



MUTUAL FUNDS AND ETFs

Comparing Similarities and Differences.

Mutual funds and exchange-traded funds (ETFs) have some features in common and other elements that are unique. Both offer exposure to professionally managed portfolios with liquidity, transparency, and regulatory reporting oversight generally not available through private placements or hedge funds. For some investors, one vehicle is clearly a better choice, while many hold a mix of both. When considering their options, investors should choose an underlying strategy that aligns to their goals and a vehicle that meets their investment preference.

	Mutual Fund	ETF
Professionally Managed	Yes	Yes
Minimum Investment	Yes (typically specified as dollar amount)	No (i.e., as little as one share)
Trading	<ul style="list-style-type: none"> Purchased and redeemed once per day at market close (generally 4 p.m. eastern time) Short-term and/or excessive trading restrictions may apply 	<ul style="list-style-type: none"> Continuous trading throughout the day on exchanges, like stocks There are no short-term trading and/or excessive trading fund management policies
Short Selling, Marginable	No	Yes (with some exceptions)
Pricing	<ul style="list-style-type: none"> Bought and sold at net asset value (NAV) Generally priced once daily at the end of the day 	<ul style="list-style-type: none"> Bought and sold at market prices on an exchange NAV calculated daily and intraday NAV (iNAV) reported throughout the trading day
Transaction Costs	<ul style="list-style-type: none"> Costs are shared as an expense across all owners of the fund Redemption fees may be charged individually to investors making short-term trades 	<ul style="list-style-type: none"> Investors bear their own transaction costs through the market bid/ask spread and any applicable brokerage fee Premiums and discounts may also affect total cost of ownership or performance
Portfolio Transparency	<ul style="list-style-type: none"> Passive/index mutual funds' holdings are generally published on a daily basis Active mutual funds typically publish full holdings quarterly 	<ul style="list-style-type: none"> Passive/index ETFs' holdings are generally published on a daily basis T. Rowe Price Active ETFs publish a daily proxy basket and full holdings quarterly
Expense Ratio	<ul style="list-style-type: none"> Total expense ratio typically higher due to shareholder servicing costs Management fees can be comparable 	<ul style="list-style-type: none"> Total expense ratio typically lower since shareholder servicing costs are minimized Management fees can be comparable
Capital Gains	<ul style="list-style-type: none"> Shareholders selling may cause taxable portfolio transactions in order to meet investor cash redemption demands. Can also have gains from manager transactions within the portfolio 	<ul style="list-style-type: none"> Shareholders selling plays no direct role in causing capital gains because shares are created/redeemed institutionally, primarily through securities delivery rather than cash. Can still have gains from manager transactions within the portfolio
Other Operational Features	<ul style="list-style-type: none"> Dividend are typically reinvested automatically on ex-date Can buy partial or fractional shares ("you are invested to the last penny") 	<ul style="list-style-type: none"> Distributions generally paid in cash or require a brokerage dividend reinvestment service (not always on ex-date) Usually bought as whole shares, unless fractional share brokerage services available
How Do I Buy?	<ul style="list-style-type: none"> Can buy direct, through a brokerage fund service, or a financial advisor/intermediary Often available in 401(k)s 	<ul style="list-style-type: none"> Requires a brokerage account Generally not in 401(k)s unless in-plan brokerage services are available

Additional similarities or differences may apply and investment products may vary. Please refer to an investment's prospectus for more information.

Investment solutions guided by our strategic investing approach.

At T. Rowe Price, we recognize that investors have different needs across a range of objectives and investment vehicles. We believe investors should have choices in the way they access T. Rowe Price investment strategies—whether they prefer mutual funds, ETFs, or a mix of both.

Regardless of an investor's preference, our time-tested expertise is at the core of our strategies.

Strategic investing has guided us since 1937 and is driven by independent thinking and rigorous research. Our investment professionals are located around the world and systematically share firsthand perspectives with one another to generate critical investing insights for our clients.

These unique insights help us spot and manage risk while identifying long-term opportunities.

Investors can expect direct access to our knowledge, experience, and insights through a variety of investment solutions—all designed with their needs in mind.

INVEST WITH CONFIDENCE®

**For more information, please call 1-800-401-4791
or visit [troweprice.com](https://www.troweprice.com).**

THIS ETF IS DIFFERENT FROM TRADITIONAL ETFS.

Traditional ETFs tell the public what assets they hold each day. This ETF will not. This may **create additional risks** for your investment. For example:

- You may have to pay more money to trade the ETF's shares. This ETF will provide less information to traders, who tend to charge more for trades when they have less information.
- The price you pay to buy ETF shares on an exchange may not match the value of the ETF's portfolio. The same is true when you sell shares. These price differences may be greater for this ETF compared to other ETFs because it provides less information to traders.
- These additional risks may be even greater in bad or uncertain market conditions.
- The ETF will publish on its website each day a "Proxy Portfolio" designed to help trading in shares of the ETF. While the Proxy Portfolio includes some of the ETF's holdings, it is not the ETF's actual portfolio.

The differences between this ETF and other ETFs may also have advantages. By keeping certain information about the ETF secret, this ETF may face less risk that other traders can predict or copy its investment strategy. This may improve the ETF's performance. If other traders are able to copy or predict the ETF's investment strategy, however, this may hurt the ETF's performance.

For additional information regarding the unique attributes and risks of the ETF, see the ETF prospectus.

Consider the investment objectives, risks, and charges and expenses carefully before investing. For a prospectus or, if available, a summary prospectus containing this and other information, visit [troweprice.com](https://www.troweprice.com).

Important Information

All investments are subject to market risk, including the possible loss of principal. Additional risks vary depending on the investment objectives and strategies. Please refer to a prospectus for more information.

ETFs are bought and sold at market prices, not NAV. Investors generally incur the cost of the spread between the prices at which shares are bought and sold. Buying and selling shares may result in brokerage commissions, which will reduce returns.

T. Rowe Price ETFs publish a daily Proxy Portfolio, a basket of securities designed to closely track the daily performance of the actual portfolio holdings. While the Proxy Portfolio includes some of the ETFs holdings, it is not the actual portfolio. Daily portfolio statistics will be provided as an indication of the similarities and differences between the Proxy Portfolio and the actual holdings. The Proxy Portfolio and other metrics, including Portfolio Overlap, are intended to provide investors and traders with enough information encourage transactions that help keep the ETF's market price close to its NAV. There is a risk that market prices will differ from the NAV, ETFs trading on the basis of a Proxy Portfolio may trade at a wider bid/ask spread than shares of ETFs that publish their portfolios on a daily basis, especially during periods of market disruption or volatility and, therefore, may cost investors more to trade. The ETF's daily Proxy Portfolio, Portfolio Overlap and other tracking data are available at [troweprice.com](https://www.troweprice.com).

Although the ETF seeks to benefit from keeping its portfolio information confidential, others may attempt to use publicly available information to identify the ETF's investment and trading strategy. If successful, these trading practices may have the potential to reduce the efficiency and performance of the ETF.

T. Rowe Price Investment Services, Inc.

©2021 T. Rowe Price. All Rights Reserved. T. ROWE PRICE, INVEST WITH CONFIDENCE, and the bighorn sheep design are, collectively and/or apart, trademarks of T. Rowe Price Group, Inc.