

2023 ETF Capital Gains Distributions

In 2023, exchange-traded funds (ETFs) sustained their tax advantages, with a minimal number projected to distribute capital gains. Among the ETFs supported by the largest sponsors, [only a small fraction were expected to distribute capital gains](#), marking the lowest in the past five years. The highest distribution as a percentage of net asset value in 2023 was significantly lower than those seen in previous years. ETFs that invest in foreign markets disallowing in-kind creation/redemption were among the ones distributing the most. Half of the major distributors in 2023 were thematic ETFs from the sector equity category.

Certain circumstances might make an ETF more likely to have capital gains distributions. These include corporate actions, which are events causing material change for a company that could affect its shareholders. In such cases, a fund may need to surrender a specific portfolio holding to the issuer, or a transaction by the issuer may result in a realized gain or loss to the fund, despite the fund not initiating a transaction. Gains on derivative instruments or collateral such as options or futures that settle or expire with a net gain to the fund can also lead to capital gains. Additionally, there may be situations where an in-kind transaction is not available or appropriate, and therefore the fund may sell securities for cash as opposed to delivering them “in-kind”. These types of sales can result in a taxable realized gain or loss to the fund.

AllianceBernstein is expected to have no ETFs distributing capital gains this year. This trend is not exclusive to our products, as only a small percentage (1.3%) of all ETFs are expected to distribute capital gains this year, a testament to the tax-efficiency of the ETF structure, which allows for in-kind transactions, or the ability to swap ETF shares for individual securities and vice versa without realizing capital gains.

Issue Symbol	CUSIP	Registered Issue Name	Declared Date	Ex-Date	Record Date	Pay Date	Exchange	Per Share as of December 8, 2023 (Estimated)		
								Short-Term Capital Gains Distribution	Long-Term Capital Gains Distribution	Total Distribution
YEAR	00039J103	AB Ultra Short Income ETF	12/27/23	12/28/23	12/29/23	1/4/24	NYSE Arca	\$0.00	\$0.00	\$0.00
TAFI	00039J202	AB Tax-Aware Short Duration Municipal EFT	12/27/23	12/28/23	12/29/23	1/3/24	NYSE Arca	\$0.00	\$0.00	\$0.00
HYFI	00039J608	AB High Yield ETF	12/27/23	12/28/23	12/29/23	1/4/24	NYSE Arca	\$0.00	\$0.00	\$0.00
FWD	00039J509	AB Disruptors ETF	12/7/23	12/8/23	12/11/23	12/12/23	NYSE Arca	\$0.00	\$0.00	\$0.00
LRGC	00039J707	AB US Large Cap Strategic Equities ETF	12/7/23	12/8/23	12/11/23	12/12/23	NYSE Arca	\$0.00	\$0.00	\$0.00
LOWV	00039J301	AB US Low Volatility Equity ETF	12/4/23	12/5/23	12/6/23	12/7/23	NYSE Arca	\$0.00	\$0.00	\$0.00
HIDV	00039J400	AB US High Dividend ETF	12/4/23	12/5/23	12/6/23	12/7/23	NYSE Arca	\$0.00	\$0.00	\$0.00

Source: AB

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