

Fund Research With OpenAI Deep Research



This documents an experiment with using OpenAI's deep research to conduct mutual fund research

Meta-Prompt



This was used to build the research prompt and was just me talking to ChatGPT

"I need your help in building a solid prompt for a deep research query against OpenAI's deep research capabilities. The goal of the research is to look at a couple of different mutual funds that I hold and decide if there's anything that I should consider swapping them for. I think my key criteria for understanding swapping are whether or not the swap has a similar kind of investment, meaning that I'm taking on the similar types of risks and it's investing in the same types of things, like the factors are essentially the same. Then I would consider switching if the funds or ETFs I would switch into are higher rated, meaning they have higher Morningstar ratings, they have higher better performance over the one, three, five year period. Then I think most importantly, I want something that's lower fees, so I wouldn't consider something that's a higher fee fund. A good side effect if they're tax efficient, capital efficient, if they're not putting out a lot of capital gains, things like that. But I want to think deeply about whether or not I should swap these assets. I don't want to just swap for no reason, so I'd want a compelling case why we would want to swap. I will provide the tickers that I want to investigate. You can leave a placeholder in the prompt. Anyways, give me a good prompt I could send to Deep Research that does this."

Deep Research Prompt



This is the resulting deep research prompt based on the meta prompt above.

Analyze the following mutual funds: **[Insert Fund Tickers Here]**. For each fund, provide:

1. Investment Profile:

- **Asset allocation and investment strategy.**
- **Risk factors and volatility metrics.**

2. Performance Metrics:

- **Annualized returns over 1, 3, and 5-year periods.**
- **Comparison with relevant benchmarks.**

3. Fee Structure:

- **Expense ratios and any additional fees.**
- **Comparison with industry averages.**

4. Tax Efficiency:

- **Historical capital gains distributions.**
- **Tax cost ratio analysis.**

Identifying and Recommending Alternative Funds or ETFs:

Recommend alternative funds or ETFs that:

- Maintain a similar **investment profile** to ensure comparable risk exposure.
- Exhibit **equal or superior performance metrics.**
- Offer **lower fees and expenses.**
- Demonstrate **higher tax efficiency.**

Provide a compelling rationale for each recommended swap, considering factors such as:

- **Potential for improved after-tax returns**
- **Cost savings**
- **Alignment with investment objectives**

Considerations:

Investment Profile:

Ensuring that alternative funds have a **similar investment profile** helps maintain your desired **risk exposure** and **investment strategy.**

Performance Metrics:

Evaluating **historical performance**, while not indicative of future results, can provide insight into how funds have managed various **market conditions.**

Fee Structure:

Lower fees can enhance **net returns** over time. Comparing **expense ratios** to industry averages can highlight **cost efficiencies.**

Tax Efficiency:

Funds with **lower turnover rates** and **minimal capital gains distributions** can offer better **after-tax returns**, especially in **taxable accounts.**

Deep Research Report



This is the resulting report generated by OpenAI's deep research.

FRESX – Fidelity Real Estate Investment Portfolio

Investment Profile: FRESX is an actively managed real estate sector fund. It invests primarily in real estate investment trusts (REITs) and real estate-related equities (both U.S. and some international) to seek above-average income and

long-term capital growth ([Fidelity Real Estate Investment Port \(FRESX\) - Morningstar](#)). Because it focuses on a single sector, it is inherently concentrated and sensitive to real estate market conditions and interest rates. Volatility is relatively high – for example, its 3-year standard deviation is around 20–21%, and its beta is >1 (about 1.13 vs the S&P 500) ([FRESX Risk & Tax Analysis](#)), indicating it can be more volatile than the broader market. Key risk factors include sector concentration risk (property market cycles, financing conditions) and interest-rate risk (REIT valuations tend to fall when rates rise).

Performance: FRESX's returns have trailed its benchmark and peers in recent years. Over the **1-, 3-, and 5-year periods** (through end of 2024), its annualized total returns were roughly **+4% (1-year)**, **-5.8% (3-year)**, and **+1.4% (5-year)** ([FRESX Risk & Tax Analysis](#)). These figures reflect the real estate sector's challenges (especially 2022's interest rate spike) and the fund's active bets. Longer-term, FRESX has significantly **underperformed passive real estate benchmarks**. For instance, over the past 10 years it earned only ~2% annualized, versus about 5% for a broad real estate index ETF ([FRESX vs. FREL — ETF comparison tool | PortfoliosLab](#)). In 2023 it did rebound (high single-digit gain), but still lagged the FTSE NAREIT/Real Estate category average. Overall, volatility has been high and risk-adjusted performance (Sharpe ratio) has been low (even negative over some periods) ([FRESX Risk & Tax Analysis](#)).

Fee Structure: FRESX charges a **0.65%** annual expense ratio ([FRESX Risk & Tax Analysis](#)), which is lower than the **1.15% average** for its real estate category ([FRESX Risk & Tax Analysis](#)) but still substantial. There are no front or back loads (it's a no-load fund). While 0.65% is moderate for an active sector fund, it is **much higher than index real estate ETFs** (which often charge <0.1%). For example, Fidelity's own real estate index ETF charges only 0.08% ([FRESX vs. FREL — ETF comparison tool | PortfoliosLab](#)). Those higher expenses have contributed to FRESX's performance lag. Aside from the expense ratio, there are no 12b-1 fees or other recurring fees. The higher cost relative to cheaper passive options is a notable drag on returns over time.

Tax Efficiency: Tax efficiency is a concern with FRESX in taxable accounts. As an active REIT fund, it distributes both sizable dividends and capital gains. REIT dividends are taxed as ordinary income, and the fund's turnover can trigger taxable capital gain distributions annually. **Historical capital gains distributions have been frequent and significant**, resulting in a high **tax cost ratio** of about **1.6%–2.0% per year** (i.e. annual returns were reduced ~2% on average by taxes) ([FRESX Risk & Tax Analysis](#)). This high tax drag reflects the fund's large income distributions and realized gains. In practical terms, an investor in the highest bracket saw a ~2%/yr performance reduction due to taxes on FRESX's distributions. This makes FRESX relatively tax-inefficient for a taxable account. (In an IRA/401k, these distributions aren't immediately taxable, but they still can reduce growth if not reinvested efficiently.)

FENI – Fidelity Enhanced International ETF

Investment Profile: FENI is an actively managed **international equity** fund (structured as an ETF) focusing on developed markets abroad (primarily MSCI EAFE countries: Europe, UK, Japan, etc.). The fund uses a quantitative "enhanced index" strategy – it holds a diversified portfolio of foreign stocks (across all market caps) and aims to **outperform the MSCI EAFE index** through stock selection models ([FENI Fidelity Enhanced International ETF](#)). Essentially, it's a foreign large-blend fund with a **large-cap core orientation**, taking modest active bets relative to the index. Key risks include foreign market risk, currency exchange risk (since holdings are non-US dollar), and active management risk. Its portfolio should be similar in asset allocation to a broad international index (nearly 100% equities, geographically spread across Europe and developed Asia). Volatility is driven by overseas equity markets; one can expect **similar volatility to the MSCI EAFE index** (which historically has had a standard deviation in the high-teens). Since FENI is relatively new, precise risk metrics aren't yet extensive, but as a foreign stock fund it will be sensitive to global economic and currency swings.

Performance: FENI launched in **November 2023** ([FENI Fidelity Enhanced International ETF](#)), so its direct track record is limited. (Notably, it succeeded a predecessor Fidelity mutual fund, so historical performance data often incorporate the older fund's record.) Based on that history, the **3- and 5-year annualized returns** of the strategy have been around **6.7% (3-year)** and **~9% (5-year)** (), roughly in line with or slightly above the MSCI EAFE index over the same periods. For example, for the 5-year period, FENI's strategy earned ~8.9%/year, a bit higher than EAFE's return. The **1-year return** (through late 2024) was quite strong – over **25%** () – reflecting a rally in international stocks. Overall, its

performance **appears comparable to the foreign large-blend category** (which it aims to beat modestly). Without a long independent ETF history, it's hard to judge consistency, but so far the fund's active approach has added some value. Its **benchmark** is MSCI EAFE, so we compare it to that: any outperformance after fees would indicate success of the "enhanced" strategy.

Fee Structure: FENI carries a **0.29% expense ratio** ([FENI Fidelity Enhanced International ETF](#)). This is **lower than most active international mutual funds** (which often charge ~0.7–1.0%), but higher than a passive ETF. In fact, 0.29% is on the high side for a broad-market ETF – many international index ETFs charge under 0.10%. Still, as an ETF there are no loads. The slightly higher fee reflects the active quantitative strategy. Compared to industry averages, 0.29% is reasonable (foreign large-cap funds average ~0.80% expense, so FENI is cheaper than average for its category). But versus index peers (e.g. iShares Core EAFE at 0.07%), it is costly. There are no additional management fees beyond the stated expense ratio. The fund is fairly new, so we should monitor if Fidelity may adjust fees as assets grow. Overall, its cost is moderate – cheaper than traditional active funds, though not as low as index ETFs.

Tax Efficiency: As an **ETF, FENI is inherently tax-efficient** relative to mutual funds. It uses in-kind creation/redemption mechanisms to minimize taxable gains distributions. Since its inception in late 2023, **it has not distributed any capital gains** (only ordinary dividends from its stock holdings). We don't yet have a long tax-cost history, but given the ETF structure and presumably low turnover modifications of an index, we expect high tax efficiency. (Even actively managed ETFs rarely distribute gains – in 2023 only ~2.5% of ETFs paid capital gains vs 31.5% of mutual funds ([ETFs and Tax Efficiency: What You Need to Know](#)).) FENI's strategy *did* realize gains as a mutual fund, but now as an ETF those internal trades shouldn't pass tax to shareholders. So for taxable investors, FENI should allow deferral of nearly all capital gains until they sell the ETF. In short, **FENI is structured to be tax-friendly** – you get foreign stock dividends (subject to tax), but likely little to no capital gain distributions annually.

FCPGX – Fidelity Small Cap Growth Fund

Investment Profile: FCPGX is an actively managed **small-cap growth** stock mutual fund. It invests **at least 80% in small-cap companies** (with the flexibility to hold some mid-caps) and focuses on businesses with above-average growth potential ([FCPGX Summary](#)). The strategy relies on bottom-up fundamental analysis by Fidelity's managers to select fast-growing companies (often in tech, healthcare, consumer, etc.). The portfolio typically holds ~300 stocks, providing diversification, though its bias to small, high-growth companies means it's one of the **more aggressive equity categories**. Volatility and risk are high: small growth stocks tend to be very volatile and can suffer big drawdowns. FCPGX's 10-year beta is above 1 (vs broad market), and its standard deviation is much higher than large-cap funds. The fund's **portfolio turnover is around 84%** ([FCPGX Summary](#)), indicating active trading (which can amplify tax events and tactical risks). It invests primarily in U.S. small-caps (~95% U.S. stocks) with a tiny allocation to foreign small-caps (). Key risks include company-specific risk (inherently larger in small firms), liquidity risk (smaller stocks can be harder to trade in downturns), and the potential for prolonged underperformance in certain market environments (e.g. when value stocks outperform growth).

Performance: FCPGX has delivered **strong long-term performance**, beating many of its peers and benchmarks. As of January 31, 2025, its **1-year return** was **+25.4%**, **3-year annualized** +8.53%, and **5-year annualized** +10.71% (). Notably, it outperformed the small-growth category average (which was +20.99% 1-year, +4.46% 3-year, +9.10% 5-year) and even the broad Russell 2000 index (+19.1% 1-year, +5.62% 3-year, +8.67% 5-year) over those periods (). Its **10-year annualized return** is an impressive **~12.9%**, far above the ~9.9% average for peer funds (). This indicates the fund has added significant alpha over a full market cycle. The manager's stock-picking (in areas like healthcare and tech) has paid off, especially in rally years like 2020 (+36%) and 2023 (+19%) (). That said, it is still a volatile ride – for example, FCPGX fell ~25% in 2022 () during the small-cap growth downturn. Overall, however, performance **ranked in the top quartile of the category** in most years. The fund's track record suggests an above-average growth fund with strong long-term growth potential (albeit with the caveat that past outperformance may not persist).

Fee Structure: FCPGX charges a **0.94% expense ratio** (no load) ([FCPGX Summary](#)). This fee is **below the category average** for small-cap growth funds (~1.17%) () – in fact, it's about 21% lower than peers' average cost ([Fidelity Small Cap Growth \(FCPGX\) - AAIL](#)). Fidelity's scale has kept costs somewhat in check, so investors benefited from a

reasonable fee for active small-cap management. However, compared to index ETFs, 0.94% is high. There are no additional 12b-1 fees. With \$8 billion in assets, the fund is large, and its size has helped keep the expense ratio under 1%. Still, **nearly 0.95% annually in fees is a drag** in absolute terms – meaning the manager needs to consistently outperform by that margin to just break even with cheaper alternatives. In summary, FCPGX's fee is average-to-slightly-better-than-average for an active fund in its category, but significantly more expensive than passive small-cap options.

Tax Efficiency: As an active small-cap fund, FCPGX realizes capital gains as it trades. It has distributed gains in the past, though not as heavily as some equity funds. The fund's **tax cost ratio** over the past few years is roughly **0.4–0.5%** (annual reduction in returns due to taxes) ([Fidelity-Small-Cap-Growth-Fund Summary - Investing - Quicken](#)) – indicating moderate tax drag. For example, over a recent 3-year span, the fund's pre-tax return averaged +0.16% but after-tax it was –0.28%, implying a 0.44%/year hit from taxes ([Fidelity-Small-Cap-Growth-Fund Summary - Investing - Quicken](#)). This relatively low tax-cost (compared to FRESX's high drag) is partly because growth stocks often don't pay much in dividends, and FCPGX's high 2022 loss gave it capital loss carryforwards to offset gains. However, we also see the fund has **large unrealized gains (potential ~20% of assets) in the portfolio** ([Fidelity-Small-Cap-Growth-Fund Summary - Investing - Quicken](#)), meaning if those appreciated stocks are sold, investors could face distributions. Overall, FCPGX is *somewhat* tax-efficient for an active fund – but still less tax-efficient than an ETF. It routinely distributes small dividends (~0.9% yield) ([FCPGX Summary](#)) and occasional capital gains. In a taxable account, investors would have a tax bill each year (albeit smaller than that of high-turnover funds). In a retirement account, those distributions don't hurt, but in taxable accounts an ETF alternative could defer most of that tax.

Recommended ETF Alternatives and Rationale

Investors holding the above funds could consider **swapping to low-cost ETFs** that mirror each fund's investment profile but offer equal or better performance prospects, **lower fees**, and greater **tax efficiency**. Below we recommend an ETF alternative for each fund and explain the rationale:

■ **Replace FRESX with a Real Estate Index ETF (e.g. Fidelity MSCI Real Estate ETF (FREL) or *Vanguard Real Estate ETF (VNQ)):** An index ETF tracking the broad real estate sector provides similar exposure to REITs and real estate stocks, but with substantially lower cost and better tax efficiency. For instance, Fidelity's FREL charges only **0.08%** in expenses vs FRESX's ~0.65–0.74% ([FRESX vs. FREL — ETF comparison tool | PortfoliosLab](#)) ([FRESX vs VNQ - Compare fees, performance and more. | Minafi](#)). Over 10 years, FREL (and VNQ) have **significantly outperformed FRESX** – partly due to cost savings – with FREL returning ~5.5% annually vs only ~2% for FRESX ([FRESX vs. FREL — ETF comparison tool | PortfoliosLab](#)). The index ETF's **asset allocation matches FRESX** (diversified REIT holdings across residential, commercial, etc.), so you're maintaining the same real estate risk profile and income stream. The big advantages are **cost savings** (roughly +0.6% per year in your pocket from lower fees) and **tax efficiency**. FRESX's large yearly capital gains distributions would be eliminated – ETFs rarely distribute capital gains (only ~2.5% of ETFs did in 2023) ([ETFs and Tax Efficiency: What You Need to Know](#)). That means in a **taxable account** an investor in, say, VNQ/FREL only pays tax on the REIT dividends, not on internal portfolio trades. This can **improve after-tax returns** by ~1–2% annually compared to FRESX ([FRESX Risk & Tax Analysis](#)). In short, an index real estate ETF will likely deliver comparable long-term returns (the broad REIT market's performance) with **much lower drag**. The *potential trade-off* is giving up any chance that an active manager will beat the index – but FRESX's track record of underperformance makes that a minor concern. Instead, you gain **more reliable benchmark-like performance** and better net results through lower fees and taxes. This swap aligns with the same investment objective (REIT exposure for income and growth), but with a higher probability of achieving that objective because more of your money stays invested and compounding rather than going to fees and taxes.

■ **Replace FENI with a Broad International Equity ETF (e.g. iShares Core MSCI EAFE ETF (IEFA) or *Vanguard Developed Markets ETF (VEA)):** To maintain FENI's exposure to developed international stocks, a passive index ETF is an ideal candidate. IEFA, for example, tracks the **same MSCI EAFE index** that FENI uses as a benchmark, so the regional and sector allocation will be nearly identical. The **risk profile** remains the same – you'll still be in a diversified basket of European, Japanese, and other developed-market equities, with similar volatility and currency risks. The **key improvement is cost:** IEFA charges only **0.07%** in annual fees ([iShares Core MSCI EAFE ETF | IEFA](#)) (and VEA an

even lower 0.03% ([Vanguard FTSE Developed Markets ETF - VEA - MarketWatch](#))), compared to FENI's 0.29%. This difference of ~0.22% (or more) in expense ratio directly boosts your expected return, all else equal. Over the long run, that cost savings compounds significantly (for example, over 20 years an extra 0.2% annually could add a few percentage points to total return). Performance-wise, FENI's active strategy has *aimed* to beat the index, but there's no guarantee it will continue to do so. An index ETF will reliably deliver **market returns** for international stocks. Given that most active foreign funds struggle to consistently beat the benchmark after fees, an investor is likely just as well off (if not better) with the index fund. Furthermore, the **ETF structure ensures high tax efficiency**. FENI itself is an ETF (so it's already tax-efficient), but by switching to a *passive* ETF you also generally get **lower turnover**, which can reduce the likelihood of any taxable events inside the fund. The **after-tax returns** should be very similar between FENI and IEFA (both being ETFs), but the index ETF's lower fee means you keep more of the return. Another subtle benefit: the index ETF removes *manager risk* – you won't underperform because of active stock-picking missteps; you simply get the broad market performance. This aligns well with long-term international diversification goals. In summary, swapping FENI for a core international ETF **preserves the diversification and risk exposure** but offers **lower cost and equal or better performance** prospects (since few active managers beat the index consistently). Especially for a long-term investor focusing on after-tax growth, the lower fee and simplicity of an index ETF make it an attractive alternative.

■ **Replace FCPGX with a Small-Cap Growth Index ETF (e.g. *Vanguard Small-Cap Growth ETF (VBK)):** To mirror FCPGX's small-cap growth exposure, an ETF like VBK is a strong choice. VBK holds a broad index of U.S. small-cap growth stocks, capturing the same asset class and risk factors as FCPGX (fast-growing smaller companies). By switching, you **maintain a similar risk profile** – the small-cap focus (with its higher volatility and return potential) remains. In fact, the index ETF often holds **even more names**, providing very broad diversification across the small growth universe and avoiding heavy concentration in the fund manager's top picks. The most compelling reason to swap is the **dramatic fee reduction**. VBK's expense ratio is only **0.07%** ([VBK Vanguard Small Cap Growth ETF - ETF Database](#)), versus FCPGX's 0.94%. That's a difference of 0.87% annually – money that you save. Cost is crucial in a category where long-term returns might be in the 8–12% range; shaving nearly a full percentage point in fees can boost your compounded outcome by a large margin. Performance-wise, FCPGX has been a standout performer (beating the Russell 2000 Growth index and peers historically), so one might worry about giving up that outperformance. However, it's important to remember that **past outperformance can be hard to sustain**. Many active small-cap funds that beat the index in one period often revert to the mean in subsequent years. By contrast, VBK will reliably track the small-cap growth market's return. Even if FCPGX's skilled manager has added ~2–3% alpha historically, the **index may still keep pace net of FCPGX's higher fee**. And if the manager stumbles or the fund gets too large (it is a multi-billion fund now), the index could well **outperform going forward**. Additionally, the **tax efficiency** of the ETF will likely improve after-tax outcomes for taxable investors. FCPGX's active trading leads to periodic capital gain distributions (it had a tax-cost ratio ~0.5% in recent years) ([Fidelity-Small-Cap-Growth-Fund Summary - Investing - Quicken](#)). An index ETF like VBK typically **distributes little to no capital gains** – investors only incur tax on the small dividend yield and when they sell shares on their own terms. This means potentially **higher after-tax growth** when held in a taxable account. The **cost savings + tax savings** combined could outweigh the benefit of FCPGX's stock-picking skill, *even if* the fund continued to outperform slightly. By switching, you also eliminate any risk of style drift or manager change that could hurt performance; you get a pure, transparent exposure to small-cap growth. In short, a swap to VBK (or a similar small-cap ETF) offers **much lower fees, improved tax efficiency, and very comparable exposure**. The expected result is that more of your money stays invested and compounds over time, which can lead to **equal or superior long-term returns**, especially on an after-tax basis, with less uncertainty.

Taxable vs. Retirement Accounts: Implications of the ETF Swaps

When considering these ETF replacements, it's important to distinguish between **taxable accounts** and **retirement accounts**, as the benefits differ slightly:

- **Taxable Accounts:** The **tax efficiency advantage** of ETFs is most impactful here. In a taxable brokerage account, using the recommended ETFs can significantly improve after-tax returns. Mutual funds like FRESX and FCPGX regularly distribute capital gains (realized from their active trading), which create an immediate tax liability each year. The ETFs, by contrast, can avoid most of those distributions. For example, an investor in FRESX was losing around 1.5–2% of returns yearly to taxes on distributions ([FRESX Risk & Tax Analysis](#)) – an ETF like FREL or VNQ would largely eliminate that ongoing tax drain (since **97.5% of ETFs in 2023 paid no capital gains** ([ETFs and Tax Efficiency: What You Need to Know](#))). Over many years, this could translate to substantially higher **after-tax wealth** compounding in the ETF. The recommended ETFs also tend to have lower turnover and use in-kind redemptions, meaning you **defer capital gains** until you sell the ETF, at which point you can often manage the tax hit (possibly offsetting gains with losses elsewhere, or paying long-term capital gains rates). In addition, the **cost savings** directly boosts after-tax return (since fees come out pre-tax of course). All told, in a taxable account an investor is likely to see **higher net returns and improved tax efficiency** by implementing these ETF swaps. It means more money stays working for you instead of being eroded by taxes each year.
- **Retirement Accounts (401k/IRA):** In tax-sheltered or tax-deferred accounts, the **tax-efficiency benefit is largely neutral** – neither mutual funds nor ETFs incur immediate taxes inside an IRA or 401(k). All dividends and capital gains can be reinvested without tax drag. This means the **primary advantages of the ETF swaps in a retirement account are lower expenses and potentially better net performance**, rather than tax savings. Lower fees in the ETFs still matter greatly: even in a retirement account, paying say 0.07% instead of 0.94% will leave more assets in the account to compound over time. Over decades, that cost difference can yield a significantly larger ending balance. So the **cost savings and compounding** are critical in retirement accounts for maximizing long-term growth. Another consideration is that in a retirement account, one might be more willing to hold an active fund like FCPGX if it's truly delivering superior *gross* returns, since the tax costs of its high turnover don't apply. However, it's notoriously difficult for active funds to keep beating the index indefinitely. The ETF alternatives remove that uncertainty and typically deliver more stable, market-matching returns at low cost. This reliability and low cost can actually enhance **long-term growth potential** in a retirement portfolio (where every basis point saved in fees translates to more dollars at retirement).

Summary: For **taxable investors**, the case for swapping to the ETFs is very strong – you reap both **tax advantages and cost advantages**, which together boost after-tax returns meaningfully. You'll likely see improved after-tax growth, especially in high-turnover categories like real estate and small caps where the mutual funds had distributed gains. For **retirement account investors**, while the tax efficiency is a smaller factor (since the account's tax shelter neutralizes it), the **lower expenses and competitive performance** of the ETFs still offer better long-term accumulation. In all cases, the recommended ETF swaps maintain alignment with your original investment objectives – you're still in the same asset class/strategy – but with a leaner, more efficient vehicle. The result is a higher proportion of the investment's returns accrue to *you*, the investor. Over a multi-year or multi-decade horizon, these savings (from both lower fees and, when applicable, lower taxes) compound, potentially resulting in **tens of thousands of dollars of extra wealth** (as hinted by FCPGX's \$10k growing to \$33.6k vs Russell 2000's \$22.5k in the long run partly due to its advantages) (). Thus, whether in taxable or tax-deferred accounts, these ETF alternatives should enhance the portfolio's efficiency. In taxable accounts the move could substantially **improve after-tax returns**, and in retirement accounts it can fuel **better long-term growth** through cost savings – all while keeping the portfolio's risk/return profile aligned with your original goals.

Sources: Fidelity & Schwab fund data ([FRESX Risk & Tax Analysis](#)) ([FRESX Risk & Tax Analysis](#)) (), PortfoliosLab comparisons ([FRESX vs. FREL — ETF comparison tool | PortfoliosLab](#)) ([FRESX vs. FREL — ETF comparison tool | PortfoliosLab](#)), ETF prospectuses ([FENI Fidelity Enhanced International ETF](#)) ([VBK Vanguard Small Cap Growth ETF - ETF Database](#)), and SSGA research on ETF tax efficiency ([ETFs and Tax Efficiency: What You Need to Know](#)).