




ETF vs Index Fund



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How do they compare

	ETF	INDEX FUND
Diversification	✓	✓
Short selling	✓	✗
Multiple Holdings	✓	✓
Index tracking	✓	✓

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

Both ETF and index funds share several similarities while differing in certain other characteristics. Let's evaluate the differences. An index fund is a passive mutual fund that aims to achieve capital appreciation by imitating or replicating an index, such as the Sensex or Nifty

While ETFs (Exchange Traded Funds) is a basket of stocks that replicate and mirror a benchmark index. Both index funds and ETFs offer the benefit of diversification. They give exposure to several stocks or securities. They both try and replicate or track a benchmark index. They have multiple holdings similar to the index that they track.

ETFs are traded like a stock on an exchange. And similar to a stock, investors can short-sell an ETF. While the index fund units can be bought and sold by placing a request with the fund house either online or through a distributor, which means you cannot do short-selling with an index fund.

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