

Printed and electronic copies are for personal use. Any unauthorized distribution by fax, email or any other means is prohibited and is in violation of copyright. If you are interested in redistribution, reprints or a subscription, please contact us at [subscriptions@indexuniverse.com](mailto:subscriptions@indexuniverse.com) or 212.579.5833.

 PRINT THIS ARTICLE

## Schwab Sets Ultra-Low Fees For ETFs [Corrected]

Written by [Matt Hougan](#)

Wednesday, 28 October 2009 15:32 | [Related ETFs: VTI](#)

*[Correction: An earlier version of this article said Vanguard offered a 0.07 percent expense ratio on its Vanguard Total Stock Market ETF (NYSEArca: VTI), lower than Schwab's proposed 0.08 percent expense ratio on the Schwab U.S. Broad Market ETF (NYSEArca: SCHB). In fact, Vanguard has increased fees on a number of its ETFs, including pushing VTI's fee to 0.09 percent. SCHB and its partner fund the Schwab U.S. Large Cap ETF (NYSEArca: SCHX) will be, when they launch, the lowest-cost ETFs on the market. A corrected story follows below.]*

Charles Schwab unveiled a new ultra-low pricing structure for its forthcoming exchange-traded funds in a [filing](#) that hit the Securities and Exchange Commission on Tuesday.

The financial services giant, best known for its brokerage and advisory segments, is expected to launch its first ETFs before the end of the year. The firm has filed for a total of eight ETFs so far, although more are expected.

Many have wondered how Schwab would compete in the crowded ETF market. For now, the playbook seems remarkably simple: Deliver broad-based index funds at ultra-low costs and rely on the Schwab brand and distribution to drive returns.

Schwab will offer its U.S. Broad Market (NYSEArca: SCHB) and U.S. Large Cap (NYSEArca: SCHX) ETFs for an expense ratio of just 0.08 percent each, making them the lowest-cost ETFs available on the market. That fee rises to 0.15 percent for the U.S. large-cap growth, U.S. large-cap value, U.S. small-cap and developed international ETFs. The company will charge 0.35 percent for its international small-cap and emerging markets funds.

Schwab's ETF Family: Launching Soon			
Fund	Ticker	Index	Expense Ratio
Schwab U.S. Broad Market ETF	SCHB	Dow Jones U.S. Broad Stock Market Index	0.08%
Schwab U.S. Large-Cap ETF	SCHX	Dow Jones U.S. Large-Cap Total Stock Market Index	0.08%
Schwab U.S. Large-Cap Growth ETF	SCHG	Dow Jones U.S. Large-Cap Growth Total Stock Market Index	0.15%
Schwab U.S. Large-Cap Value ETF	SCHV	Dow Jones U.S. Large-Cap Value Total Stock Market Index	0.15%
Schwab U.S. Small-Cap ETF	SCHA	Dow Jones U.S. Small-Cap Total Stock Market Index	0.15%
Schwab International Equity ETF	SCHF	FTSE Developed ex-US Index	0.15%
Schwab International Small Cap Equity ETF	SCHC	FTSE Developed Small Cap ex-US Liquid Index	0.35%
Schwab Emerging Markets Equity ETF	SCHE	FTSE All-Emerging Index	0.35%

In each case, the funds will either be the lowest-cost ETFs on the market or close to it. If Schwab can ensure that the new funds trade at tight spreads—a big *if* for any new fund—it should be able to attract assets with this strategy.

There is no official word on when Schwab's ETFs will actually hit the market. Some say it could be as early as next week.

[Permalink](#) | © Copyright 2009 [Index Publications LLC](#). All rights reserved

**More on this topic** ([What's this?](#))

[Top 20 ETFs to Buy and To Sell Out of 776 ETFs](#) (Shocked Investor, 12/14/09)

[Emerging Market ETFs... Five Ways to Play](#) (Investment U, 10/21/09)

[Top 10 Global ETFs To Buy and To Sell Out of All Global ETFs in the U.S.](#) (Shocked Investor, 10/14/09)

[Schwab Now Offers Commission-Free ETFs](#) (Investing Guy, 12/8/09)

Read more on [Charles Schwab](#), [Exchange Traded Fund \(ETF\)](#) at [Wikinvest](#)