Ta B l ETF E a l T

There is a sa ing in in esting It s not ho m ch o make b t ho m ch o get to keep that matters Capital gains and other ta es can sometimes take a significant bite o t of o r in estment earnings E change traded f nds ETFs ho e er are ta e icient b design and can help o keep more of o r in estment ret rns simpl beca se of the a the re b ilt

THE MECHANICS OF SHARE CREATION

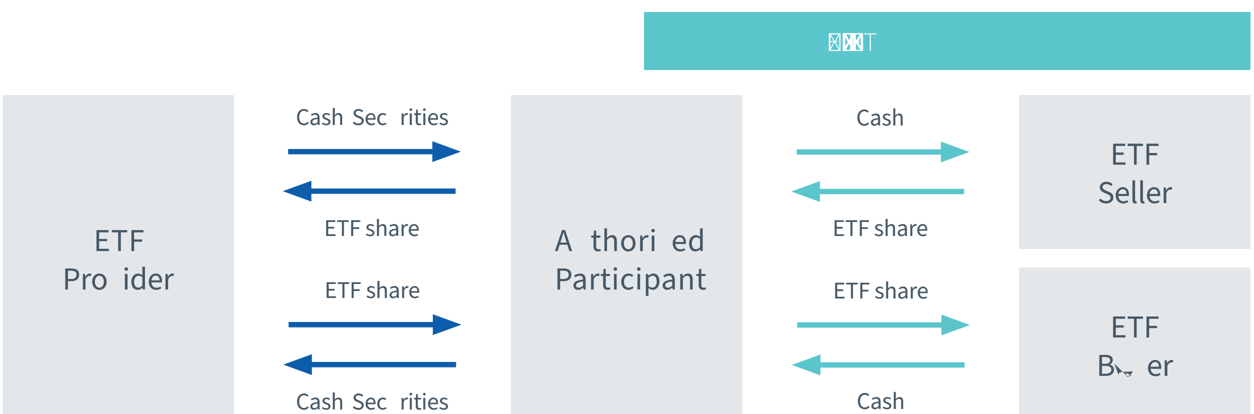
An ETF sponsor decides to create a ne f nd

An a thori ed participant AP p rchases the nderl ing sec rities then e changes them for a large block of ETF shares of eq al al e in hat is called an in kind transfer It is an in kind transaction beca se the AP is e changing the same e act sec rities ith the same al e rather than e changing for cash

The block of shares is called a creation nit and s all eq als bet een /// and / /// shares

The AP sells those ETF shares to in estors or market makers on an e change

In estors b and sell ETF shares on the market from other in estors the AP or market makers



A thori ed participant AP An entit s all an instit tional in estor that s bmits orders to the ETF for the creation and redemption of ETF creation nits