

Nils Larsen Manager Explains Why Exchange Traded Funds Are Great For New Investors

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LOS ANGELES, CA, UNITED STATES, May 10, 2021 /EINPresswire.com/ -- New to investing and not sure how to get started? Financial [manager Nils Larsen is](#) going to offer some vital insights.

If you're new to financial markets, you may find the prospect of investing quite intimidating. Where there is a potential for reward, there are also risks. So while you might make money, you might also lose money. Nils Larsen, a renowned financial manager, believes that starting with Exchange Traded Funds (or ETFs) is a smart first step for many investors.

"Fact is, a lot of professional investors and financial managers struggle to beat markets," Nils Larsen says, "if the S&P 500 gains say 15 percent in a year, a lot of professional investors will struggle to beat that. Many will earn less, say 10 or 12 percent."

By investing in Exchange Traded Funds, your performance will be pegged to the performance of stock indices. So if the NASDAQ gains 20 percent, you'll gain roughly 20 percent. We say roughly because you'll also have to pay some fees, but with the right ETFs, fees are quite reasonable.

Exchange Traded Funds also offer a great way to minimize risks while still enjoying strong profit potential. Throughout history, American stock indices have crashed but eventually recovered. Historically, if you held onto your stakes in ETFs you would have eventually made money.

Further, ETFs can help mitigate risks.

"If you speak with a financial expert or manager, they'll often stress the importance of diversification," [Nils Larsen notes](#). "With an ETF, you're diversified because your investment is tied to the performance of hundreds of stocks, not just one."

Some day financial markets might collapse completely. Still, most financial advisors think that this is unlikely, especially in the near future. If the economy enters into a recession, you may suffer temporary losses with ETFs, but you'll likely recover. Companies, however, go bankrupt all the time and their stocks often become worthless.

Exchange Traded Funds also typically offer low management fees. Indeed, the average ETF

carries an expense ratio of just .44%, which means you'll pay out about \$4.40 in costs for every \$1,000 you invest. Expense ratios for mutual funds and other assets, on the other hand, can exceed 1 or even 2 percent.

"ETFs are easy to manage, offer affordable fees, and still provide great earning potential," Nils Larsen says. "As a financial manager, I often recommend these funds to my clients."

Financial [Manager Nils Larsen Talks](#) About Brushing Up On Your Investment Knowledge

Of course, many people want to be proactive with managing their wealth and would prefer not to park all of their money in an exchange-traded fund. Fortunately, you can increase your knowledge of financial markets and investment opportunities.

"It's smart to talk with professional investors, like financial managers and wealth advisors," Nils Larsen says, "but you should also increase your own knowledge. Financial news sites like the Wall Street Journal, investment-specific education sites, and even classes at your local community college can all provide a wealth of knowledge."

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