

THE ULTIMATE INDEX FUND

Cheatsheet

How to build wealth
passively with the
best low-cost index
funds & ETFs



A Note From Rose



First off, congrats on taking this first step towards investing and creating financial freedom! Index funds are my FAVORITE way to build wealth, and I'm so excited for you to get your money working for YOU.

Imagine waking up to a nice, fat dividend deposit in your account, PLUS +\$500 of market gains... money you made in your sleep! All of that is possible when you harness the power of index funds.

Now I'm sure you're eager to make your first investment and start putting your money to work, but you're probably wondering *how* to actually do it. Investing can feel very daunting at first!

If that's you, no worries because I've got you covered!

This cheatsheet demystifies the process and helps you buy your first index fund in 3 easy steps:



Step 1: Pick your brokerage and open an account



Step 2: Pick which index funds to invest in



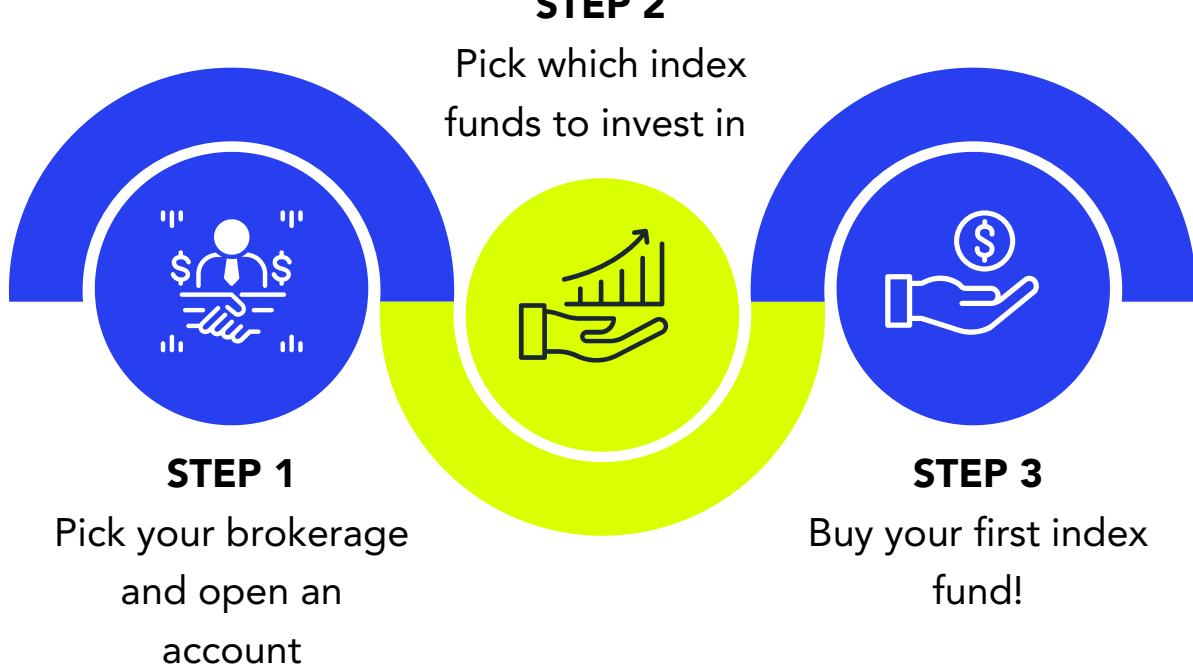
Step 3: Buy your first index fund!

So grab a cup of coffee, find a comfy spot with your laptop, and let's get down to it ☕

To freedom,

Rose

3 Steps to Buying Your First Index Fund



We'll go over each of these 3 steps in the next few pages of this Cheatsheet!



STEP 01

PICK YOUR BROKERAGE AND OPEN AN ACCOUNT

First things first, you'll need to open your investment account! I STRONGLY recommend Vanguard or Fidelity, which offer the best low-cost index funds. Although you can technically buy Vanguard and Fidelity funds at any brokerage, other brokerages might charge you expensive transaction fees that can be entirely avoided. That's why I recommend opening your account at either Vanguard or Fidelity.

In terms of usability, reputation, and customer support, Vanguard and Fidelity are unmatched. They also offer many of the same types of index funds and features, so you truly can't go wrong with either.

However, there are a few minor differences, so on the next page I have a chart to help you compare:

	 Vanguard®	 Fidelity Investments
<u>Account Minimum</u>	\$0, however many of Vanguard's mutual funds have a \$3,000 investment minimum	\$0, all Fidelity mutual funds have a \$0 investment minimum
<u>Fees</u>	\$20 annual account service fee, waived if you sign up for statement e-delivery	None
<u>Fund Selection</u>	Over 3,400 no-transaction-fee mutual funds	Over 3,300 no-transaction-fee mutual funds
<u>Cash Management</u>	No banking services	Offers full-service banking: Checking account with debit card and billpay, Credit card with 2% cashback rewards
<u>Accounts Offered</u>	Full range of brokerage and retirement accounts	Full range of brokerage and retirement accounts, PLUS a Health Savings Account (HSA) which Vanguard doesn't offer
<u>Products Offers</u>	Full range of investments (stocks, bonds, mutual funds, ETFs, options, etc)	Full range of investments (stocks, bonds, mutual funds, ETFs, options, etc), PLUS crypto investing which Vanguard doesn't offer

As you can see, Vanguard is very much focused on index fund investing, whereas Fidelity offers a robust range of products and services.

If you're a beginner investor starting out with less than \$5,000, I recommend Fidelity so that you do not feel restricted by Vanguard funds' \$3,000 investment minimums.

Not only this, but Fidelity's extra features make it a nice one-stop-shop place for all your financial needs, whether it's index fund investing, banking, credit cards, and yes... even crypto.

Personally, I've been with Fidelity for over a decade now and love it!

STEP 02

PICK WHICH INDEX FUNDS TO INVEST IN

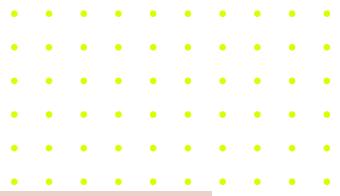
Below is a comprehensive list of the BEST low-cost index funds you'll ever find ANYWHERE.

In case you didn't know, there are two index fund styles, Mutual Funds and ETFs. They're basically the same thing, except:

- Mutual Funds can be bought & sold once a day at the end of the day (or at "market close"), whereas ETFs can be bought & sold any time during market hours.
- Mutual Fund investments can be automated (e.g. you can invest a set amount each month automatically), but ETF investments can't. This is a huge differentiator if you are a set it and forget it type of investor!
- ETFs are slightly better than Mutual Funds from a tax perspective, although the difference is negligible.

To give you more options, I've included both in this list!

U.S. Stocks



Stocks are always categorized as either “small-cap”, “mid-cap”, or “large-cap”. This refers to the size (market capitalization) of the company. Small-cap companies tend to have higher growth than large-cap companies, but of course the tradeoff is that they are less stable.

In the U.S., most people talk about investing only in the S&P 500, which is purely made up of large-cap companies. However, you can also invest in small-cap and mid-cap companies. Unless you have a specific preference, I recommend going for maximum diversification by investing only in “total market” funds, which include companies of all sizes!

Name	Ticker Symbol	Description	Fund Style	Investment Minimum	Expense Ratio
<u>Fidelity 500 Index Fund</u>	FXAIX	Invests in the 500 largest U.S. stocks	Mutual Fund	\$0	0.015%
<u>Vanguard S&P 500 ETF</u>	VOO	Invests in the 500 largest U.S. stocks	ETF	\$0	0.03%
<u>Fidelity Total Market Index Fund</u>	FSKAX	Invests in the 4,000 largest U.S. stocks	Mutual Fund	\$0	0.015%
<u>Vanguard Total Stock Market Index Fund</u>	VTSAX	Provides exposure to US small-, mid-, and large-cap growth and value stocks	Mutual Fund	\$3,000	0.04%
<u>Vanguard Total Stock Market ETF</u>	VTI	Provides exposure to US small-, mid-, and large-cap growth and value stocks	ETF	\$0	0.03%

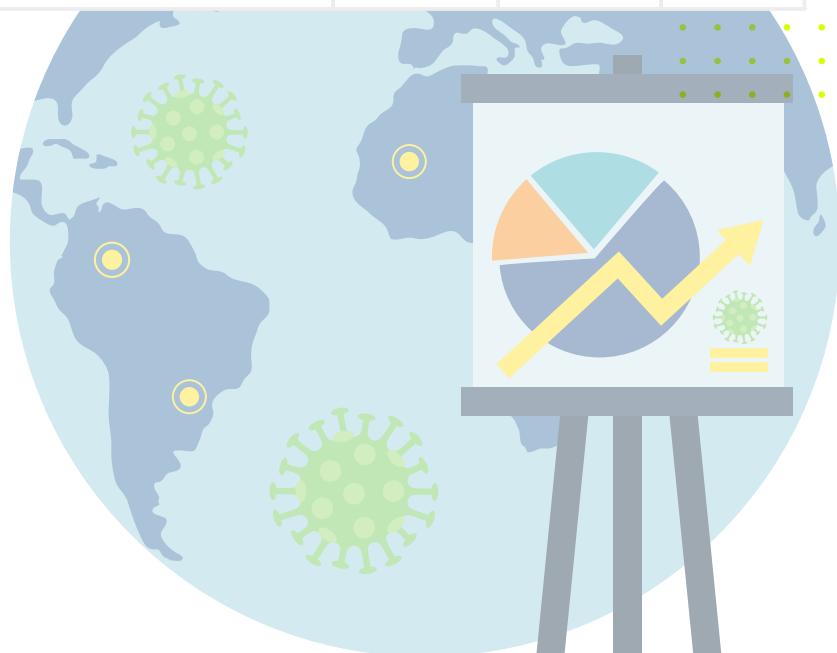
International Stocks

With international stocks, you have a choice between developed countries (such as Japan, Canada, France, Australia), emerging market countries (such as Brazil, India, China, Russia), or a combination of the two! Some people prefer not to invest in emerging market countries, as they are high-risk, but they do provide the potential for high-return.

In the investing world, the word “stocks” is used interchangeably with “equities”. So next time you want to sound super smart, just tell your friends “Why yes, I’m investing in Emerging Market equities.” Bonus points if you do it with a British accent!

Name	Ticker Symbol	Description	Fund Style	Investment Minimum	Expense Ratio
<u>Fidelity International Index Fund</u>	FSPSX	Invests in broad range of stocks from 21 foreign developed countries	Mutual Fund	\$0	0.035%
<u>Fidelity Global ex U.S. Index Fund</u>	FSGGX	Invests in broad range of stocks from 22 foreign developed countries (ex-U.S.) and 26 emerging market countries	Mutual Fund	\$0	0.055%
<u>Vanguard Total International Stock Index Fund</u>	VTIAX	Tracks stock returns from companies in developed and emerging economies (ex-U.S.)	Mutual Fund	\$3,000	0.11%
<u>Vanguard Total International Stock ETF</u>	VXUS	Tracks stock returns from companies in developed and emerging economies (ex-U.S.)	ETF	\$0	0.07%

Name	Ticker Symbol	Description	Fund Style	Investment Minimum	Expense Ratio
<u>Vanguard Developed Markets Index Fund</u>	VTMGX	Includes large-, mid-, small-, and micro-cap stocks of developed markets outside the United States.	Mutual Fund	\$3,000	0.07%
<u>Vanguard FTSE Developed Markets ETF</u>	VEA	Provides exposure to large-, mid-, and small-cap companies located in Canada and the major markets of Europe and the Pacific region.	ETF	\$0	0.05%
<u>Fidelity Emerging Markets Index Fund</u>	FPADX	Invests in broad range of stocks from 24 emerging market countries	Mutual Fund	\$0	0.075%
<u>Vanguard Emerging Markets Stock Index Fund</u>	VEMAX	Invests in stocks of companies located in emerging markets around the world, such as China, Brazil, Taiwan, and South Africa.	Mutual Fund	\$0	0.03%
<u>Vanguard FTSE Emerging Markets ETF</u>	VWO	Invests in broad range of stocks from emerging market countries such as China, Brazil, and South Africa.	ETF	\$0	0.08%



Real Estate

With real estate stocks (REITs), you can choose funds that have a focus on different types of properties, or funds that focus more on income vs. growth. Many of these aren't index funds as they are actively managed, so the selection of real estate INDEX funds at Fidelity is pretty limited.

Name	Ticker Symbol	Description	Fund Style	Investment Minimum	Expense Ratio
<u>Fidelity Real Estate Fund</u>	FSRNX	Invests in U.S. commercial and residential real estate via REITs	Mutual Fund	\$0	0.07%
<u>Vanguard Real Estate Index Fund</u>	VGSLX	Invests in U.S. commercial and residential real estate via REITs	Mutual Fund	\$3,000	0.12%
<u>Vanguard Real Estate ETF</u>	VNQ	Invests in U.S. commercial and residential real estate via REITs	ETF	\$0	0.12%
<u>Vanguard Global ex-U.S. Real Estate Index Fund</u>	VGRLX	Invests in international commercial and residential real estate via REITs	Mutual Fund	\$3,000	0.12%
<u>Vanguard Global ex-U.S. Real Estate ETF</u>	VNQI	Invests in international commercial and residential real estate via REITs	ETF	\$0	0.12%

Bonds

With bonds, you have a choice between government bonds or corporate bonds. Corporate bonds pay higher yields but are also riskier than government bonds. Furthermore, you also have a choice between short-term (1-5 yrs), intermediate-term (5-10 yrs), and long-term bonds (10-30 yrs).

Name	Ticker Symbol	Description	Fund Style	Investment Minimum	Expense Ratio
<u>Fidelity U.S. Bond Index Fund</u>	FXNAX	Invests in a mix of government and corporate bonds	Mutual Fund	\$0	0.025%
<u>Vanguard Total Bond Market Index Fund</u>	VBTLX	Tracks performance of a broad, US bond index	Mutual Fund	\$3,000	0.05%
<u>Vanguard Total Bond Market ETF</u>	BND	Tracks performance of a broad, US bond index	ETF	\$0	0.03%
<u>Fidelity Intermediate Treasury Bond Index Fund</u>	FUAMX	Invests in U.S. Treasuries with maturities of 5-10 years	Mutual Fund	\$3,000	0.03%
<u>Vanguard Intermediate-Term Treasury Index Fund</u>	VSIGX	Invests in U.S. Treasuries with maturities of 3-10 years	Mutual Fund	\$3,000	0.07%
<u>Vanguard Intermediate-Term Treasury ETF</u>	VGIT	Invests in U.S. Treasuries with maturities of 5-10 years	ETF	\$0	0.04%
<u>Fidelity Inflation-Protected Bond Index Fund</u>	FIPDX	Invests in U.S. inflation-protected Treasuries (a.k.a. "TIPs")	Mutual Fund	\$0	0.05%

Name	Ticker Symbol	Description	Fund Style	Investment Minimum	Expense Ratio
<u>Vanguard Inflation-Protected Securities Fund</u>	VIPSX	Invests in U.S. inflation-protected Treasuries (aka "TIPs")	Mutual Fund	\$0	0.20%
<u>Fidelity Short-Term Treasury Bond Index Fund</u>	FUMBX	Invests in U.S. Treasuries with maturities of 1-5 years	Mutual Fund	\$0	0.03%
<u>Vanguard Short-Term Treasury Index Fund</u>	VSBSX	Invests in U.S. Treasuries with maturities of 1-3 years	Mutual Fund	\$3,000	0.07%
<u>Vanguard Short-Term Treasury ETF</u>	VGSH	Invests in U.S. Treasuries with maturities of 1-3 years	ETF	\$0	0.04%
<u>Fidelity Long-Term Treasury Bond Index Fund</u>	FNBGX	Invests in U.S. Treasuries with maturities of 10-30 years	Mutual Fund	\$0	0.03%
<u>Vanguard Long-Term Treasury Index Fund</u>	VLGSX	Invests in U.S. Treasuries with maturities of 10+ years	Mutual Fund	\$3,000	0.07%
<u>Vanguard Long-Term Treasury ETF</u>	VGLT	Invests in U.S. Treasuries with maturities of 10 - 25 years	ETF	\$0	0.04%

Asset allocation



At this point, you might be thinking, "This is great Rose, but how do I CHOOSE from this list?!"

The answer? Asset allocation!

Asset allocation is a smart investing strategy that involves putting your money into different types of investments (aka "asset classes"), versus putting all your money into just one asset class. This reduces the risk of huge losses, because different asset classes tend to perform differently even under the same economic conditions. For example, when stocks go down, bonds might go up, and vice versa.

A lot of factors go into choosing your asset allocation (your age, your retirement goals, your risk appetite, etc), but here are a few asset allocation ideas from experts I admire!

In addition to asset allocation, here are a few other tips for choosing your index funds:



Keep the expense ratio below 0.5%. If it's above that, find a cheaper option.

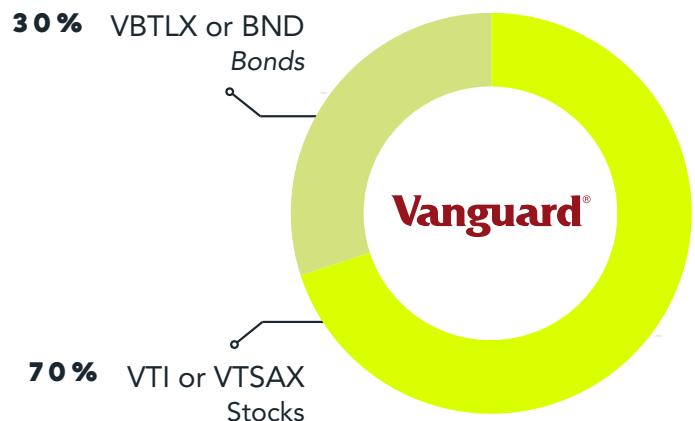
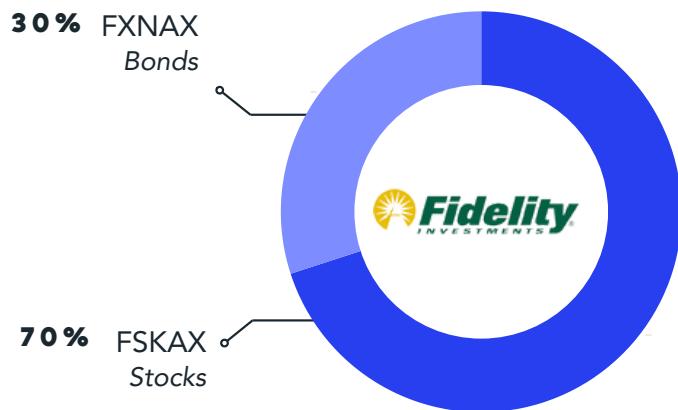


Make sure your brokerage won't charge you hefty transaction fees when you buy or sell.

— Jack Bogle (Founder of Vanguard)

Recommends that you own your age in bonds and rest in stocks

For example, if you're 30 years old, you would own 30% Bonds and 70% Stocks. This is a rather conservative approach to investing, and makes sense if you are more risk averse.



The key to making money in stocks is not to get scared out of them.
- Jack Bogle

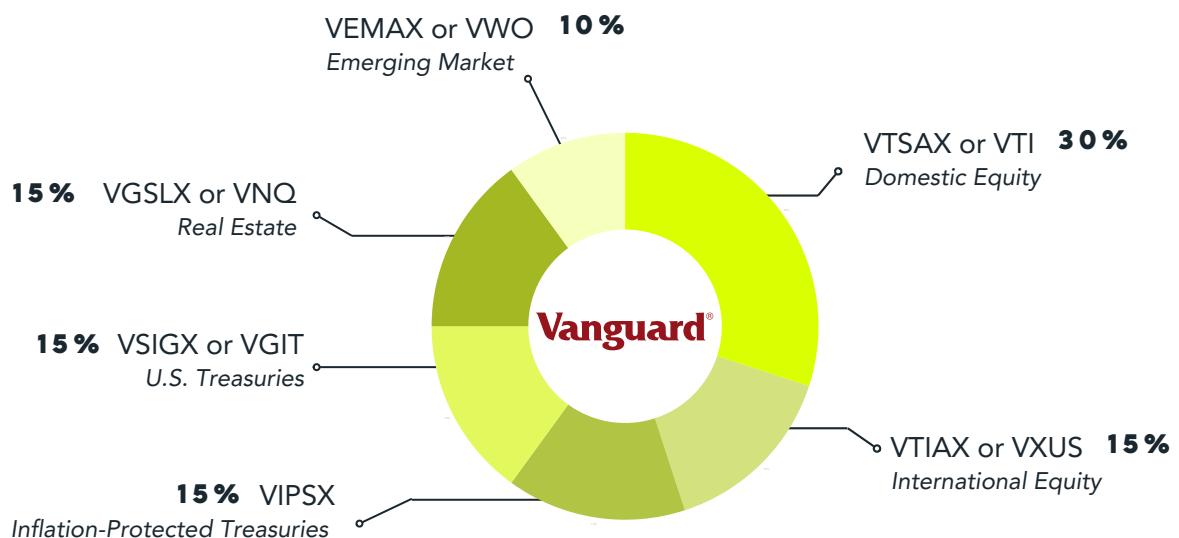
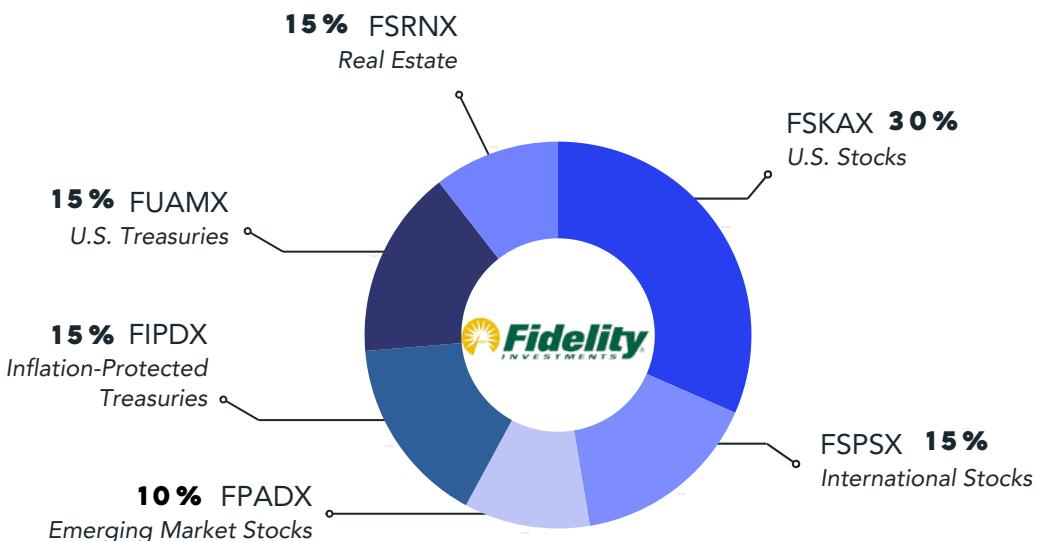


For more information on this strategy, you can check out **Bogle's book: The Little Book of Common Sense Investing: The Only Way to Guarantee Your Fair Share of Stock Market Returns**

David Swensen (Yale's Chief Investment Officer)

Recommends a highly diversified portfolio

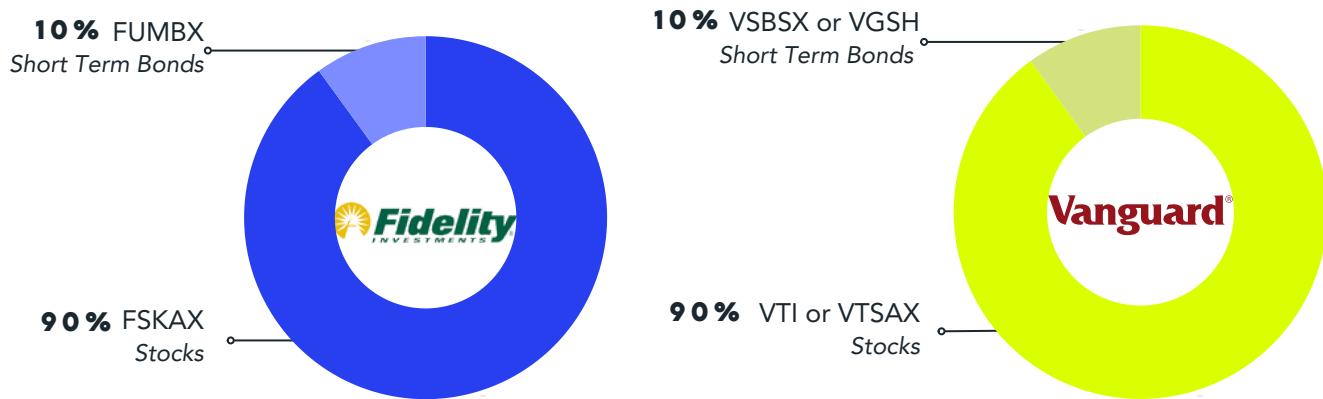
Swensen made Yale's endowment one of the best performing funds for over 20 years during his career. His advice is to create a portfolio with the following breakdown:



Warren Buffet (CEO of Berkshire Hathaway)

Recommends holding 90% of your portfolio in stocks

Buffet laid out the 90/10 strategy for investing in his will, which calls for putting 90% into low-cost stock index funds and 10% into short term government bonds. Holding 90% in stocks is a more aggressive strategy than the previous two asset allocation ideas I've mentioned, but if you're an investor with a high risk tolerance and a long time horizon, this could make the most sense for you!



*Risk comes from not
knowing what you're doing.
- Warren Buffet*

STEP 03

BUY YOUR FIRST FUND!

Now that you know which fund you want to buy, let's walk through how to actually execute a trade in both Fidelity and Vanguard. It's not always the most intuitive, so don't get discouraged if you've tried this before and it didn't make sense - we can do it together!



Fidelity

Step-by-step tutorial

1. Log into your Fidelity account and on the homepage, locate the search bar in the top right hand corner. Input the ticker of the index fund you're looking to buy there.

The screenshot shows the Fidelity homepage. At the top, there's a navigation bar with links for CUSTOMER SERVICE, PROFILE, OPEN AN ACCOUNT, VIRTUAL ASSISTANT, and LOG OUT. Below the navigation bar is a search bar containing the ticker "FSKAX", which is circled in red. The main content area is titled "All accounts" and includes tabs for Summary, Positions, Balances, Activity & Orders, Documents, Planning, and More. On the left sidebar, there are sections for Accounts, Investment, Professionally Managed, and external links for Link an external account and Open an account. The central part of the page features a "Balance at Fidelity" section showing a balance of \$69,943.60, a gain of +\$5.23 (+0.01%), and a YTD chart from 1M to YTD. To the right, there are two promotional boxes: one for "5 tips to retire 5 years early" and another for an "Exclusive offer: save time and money on your mortgage".

2. This will take you to the summary page for this fund. You can use this page to get important information about this fund, like the current price and expense ratio. Once you're ready, click the green "buy" button on the page.

The screenshot shows the Fidelity fund summary page for the Fidelity Total Market Index Fund (FSKAX). At the top, there's a search bar with "FSKAX" and a "Buy" button. The main content area includes sections for Daily Info, Morningstar Snapshot, and Performance. The "Performance" section highlights average annual returns for 1, 3, 5, and 10 years. Below these, there are tabs for Summary, Performance & Risk, Ratings, Composition, Fees & Distributions, Commentary, and View All. A "Details" table provides fund inception, share class inception, and expense ratios. To the right, there's a chart titled "Hypothetical Growth of \$10,000" comparing the growth of FSKAX against the Dow Jones U.S. Total Stock Market Index and Large Blend over 10 years. The "Buy" button is circled in red.

3. This should take you to the trade window, which you can see below. Add in the account you want to use, and make sure that before you get to this step, you've already funded your account with cash! This will be the "cash available to trade" you see when on this screen.

The screenshot shows the Fidelity website's trade interface. At the top, there are navigation links: CUSTOMER SERVICE | PROFILE | OPEN AN ACCOUNT | VIRTUAL ASSISTANT | LOG OUT. A search bar says "Search or get a quote". Below the header, there are tabs for Accounts & Trade, Planning & Advice, News & Research, Products, and Why Fidelity. A "Give feedback" link is also present. The main area is titled "Trade" with a sub-tile "Welcome to the new Mutual Fund Trading Experience.". It shows a dropdown for "TRADE Mutual Funds" and "ACCOUNT Individual - TOD". To the right, it displays "Cash available to trade \$2.16". Below this, a search bar has "SYMBOL FSKAX" entered. To its right, the fund details are shown: "FIDELITY TOTAL MARKET INDEX FUND NTF", "Price \$126.20 +0.20 (0.159%) Prospectus", "Investment minimum \$0.00", and "Estimated order value: \$2.16". Below these, there are dropdowns for "ACTION Buy" and "DOLLAR AMOUNT \$2.16". A green "Preview order" button is at the bottom. A note at the bottom left states: "Performance data shown represents past performance and is no guarantee of future results. Investment return and principal will fluctuate, so investors may have a gain or loss when shares are sold. Current performance may be higher or lower than what is quoted, and investors should visit Fidelity.com/performance for most recent month-end performance." Another note below it says: "Important disclosure information".

Confirm that the right ticker is populated, and then set your action to be "buy". Input the dollar amount of the purchase you wish to make, which must be less than the cash you have available to trade. Then hit "Preview Order" which should take you a summary of the trade, review the information, and hit "Place Order".

That's it! You've now bought your first Fidelity index fund!

This screenshot shows the "Preview order" page. At the top, a yellow warning box says: "⚠️ This trade will be completed at the next available price." Below this, the order details are listed in a table:

Account	Individual - TOD
Symbol	FSKAX
Description	FIDELITY TOTAL MARKET INDEX FUND
Action	Buy
Amount	\$2.16
Trade type	Cash

Below the table, it says "Estimated order value: \$2.16". A note at the bottom states: "By clicking Place order you are consenting to receiving a confirmation for this trade electronically through the link provided." A large red circle highlights the "Place order" button, which is green with white text. Other buttons for "Edit" and "Cancel" are also visible. A note at the bottom left says: "Performance data shown represents past performance and is no guarantee of future results. Investment return and principal will fluctuate, so investors may have a gain or loss when shares are sold. Current performance may be higher or lower than what is quoted, and investors should visit Fidelity.com/performance for most recent month-end performance."

Vanguard

Step-by-step tutorial

1. Log into Vanguard, and click the magnifying glass icon in the top right of the screen. This will take you to a search page, where you can then input the ticker of the fund you wish to purchase.

The screenshot shows the Vanguard search interface. A red circle highlights the search bar containing 'vtsax'. Below the search bar is a dropdown menu with suggestions: 'vtsax', 'vanguard total stock market index fund vtsax', 'vtsax vtsax', 'vtsax performance', 'vtsax etf', 'vtsax dividend', and 'vtax'. At the bottom of the search results, there is a link to 'VTSAX - Vanguard Total Stock Market Index Fund Admiral Shares (0585)'.

2. Once again, this will lead you to the product summary page which has a ton of useful information about this fund. One thing to look out for with Vanguard funds especially is the "minimum investment" amount listed on this page, as many Vanguard funds require a \$3,000 minimum (and you might not have that....yet!)

The screenshot displays the product summary for VTSAX. The fund name 'VTSAX' is prominently displayed at the top. Below it, the title is 'Vanguard Total Stock Market Index Fund Admiral Shares'. A note states 'Also available as an [ETF](#) (starting at the price of \$1)'. On the right side, there are several key details:

- Management style:** Index
- Asset class:** Domestic Stock - General
- Risk / reward scale:** 4 (indicated by a yellow circle)
- Expense ratio:** 0.04% (as of 04/28/2023)
- Investment minimum:** \$3,000 (as of 12/06/2023)
- 30 day SEC yield:** 1.46% B (as of 11/30/2023)
- NAV price:** \$110.01 (as of 12/06/2023)

At the bottom left, a red circle highlights the 'Buy' button.

3. Once you're ready to purchase, hit "buy" which will navigate you to the Vanguard trade window. This is where it gets fun, first select the account you want to buy this fund in, and note how much money you have available to trade in this account. As I mentioned, if the fund has a minimum investment amount, you'll need to input a purchase amount higher than the minimum otherwise the screen will error out (see below).

The screenshot shows the 'Buy a Vanguard mutual fund' process. Step 1, 'Select an account', shows a dropdown menu for 'Traditional IRA Brokerage Account, 34055310' with a balance of '\$11.71'. Step 2, 'Choose your fund', lists 'VTSAX' (selected) and 'VFFVX'. Step 3, 'Build your order', shows the 'Purchase amount' field set to '\$11.71', which is circled in red. A note at the bottom states 'At least Minimum purchase amount is \$3,000'.

4. To show you what the rest of the process looks like, I'm going to proceed with an index fund I already hold more than \$3,000 of, which enables me to buy any amount going forward! I input my purchase amount, and hit continue to see this screen. You will usually use your "settlement fund" to pay for these transactions, which is just where Vanguard holds uninvested funds you've added.

The screenshot shows the 'Pay for your order' page. It displays a message: 'You have reached your contribution limit for all available tax years and you must use your settlement fund to pay for this order.' On the left, it shows an account balance of '\$124.46' and a purchase for 'VTIAX' worth '\$10.00'. On the right, it says 'You have maxed out your contributions!' with a progress bar showing '\$0.00 left to contribute*' and '\$6,500.00 contributed' against a '\$6,500.00 limit'. The 'Preview order' button is circled in red.

5. Finally, hit “preview order” to review this trade! Note that if you input details for a trade that you don’t have enough cash in your account for, the system will warn you. After you’ve reviewed the details and feel good, hit “submit order” and that’s it. You just bought your first Vanguard fund!

The screenshot shows the Vanguard website's "Review your order" page. At the top, there are links for "All accounts" and "Employer plans", along with "Support", "Log off", and social media icons. Below the header, the title "Review your order" is displayed. A note about electronic access to the prospectus is present. Two buttons at the bottom are highlighted with a red circle: "Submit Order" (in white text) and "Edit Order".

Brokerage Account, ...

Funding source

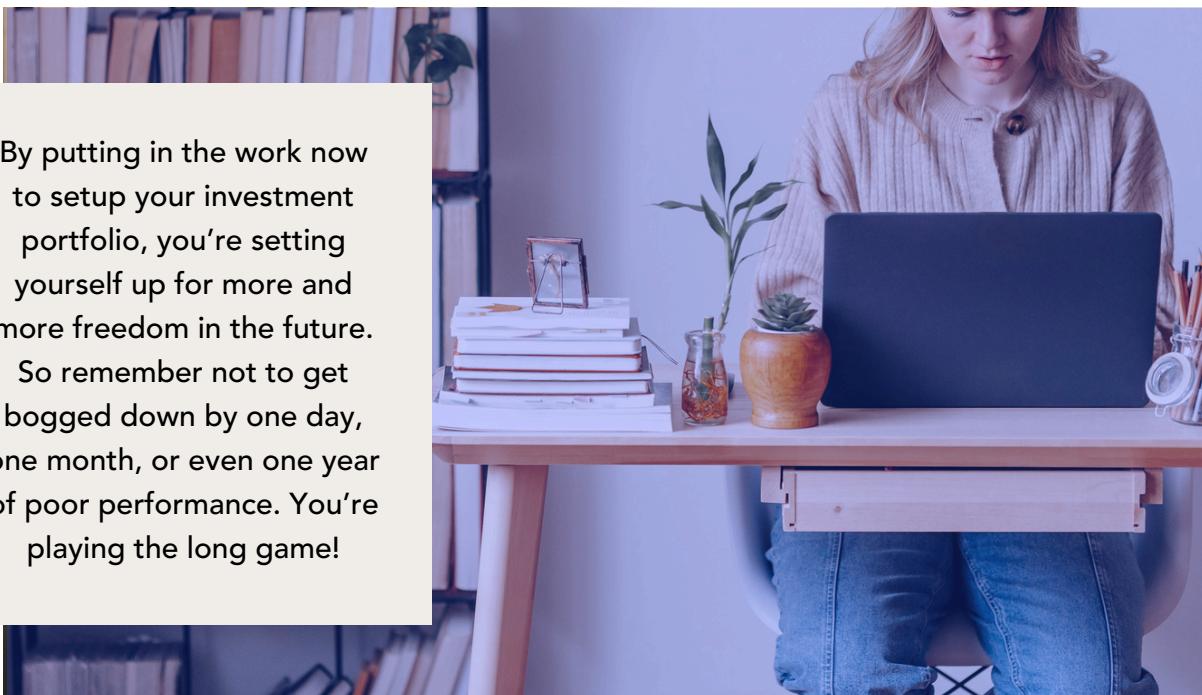
Settlement fund ⓘ	\$10.00
Vanguard Federal Money Market Fund	

What you're buying

VTIAX	\$10.00
Vanguard Total International Stock Index Fund Admiral Shares	

By putting in the work now to setup your investment portfolio, you're setting yourself up for more and more freedom in the future.

So remember not to get bogged down by one day, one month, or even one year of poor performance. You're playing the long game!



What's Next?

I hope this cheatsheet gave you a jumpstart on your investing journey!

If you're ready to take this EVEN further, you might be interested in my upcoming program, [Freedom Seekers](#) — a monthly membership designed to help you create *true financial independence*.

As a Freedom Seeker, you'll get access to:

- ✓ **The Freedom Formula** My signature step-by-step formula for managing and investing your money to create a life of TOTAL financial freedom.
- ✓ **Monthly office hours with me** Where you can ask all your stickiest questions and get personalized help from me!
- ✓ **Juicy money masterclasses** On special deep-dive topics, such as how to find cashflowing rental properties, how to generate a flexible side income trading options, and more!
- ✓ **A community of Freedom Seekers** Achieving financial freedom is much easier when you have like-minded people to hold you accountable and grow together with.

Plus: Waitlisters get *exclusive* access to founding member pricing!



Retiring early doesn't mean not working, but it does mean having the ability to wake up each day and decide what YOU want to do with your time... all while your investment income pays the bills.

If that sounds good to you, [click here to join the waitlist](#) and keep an eye out for an email in your inbox for when Freedom Seekers launches!

See you there!

Rose

I hope this cheatsheet gets you started with investing in your own index funds, and gives you the confidence to continue your investing journey! If you found this helpful and want to continue learning more, I want to invite you to take the next step.....

"The 3 Secrets to Successful Investing in Times of Uncertainty"

In this FREE hour-long masterclass, I'll cover:



What to look for when checking in on your index fund portfolio.

I'll take you through how I periodically review and adjust my own index fund portfolio.



Future proofing your investments,

So your portfolio can weather market recessions



How to set your portfolio up for even higher gains for free!

Hint: it has something to do with dividends.



The deadly mistake that could shave up to \$164,000 off your nest egg

And what to do about it (guess what, it's entirely fixable!)

See you there!