Diversify your portfolio in one simple transaction

Exchange Traded Funds are funds you can buy or sell on a stock exchange, just like ordinary shares. Investing in ETFs can help you diversify your portfolio, because each unit of an ETF represents a basket of companies and assets, rather than just a share in one individual company.

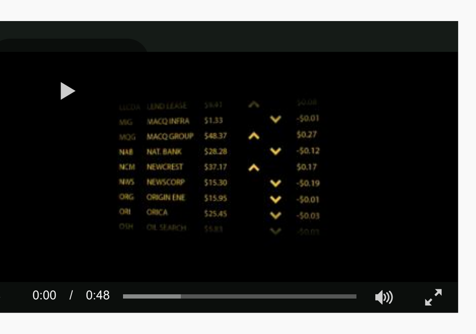
Overview

A simple way to diversify your portfolio

Investing in ETFs can provide the same diversification as investing in many different securities individually, but without the associated costs and inefficiency.

Exchange Traded Funds (ETFs) are funds that trade on a stock exchange, just like ordinary shares. They combine the investment advantages of a managed fund with the ease and cost-effectiveness of share trading. You can use ETFs for cost-effective, easy access to markets and asset classes you might not otherwise have access to, such as debt, derivatives and currencies.

One simple ETF transaction can help you to diversify your portfolio, as each unit of an ETF represents a basket of securities that often replicates the performance of a specific index or benchmark.



Exchange Traded Commodities (ETCs) track the physical price of a commodity such as gold to provide direct exposure to the underlying asset.

CommSec makes it easy for you to start investing in ETFs and ETCs. They can be bought and sold just like Australian shares with the same low brokerage rates. Current brokerage rates can be found at Products > Shares > Australian > Rates & Fees.

How it Works

Exchange Traded Funds (ETFs) trade at a unit price close to the net asset value of the underlying portfolio and each ETF has an ASX code, just like ordinary shares. As ETFs have an open ended structure, you can enter and exit an ETF as you choose (subject to liquidity).

- ETFs are a basket of securities created by issuers or fund managers.
- Each ETF generally looks to replicate the returns of a specific index/benchmark (such as the S&P/ASX 200).
- Each ETF is allocated an ASX code and lists on the exchange as one entity.
- You trade and settle ETFs like ordinary shares, with a minimum investment of $500.

Exchange Traded Commodities (ETCs) track commodities, not commodity companies, allowing you to gain exposure to the physical price of the underlying commodity without having to trade in futures or take physical delivery of the commodity.

ETF examples

CommSec offers trading for all ETFs listed on the ASX. The following are examples of ETFs that provide exposure to different asset classes and markets.

Australian Equity Index

Code	Short Description	Provides Exposure To
VAS	Vanguard Australian Shares Index ETF	Australia's 300 largest companies, aiming to track the performance of the S&P/ASX 300 index performance.
QOZ	BetaShares FTSE RAFI Australia 200 ETF	Australia's 200 largest companies, aiming to track the performance of the FTSE RAFI Australia 200 index.
STW	SPDR® S&P®/ASX 200 Fund	Australia's 200 largest and most liquid companies, aiming to track the S&P/ASX 200 Index.
IOZ	iShares Core S&P/ASX 200 ETF	Australia's 200 largest companies, aiming to track the performance of the S&P/ASX 200 Index.
MVW	VanEck Vectors Australian Equal Weight ETF	Largest and most liquid Australian companies equally weighted, aiming to track the performance of MVIS Australian Equal Weight Index.
ZOZI	ETFS S&P/ASX 100 ETF	Australia's top 100 companies, aiming to track the performance of the S&P/ASX 100 Index.

Australian Equity Strategy

Code	Short Description	Provides Exposure To
VHY	Vanguard Australian Shares High Yield ETF	Companies listed on the ASX that have high forecast dividends, aiming to track the performance of the FTSE ASFA Australia High Dividend Yield Index.
HVST	BetaShares Australian Dividend Harvester Fund	Large cap Australian shares along with regular franked dividend income.
SYI	SPDR® MSCI Australia Select High Dividend Yield Fund	Australian securities with higher than average dividend yields, aiming to track the MSCI Australia Select High Dividend Yield Index.
IHD	iShares S&P/ASX Dividend Opportunities ETF	50 high yielding Australian companies across different sectors, aiming to track the performance of the S&P/ASX Australia Dividend Opportunities Index.
ZYAU	ETFS S&P/ASX 300 High Yield Plus ETF	40 of Australia's highest yielding companies, with a set of three quality filters applied, aiming to track the S&P/ASX 300 Shareholder Yield Index.

US Equity Index

Code	Short Description	Provides Exposure To
VTS	Vanguard US Total Market Shares Index	99.5% of the US stock market, aiming to track the performance of the CRSP US Total Market Index.
NDQ	BetaShares NASDAQ 100 ETF	100 largest non-financial securities listed on the NASDAQ, aiming to track the performance of the NASDAQ-100 Index.
SPY	SPDR® S&P 500® ETF Trust	The top 500 companies in the US, aiming to track the S&P 500® Index.
IVV	iShares S&P 500 ETF	The top 500 companies in the US, aiming to track the performance of the S&P 500 Index.
MOAT	VanEck Vectors Morningstar Wide Moat ETF	US companies with wide economic moats that are undervalued, aiming to track the Morningstar Wide Moat Focus Index.
ZYUS	ETFS S&P 500 High Yield Low Volatility ETF	The 50 highest yielding and least volatile stocks from the S&P 500, aiming to track the S&P 500 Low Volatility High Dividend Index.

Global Equity Index

Code	Short Description	Provides Exposure To
VGS	Vanguard MSCI Index International Shares ETF	Global developed markets, the largest country exposures are the US, Japan, UK, France and Canada, aiming to track the performance of the MSCI World ex-Australia Index (with net dividends reinvested).
WRLD	BetaShares Managed Risk Global Share Fund	A diversified portfolio of global shares seeking to reduce the volatility of equity investment returns and defend against losses in declining markets.
WDIV	SPDR® S&P® Global Dividend Fund	High dividend-yield companies that have increasing or stable dividends for at least 10 consecutive years, aiming to track the S&P Global Dividend Aristocrats Index.
IWLD	iShares Core MSCI World All Cap ETF	Large, mid and small-cap stocks in global developed markets, aiming to track the MSCI World Investable Market Index.
QUAL	VanEck Vectors MSCI World ex Australia Quality ETF	A diversified portfolio of 300 quality International companies, aiming to track the MSCI World ex Australia Quality Index.

Global Equity Sectors

Code	Short Description	Provides Exposure To
VGE	Vanguard FTSE Emerging Markets Shares ETF	Companies listed in emerging markets, aiming to track the performance of the FTSE Emerging Markets All Cap China A Transition Index, hedged into Australian dollars.
FUEL	BetaShares Global Energy Companies ETF - Currency Hedged	The largest global Energy companies by market cap (excluding companies listed in Australia), hedged into Australian dollars.
DJRE	SPDR® Dow Jones®Global Real Estate Fund	Equity real estate investment trusts (REITs) and real estate operating companies traded globally, aiming to track the Dow Jones Global Select Real Estate Securities Index.
IXJ	iShares Global Healthcare ETF x	Pharmaceutical, biotechnology and medical device companies traded globally, aiming to track the performance of the S&P Global 1200 Healthcare Sector Index.
IFRA	VanEck Vectors FTSE Global Infrastructure (Hedged) ETF	A diversified portfolio of global infrastructure securities offering stable income in an uncorrelated asset class, aiming to track the FTSE Developed Core Infrastructure 50/50 $A Hedged Index.
ROBO	ETFS ROBO Global Robotics and Automation ETF	Global companies generating revenue from the robotics, automation and artificial intelligence megatrend, aiming to track the ROBO Global Robotics and Automation Index.

Fixed Income

Code	Short Description	Provides Exposure To
VAF	Vanguard Australian Fixed Interest Index	Investment-grade bonds issued in the Australian bond market, aiming to track the performance of the Bloomberg AusBond Composite 0+ Yr Index.
AAA	BetaShares Australian High Interest Cash ETF	High interest bank deposit accounts with one or more major banks in Australia.
BOND	SPDR® S&P ®/ASX Australian Bond Fund	The Australian fixed rate bond market, aiming to track the S&P/ASX Australian Fixed Interest Index.
IAF	iShares Core Composite Bond ETF	Investment-grade bonds issued in the Australian bond market, aiming to track the performance of the Bloomberg AusBond Composite 0+ Yr Index.
PLUS	VanEck Vectors Australian Corporate Bond Plus ETF	A diversified portfolio of investment grade corporate bonds offering enhanced yield, aiming to track the Markit iBoxx AUD Corporates Yield Plus Index.

Currency

Code	Short Description	Provides Exposure To
USD	BetaShares U.S. Dollar ETF	Performance of the US Dollar relative to the Australian Dollar.
POU	BetaShares British Pound ETF	Performance of the British Pound relative to the Australian Dollar.
EEU	BetaShares Euro ETF	Performance of the Euro relative to the Australian Dollar.
ZUSD	ETFS Physical US Dollar ETF	Performance of the US dollar relative to the Australian dollar.

Any ETF examples on this website are for illustrative purposes only and should not be considered as a recommendation to buy, sell or hold. Past performance is not indicative of future performance.

ETF providers

BetaShares Capital Ltd is a leading Australian manager of funds which are traded on the Australian Securities Exchange. BetaShares offers a range of exchange traded funds which cover Australian and international equities, cash, currencies, commodities and alternative strategies. As at 30 June 2016, BetaShares has approximately $2.8 billion in assets under management. BetaShares is a member of the Mirae Asset Global Investments Group, one of Asia's largest asset management firms. Mirae currently manages in excess of US$90B.

ETF Securities is a leading independent provider of ETPs founded by chairman and fellow Australian, Graham Tuckwell. ETF Securities began by launching the world's first physical gold ETP, GOLD in Australia in 2003, making the company the second longest standing ETP provider in Australia. Since then ETF Securities has grown to become a global company with US$22 billion invested in over 300 ETPs across Australia, Europe and America.

Here in Australia, ETF Securities have taken full ownership of the ANZ ETFS joint venture, offering a diversified range of ETPs across domestic and international equities, currencies and commodities.

iShares is the leading provider of ETFs in Australia, offering the largest range of ETFs on the ASX.[1] iShares gives investors access to a diverse range of investment options, covering a broad range of asset classes, sectors and geographies. We help clients around the world build the core of their portfolios, meet specific investment goals and implement market views. iShares ETFs are powered by the expert portfolio and risk management of BlackRock, trusted to manage more money than any other investment firm.[2]

[1] Source: ASX, as at 7th July 2016.
[2] Based on $4.737 trillion in AUM as of 31 March 2016.

Russell is a global asset manager with core capabilities that extend across capital markets research, manager research, portfolio construction, portfolio implementation and indexes. Russell combines this expertise to deliver multi-asset solutions that are outcome-oriented to meet the unique needs of Australian institutional investors, financial advisers and individuals. Russell brings the best thinking from around the world to help investors make better decisions.

Russell has more than A$162.9 billion in assets under management (as at 31 December 2012) and works with 2,400 institutional clients, over 580 independent distribution partners and millions of individual investors globally. Russell Exchange Traded Funds (ETFs) are an example of how they use the intersection of their global capabilities including index construction, portfolio management and effective implementation.

For nearly four decades, State Street Global Advisors (SSGA) has been committed to helping our clients, and those who rely on them, achieve financial security. We partner with many of the world's largest, most sophisticated investors and financial intermediaries to help them reach their goals through a rigorous, research-driven investment process spanning both indexing and active disciplines. Our scale and global reach offer clients unrivaled access to markets, geographies and asset classes, and allow us to deliver thoughtful insights and innovative solutions.

SSGA is the investment management arm of State Street Corporation.

UBS Asset Management has a long-term track record of providing index-based investment solutions to clients. The first UBS ETF was launched in Europe in 2001. Since then UBS has launched over 218 ETFs globally, with funds under management in excess of AUD 37 billion as of 31 December 2015. The UBS Australian ETF platform was established in 2012. Since then UBS has launched 8 ETFs in Australia. UBS ETFs are managed by an experienced asset manager, UBS Asset Management, with a long-term commitment to passive management (managing passive assets for 30 years).

Founded in 1955, VanEck was among the first asset managers helping investors achieve greater diversification through global investing. Today, VanEck is one of the world's largest Exchange Traded Product (ETP) issuers. With offices in key financial centres and regions including New York, Sydney, Shanghai, Frankfurt, Madrid and Zurich, VanEck offers investors broad investment reach with deep experience. In Australia, our range of Exchange Traded Funds (ETFs) offer investors intelligently designed investment strategies that take advantage of targeted market opportunities. For further information about VanEck go to our global website vaneck.com or visit our Australian website vaneck.com.au

Since our establishment in 1975, Vanguard has strived to be the world's highest-value provider of investment products and services. We have an unwavering focus on our clients with a commitment to champion what's best for investors by offering outstanding service, while keeping costs low. With more than $4.5 trillion in assets under management (as of 31March 2016), including over $680 billion in exchange traded funds, Vanguard is one of the world's largest global investment management companies. In Australia, Vanguard has been helping investors meet their long-term financial goals with low-cost investment solutions for over 20 years.

Benefits & Risks

Benefits

Simplicity and flexibility

Buy and sell ETFs and ETCs just like shares. ETFs have an ASX code, which you use to trade and track their value. Trades settle like ordinary shares.

Diversification

ETFs are a simple, affordable way to diversify through one trade. For instance, a share index ETF unit represents a basket of securities where just one transaction can spread your investment over multiple underlying companies.

Expanded market and asset access

ETFs and ETCs provide access to markets and asset classes that may not otherwise be available on the ASX, including bonds, international shares and currencies.

Cost-efficiency

ETFs are generally less expensive than investing in actively managed funds and even some index funds. They also offer the opportunity to diversify your portfolio with a single transaction cost.

Transparency

As ETFs and ETCs are traded on the exchange, there is clear price visibility. ETF managers also regularly disclose to the market what securities are included in each ETF.

Liquidity

ETFs can be bought and sold on market like an ordinary share. It is easy to exit an ETF if you no longer wish to hold the ETF investment.

Risks

Currency and ETF-specific risk

ETFs that offer access to global markets are subject to currency risk, which may erode or magnify returns. Funds that offer exposure to emerging markets or leverage may also entail higher volatility.

Liquidity risk

Most ETFs have adequate liquidity or provide additional liquidity through market makers. An illiquid market can affect the buy/sell spread.

Counterparty risk

ETFs are issued by third party fund managers and product issuers and may involve issuer specific counterparty risk. You should always read the relevant Product Disclosure Statement (PDS).

How ETFs Compare to Shares and Managed Index Funds

This table summarises the benefits of ETFs over shares and unlisted managed funds.

Benefit	ETFs	Shares	Managed Index Funds
Diversification (exposure to multiple companies with a single trade)	Yes	No	Yes
Transparency (real time/daily pricing on the ASX)	Yes	Yes	No
Cost efficient (lower internal and management costs)	Yes	Yes	No
Direct Market Purchase (purchasing shares directly through a trading account)	Yes	Yes	No
Can buy and sell throughout the day as long as the market is open	Yes	Yes	No

ETFs and ETCs may expose you to a number of risks including, but not limited to, performance risk and possible foreign currency exchange rate risk - please consider the risk sections of the product disclosure statement or equivalent disclosure document, available from the product issuer.

Rates & Fees

- CommSec makes it easy for you to start investing in ETFs and ETCs. They can be bought and sold just like Australian shares with the same low brokerage rates. Current brokerage rates can be found at Products > Shares > Australian > Rates & Fees.
- Management Expense: Fund managers and issuers charge a fee for their professional management of ETFs. You can find the Management Expense Ratio in the relevant Product Disclosure Statement (PDS).

Get Started

Each ETF or ETC on the ASX has a 3-6 letter code like a stock code. Simply use this code to place trades, just as you would place a trade when buying and selling Australian shares.

Finding an ETF

The easiest way to view and compare ETFs is with our ETF screener. This powerful tool allows you to filter and sort ETFs by asset class, performance, management fees and much more. It is located by navigating to Quotes & Research > Tools > ETF Screener.

See ETF examples and what kind of exposure they offer. Alternatively, the ASX maintains a list of ETFs within its Exchange Traded Product (ETP) library.

Why choose CommSec ETFs?

- Trade from $10.00 (Conditions apply)
- Benefit from free online research
- 24 hour a day online or phone trading
- Access floats and new issues

Ready to trade ETFs

Once you've found an ETF that you like, you can trade it like any normal security with three easy steps.

- Navigate to Trading > Shares > Place Order
- Enter the 3-6 digit ETF code into the 'Code' field and complete your order details.
- Review your quote carefully then confirm and submit your order.

Note: Some ETFs, such as international or commodity based funds, may have a 'good for day' expiry due to the nature of the underlying security.

Trade now

FAQs

What is an ETF?

Exchange Traded Funds (ETFs) are portfolios of stocks, bonds or in some cases other investments that trade on a stock exchange just like a share. ETFs are generally classified as either indexed or actively managed:

Indexed ETFs aim to correspond with the performance of a particular index (such as the S&P/ASX 50).
Actively Managed ETFs are based on a particular investment strategy, so their underlying investments are chosen by the fund manager according to that strategy. **Exchange Traded Commodities (ETCs)** are a type of ETF that provide exposure to a commodity such as gold, rather than to commodity companies.

How do you trade an ETF?

ETFs have an open-ended structure, which allows units to be bought and sold as investors enter or exit the fund. An ETF's price is valued throughout the trading day like a share, and it can be bought or sold with the same T+2 settlement period as shares (two (2) business days after your trade).

How do I start trading ETFs?

To start trading ETFs listed on the ASX, all you need is a CommSec trading account.

Do ETFs offer exposure to domestic ASX indices?

Yes. There are domestic ETFs traded through the ASX that track domestic ASX indices.

What Liquidity risks exist within ETFs?

Investors in ETFs and ETCs may be subject to liquidity risk, the risk of an illiquid market at the time they wish to trade. Due to the size, number of shareholders and the turnover of the Australian ETFs, there are currently no Market Making requirements in these ETFs.

Do ETFs provide dividends/distributions?

An ETF will change in value as the underlying portfolio of assets changes and may provide income for investors through distributions.

Is there currency risk involved in ETFs?

ETFs listed on the ASX are not hedged for currency risk. Investors have exposure to foreign exchange rate of currency conversion and exposure to the price level of the relevant underlying equity portfolio. For information on currency risk see the product disclosure statement, prospectus or equivalent disclosure document, available from the issuer of the ETF.

Do ETFs charge fees?

ETFs are typically able to achieve lower operating costs, so the management fees within the ETFs/ETCs are usually lower than those for managed funds. Lower management fees can enhance investor returns. Brokerage or an adviser fee may apply when buying or selling an ETF, just like shares. For information on fees see the product disclosure statement, prospectus or equivalent disclosure document, available from the issuer of the ETF.

Do ETFs offer exposure to international indices?

There are different types of ETFs created by various issuers. International Indexed ETFs listed on the ASX track an established international market index, providing either exposure to global, regional and single country markets.

Can I buy ETFs on my margin loan?

Yes. If the relevant ETF is on the CommSec Margin Lending approved securities list, you can purchase it on your margin loan.

This website notes some features of ETFs and ETCs however, please consider the product disclosure statement, or equivalent disclosure document, available from the product issuer before making any decision about the relevant ETF and ETC.

The information on this site has been prepared without taking account of the objectives, needs, financial and taxation situation of any particular individual. For this reason, any individual should, before acting on the information on this site, consider the appropriateness of the information, having regards to their own objectives, needs, financial and taxation situation and, if necessary, seek appropriate independent financial and taxation advice.

You should also read our Financial Services Guide (FSG), which provides you with information about us and services we can provide

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