eko

Frequently Asked Questions

Introduction

Welcome! This document addresses the commonly asked questions you may encounter from your clients or members regarding Eko's white-label digital investment solution. It can serve as a valuable resource for your team, whether they are engaged in sales, customer support or something else.

Most of these questions and answers can also be found in the ‘Investments’ section within the digital banking of your organization. To find these, simple go to ‘Knowledge Center’.

We understand that, despite the information provided in this document, there may still be questions that you are unable to answer. In such cases, please don't hesitate to forward these inquiries to Eko. You can reach us at hello@eko.investments."

Contents

General questions

Risks and returns

Costs and services

My portfolio

Contents

Transfers

Personalized investing

General questions

What is stock investing?

Stock investing refers to buying and owning shares of a company's stock with the expectation of generating a profit from the appreciation in stock price or through dividends.

By investing in stocks, people can become owners of companies and benefit from their success. It provides an opportunity for diversification, allowing individuals to spread their risk across different companies and industries. Stock investing can also protect against inflation, as stocks have historically offered a hedge.

What is the difference between stocks and bonds?

Stocks represent ownership in a company, while bonds are debt securities issued by corporations or governments. Stockholders have an equity stake in the company and may benefit from its growth and profitability, while bondholders are lenders and receive fixed interest payments over time.

What are the risks associated with stock investing?

Stock investing involves risks such as market volatility, potential loss of capital, and company-specific risks. The value of stocks can fluctuate based on economic conditions, company performance, industry trends, and other factors.

How can I minimize the risks of stock investing?

You can minimize risks by diversifying your portfolio, investing for the long term, and having a balanced portfolio that includes a mix of different stocks and asset classes, such as bonds.

How do dividends work?

Dividends are payments companies make to their shareholders as a distribution of profits. Dividends are issued in the form of cash or additional shares of stock. Not all companies pay dividends, and the amount and frequency of dividend payments vary.

Risks and returns

What kinds of risks and returns can I expect?

Based on the historical data, a diversified portfolio with a medium risk level is expected to return 6-8% per year. Based on your risk appetite, the 6-8% range increases or decreases. A higher risk means a chance of a higher return increases while also increasing the chance of a lower return. Please be advised that past performance is not a reliable indicator of future returns.

Is my portfolio actively managed for me?

Your portfolio is managed using a ‘hybrid’ method. This means that it combines elements of both active and passive management. The active components include periodic rebalancing and tax loss harvesting to manage risk and maximize tax benefits. Passive management refers to a ‘buy-and-hold’ strategy for your portfolio. A buy-and-hold approach is when you buy investments and hold onto them for a long time, instead of frequently buying and selling. The goal is to benefit from long-term market growth and minimize the impact of short-term market fluctuations.

What is portfolio rebalancing?

Portfolio rebalancing is the process of making sure your investment portfolio stays in line with your risk level and on track with your goals. Over time, the value of your investments may change, causing the mix of stocks, bonds, or other assets in your portfolio to become different from what you originally intended.

Rebalancing involves checking if the mix of assets has shifted too much. If it has, rebalancing makes changes to bring it back in line with your target. For example, if you wanted 60% of your portfolio in stocks but it has grown to 70%, you sell some stocks and use the money to buy other assets like bonds to get it back to 60%. By rebalancing, you keep your portfolio in balance and avoid becoming too heavily invested in one type of asset. It helps you manage risk and stick to your investment strategy.

Rebalancing is an ongoing and regular process and is automatically done for you.

Risks and returns

What is tax-loss harvesting?

Tax-loss harvesting is a strategy to help reduce the taxes you owe on your investments. It involves selling investments that have gone down in value to offset or "harvest" those losses against any gains you may have made on other investments. By doing this, you will have to pay less taxes, and can bring home more money at the end of the year.

Tax-loss harvesting is done automatically for you at the end of every calendar year.

Costs and services

What are the costs?

Because all our clients have different pricing, please see how much Eko charges within the 'Investments' section of your digital banking. You can find the costs in the footer of every page or the Knowledge Center'.

When will I get charged for investing?

You will get charged at the end of every month. We automatically sell a small piece of your portfolio to cover the management fee, which is equal to 1/12 of your annual management fee.

What is the minimum investment amount?

You can start investing from as little as $10.

Can I always take my money out of my investment account?

Yes, we don't have a minimum holding time, and you can deposit and withdraw any time, free of charge.

My portfolio

What stocks and bonds are in my portfolio?

The portfolio that is created for you consists of 30 stocks and bonds. All stocks in your portfolio are from the S&P 500, and all bonds are within the top 10 most traded bonds in the US. Your portfolio is always diversified and in line with your risk appetite.

What is the S&P 500?

The S&P 500 is a stock market index that measures the performance of 500 large publicly traded companies in the United States. It is widely regarded as one of the most representative and influential benchmarks of the overall U.S. stock market. The companies included in the index are chosen by a committee based on factors such as market capitalization, liquidity, and industry representation.

I have selected 'investment topics', what are stability positions?

We find it important that you can align your portfolio with your interest or values. This way, you can select if you want a portfolio that is slightly focused on areas such as Healthcare, Regional companies, or Tech. However, to ensure your portfolio is still diversified enough, we will always add enough 'stability positions' to your portfolio. These stocks from other industries balance your portfolio and ensure you are not too exposed to risks in certain industries.

Why are my bonds bought via an ETF?

Buying bonds through an exchange-traded fund (ETF) offers several benefits compared to purchasing individual bonds. The main advantages are:

1. Diversification: Bond ETFs typically hold a basket of bonds from various issuers and sectors. Investing in a bond ETF exposes you to a diversified portfolio of bonds, spreading your risk across different issuers and maturities.
2. Accessibility: they are traded as stocks, so they are easier and cheaper to buy and sell
3. Lower investment minimums: Individual bonds sometimes have high face values. By offering bonds via ETFs, they are available for every type of investor
4. Cost-efficiency: Bond ETFs generally have lower expense ratios compared to actively managed bond funds. This is because they passively track an index rather than relying on active management. Lower expense ratios result in reduced costs for investors.

My portfolio

Is my portfolio diversified?

We ensure that the portfolio we create for you is diversified in two ways. For starters, your portfolio always consists of bonds and stocks. This makes sure that even when the stock market is down, you are not fully exposed. A second way to ensure diversification is by selecting stocks from a wide range of industries. This way, if one specific industry is struggling, not all your portfolio companies are affected.

Can I add or remove stocks/bonds/ETFs to and from my portfolio?

To ensure you get a diversified portfolio that aligns with your risk preference, we create a portfolio for you. You are free to remove or add companies from and to your. Before you have funded your portfolio, you can make as many changes as you like. After funding your portfolio, this is limited to 1 per day. Note: be aware that adding or removing stocks/bonds to or from your portfolio changes the overall risk level of your portfolio.

Transfers

How do transfers (deposits and withdrawals) works

All the transfers are made via ACH.

How long does it take for a deposit to arrive

When deposits are made before 3pm ET, they will arrive in your account by the end of the day. When they are made after 3pm ET, they will arrive the next day. It's important to understand that when a deposit is credited to your account, your portfolio will be updated as soon as the stock market reopens. For instance, if your deposit arrives at the end of the day on a Friday, your portfolio will be updated on Monday morning when the stock market resumes trading after the weekend.

How long does it take for a withdrawal to arrive

Due to a 3-working-day holding period, withdrawals will take longer to process compared to deposits. Typically, you can expect withdrawals to appear in your bank account within 3-5 working days from the time you initiate the withdrawal. In exceptional circumstances, the process may take up to 7 working days.

Personalized investing

Why can I select investment topics?

We find it important that your portfolio is yours. This is why we allow you to select investment topics that align with your interests and values. There are many different investment topics, such as tech and healthcare, to investing in companies in your region.

Does selecting investment topics change my risk level?

No. When you choose an investment topic(s), your portfolio will have a slight focus on these industries/topic(s). However, the majority will still be stocks from other industries. These companies are called stability companies and ensure that your portfolio is always in line with your risk level.

Can I change my investment areas after I have created my investment account?

You are allowed to change your investment areas once per year. To do this, please reach out to the customer support team.

I have selected 'sustainability' as an investment topic. How do I know the companies in my portfolio are really sustainable?

We are constantly keeping track of official sustainability reports, published directly by companies. Using this data, we can calculate the emissions per $1 revenue of every company, which we compare to the industry average. We only select the top 20% performers of any industry to ensure you are investing in companies that really make a difference.

I have chosen 'sustainability' as an investment topic. How do you calculate the sustainable impact in lb of my portfolio?

First, we calculate from all the companies the CO_2 they emit per 1 USD revenue. We then compare this score per industry and rank all companies in an industry. Based on the industry average, we can calculate by how much CO_2 a certain company is better or worse than the industry average. Finally, we take for what percentage you are the owner of a company and calculate the impact you are personally responsible for.

For example, Company ABC saved 200,000 lb of CO_2 compared to the industry average, and you own 10 stocks of Company ABC, with 100,000 stocks outstanding (so your ownership of Company ABC is 0.001%), then you save 0.001% of 200,000 lb = 20lb with your investment in Company ABC. This calculation is done every year for all your portfolio companies.