



THE DEFINITIVE

# BOND

ETF GUIDE

# BOND ETF GUIDE

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The bond ETF boom is here to stay. Since bond ETFs were first introduced in 2006, investors have poured more than \$329 billion in assets into the nearly 300 products now on the market.

The success has an easy explanation: To some extent, bond ETFs just make intuitive sense. Fixed income is a staple of any portfolio; why shouldn't fixed-income ETFs be, too?

But bond ETFs aren't a one-to-one swap for bonds. The ETF wrapper introduces key differences, which makes these investments behave in unexpected ways. Nor do bond ETFs entirely match up to the behavior of equity ETFs, even though they both trade on exchanges.

This guide is designed to help you understand bond ETFs, how they work and how they can help in managing your portfolio.

## WHY BOND ETFs?

### The downsides of bonds

Bonds are great: They offer safe, steady and predictable returns that are generally uncorrelated to those of stocks, making them an excellent way to balance out the risk of equities. But for most investors, investing in individual bonds poses several challenges:

#### Lack of transparency

Bonds trade over-the-counter, meaning there's no single exchange on which they trade. Nor is there one official, standardized price. Investors may encounter drastically different prices from different brokers all for the same bond.

#### High prices

Often, brokers jack up prices on bonds for smaller investors who can't negotiate better deals; for some municipal bonds, for example, these markups may soar as high as 2.5%.<sup>1</sup> That's on top of bid/ask spreads and, of course, the price of bonds themselves. Costs quickly add up.

#### Poor liquidity

Many bonds only trade once daily, weekly or even monthly—even when their markets function perfectly. In stressed markets, some bonds may stop trading altogether.

### What are bond ETFs?

Most bond ETFs track an index of bonds, although some follow active strategies. Either way, they roll up hundreds, even thousands, of bonds into a single investment wrapper that's substantially cheaper than investing in each bond individually. ETFs offer all the diversification of an institutional approach to bonds, at retail prices.

With a bond ETF, you can now trade in and out of the fixed-income space throughout the day, just as you would with equities. Plus, there's never any guesswork regarding the value of your investment: The exchange publishes ETF prices publicly and updates them every 15 seconds during market hours.

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<sup>1</sup>United States Government Accountability Office. "Municipal Securities: Overview of Market Structure, Pricing, and Regulation." January 2012. <http://www.gao.gov/assets/590/587714.pdf> Last accessed July 9, 2015.

## Differences between bond ETFs and bonds

Though bonds and bond ETFs are composed of the same building blocks, bond ETFs behave differently from their underlying investments in three key ways:

### **Bond ETFs do not mature.**

A bond ETF holds a mix of bonds at various stages of maturity, and with a few exceptions, rarely hold those bonds to maturity. That means the value of the bond ETF always depends on the interest-rate environment and other factors. With the exception of target-maturity ETFs (which hold bonds through expiration), there is never a moment with bond ETFs when you “get your money back.”

### **Bond ETFs are liquid even in illiquid markets.**

Because bond ETFs trade on an exchange, investors can buy and sell shares at any time during market hours—even if the underlying bonds themselves are not trading at the time. That can make bond ETFs more liquid than their underlying markets. Consider junk bonds, which on average trade fewer than half the days each month,<sup>2</sup> whereas the [iShares iBoxx \\$ High Yield Corporate Bond ETF \(HYG\)](#) trades millions of shares each day.

### **Bond ETFs pay out monthly income.**

Bond ETFs hold many different bonds at once, and at any given time, some bonds in the portfolio may be making their coupon payment. As a result, bond ETFs usually pay interest monthly, rather than semiannually, as most single bonds do. Also different: The value of this interest payment is not static, like a coupon. It can vary month to month.

## Differences between bond ETFs and bond mutual funds

Though bond mutual funds have been around longer, bond ETFs offer several advantages over their mutual fund cousins:

### **Tradability**

You can buy and sell ETF shares at any time during the trading day, even in segments of the bond market where the underlying issues might trade much less frequently. You can also buy bond ETFs on margin and sell them short, allowing for a greater range of investment strategies. Mutual funds, meanwhile, are only traded once a day after market hours, and you can neither buy mutual funds on margin nor sell them short.

### **Transparency**

ETFs are more transparent than mutual funds; most ETF managers publish a complete listing of their holdings daily. Mutual fund managers often only publish holdings once a quarter, and typically with a 30-day lag.

### **Lower total costs**

Bond ETFs tend to be cheaper than their mutual funds, because less work is involved in running an ETF. As detailed in “[ETFs vs. Mutual Funds: Which Is Right for You?](#),” the ETF system saves on paperwork, record-keeping, distribution costs and more. The end result? An ETF’s total expense ratio is usually lower than that of a comparable mutual fund.

<sup>2</sup>Karen Schenone and Khoabane Phoofofo. “Fixed Income ETFs: Navigating Today’s Trading Environment.” Powerpoint. iShares. 2013. <http://www.etf.com/docs/FixedIncomeETFsTradingEnvironment10162013.pdf> Last accessed August 20, 2015.

## Why use bond ETFs?

Bond ETFs offer investors several benefits, including:

### **Diversification**

Investors receive exposure to hundreds, even thousands, of bonds at once.

### **Intraday liquidity**

Investors can buy and sell ETFs any time during market hours, versus single bonds that may only trade weekly or monthly, or mutual funds that trade only once per day.

### **Ease of trading**

Exchanges are much more transparent and accessible for most investors than over-the-counter markets for individual bonds.

### **Price transparency**

Exchanges publish ETF prices publicly and regularly update them, compared with single bonds, whose prices may differ depending on the broker.

### **Know what you own**

The vast majority of ETF managers publish their holdings daily, compared with mutual funds that may update listings as infrequently as once a quarter.

### **Frequent income**

ETFs pay investors monthly interest payments, versus semiannual coupon payments for single bonds.

### **Lower costs**

ETFs are much cheaper than buying single bonds piecemeal. They even usually have lower total expenses than comparable bond mutual funds.

## WHAT KINDS OF BOND ETFs ARE THERE?

Most bond ETFs fall into one of four main categories:

### **Sovereign**

Tracks bonds issued by the governments of sovereign nations, typically (but not always) the U.S.

### **Corporate**

Tracks bonds issued by corporations

### **Municipal**

Tracks bonds issued by local U.S. municipalities

### **Broad Market**

Tracks some blend of the above

There are many further ways to slice and dice these four categories. Some ETFs further screen their securities by credit quality or maturity, while others narrow the field by geographical region or industry.

## Sovereign bond ETFs

Sovereign bond ETFs track the debt issued by the governments of sovereign nations. Safety is the name of the game in the sovereign space, as these bonds generally possess the least risk of default. Examples of sovereign bond ETFs include:

### U.S. Treasury ETFs

Treasuries are bonds the U.S. government issues in order to raise the funds necessary to run the government. Though they don't earn much interest over time, Treasuries are some of the safest investments around.

Examples: [iShares 1-3 Year Treasury Bond ETF \(SHY\)](#); [iShares 7-10 Year Treasury Bond \(IEF\)](#)

### Treasury Inflation-Protected Securities (TIPS) ETFs

This special class of Treasury security has been adjusted so as to protect investors from potential increases in inflation. If inflation rises, so too will the value of TIPS.

Examples: [iShares TIPS Bond ETF \(TIP\)](#); [SPDR Barclays TIPS ETF \(IPE\)](#)

### Mortgage-Backed Securities (MBSs) ETFs

Mortgage-backed securities are bonds backed by a pool of real estate loans. Unlike conventional bonds, which make regular interest payments and return your principal upon maturity, MBSs will return some portion of your principal with each interest payment.

Examples: [iShares MBS ETF \(MBS\)](#); [Vanguard Mortgage-Backed Securities ETF \(VMBS\)](#)

### International Bond ETFs

International bond ETFs are a huge category of ETFs that focus on the sovereign debt issued by foreign nations. They may cover single countries or entire regions, from developed markets to emerging economies, and they span a range of yields, durations and maturities. Emerging market debt ETFs, in particular, have become very popular with investors lately.

Examples: [iShares J.P. Morgan USD Emerging Markets Bond ETF \(EMB\)](#); [PowerShares Emerging Markets Sovereign Debt \(PCY\)](#)

## Corporate bond ETFs

Corporate bond ETFs focus on the bonds that corporations issue to raise capital and finance operations. These ETFs in some ways capture the best of both worlds: They usually offer higher returns than most sovereign bond ETFs, and they're safer than stocks; in case of bankruptcy, a company will pay off its bonds first, before commitments to stockholders. However, corporate bond ETFs also have a higher default risk than many sovereign bond ETFs. Types of corporate bond ETFs include:

### 'Investment grade' ETFs

These ETFs focus on corporate bonds with higher credit ratings and therefore low risk of default. Standard & Poor's defines investment-grade bonds as ranging from AAA to BBB.

Examples: [iShares iBoxx \\$ Investment Grade Corporate Bond ETF \(LQD\)](#); [Vanguard Intermediate-Term Corporate Bond ETF \(VCIT\)](#)

### **'Junk bond' or high-yield ETFs**

Lower-rated junk bonds may offer high yields, but they also carry higher risk. Standard & Poor's rates anything below BBB as a junk bond.

Examples: [iShares iBoxx \\$ High Yield Corporate Bond ETF \(HYG\)](#); [SPDR Barclays High Yield Bond \(JNK\)](#)

### **Hybrid security ETFs**

These ETFs focus on securities that combine characteristics of both debt and equity, such as preferred stock and convertible bonds. Preferred stock is a type of equity that pays investors fixed dividends, while convertible bonds are bonds that can be converted into stock at a specific strike price.

Examples: [iShares U.S. Preferred Stock \(PFF\)](#); [SPDR Barclays Convertible Securities ETF \(CWB\)](#)

### **Senior bank loan ETFs**

Senior bank loan ETFs track a specific kind of debt issued by banks that, legally, is considered the highest-priority loan possible. In case of bankruptcy, these loans must be repaid before anything else. Note that these can sometimes be low-credit-quality bonds.

Examples: [PowerShares Senior Loan ETF \(BKLN\)](#); [SPDR Blackstone / GSO Senior Loan ETF \(SRLN\)](#)

## **Municipal bond ETFs**

Municipal bonds, or "munis," are debt issued by a state, county, city or even a township within the U.S. in order to finance local projects, like highway repairs or new schools. Most munis are exempt from federal taxes and often state and local taxes as well. They also tend to be very safe investments, with an average default rate of only 0.03 percent over the past five years.<sup>3</sup>

However, munis can be illiquid and expensive to purchase on an individual basis, even for bonds. That's what makes the ETF version so attractive: Muni bond ETFs can be bought and sold at any time during market hours for lower cost and with greater diversification.

Examples: [iShares National AMT-Free Muni Bond ETF \(MUB\)](#); [SPDR Nuveen Barclays Short Term Municipal Bond ETF \(SHM\)](#)

## **Broad market bond ETFs**

Broad market bond ETFs are the oldest, and still the most popular, bond ETFs currently available. These one-stop-shop investments package a range of sovereign, corporate and municipal bonds together.

For many investors, broad market bond ETFs act as core fixed-income exposure, and they're as far as these investors will ever venture into the wide world of bond ETFs.

Examples: [Vanguard Total Bond Market \(BND\)](#); [iShares Core U.S. Aggregate Bond ETF \(AGG\)](#)

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<sup>3</sup>Moody's. "Municipal bond defaults remain low in number, but new trends are emerging." May 7, 2014.

[https://www.moody's.com/research/Moodys-Municipal-bond-defaults-remain-low-in-number-but-new--PR\\_298814](https://www.moody's.com/research/Moodys-Municipal-bond-defaults-remain-low-in-number-but-new--PR_298814) Last accessed August 20, 2015.

## Other types of bonds

As the bond ETF market matures, issuers have gotten more creative in their product offerings. Other types of bond ETFs include:

### Money market alternatives

Instead of parking cash in a money market, investors can access the same flexibility in short duration and ultra-short-duration fixed-income ETFs. Plus, in a low-rate environment, these funds often offer much higher yields.

Examples: [PIMCO Enhanced Short Maturity Strategy Fund \(MINT\)](#); [iShares Short Maturity Bond \(NEAR\)](#)

### Leveraged/Inverse ETFs

Leveraged bond ETFs provide a multiple, either positive or negative, on the daily returns of their indexes. Inverse bond ETFs provide the inverse of the daily return of their indexes. This is not the same as the multiple, or the inverse, of an index's long-term return.

Examples: [ProShares UltraShort 20+ Year Treasury \(TBT\)](#); [ProShares Short 20+ Year Treasury \(TBF\)](#)

### Unconstrained/Tactical bond ETFs

Unconstrained or tactical bond ETFs are actively managed funds that give free rein to their portfolio managers to pull bonds from any market segment, regardless of issuer, credit rating, sector or geography. The idea is that greater manager freedom may offer additional opportunities for profit or protection, but it often also makes these products less predictable and more expensive.

Examples: [WisdomTree Western Asset Unconstrained Bond Fund \(UBND\)](#); [Virtus Newfleet Multi-Sector Unconstrained Bond ETF \(NFLT\)](#)

## UNIQUE BOND ETF RISKS AND CONSIDERATIONS

Investors should be aware of several risks and considerations that are unique to bond ETFs, including:

### Loss of Principal Risk

Individual bonds eventually mature, meaning that no matter how the investment's value may wax and wane, you're always guaranteed to get your initial investment back at some fixed date in the future (barring default). The same isn't true with bond ETFs. Because bond ETFs never mature, their ultimate value at any point in time is defined by the market.

Recently, however, some ETF providers have tried tackling this problem by launching ETFs with specific maturity dates. These target-maturity-date ETFs hold bonds until they expire and distribute the proceeds, once all the bonds in the portfolio have matured. Guggenheim, for example, offers 16 target-maturity-date corporate bond ETFs under its BulletShares brand, with maturities at different years (2017, 2018 and so on). Meanwhile, iShares offers six target-maturity-date muni bond ETFs.

### Trading Costs and Risk

When buying or selling bond ETFs, you have to pay trading commissions to your brokerage—something you don't have to do with bonds or bond mutual funds. Also, bond ETFs possess bid/ask spreads, whereas bond mutual funds don't; when buying a bond mutual fund, you simply pay NAV.

These costs are largely unavoidable when trading any ETF, and, depending on how actively you trade or how large the spreads are, they can add up. Note that many platforms, such as Schwab or Fidelity, now offer commission-free ETF trades, at least of funds carrying their own brand.

If you have to pay commissions, ETFs might only make sense if you are trading in significant size.

### Rising Interest-Rate Risk

With bond ETFs, you can lose money if interest rates rise. Should rates increase, as the Fed has threatened to do for years, the value of bonds may fall. Selling bonds would therefore mean losing money on your initial investment.

With single bonds, you can mitigate that pain by just holding on until maturity, when you'll be paid the bonds' full face value. Alas: Bond ETFs don't mature, so there's little you can do to avoid the sting of rising rates.

### Tax Risk

With bond ETFs, you're more likely to see annual capital gains distributions, because managers have to buy and sell bonds throughout the year to maintain a constant maturity or duration. Bonds mature out of their target ranges regularly—a three- to seven-year Treasury ETF, for instance, will see 20 percent of its portfolio mature in any given year—and that means bond ETF managers often can't exploit all the same tax-loss harvesting strategies that keep stock ETFs so tax efficient.

Luckily though, these distributions are usually very small: less than 1 percent of net asset value (NAV). For example, in 2014, the total capital gains distribution for the two largest bond ETFs—the [iShares Core U.S. Aggregate Bond ETF \(AGG\)](#) and the [Vanguard Total Bond Market ETF \(BND\)](#)—was just 0.08 percent and 0.26 percent of NAV, respectively. Higher capital gains distributions hit bond ETFs with constrained maturities, however, since so many bonds leave the fund each year.

There's a silver tax lining, however: Bond ETFs' monthly interest payments may be tax-free, depending on the ETF type. Interest from Treasury ETFs, for example, is exempt from state and local taxes. Interest paid by muni bond ETFs is exempt from federal taxes and possibly state and local taxes too, if you're a resident of the issuing state or city.

### Premium/Discount Risk

In times of market stress, bond ETFs may develop large premiums and discounts to NAV. Critics often hold this up as a reason bond mutual funds are superior investments. In fact, the opposite is true: Unless you're a panic seller, bond mutual fund holders may be worse off in volatile times.

The reason stems from how single bonds are priced. To calculate the fair value of these often-illiquid, hard-to-trade investments, mutual fund and ETF managers often rely on bond pricing services to provide estimates based on trading patterns and market models. Ultimately, these are just estimates, not set-in-stone values.

Mutual fund share prices are always equal to their NAV, which in this case is the sum of the estimated prices for all the single bonds in the fund portfolio. An ETF's share price, however, may differ from its NAV, due to market supply and demand for the fund. Premiums develop when ETF prices rise above NAV, and discounts develop when prices fall below NAV.

However, there's a mechanism in place to keep an ETF's share price and NAV aligned: arbitrage. Special institutional investors known as "authorized participants" (APs) have the ability to create or destroy shares of the ETF at any

time. Should an ETF's share price dip below its NAV, APs can make money on the difference by buying up shares of the ETF on the open market and trading them into the issuer for an "in kind" exchange of the underlying bonds. To make a profit, the AP simply needs to liquidate those bonds. Likewise, if an ETF's share price rises above NAV, APs can buy up the individual bonds and trade them in for ETF shares instead. Arbitrage creates a natural buying or selling pressure that usually keeps an ETF's share price and NAV from drifting too far from each other.

In stressed markets, however, the APs may no longer be able to liquidate the underlying bonds for the values set by the pricing service. APs begin to believe that the bond pricing service is wrong, and that it's overestimating prices for the underlying bonds. For ETF investors, this means the ETF price falls to a discount to its NAV. (The reverse is true for any premiums that may arise.)

Are bond mutual funds any better? Mutual funds, after all, guarantee the ability to buy and sell exactly at NAV, even in times of market stress, thus shielding exiting shareholders from the true costs of liquidating that portfolio.

Ultimately, however, buy-and-hold bond mutual fund investors must subsidize the cost of those investors who flee. To fill a redemption request, mutual fund managers must give the exiting investor cash equal in value to NAV. In normal markets, the fund would just sell bonds to come up with the cash, but in stressed markets, that's harder to pull off. As the APs already discovered, it's not possible to sell the underlying bonds for the prices given by the pricing service. Therefore, mutual funds often have to sell more bonds than NAV's worth to make up the difference.

The shareholders who stay are the ones to absorb that cost. Plus, because funds process redemptions overnight, funds must keep cash on hand—creating cash drag on returns—or maintain a credit facility, which shows up as a fund expense. Thus, buy-and-hold bond mutual fund investors are often penalized for staying in their fund during periods of market stress.

Bond ETFs and bond mutual funds can both suffer in times of market stress. But of the two types of funds, mutual funds are the only ones that penalize investors for staying in their investments.

## HOW DO I EVALUATE A BOND ETF?

Investors can evaluate bond ETFs in much the same way they evaluate stock ETFs, asking themselves three key questions:

### **Efficiency**

Does this fund track its index well at low costs?

### **Tradability**

Can you trade this fund at low costs?

### **Fit**

Does this fund capture the market you want?

Investors interested in evaluating ETFs along these lines can find analysis and scoring on ETF.com's individual fund pages, using the URL convention [www.etf.com/ticker](http://www.etf.com/ticker) (e.g., [www.ETF.com/BND](http://www.ETF.com/BND)).

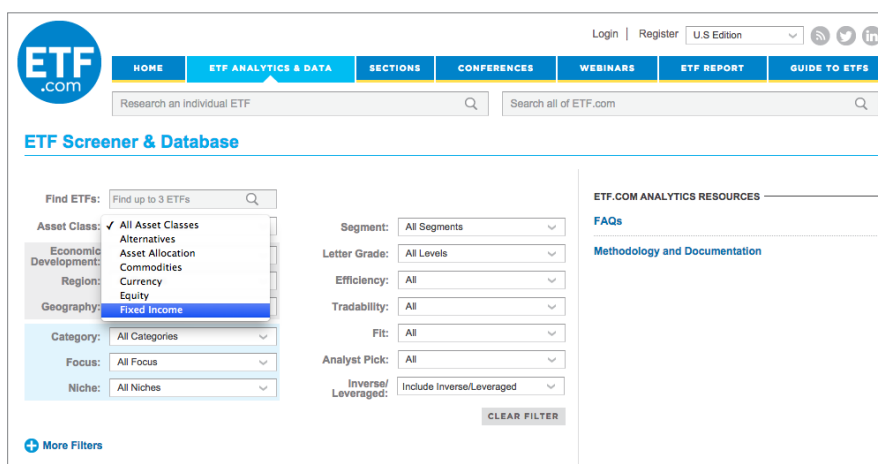
Of these three items, the most important—and most complex—is Fit. Bond ETFs that seemingly cover the same category—say, high-yield bonds—can actually have remarkably different portfolios. Key metrics to look at include credit exposure and duration. The higher the credit risk, the more likely the ETF is to react to changes in the economic environment; the higher the duration, the more impacted the fund will be if/when interest rates move.

## How to build a bond ETF portfolio: The ETF Screener

The ETF.com [ETF Screener and Database](#) is a free, one-of-a-kind screener that allows you to quickly research ETFs in a given class and locate specific funds out of the 1,700+ U.S.-listed ETFs on the market today.

The ETF Screener consists of several drop-down boxes that allow you to begin your search as widely or specifically as you need to. Menus allow you to narrow down ETFs by general characteristics, such as asset class or economic development level, or by specific ones, like industry niche or currency.

With every selection, results automatically update at the bottom of the page, giving you a list of ETFs that meet your criteria. Or, for side-by-side comparisons, you can also search for specific ETFs by ticker, up to three at a time.



Selecting “Fixed Income” provides a list of roughly 300 bond ETFs, organized automatically by size (assets under management). The list also includes each ETF’s ticker, full name, issuer, expense ratio, spread and classification category. Additional tabs provide information on each fund’s performance history, fundamentals, ETF.com letter grade and more.

Clicking an ETF’s ticker or fund name takes you to its individual page within ETF.com. There you can find up-to-the-minute prices and returns, and read our analysts’ assessment of each fund’s investability.

# BND

Vanguard Total Bond Market

ETF.com segment: **Fixed Income: U.S. - Broad Market Investment Grade**

Related ETF Lists: [Bond ETFs](#), [US Broad Market Bond ETFs](#), [Fixed Income ETFs](#)

Find more ETFs with our [ETF Screener and Database](#)

Price: **\$81.13**    Today's Change: **-0.34 (-0.42%)**    Today's Volume: **1.7 M**

4:00pm (ET) 9/15/2015

**Overall Rating**

A

94

as of 09/14/2015

Rating Details

E	92
T	91
F	94

↑ Segment Average

BND Fund Report

Overview

Efficiency	92
Tradability	91
Fit	94

Definitions: On

BND Fund Description

The Vanguard Total Bond Market ETF tracks a broad market-value weighted index of US dollar denominated investment grade taxable fixed income securities with maturities of at least one year.

BND ETF.com Insight

As one of the four funds tracking what is essentially the same index—the Barclays Capital U.S. Aggregate (Float Adjusted) Bond Index—BND delivers a massive portfolio at a low cost. BND has one of the lowest round-trip costs of any

“above segment-average”

BND Summary Data

Issuer	Vanguard
Inception Date	04/03/07
Legal Structure	Open-Ended Fund
Expense Ratio	0.08%
Assets Under Management	\$26.67 B
Average Daily \$ Volume	\$154.6 M

The ETF universe is ever-changing, with new launches and closures occurring every day. That's why the ETF Screener and Database is updated daily, so you won't miss out on newer ETFs that might meet your needs, or waste your time researching funds that no longer exist.

### Example: How to find high-yield ETFs

Say you're interested in ways to take advantage of the corporate bond ETF market. Looking up high-yield ETFs is as easy as selecting "High Yield" from the Focus menu:

The screenshot shows the ETF Screener & Database interface. The top navigation bar includes links for HOME, ETF ANALYTICS & DATA, SECTIONS, CONFERENCES, WEBINARS, ETF REPORT, and GUIDE TO ETFs. Below the navigation bar is a search bar for "Research an Individual ETF" and "Search all of ETF.com". The main filter section includes dropdown menus for Asset Class (Fixed Income), Economic Development (All Levels), Region (All Regions), Geography (All Geographies), Category (U.S. Government), Focus (TIPS), Niche (Short-Term), Segment (All Segments), Letter Grade (All Levels), Efficiency (All), Tradability (All), Fit (All), Analyst Pick (All), and Inverse/Leveraged (Include Inverse/Leveraged). A "CLEAR FILTER" button is located below the filters. On the right side, there are links for "ETF.COM ANALYTICS RESOURCES", "FAQs", and "Methodology and Documentation". At the bottom, there are tabs for "FUND BASICS", "PERFORMANCE", "ANALYSIS", "FUNDAMENTALS", "CLASSIFICATION", "TAX", and "CUSTOM".

### Example: How to find TIPS ETFs

Say that you're concerned about both rising inflation and a potential rise in interest rates. To find short-duration TIPS ETFs, all you have to do is set Category to "U.S. Government"; Focus to "TIPS"; and Niche to "Short-Term":

The screenshot shows the ETF Screener & Database interface with search results for TIPS ETFs. The filters are the same as in the previous screenshot, but the results are now displayed. The "ETF Results" section shows "4 ETFs" as of 09/14/2015. Below the results, there are tabs for "FUND BASICS", "PERFORMANCE", "ANALYSIS", "FUNDAMENTALS", "CLASSIFICATION", "TAX", and "CUSTOM". The "FUND BASICS" tab is selected, and the results are displayed in a table format.

Ticker	Fund Name	Issuer	Expense Ratio	AUM	Spread %	Segment
VTIP	Vanguard Short-Term Inflation-Protected Securities	Vanguard	0.10%	\$1.82B	0.07%	Fixed Income: U.S. Government TIPS Short-Term
STPZ	PIMCO 1-5 Year U.S. TIPS	PIMCO	0.20%	\$1.15B	0.07%	Fixed Income: U.S. Government TIPS Short-Term

## BND vs. AGG: Comparing two ETFs against each other

Say that you're not sure whether BND or AGG is right for you, and you'd like to see a side-by-side comparison. To do so, just input their tickers into the "Find ETFs" box; results will instantly provide a wealth of data about these two funds:

The screenshot shows the ETF.com website's "ETF Screener & Database" interface. The search results for BND and AGG are displayed in a table. The table has columns for Ticker, Fund Name, Issuer, Expense Ratio, AUM, Spread %, and Segment. The results are as of 09/14/2015.

Ticker	Fund Name	Issuer	Expense Ratio	AUM	Spread %	Segment
BND	Vanguard Total Bond Market	Vanguard	0.08%	\$26.68B	0.01%	Fixed Income: U.S. - Broad Market Investment Grade
AGG	iShares Core U.S. Aggregate Bond	BlackRock	0.08%	\$26.46B	0.01%	Fixed Income: U.S. - Broad Market Investment Grade

## CONCLUSION

In many ways, bond ETFs offer the best of both worlds. They offer all the safety and security of bonds, without any of the price gouging or opacity inherent in the single-bond market. And they offer all the flexibility and tradability of an ETF wrapper, without the higher risk of stock ETFs.

That doesn't mean bond ETFs are simple investments, however. To continue your bond ETF research, we encourage you to use our [Bond ETFs Channel](#) and ETF fund reports. You can stay on top of the latest news about bond ETFs, and find the right bond ETF to help you reach your investment objectives. ETF.com also has its annual [Fixed Income conference](#) in Newport Beach, California, Nov. 4-5, where you can learn from the leading fixed-income ETF strategists and asset managers in the industry.



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