

UNDERSTANDING THE BASICS OF ETFS



What is an Exchange Traded Fund (ETF)?

An ETF is an investment fund that is traded on a stock exchange – just like any share.

ETFs are one of the fastest growing categories of investment products in the world. The reason for this is clear – ETFs offer simple, liquid, transparent, low cost and flexible investment options for investors.

The aim of ETFs is to closely track the performance of a given index or asset class, and provide the returns of that index/asset class - less any fees. ETFs provide access to a range of bonds, shares (both domestic and global), or other asset types (such as commodities or listed property).

Advantages of ETFs



Simplicity

ETFs help investors gain exposure to a range of investment strategies, geographic regions and asset classes.



Liquidity

ETFs are traded on the Australian Securities Exchange (ASX) so can be bought and



Transparency

Information relating to ETFs, including underlying portfolio holdings and fees, can be accessed at any time via the fund manager's website.



Cost-effective

Because ETFs either aim to simply track the performance of an index or asset class



SMSF friendly

Just like shares, ETFs are eligible to be bought inside Self-Managed Super Funds, and the popularity of ETFs has been growing strongly with this client base.

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