

Exchange Traded Funds

Investment solutions on the rise.

What are ETFs?

Like index mutual funds, Exchange Traded Funds (ETFs) are a collection of securities that track a specific market index. In addition, ETFs trade like a stock and can be bought and sold continually throughout the day. Some of the many benefits of ETFs include:

- Transparency of the underlying assets in the portfolio
- Trading flexibility
- Potentially greater tax efficiency
- Typically low fees and expenses
- No minimum investment

How are ETFs used in portfolios?

ETFs are designed to invest in a portfolio of securities and can be used in a variety of investment strategies, such as:

Core Investment: Purchasing a single ETF for the long term may be an inexpensive, tax-efficient way to establish and track investments.

Diversification: By covering nearly every segment of the equity market, ETFs provide an easy and convenient way to adjust the mix of a core portfolio. Although standard commissions apply, ETFs typically have low annual expense ratios.

Risk Management/Hedging: ETFs track established indices and are easily traded, making it easier to manage risk and maintain diversification. Like stocks, ETFs can be purchased on margin and sold short, which can allow an investor to take advantage of risk management strategies – once available only to large institutions.*

Allocation Targets: ETFs provide a way for an investor to maintain allocation targets while determining where to invest for the longer term.

Are ETFs right for me?

Whether you need a new portfolio solution or want to add to your existing strategy, ETFs can offer:

- Efficient index investing
- Easy asset allocation
- Simple portfolio diversification

What are the risks and considerations of ETFs?

Like stocks or bonds, ETFs carry market risk and could decline in value because of current events, supply and demand and other conditions that may affect the sector or group of industries the ETF represents. In addition, ETFs will occasionally distribute capital gains. International investments involve special risks, including currency fluctuations and political and economic instability. It's also important to have a clear understanding of the amount of market risk you're comfortable taking.

ETFs in the same Morningstar® category may track different underlying indices, and have a different number of holdings and varying expense ratios. The ETFs displayed on the following pages show the largest ETFs, measured by net assets, in many Morningstar categories. In comparing one ETF to another, it is important to be aware of what index is being tracked and how many securities it has in order to understand how diversified the ETF really is. ETFs typically have low expense ratios but, like mutual funds, ETF expense ratios can vary widely by fund family so a comparison of the expense ratios is also shown. To buy any of the ETFs listed, log on to tdameritrade.com and select "Stocks" under the *Trade* tab.

Want to learn even more about ETFs? Try our comprehensive ETF Screener, as well as our Mutual Fund and ETF Compare Tool. Access these powerful features by logging on at tdameritrade.com and selecting "ETFs" under *Research & Ideas*.

Before investing in an ETF, carefully consider the investment objectives, risks, charges and expenses. For a prospectus containing this and other important information, contact a TD AMERITRADE Investment Consultant at 800-858-9775. Please read the prospectus carefully before investing.

Call 800-858-9775 or
visit tdameritrade.com today!



Past performance of a security does not guarantee future results. All investments are subject to investment risk, including possible loss of the principal invested.

ETFs are registered investment companies that trade on an exchange like a stock. Commission fees apply. Trading prices may not reflect the actual net asset value of the underlying securities. ETFs can entail market, sector or industry risks similar to direct stock ownership.

*Margin trading increases risk of loss and includes the possibility of a forced sale if account equity drops below required levels. Margin is not available in all account types. Carefully review the Margin Handbook and Margin Disclosure Document for more details. Please see our Web site or contact TD AMERITRADE for copies. The risk of loss on a short sale is potentially unlimited since there is no limit to the price increase of a security. There is no guarantee the brokerage firm can continue to maintain a short position for an unlimited time period. Your position may be closed out by the firm without regard to your profit or loss.

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Exchange Traded Funds (ETFs) cont.

Listed below is a sampling of ETFs with largest net assets by category. For additional ETFs, log on to your account and select "ETFs" under *Research & Ideas*.

Ticker	Name	Net Expense Ratio**	Gross Expense Ratio	Primary Benchmark	# of Holdings	Net Assets Total (As of 07/31/08)
US ETF Bear Market						
DUG	UltraShort Oil & Gas ProShares	0.95	1.59	DJ US Oil&Gas TR USD	1	1,846,183,053
SDS	UltraShort S&P 500 ProShares	0.95	0.96	S&P 500 PR	3	2,392,362,623
US ETF Conservative Allocation						
TDX	TDX Independence In-Target ETF	0.65	0.73	Zacks In-Target Lifecycle	326	30,532,873
US ETF Diversified Emerging Mkts						
EEM	iShares MSCI Emerging Markets Index	0.74	0.74	MSCI EM NR USD	350	22,370,008,294
VWO	Vanguard Emerging Markets Stock ETF	0.25	0.25	MSCI EM NR USD	821	7,082,611,705
US ETF Diversified Pacific/Asia						
ADRA	BLDRS Asia 50 ADR Index	0.30	0.36	Bank of New York Asia 50 ADR	50	96,930,762
AIA	iShares S&P Asia 50 Index	0.50	0.50	S&P Asia 50 TR	54	61,360,955
US ETF Emerging Markets Bond						
EMB	iShares JPMorgan USD Emerg Markets Bond	0.60	0.60	JPM EMBI Global TR USD	37	88,619,741
PCY	PowerShares Emerging Mkts Sovereign Debt	0.50	0.50	DB Emerging Market US \$ Balanced Liquid	26	121,633,382
US ETF Europe Stock						
IEV	iShares S&P Europe 350 Index	0.60	0.60	S&P Europe 350 TR USD	349	2,018,310,518
VGK	Vanguard European Stock ETF	0.12	0.12	MSCI Europe USD	530	2,534,288,157
US ETF Foreign Large Blend						
EFA	iShares MSCI EAFE Index	0.34	0.34	MSCI EAFE USD	826	40,697,376,108
VEU	Vanguard FTSE All-World ex-US ETF	0.25	0.25	MSCI World Ex US NR USD	2,192	1,968,952,405
US ETF Foreign Large Growth						
EFG	iShares MSCI EAFE Growth Index	0.40	0.40	MSCI EAFE Growth USD	557	1,340,995,436
US ETF Foreign Large Value						
EWC	iShares MSCI Canada Index	0.52	0.52	MSCI Canada NR USD	101	2,169,533,440
EFV	iShares MSCI EAFE Value Index	0.40	0.40	MSCI EAFE Value USD	541	924,446,864
US ETF Foreign Small/Mid Growth						
IFSM	iShares FTSE Dvlpd Sm Cap ex-North Amer	0.50	0.50	FTSE EPRA/NAREIT Dvlpd SmCap ex-Nrth Amr	590	23,356,905
GWX	SPDR S&P International Small Cap	0.59	0.59	S&P/Citi Cos Cap<2 Bil Wid Ex US TR USD	502	359,567,041
US ETF Foreign Small/Mid Value						
DIM	WisdomTree International MidCap Dividend	0.58	0.58	WisdomTree International MidCap Div	527	199,172,239
DLS	WisdomTree International SmallCap Div	0.58	0.58	WisdomTree International SmallCap Div	840	465,458,302
US ETF High Yield Bond						
HYG	iShares iBoxx \$ High Yield Corporate Bd	0.50	0.50	iBoxx \$ Liquid High Yield	53	894,229,128
JNK	SPDR Lehman High Yield Bond	0.40	0.40	LB VLI High Yield TR	113	437,286,625
US ETF Inflation-Protected Bond						
TIP	iShares Lehman TIPS Bond	0.20	0.20	LB US Treasury US TIPS TR USD	26	7,804,992,053
IPE	SPDR Barclays Capital TIPS	0.18	0.18	Barclays U.S. Gov Inflation-linked Bond	28	113,048,561
US ETF Intermediate Government						
IEI	iShares Lehman 3-7 Year Treasury Bond	0.15	0.15	LB US Treasury 3-7 Yr	10	642,529,266
ITE	SPDR Lehman Intermediate Term Treasury	0.13	0.13	LB US Treasury Intermediate TR USD	112	44,400,102
US ETF Intermediate-Term Bond						
AGG	iShares Lehman Aggregate Bond	0.24	0.24	LB US Agg Bond TR USD	174	9,295,336,985
BND	Vanguard Total Bond Market ETF	0.11	0.11	LB US Agg Bond TR USD	12,457	1,854,666,342
US ETF Japan Stock						
EWJ	iShares MSCI Japan Index	0.52	0.52	MSCI Japan NR USD	340	7,990,619,960
VPL	Vanguard Pacific Stock ETF	0.12	0.12	MSCI Pacific USD	523	1,663,186,035
US ETF Large Blend						
SPY	SPDRs	0.09	0.10	S&P 500 TR	501	76,347,768,365
IVV	iShares S&P 500 Index	0.09	0.09	S&P 500 TR	501	16,904,942,803

Ticker	Name	Net Expense Ratio**	Gross Expense Ratio	Primary Benchmark	# of Holdings	Net Assets Total (As of 07/31/08)
US ETF Large Growth						
IWF	iShares Russell 1000 Growth Index	0.20	0.20	Russell 1000 Growth TR USD	646	12,958,068,817
QQQQ	PowerShares QQQ	0.20	0.20	NASDAQ 100 PR USD	100	16,969,874,232
US ETF Large Value						
DIA	DIAMONDS Trust, Series 1	0.16	0.16	DJ Industrial Average TR USD	31	9,070,018,346
IWD	iShares Russell 1000 Value Index	0.20	0.20	Russell 1000 Value TR USD	664	8,042,965,044
US ETF Latin America Stock						
EWZ	iShares MSCI Brazil Index	0.68	0.68	MSCI Brazil NR USD	74	8,065,231,853
ILF	iShares S&P Latin America 40 Index	0.50	0.50	S&P Latin America 40 TR	39	3,470,567,609
US ETF Long Government						
TLT	iShares Lehman 20+ Year Treas Bond	0.15	0.15	LB US Treasury 20+ Yr TR USD	11	1,853,291,818
IEF	iShares Lehman 7-10 Year Treasury	0.15	0.15	LB US Treasury 7-10 Yr TR USD	16	2,624,084,967
US ETF Long-Short						
BWV	iPath CBOE S&P 500 BuyWrite Index ETN	0.75	0.75	CBOE S&P 500 BuyWrite Index		21,645,309
PBP	Powershares S&P 500 BuyWrite	0.75	0.75	CBOE S&P 500 BuyWrite Index	501	23,506,199
US ETF Long-Term Bond						
LQD	iShares iBoxx \$ Invest Grade Corp Bond	0.15	0.15	iBoxx \$ Liquid Investment Grade	101	3,841,966,003
BLV	Vanguard Long-Term Bond ETF	0.11	0.11	LB US Govt/Credit Long TR USD	832	102,968,564
US ETF Mid-Cap Blend						
IJH	iShares S&P MidCap 400 Index	0.20	0.20	S&P MidCap 400 TR	401	4,962,669,290
MDY	MidCap SPDRs	0.25	0.25	S&P MidCap 400 TR	400	8,469,246,542
US ETF Mid-Cap Growth						
IWP	iShares Russell Midcap Growth Index	0.25	0.25	Russell Mid Cap Growth TR USD	504	2,805,563,687
IJK	iShares S&P MidCap 400 Growth Index	0.25	0.25	S&P MidCap 400/Citi Growth TR	241	2,234,991,438
US ETF Mid-Cap Value						
IWS	iShares Russell Midcap Value Index	0.31	0.31	Russell Mid Cap Value TR USD	545	2,580,816,492
IJJ	iShares S&P MidCap 400 Value Index	0.25	0.25	S&P MidCap 400/Citi Value TR	292	1,956,977,377
US ETF Moderate Allocation						
UEM	Claymore U.S.-1-The Capital Markets Idx	0.37	0.55	The Capital Markets	856	9,716,079
PCA	PowerShares Autonomic Bal NFA Gbl Asset	0.75	0.75	New Frontier Global Dynamic Balanced	28	6,846,186
US ETF Muni National Interm						
ITM	Market Vectors Lehman AMT-Free Int Muni	0.20	0.65	LB AMT-Free Intermediate Continuous Muni	49	20,375,740
US ETF Muni National Long						
MUB	iShares S&P National Municipal Bond	0.25	0.25	S&P National Municipal Bond	126	636,796,714
TFI	SPDR Lehman Municipal Bond	0.20	0.30	LB Municipal Managed Money	147	252,659,113
US ETF Muni National Short						
PVI	PowerShares VRDO Tax-Free Weekly	0.25	0.25	Thomson Municipal Market Data VRDO	64	105,095,139
SHM	SPDR Lehman Short Term Municipal Bond	0.20	0.20	LB Managed Money Municipal Short Term	97	147,217,799
US ETF Pacific/Asia ex-Japan Stk						
FXI	iShares FTSE/Xinhua China 25 Index	0.74	0.74	FTSE Xinhua China 25	27	6,514,643,427
EPP	iShares MSCI Pacific ex-Japan	0.50	0.50	MSCI Pacific Ex Japan NR USD	164	3,467,583,063
US ETF Short Government						
SHY	iShares Lehman 1-3 Year Treasury Bond	0.15	0.15	LB 1-3 Yr US Treasury PR USD	38	9,058,300,007
SHV	iShares Lehman Short Treasury Bond	0.15	0.15	LB Short Treasury USD	11	1,134,153,613

**Expense ratios displayed reflect information available in firm's annual report as of 7/31/08. Net expense ratios include waivers and expense reductions that may be temporary or contractual. Please refer to the fund prospectus for additional information.

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US ETF Short-Term Bond						
CSJ	iShares Lehman 1-3 Year Credit Bond	0.20	0.20	LB Credit 1-3 Yr TR	125	533,590,509
BSV	Vanguard Short-Term Bond ETF	0.11	0.11	LB Government 1-5 Yr TR USD	939	840,087,663
US ETF Small Blend						
IWM	iShares Russell 2000 Index	0.24	0.24	Russell 2000 TR USD	1,977	11,167,758,397
IJR	iShares S&P SmallCap 600 Index	0.20	0.20	S&P SmallCap 600 TR	602	4,224,118,817
US ETF Small Growth						
IWO	iShares Russell 2000 Growth Index	0.25	0.25	Russell 2000 Growth TR USD	1,216	3,092,850,280
IJT	iShares S&P SmallCap 600 Growth	0.25	0.25	S&P SmallCap 600/Citi Growth TR	351	1,307,174,588
US ETF Small Value						
IWN	iShares Russell 2000 Value Index	0.33	0.33	Russell 2000 Value TR USD	1,327	3,509,045,558
IJS	iShares S&P SmallCap 600 Value Index	0.25	0.25	S&P SmallCap 600/Citi Value TR	459	1,402,599,782
US ETF Specialty-Communications						
IYZ	iShares Dow Jones US Telecom	0.48	0.48	DJ US Telecom TR USD	42	562,994,202
IXP	iShares S&P Global Telecommunications	0.48	0.48	Standard & Poor's Global Telecom	58	347,391,693
US ETF Specialty-Financial						
XLF	Financial Select Sector SPDR	0.23	0.23	S&P 500 Sec/Financials TR	89	7,720,361,610
UYG	Ultra Financials ProShares	0.95	2.28	DJ US Financial TR USD	285	1,809,604,534
US ETF Specialty-Natural Res						
XLE	Energy Select Sector SPDR	0.23	0.23	S&P 500 Sec/Energy TR	40	6,205,691,243
DJP	iPath Dow Jones-AIG Commodity Idx TR ETN	0.75	0.75	DJ AIG Commodity TR USD		3,359,134,320
US ETF Specialty-Precious Metals						
SLV	iShares Silver Trust	0.50	0.50	London Silver Fix	1	3,526,065,595
GLD	SPDR Gold Shares	0.40	0.40	London Fix Gold PM PR USD	1	19,866,282,673
US ETF Specialty-Real Estate						
ICF	iShares Cohen & Steers Realty Majors	0.35	0.35	Cohen & Steers Realty Majors	31	2,379,726,532
VNQ	Vanguard REIT Index ETF	0.10	0.10	MSCI US REIT	98	2,396,154,590
US ETF Specialty-Technology						
IYW	iShares Dow Jones US Technology	0.48	0.48	DJ US Technology TR USD	189	1,128,413,310
XLK	Technology Select Sector SPDR	0.23	0.23	S&P 500 Sec/Information Technology TR	83	3,136,355,534
US ETF Specialty-Utilities						
IDU	iShares Dow Jones US Utilities	0.48	0.48	DJ US Utilities TR USD	77	732,255,165
XLU	Utilities Select Sector SPDR	0.23	0.23	S&P 500 Sec/Utilities TR	32	2,183,356,633
US ETF Target Date						
TDX	TDX Independence In-Target ETF	0.65	0.73	Zacks In-Target Lifecycle	326	30,532,873
TDD	TDX Independence 2010 ETF	0.65	0.73	Zacks 2010 Lifecycle	416	24,216,647
TDH	TDX Independence 2020 ETF	0.65	0.73	Zacks 2020 Lifecycle	416	41,081,689
TDN	TDX Independence 2030 ETF	0.65	0.73	Zacks 2030 Lifecycle	413	34,844,689
TDV	TDX Independence 2040 ETF	0.65	0.73	Zacks 2040 Lifecycle	412	34,504,823
US ETF Currency						
FXE	CurrencyShares Euro Trust	0.40	0.40	Euro	1	1,368,178,997
FXJ	CurrencyShares Japanese Yen Trust	0.40	0.40	Japanese Yen	1	895,168,456
US ETF World Stock						
I00	iShares S&P Global 100 Index	0.40	0.40	S&P Global 100 TR	113	1,135,042,194
M00	Market Vectors Agribusiness ETF	0.65	0.65	DAXglobal Agribusiness	43	1,633,126,051

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