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.