

Balanced ETFs

ETFs are increasingly popular forms of packaging and many firms offer Asset Allocation funds (aka Balanced funds)

- **Count:** 40 ETFs are placed in the Diversified Portfolio ETFdb Category.
- **Expense Ratio:** Range from 0.25% to 2.96%
- **Average Expense Ratio:** 0.87%
- **Trading Vol:** Average volume is 22K, with the most active > 100K to least active < 1000
- **Availability:** Average age is 4 yrs, with the oldest is 11 yrs, while 60% are less than 3 years old
- **Commission Free:** Only 6 ETFs are offered commission free on some discount brokers
- **Issuers with ETFs in this Category include:**

Amplify, Aptus Capital Advisors, ArrowShares, Cambria, ClearShares, Credit Suisse, Exchange Traded Concepts, First Trust, FlexShares, FormulaFolio Investments, Goldman Sachs, GraniteShares, Innovator Management, Invesco, iShares, J.P. Morgan, Pacer Financial, Premise Capital, Regents Park Funds, Saba Capital Management, State Street SPDR, Strategy Shares, StrongVest ETF Trust, Tuttle Tactical Management LLC, VanEck, WisdomTree

Pros

- Simple all-in-one fund option for those who like ETFs
- Allocation available to match different risk profile / investment horizon
- Usually hold a basket of ETFs (similar to mutual funds) but some hold stocks and bonds too
- Range from simple passive strategy to more complicated like active, leverage
- Commission free trading available with discount brokers

Cons

- ER is slightly higher than if you select funds yourself
- Limits tax efficient fund placement
- Difficult to rebalance if you own other funds
- Low trading volume, higher spread
- Usually not available in 401(k) retirement plans

iShares Core Allocation Funds

AOK | Conservative



AOM | Moderate



AOR | Growth



AOA | Aggressive



Stocks

Bonds

% Stocks or bonds

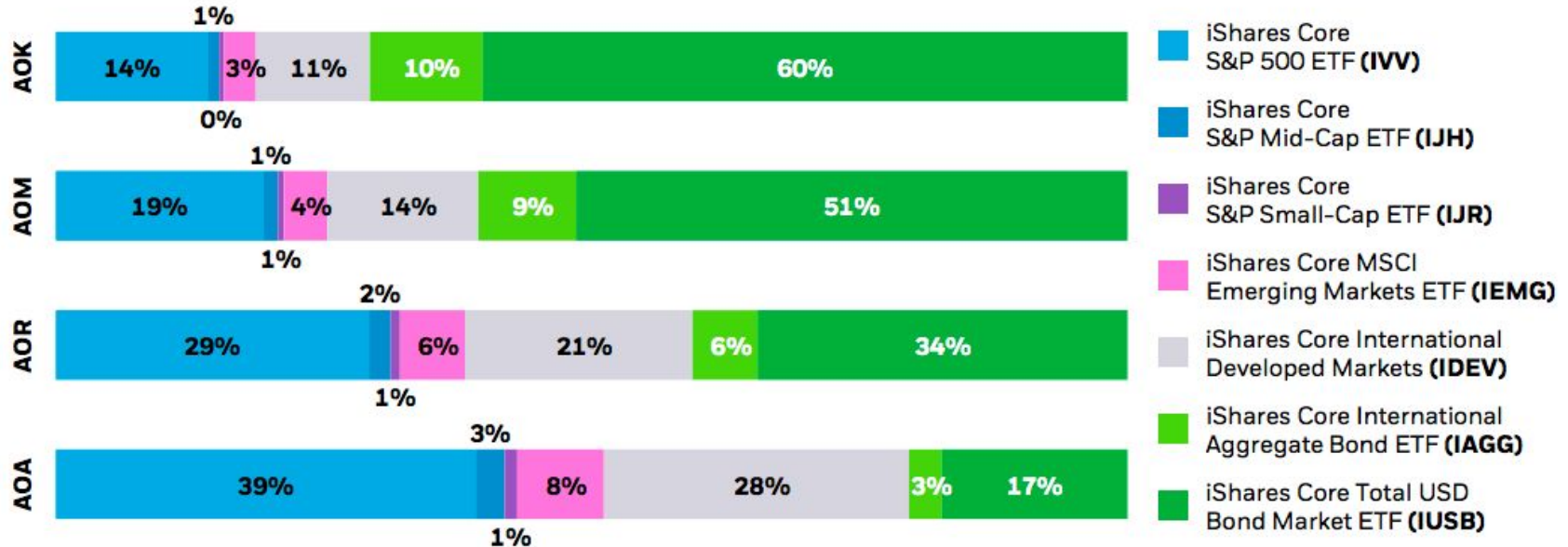
Source: BlackRock, S&P as of 6/30/19.

Avg Volume	Total Assets	3 Yr Total Cost Ratio	Comparable fund
73,231	557M	0.97	In between VSCGX and VASIX
116,279	1.1B	0.95	VSCGX
88,488	1.3B	0.98	VSMGX
56,015	927M	0.98	Comparable to VASGX and FFNOX

Expense Ratio	Inception Date	Commision Free	ST/LT Capital Gains
0.25%	11/4/2008	TD Ameritrade	Q4 2017

iShares Core Allocation Funds

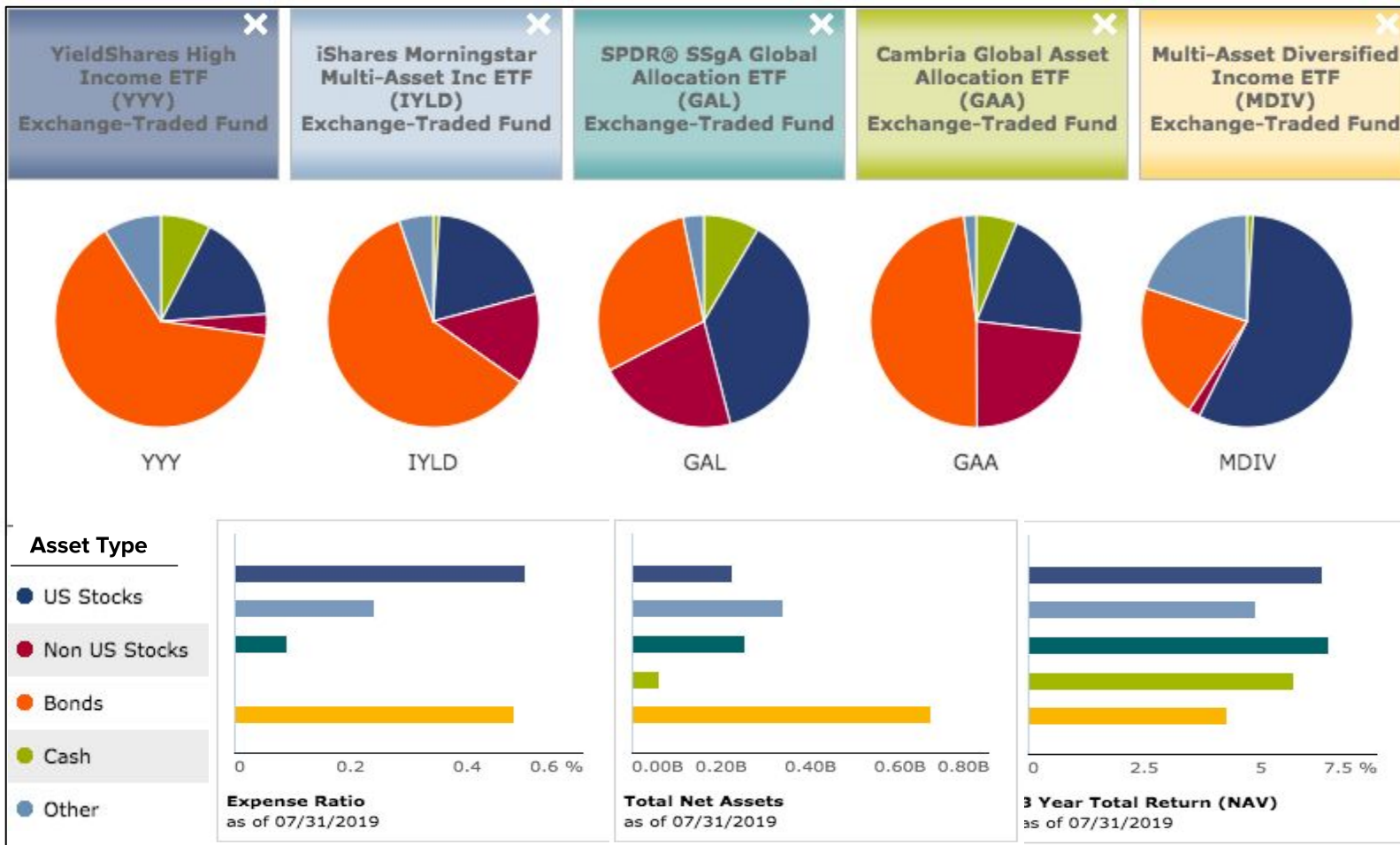
Figure 1: Fund holdings as of 6/30/19²



Growth of \$10K - since inception



OTHER FUNDS



Final Thoughts

- At 25 bps, the iShare Core Allocation funds are the least expense offerings compared to similar ETFs. However, Vanguard's LifeStrategy and Fidelity's Four-in-One funds charge 14 and 11 bps, respectively.
So, the argument that ETFs are cheaper than funds doesn't fly in this case.
- There's also the belief that ETFs are more tax efficient than funds.
AOA has a 3-year tax cost ratio of 0.98, while VASGX is 0.91 and FFNOX is 0.71.

Balanced investments are available in ETF form, but surprisingly not at the cost or tax advantages most people would imagine.