

Exchange Traded Funds (ETFs)

An ETF tracks a particular index, commodity, sector or other asset.

Some ETFs can even track an entire investment strategy.

Pros

- 1 Buy a basket of assets in a single trade.
- 2 Transparent — you can see the underlying assets.
- 3 Easy to trade, and usually cheaper than a managed fund.

Cons

- 1 ETFs carry the same market risk as the assets they hold.
- 2 Read the product disclosure statement to understand the risks of the ETF you are considering.
- 3 Some niche ETFs can be thinly traded or complex.