

# 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 Securities Exchange (ASX) 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 (unlisted)	Listed Investment Company (LIC)	Listed Investment Trust (LIT)
<b>Availability</b>	ASX quoted	ASX quoted	Unlisted	ASX listed	ASX listed
<b>Management style</b>	Actively managed	Passively managed / index tracker	Actively and passively managed	Actively managed	Actively managed
<b>Corporate structure</b>	Trust	Trust	Trust	Company	Trust
<b>Liquidity</b>	<ul style="list-style-type: none"> <li>Open-ended</li> <li>Issues / cancels units daily</li> <li>Fund acts as a market maker to provide liquidity</li> </ul>	<ul style="list-style-type: none"> <li>Open-ended</li> <li>Regularly issues / cancels units</li> <li>Trades on the ASX</li> <li>Uses third-party market makers to provide liquidity</li> </ul>	<ul style="list-style-type: none"> <li>Open-ended</li> <li>Regularly issues / cancels units</li> <li>Does not trade on the ASX</li> </ul>	<ul style="list-style-type: none"> <li>Closed-ended</li> <li>Can only grow through placements, rights and Distribution Reinvestment Plans (DRPS)</li> </ul>	<ul style="list-style-type: none"> <li>Closed-ended</li> </ul>
<b>Pricing</b>	<ul style="list-style-type: none"> <li>Live pricing on the ASX</li> <li>Generally expected to trade at a tight spread around the NAV, reflecting the open-ended nature of the fund</li> <li>Instant price confirmation</li> <li>No cooling off rights (same as other listed securities)</li> </ul>	<ul style="list-style-type: none"> <li>Live pricing on the ASX</li> <li>Generally expected to trade at a tight spread around the NAV, reflecting the open-ended nature of the fund</li> <li>Instant price confirmation</li> <li>No cooling off rights (same as other listed securities)</li> </ul>	<ul style="list-style-type: none"> <li>Entry / exit price generally not known until trade + 1 day</li> <li>Cooling off rights as outlined in the Product Disclosure Statement (PDS)</li> </ul>	<ul style="list-style-type: none"> <li>Live pricing on the ASX</li> <li>Can trade at a significant premium or discount to NAV, reflecting the closed-ended nature of the structure</li> </ul>	<ul style="list-style-type: none"> <li>Live pricing on the ASX</li> <li>Can trade at a significant premium or discount to NAV, reflecting the closed-ended nature of the structure.</li> </ul>
<b>Disclosure</b>	All holdings are disclosed quarterly with a two-month lag, subject to ASX 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.
<b>Minimum investment</b>	No minimum	No minimum	Typically A\$25,000	No minimum	No minimum
<b>Application process including anti-money laundering (AML) and know-your-customer (KYC)</b>	<ul style="list-style-type: none"> <li>Must have a broker account</li> <li>No application form, AML or KYC required apart from the initial application for a brokerage account.</li> </ul>	<ul style="list-style-type: none"> <li>Must have a broker account</li> <li>No application form, AML or KYC required apart from the initial application for a brokerage account.</li> </ul>	<ul style="list-style-type: none"> <li>Investing directly requires an application form, AML and KYC documents for each fund manager.</li> </ul>	<ul style="list-style-type: none"> <li>Must have a broker account</li> <li>No application form, AML or KYC required, apart from the initial application for a brokerage account.</li> </ul>	<ul style="list-style-type: none"> <li>Must have a broker account</li> <li>No application form, AML or KYC required, apart from the initial application for a brokerage account.</li> </ul>
<b>Franking credits</b>	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 ASX. 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 licenced adviser\*

- 1 Place a 'buy or sell' Active ETF order with your broker.
- 2 Your broker initiates a transaction with the ASX via the ticker code.
- 3 The ASX 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 licenced to buy and sell shares on the ASX.

## Where do I go for more information?

To learn more about how Fidelity's Active ETF can offer global exposure in a single product available locally – such as the Fidelity Global Emerging Markets Fund (Managed Fund) (ASX:FEMX), please visit us at [www.fidelity.com.au/funds/fidelity-global-emerging-markets-fund](http://www.fidelity.com.au/funds/fidelity-global-emerging-markets-fund)

If you're new to investing, you might like to learn more on our learning hub available at [www.fidelity.com.au/learning-hub/active-etf](http://www.fidelity.com.au/learning-hub/active-etf)

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