for our next installment!



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Additional Sources

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