

ETFs VS. MUTUAL FUNDS

	EXCHANGE TRADED FUNDS (ETFs)	MUTUAL FUNDS
Number of Funds in 2011	1,134	7,637
Assets as of 12.31.2011	\$1.0 trillion	\$11.6 trillion
Types of Funds Available	Primarily indexed domestic and global equity and fixed income ETFs	All types including actively managed and passively managed (index) funds.
Intraday Trading	Available as ETFs are traded while market is open	Not available as they are purchased at net asset value (NAV), calculated at the end of day (after the market closes).
Use of Margin	Available as ETFs can be purchased on margin	Not allowed
Short Selling	Available to sell short, even on a downtick	Not allowed
Internal Fees (Expense Ratios)	Yes, typically lower than actively managed mutual funds. They range between 0.15% to 1% per year.	Yes, and there is a wide range typically between 0.15% (index funds) to over 2% (actively managed funds) per year.
Sales Charges (Loads)	None	Some actively managed funds do charge a load (front-end or back-end), but most index-based funds do not charge a load.
Trading Fees (Commissions)	Yes, a commission is typically assessed by the custodian (broker/dealer) in the purchasing and selling of ETFs.	Can purchase no-load funds directly from a fund company, with no commission.
Transaction Costs (Bid-Ask Spread)	Can incur extra transaction costs if there is a bid-ask spread.	There is no bid-ask spread since investors purchase at net asset value (NAV).
Turnover	Most are based on indexes with low turnover, often resulting in lower trading costs and greater tax efficiency.	Yes. Index-based funds usually have low turnover, but actively managed funds often have a higher turnover rate which can result in a higher tax liability.

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