

## A QUICK PRIMER COMPARING MUTUAL FUNDS AND ETFs

“Mutual Fund” does not equal Active Management.

“ETF” does not equal Passive Management.

Active and Passive are styles. Mutual Funds and ETFs are vehicles.

Generally, Active Mutual Funds are more expensive than Passive ones. Active ETFs are more expensive than Passive ones.

So far the highest prices active ETFs charge are 1.85%. The AVERAGE mutual fund charges about 1.4%.

Mutual Funds have a company at their heart. There are managers, traders, analysts, and administrators. All that infrastructure bears a cost.

ETFs are created and marketed by companies, but their administrative expenses are lower because shares are bought and sold by investors on open markets with no company involvement.

Mutual Fund positions are transacted or closed out once daily at the end of the day. Active ETF positions trade inter-day like stocks.

Mutual Fund prices (Net asset value) are based on the value of the underlying securities, according to a regulated calculation. ETF prices are based on the market at the moment a trade occurs and are not certain.

Mutual Fund buyers and sellers know their execution price. ETF buyers risk buying at a premium or selling at discount.