



**VanEck**<sup>®</sup>

Access the opportunities.

# YOUR ETF STARTER KIT

Start investing in ETFs and build  
your investment portfolio

ETFs are a low-cost way of investing in shares or bonds, and have become one of the world's most popular ways to invest.



This ETF starter kit will give you the tools you need to start investing in ETFs and build an investment portfolio.

## What you will need to begin

### **A goal!**

Your goal should include what you are investing for, how much you are investing and how long you think it will take.

### **Access to the internet**

You will need this to help with research and to buy/sell your ETFs if you want to use an online broker.

### **A brokerage account**

You need this to buy and sell ETFs on ASX.

## A three-step process

- 1 Where, when and how much
- 2 Selecting your ETF
- 3 Purchasing an ETF

## What is an ETF?

ETFs, or Exchange Traded Funds, trade on ASX, just like shares. The difference is that an ETF represents an investment in a basket of shares or bonds while a share represents an investment in just one company. An ETF's basket could include a handful of shares or bonds, or include hundreds. The shares or bonds contained in an ETF are usually determined by a theme or set of rules. For example, an ETF might include all the banks listed on ASX or it could include the top 25 global healthcare companies.

ETFs have opened up investment opportunities that were previously unavailable to everyday investors. With ETFs, you can now easily access stocks listed overseas like the tech giants Apple, Microsoft and Google (which are listed in the US). ETFs also give you low-cost access to investment strategies that require sophisticated research or company analysis, like what is required when assessing a company's ethical or sustainability credentials.

There are more than 300 ETFs available on ASX, offering you access to an array of asset classes and investment strategies.

ETFs have opened up investment opportunities that were previously unavailable to everyday investors.



# How can ETFs benefit you?

-  **You don't need a lot of money to start investing in ETFs.** Many online brokers require a minimum of \$500 but some are even lower, while some investment platforms offer zero brokerage fees for ETFs. ETFs are a way to invest small amounts of money into many individual shares or bonds.

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-  **Reduces risk.** As your investment in an ETF is spread across a number of shares rather than a single share, it is generally considered less risky as you are not reliant on the growth of a single company.

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-  **ETFs typically have lower fees compared to other types of funds.** Actively managed funds require a team of analysts to determine which shares to buy and sell. Most ETFs are based on a set of rules that determine which shares or bonds are in the ETF, requiring much less manpower to manage. This means active fund managers typically charge much higher fees to cover their higher costs compared to ETFs.

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-  **Saves time.** Most people do not have the time and/or expertise to be able to constantly research and track companies to identify suitable investment opportunities and when to buy and sell that stock. An ETF eliminates that effort while still giving you access to a professionally managed strategic portfolio.

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-  **Transparency.** With ETFs, you know exactly what you are getting. The stocks or bonds within an ETF are published daily on the ETF provider's website.

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-  **Tax benefits.** ETFs typically have low turnover of stocks and therefore generate low levels of capital gains tax liability compared to actively managed funds. As with most things to do with tax, the benefits can be complex to explain and we recommend reading our specific information sheet called Tax Advantages of ETFs for a full explanation. You can find it here: [vaneck.com.au/tax](http://vaneck.com.au/tax)

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-  **Flexibility.** As ETFs trade on ASX, you can buy and sell ETFs at any time during the trading day, just like shares in individual companies.

ETFs have revolutionised investing and offer many benefits for investors.

# 1.

Where,  
when  
and how  
much

There are many different sectors and asset classes you can invest in via ETFs. Each has a different set and level of risks, level of potential returns and other characteristics that should be considered before investing. There is no 'silver bullet' investment solution. But ETFs provide easy to use building blocks with which to construct diversified portfolios. The best ETFs for you depend on your personal circumstance.

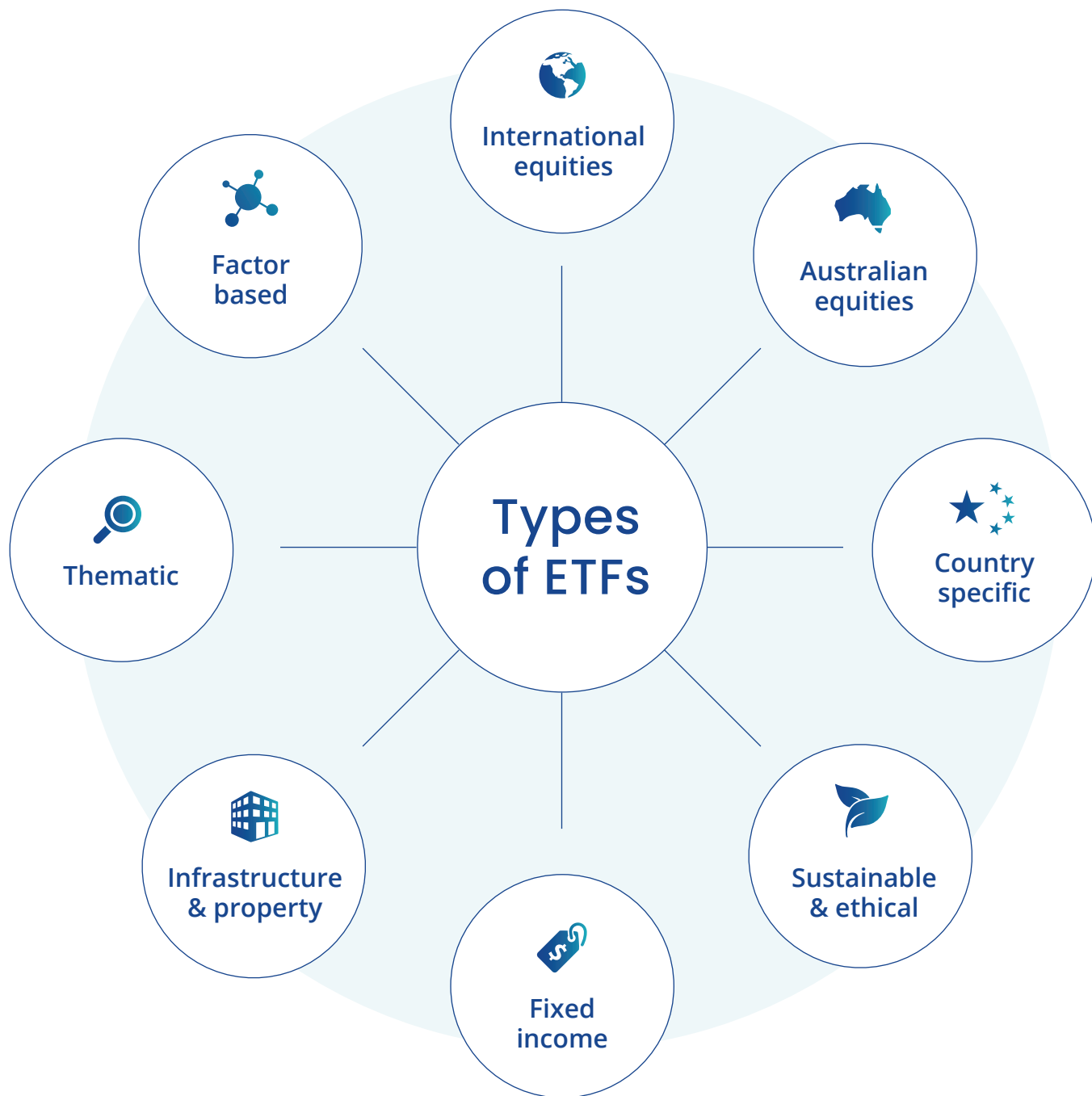
Before you start investing, you need a plan. This means carefully considering your individual circumstances and financial needs, defining your objectives or goals, the timeframe you have to achieve these, and your risk tolerance. Having a plan helps you find investments that suit your specific needs and helps you reach your financial goals.

We recommend speaking to a financial adviser or broker to get advice and build a plan. The Government's Moneysmart website also has a six-step guide to developing an investor plan. Visit [moneysmart.gov.au/how-to-invest](https://moneysmart.gov.au/how-to-invest)

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### **Need a financial adviser or broker?**

Visit our website for tips on how to find and select an adviser or broker:  
[vaneck.com.au/expert](https://vaneck.com.au/expert)



# Examples of ETFs

There are many different sectors and asset classes you can invest in via ETFs.

**TYPE OF ETF**

**EXAMPLE VANECK ETF**



International equities

**International Wide Moat ETF (ASX: GOAT)**

Focuses on some of the biggest and well known international companies with sustainable competitive advantages, selected by Morningstar®.



Australian equities

**Australian Equal Weight ETF (ASX: MVW)**

Focuses on some of the largest and most liquid companies on ASX and equally weights each company quarterly at rebalance to avoid overexposure to the dominant companies and industries on ASX.



Country specific

**China New Economy ETF (ASX: CNEW)**

Invests in companies with financial attributes that indicate they have the best potential for growth in four sectors at the forefront of China's transforming economy: technology, healthcare, consumer discretionary, and consumer staples.





TYPE OF ETF	EXAMPLE VANECK ETF
	<p><b>Sustainable &amp; ethical</b></p> <p><b>International Sustainable Equity ETF (ASX: ESGI)</b>            Gives investors access to a diversified portfolio of international companies selected on the basis of in-depth analysis by world leading research agency MSCI ESG Research.</p>
	<p><b>Fixed income</b></p> <p><b>Australian Corporate Bond Plus ETF (ASX: PLUS)</b>            Invests in the top 50% highest yielding Australian corporate bonds with investment grade credit rating at investment.</p>
	<p><b>Infrastructure &amp; property</b></p> <p><b>Global Infrastructure (AUD Hedged) ETF (ASX: IFRA)</b>            Delivers consistent income by focusing on infrastructure companies from around the world.</p> <p><b>International Property (AUD Hedged) ETF (ASX: REIT)</b>            Invests in international real estate investment trusts and companies that derive their revenue from real estate investments.</p>
	<p><b>Thematic</b></p> <p><b>Video Gaming and Esports ETF (ASX: ESPO)</b>            Includes companies from around the world that derive at least 50% of their revenue from video gaming and esports.</p>
	<p><b>Factor based</b></p> <p><b>International Quality ETF (ASX: QUAL)</b>            Focuses on 300 of the world's highest quality companies based on 1) return on equity; 2) stable earnings; and 3) debt to equity measures.</p>

More information about these and all our other ETFs is available on our website: [vaneck.com.au/vaneck-etfs](http://vaneck.com.au/vaneck-etfs)

**Key risks**

All investments have risks. You need to understand the risks and ensure you are comfortable with them. Australian equities funds have risks related to financial markets generally, individual company management, industry sectors, concentration, liquidity, fund operations and tracking an index. International equities funds have additional risks related to foreign currency, country-specific economic, political, regulatory and tax risks. Bond funds have additional risks related to interest rate movements, issuer default, and credit ratings. The PDS contains details of the key risks. You should speak to a financial adviser to determine the appropriate level of risk and suitable ETFs for your circumstances.

# 2.

## Selecting your ETF

The trick to understanding ETFs is learning how the shares or bonds are selected.

An ETF does this by replicating a financial market “index”. An index is essentially a set of rules that determines a portfolio. For example, an index could be as simple as the top 200 listed companies by size on ASX. This index is called the S&P/ASX 200. You cannot invest in an index because it is simply a framework in which to group stocks or bonds. But you can invest in an ETF which replicates, or ‘tracks’, an index.

View VanEck’s full range of ETFs at [vaneck.com.au/vaneck-etfs](https://vaneck.com.au/vaneck-etfs)

# Questions to ask

Four critical questions investors should ask when assessing an index:

- ?** **Does the index match your investment objectives?**  
Your ETF investment, and therefore the index it tracks, should match your risk profile and the outcomes you are trying to achieve. You need to understand the purpose of the index, such as exposure to an equity or bond market, any specific sector or country concentration, or currency risks.
- ?** **Is the index concept supported by research and experience or is it a fad?**  
Index design should be supported by reputable research and not just be a short-term idea that won't have longevity.
- ?** **Is the index method easy to understand?**  
Could you explain the index to someone else? If not, do you really understand what investment the ETF is offering?
- ?** **Has the index performed as you would have expected?**  
The index's historical data, along with the performance of the ETF, should be readily available on the ETF provider's website so you can assess the past performance to determine whether it has done what it claims to do.

Your ETF investment should match your risk profile and the outcomes you are trying to achieve.

## Selection tips

**Ensure** the ETF is managed by a reputable fund manager with a deep history of managing ETFs and investing across international markets.

**Compare** management fees alongside the performance of a fund – like most things, cheaper doesn't mean better.

**Check** the ETF is domiciled in Australia to avoid additional paperwork at tax time.

**Consider** diversification with respect to your existing investments. E.g. investors that own banks stocks may want to avoid an ETF that tracks the S&P/ASX 200 which is dominated by banks.



# 3.

## Purchasing an ETF

ETFs can be purchased on ASX just like buying shares. In the same manner you buy shares in a company, you acquire 'units' in an ETF. The unit price of an ETF will vary throughout the ASX trading day, just like shares, reflective of the changes in value of the underlying shares or bonds held in the ETF.

Investors can invest in ETFs via a financial adviser or broker, who can purchase them on your behalf, or you can invest directly via an online broker.

All the big four banks have online trading platforms and there is also a suite of app-based trading platforms, some of which offer free brokerage if you invest in ETFs.

Visit our website to see a list of brokers:  
[vaneck.com.au/expert](https://vaneck.com.au/expert)

## ETF trading tips

### **Avoid the first and last 15 minutes of the trading day**

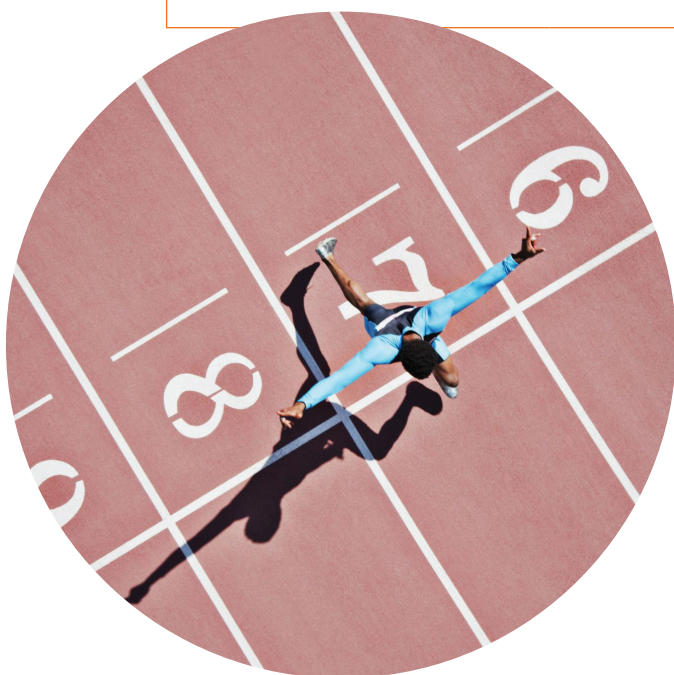
(10.00am – 10.15am and 3.45pm – 4.00pm respectively\*) when it is difficult to properly value an ETF's portfolio, meaning you may not pay a fair price.

### **Use limit orders which allow you to set the bid or ask price**

at which you are willing to buy or sell. You will not pay any more, or sell for any less, than your limit price.

### **Be aware of international trading times and market closures.**

ETFs with significant exposure to overseas markets tend to trade better when the foreign market is open at the same time as the market in Australia, where possible.



ETFs can be purchased on ASX just like buying shares. In the same manner you buy shares in a company, you acquire 'units' in an ETF.

\*AEST or AEDT dependent on the time of year.

## Next steps

- ✓ After you invest in an ETF you will receive a letter in the post confirming your investment from the ETF provider's registrar. The registrar is responsible for managing the ETF's investor database. This letter contains important instructions to access your online account and outlines information you need to provide to the registrar.

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- ✓ Make sure you retain this letter and keep a record of your Holder Identification Number (HIN), which will be noted in the letter. You will need this number to access your account.

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- ✓ Confirm whether you are an Australian resident for tax purposes. Failure to do so will result in you being charged maximum tax rates for any foreign income distributions you are entitled to.

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- ✓ Nominate a bank account for dividend payments.

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- ✓ Ensure your contact details are correct, including address, phone number and email.

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- ✓ Nominate email as your preferred method of communication to receive all communications faster, including statements about your account, financial reports and notice of any changes to the ETF investment strategy.

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- ✓ Provide your TFN, ABN or exemption (as applicable) to avoid the highest marginal rate being applied.

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- ✓ Consider participating in the dividend reinvestment plan (DRP), which automatically reinvests your dividends in the ETF.

Monitor the performance of your ETF to ensure it performs as it said it would. Up-to-date performance data should be available on the ETF provider's website.

If you have any questions, make sure you ask your financial adviser or broker.

## More information

### Learn more

To learn more about investing in ETFs and strategies for using ETFs in your portfolio, see the Learning Hub on our website and visit:

**[vaneck.com.au/etf-education](http://vaneck.com.au/etf-education)**

### Insights

We also run regular webinars and share investment insights. If you would like to hear about these, please connect with us on Facebook, LinkedIn or follow us on Twitter.

### Education videos

You can also view our education videos on YouTube:

**[youtube.com/VanEckAustralia](https://youtube.com/VanEckAustralia)**

### Blog





Visit our blog where we regularly post insights and educational articles:

**[vaneck.com.au/blog](http://vaneck.com.au/blog)**



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