

Active ETF product distinctions



How does an Active ETF differ to other products?

There are an increasing number of ways investors can access investment funds. Some are available on the Australian Stock Exchange (ASX and CXA) and others aren't, whilst some are actively managed and others track an index – like an Exchanged Traded Fund (ETF). The table below highlights some of the key differences between investment fund types.

	Active ETF	Passive ETF	Managed Fund	Listed Investment Company (LIC)	Listed Investment Trust (LIT)
Availability	Quoted or Listed	Quoted or Listed	Unlisted	Listed	Listed
Management style	Actively managed	Passively managed/ index tracker	Actively and passively managed	Actively managed	Actively managed
Corporate structure	Unit trust	Unit trust	Unit trust	Company	Unit trust
Liquidity	<ul style="list-style-type: none"> Open-ended Issues/cancels units daily Fund acts as a market maker to provide liquidity Trades on the stock exchange 	<ul style="list-style-type: none"> Open-ended Regularly issues/cancels units Trades on the stock exchange Uses third-party market makers to provide liquidity 	<ul style="list-style-type: none"> Open-ended Regularly issues/cancels units Does not trade on the stock exchange 	<ul style="list-style-type: none"> Closed-ended Can only grow through placements, rights and Distribution Reinvestment Plans (DRPS) Trades on the stock exchange 	<ul style="list-style-type: none"> Closed-ended Trades on the stock exchange
Pricing	<ul style="list-style-type: none"> Live pricing on the stock exchange Generally expected to trade at a tight spread around the NAV, reflecting the open-ended nature of the fund Instant price confirmation No cooling off rights (same as other listed securities) 	<ul style="list-style-type: none"> Live pricing on the stock exchange Generally expected to trade at a tight spread around the NAV, reflecting the open-ended nature of the fund Instant price confirmation No cooling off rights (same as other listed securities) 	<ul style="list-style-type: none"> Entry/exit price generally not known until trade + 1 day Cooling off rights as outlined in the Product Disclosure Statement (PDS) 	<ul style="list-style-type: none"> Live pricing on the stock exchange Can trade at a significant premium or discount to NAV, reflecting the closed-ended nature of the structure 	<ul style="list-style-type: none"> Live pricing on the stock exchange Can trade at a significant premium or discount to NAV, reflecting the closed-ended nature of the structure.
Disclosure	Full holdings are disclosed either monthly or quarterly on a lagged basis, subject to Australian stock exchange approval.	The daily basket of holdings are typically disclosed.	Typically, holdings are disclosed monthly with a 30-day lag.	Required to disclose NAV monthly, but not required to provide portfolio information.	Required to disclose NAV monthly, but not required to provide portfolio information.
Minimum investment	No minimum	No minimum	Typically A\$25,000	No minimum	No minimum
Application process including anti-money laundering (AML) and know-your-customer (KYC)	<ul style="list-style-type: none"> Must have a broker account No application form, AML or KYC required apart from the initial application for a brokerage account. 	<ul style="list-style-type: none"> Must have a broker account No application form, AML or KYC required apart from the initial application for a brokerage account. 	<ul style="list-style-type: none"> Investing directly requires an application form, AML and KYC documents for each fund manager. 	<ul style="list-style-type: none"> Must have a broker account No application form, AML or KYC required, apart from the initial application for a brokerage account. 	<ul style="list-style-type: none"> Must have a broker account No application form, AML or KYC required, apart from the initial application for a brokerage account.
Franking credits	All trust structures (including LITs) must distribute all underlying income and realised capital gains to investors on an annual basis. The level of realised capital gains depends on trading activity within the strategy and the level of embedded capital gains within the portfolio holdings. As a trust, unitholders are responsible for any tax obligation arising from the distribution and should seek professional tax advice on this matter.			LICs have the ability to pay franked dividends.	LITs must pay out any surplus income to investors in the form of distributions. These distributions carry the franking credit level allocated by the underlying investment.

How do I access Active ETFs?

An Active ETF is bought and sold via a broker in the same way you buy or sell a share on the stock exchange. The difference is that this one trade gives you access to a diversified portfolio of shares. You can view your Active ETF holdings alongside any other direct share holdings you have.

Via your broker or licensed adviser*

- 1 Place a 'buy or sell' Active ETF order with your broker.
- 2 Your broker initiates a transaction with the stock exchange via the ticker code.
- 3 The stock exchange settles the transaction via CHESS.

Direct with online trading account

If you have an online trading account, you can type in the fund's ticker code and invest immediately.

The Active ETF is held in your portfolio, beside your other investment holdings.

*Your adviser must be licensed to buy and sell shares on the Australian stock exchange..

Where do I go for more information?

Fidelity Active ETFs available to investors:

- Fidelity Global Emerging Markets Fund (Managed Fund) (ASX:FEMX)
- Fidelity Global Demographics Fund (Managed Fund) (ASX:FDEM)

If you're new to investing, you might like to learn more on our learning hub available at www.fidelity.com.au/learning-hub/discover-active-etfs/

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