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## What the ETF?

Let's talk ETFs a minute--what are they, exactly, and how do they boost your portfolio's performance?

An exchange-traded fund is like an index fund, only more dynamic. Like its staid brothers, it represents all the stocks in a given index--the S&P 500, say. Unlike an index fund, an ETF trades like a stock. So you gain more flexibility--like the ability to go short or buy on margin.

ETFs give you broad exposure across a given investment universe, making them great long-term core holdings. But they're also useful for playing sector themes, as hedging tools, and for commodity investing.

## Are ETFs always more tax-efficient than mutual funds?

They often are, but not always. We can help you understand the exceptions.

## Will ETFs be the lower-cost option?

When used properly, ETFs can save you significantly over time, but the key is in how you use them.

## Is it true that ETFs are for traders and that mutual funds are for investors?

This could not be further from the truth. ETFs are good for traders, but they're often the optimal choice for buy-and-hold investors as well.

## Where can an interested investor find more information?

From the experts on mutual funds, of course. To learn more about our ETF-investing strategy, start a risk-free subscription to *Morningstar ETFInvestor*. If you like what you read, do nothing, and you will continue to receive profitable-investing ideas, industry-leading research, and 24/7 online resources. If you're not completely satisfied, simply cancel within 30 days, and we will give

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