ETFs & Mutual Funds *Comparison*

	Exchange Traded Funds (ETFs)	Index Mutual Funds	Active Mutual Funds
	Most ETFs are passively managed; they seek to track a market index, before fees and expenses, and do not attempt to outperform during rising markets or to take defensive positions in declining markets. Performance may diverge from the ETF's underlying index.	Index mutual funds are passively managed; they seek to track a benchmark index, before fees and expenses, and do not attempt to out-perform during rising markets or to take defensive positions in declining markets. Seeks performance similar to the underlying index.	Most mutual funds that are actively managed seek to outperform market indexes, after fees and expenses.
Trading & Liquidity	ETFs trade throughout the day so investors can lock in the market value of an ETF at anytime during the day and can enter or exit a position at any time, not just at the end of the day.	Accessed directly through the fund company or through a select broker. Pricing generally occurs once a day.	Accessed directly through the fund company of through a select broker. Pricing generally occurs once a day.
Redemption Process	An Authorized Participant and ETF provider through the creation/redemption process, simply swap the underlaying shares without actually selling or buying with cash.	Redemptions of mutual fund shares buy and sell the underlying holdings and settle with cash through the fund company at end-of-day net-asset-value (NAV).	Redemptions of mutual fund shares buy and sell the underlying holdings and settle with cash through the fund company at end-of-day net-asset-value (NAV).
Fees	ETFs typically have low management fees and expense ratios because they require less active management than mutual finds.	Management fees & expense ratios are typically lower than actively managed mutual funds. May charge sales loads or redemption fees.	Management fees & expense ratios are typically higher because of increased trading and research and they employ portfolio managers. May charge sales loads, redemption fees.
Tax Implications	Since ETFs are generally passively managed; they tend to realize fewer capital gains than actively managed funds and are tax efficient. However, when ETFs trade, the tax consequences are attributable to the investor.	Shareholders transactions may generate tax consequences for all shareholders; obligated to distribute gains to shareholders.	Shareholders transactions may generate tax consequences for all shareholders; obligated to distribute gains to shareholders.
Transparency	Generally, investors have daily access to all of the securities held within an ETF so they have all of the information needed to make an informed decision.	Generally quarterly holdings disclosure.	Generally quarterly holdings disclosure.
Broader Diversification & Exposure	ETFs provide exposure to asset classes, country diversification, thematic offerings that are easily accessible for the average investor. Performance of ETF UITs have limitations that are restricted by the specified underlying index.	The Investment Company Act of 1940 (known as the '40 Act) restricts or prohibits the kind of underlying holdings a mutual fund can offer, so therefore, it can be difficult and in some cases, impossible to replicate specific global indices.	The investment Company Act of 1940 (known as the '40 Act) restricts or prohibits the kind of underlying holdings and techniques a mutual fund manager can employ.
General Descriptions	Most ETFs are passively managed and are a collection of underlying holdings that seek to track a market index or, either a broad or very specific segment of the market. Performance may diverge from the ETFs underlying index and are also restricted by the specified underlying index.	Index mutual funds are passively managed in that they simply seek to track a benchmark index before fees and expenses, and do not attempt to outperform the benchmark. So therefore, the performance will be similar to the underlying index.	Actively managed mutual fund managers seek to outperform the benchmark they are tracking. Generally, they have a broader opportunity to identify specific securities that they believe will generate "alpha," and to potentially provide better risk-adjusted-returns. However, they are bound by the objectives and restrictions of the fund defined in the prospectus.

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