



# 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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