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# HOW TO TAKE INFORMED

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# USING TRENDS AND INDEX-BASED EXPOSURES

**Hopping on the latest trend may make sense when it comes to buying clothes or electronic devices, but it's not always the best advice when it comes to buying stocks.**

That's because trends, by their nature, tend to come and go. So, you'd need to know not only the best time to purchase a stock but also exactly when to sell it in order to make an ideal profit. Unfortunately, market timing and knowing which stock to pick is difficult, making it too risky a strategy for most investors to use for their personal finance goals such as saving for retirement or for their kids' college.

Still, there are ways to use trends to inform your investment decisions, especially if you're a long-term investor.

## **Think big**

Rather than investing based on the latest fad, you could look for bigger-picture, overarching trends that are shaping business, society and culture. These are the trends that can change the trajectory of the global economy. iShares by BlackRock and the industry in general calls these "megatrends". An example of one such trend is rapid urbanization, which could mean that cities may embrace technology to improve the efficiency of infrastructure.



## Diversify

Investing in multiple stocks associated with a single trend or theme could help you to get exposure to the trend without the risk associated with single-stock purchases. One of the easiest and most cost-efficient ways to get such diversification is by purchasing ETFs, or exchange-traded funds, which typically seek to track the performance of an index. Considering the rapid urbanization trend and the growth of megacities, investors may look to gain exposure to transit-related businesses with an ETF.

## Commit for the long-term

Investing based on megatrends is a bet on the ability of these trends to change the world that we live in over the long term. Given their nature, these trends will have varying time horizons. Still, their forward-thinking strategy has the potential to drive more robust investment returns over the long term. While the liquidity of ETFs makes them flexible portfolio investments, holding onto them may be a better strategy for potential growth.

For investors saving for a retirement that's decades away, there may be even greater potential for growth. The effect of compounding returns, coupled with investments poised for potentially higher earnings growth, means that young investors may be uniquely positioned to not only experience the structural changes wrought by megatrends but also to consider them as part of their long-term investment strategy.

Investing in megatrends via ETFs could be an efficient way to help save for long-term goals. Find out more about building a portfolio of ETFs from [iShares by BlackRock](#).

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**factors, and charges and expenses before investing. This and other information can be found in the Funds' prospectuses or, if available, the summary prospectuses which may be obtained by visiting [www.iShares.com](http://www.iShares.com) or [www.blackrock.com](http://www.blackrock.com). Read the prospectus carefully before investing.**



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