**Step 1**

Overview: Open-Ended, Low-Cost Mutual Fund Tracking a Broad Market Index

An open-ended, low-cost mutual fund that tracks a broad market index is a compelling investment option that offers investors exposure to a diverse range of assets, reflecting the performance of the underlying market index. This type of investment vehicle provides several features and benefits that align with the interests of a wide range of investors seeking market participation with minimized risk

1. Performance: By spreading investments across multiple assets, the impact of underperforming elements is mitigated, offering steady returns over time.

2. Fees: These funds tend to possess lower expense ratios compared to actively managed counterparts. Such a fee structure bolsters overall returns, allowing investors to retain a greater portion of their gains.

3. Transparency: Investors gain access to frequent updates about fund holdings, performance, and expenses. Fund managers commonly provide comprehensive reports detailing asset allocation within the portfolio. Such transparency facilitates informed decision-making and active monitoring.

4. Liquidity: High liquidity characterizes open-ended mutual funds, enabling investors to trade shares on any business day at the present net asset value.

5. Professional Management: Fund managers play a pivotal role in ensuring that the fund's composition remains aligned with the chosen index, optimizing exposure to market trends.

6. Investor Protections: Regulatory bodies such as the SEC and FINRA oversee these funds, and fund managers bear the responsibility to act in the best interests of investors. Additionally, the SIPC offers coverage up to $500,000 per account with a limit of $250,000 for cash, enhancing investor confidence in the safety of their investments.

**Step 2**

7. Collateral-Related Risks - Credit Risk:

a. Diversification minimizes direct credit risk, as investments are spread across a variety of securities.

b. Fund performance relies on underlying securities rather than specific credit guarantees.

c. Credit guarantees are generally not applicable to open-ended mutual funds.

8. Statistical-Related Risks - Correlation:

a. Well-diversified portfolios help mitigate risks stemming from high correlation among equities.

b. Performance during market downturns is a pertinent consideration.

c. This query does not pertain to open-ended mutual funds.