Exchange Traded Fund

- An Exchange-Traded Fund (ETF) is a basket of securities that trade on an exchange, just like a stock.
- ETF reflects the composition of an Index, like BSE Sensex. Its trading value is based on the Net Asset Value (NAV) of the underlying stocks (such as shares) that it represents.
- ETF share prices fluctuate all day as it is bought and sold. This is different from mutual funds that only trade once a day after the market closes.
- An ETF can own hundreds or thousands of stocks across various industries, or it could be isolated to one particular industry or sector.