# Exchange Traded Funds (ETFs)
## Diversification Simplified

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- ETFs are funds that comprise a basket of securities, listed and traded on the exchange.
- They aim to track the performance of an index or underlying asset.
- Allow investors to build a diversified portfolio at substantial cost savings.

## Benefits of ETFs

### Diversification

- You achieve instant diversification in a single trade. For example, you instantly own shares in 30 of the largest blue chip companies when you invest in the ETF that tracks the Straits Times Index (STI).




### Flexibility and Transparency

- You can buy and sell ETFs anytime on SGX, just like stocks.
- ETF prices are also published real-time through the trading day.

### Accessibility

- ETFs offer exposure to countries like China and India.
- ETFs also offer access to asset classes like stocks, bonds and commodities which may be inaccessible to individual investors.

### Cost Effectiveness

- Investing in the STI ETF gives you similar returns at a lower cost, compared to buying 30 individual stocks.

| | STI 30 stocks | STI ETF |
|---|---|---|
| 2014 Total Returns | 9.55% | 9.20%* |
| Total Transaction Cost | $900 | $30 |
| Minimum Investment Sum | $32,000# (at 100 shares per stock) | $350 (at 100 shares) |

* Totals returns after management fees
\# Amount deviates from using actual STI weights

## Things You Should Know

**As with all financial products, investing in ETFs does come with some risks:**

- **Market Risk**
  The day-to-day potential to experience losses from fluctuations in underlying prices.
- **Tracking Error Risk**
  ETF Fund Manager may not be able to exactly replicate the performance of the underlying benchmark.
- **Foreign Exchange Risk**
  Fluctuations in foreign exchange rates may increase or erode investment returns.
- **Counterparty Risk**
  Some ETFs may use derivatives to achieve their investment objectives. These ETFs may suffer losses if any counterparty fails to perform its obligations under the derivatives transaction.

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## SGX-listed ETFs

Of the 87 ETFs listed on SGX, 19* are classified as Excluded Investment Products (EIP) which are accessible to investors without enhanced safeguards.

| | Stock code | Total return | Dividend indicative yield | Traded currency | Fund description |
|---|---|---|---|---|---|
| **Fixed Income** | | | | | |
| ABF Singapore Bond Index Fund | A35 | 1.80% | 2.67% | SGD | Comprises mainly of Singapore government bonds |
| iShares Barclays Capital USD Asia High Yield Bond Index ETF | O9P | 4.24% | 6.08% | USD | USD-denominated government and corporate high yield bonds, in Asia Ex Japan |
| iShares J.P Morgan USD Asia Credit Bond Index ETF | N6M | 4.63% | 4.10% | USD | USD-denominated bonds, in Asia Ex Japan |
| **Equities** | | | | | |
| ***Country*** | | | | | |
| db x-trackers FTSE China 50 UCITS ETF (DR) | HD8 | 24.57% | - | USD | Tracks FTSE China 50 Index, which comprises of 50 largest and most liquid Chinese stocks listed on Hong Kong |
| db x-trackers MSCI Brazil Index UCITS ETF (DR) | J0O | -29.24% | - | USD | Tracks MSCI Brazil Index, which comprises of large and mid cap Brazilian equities |
| db x-trackers MSCI China Index UCITS ETF (DR) | LG9 | 21.52% | - | USD | Tracks MSCI China Index, which comprises of large and mid cap Chinese equities |
| db x-trackers MSCI Korea UCITS Index ETF (DR) | IH2 | -15.00% | - | USD | Tracks MSCI Total Return Net Korea Index, an index of 107 large and mid cap Korean equities |
| db x-trackers MSCI Malaysia Index UCITS ETF (DR) | LG6 | -22.70% | - | USD | Tracks MSCI Malaysia Index, which is made of large and mid cap Malaysian equities |
| db x-trackers MSCI Philippines IM Index UCITS ETF (DR) | N2E | 6.61% | - | USD | Tracks MSCI Philippines Investable Market Total Return Net Index's small to large cap equities |
| db x-trackers MSCI Singapore IM Index UCITS ETF (DR) | O9A | -6.29% | - | USD | Tracks MSCI Singapore Investable Market Total Return Net Index's small to large cap Singapore equities |
| db x-trackers MSCI Taiwan Index UCITS ETF (DR) | HD7 | 2.70% | - | USD | Tracks MSCI Total Return Net Taiwan Index, comprised of mid and large Taiwanese equities |
| db x-trackers MSCI Thailand Index UCITS ETF (DR) | LG7 | 1.89% | - | USD | Tracks MSCI Thailand Index, an index of large and mid cap Thai equities |
| iShares MSCI India Index ETF | I98 | 3.21% | - | USD | Tracks MSCI India Index, which comprises of mainly large and mid cap Indian equities |
| Nikko AM Singapore STI ETF | G3B | 3.18% | 2.83% | SGD | Tracks Straits Times Index, the benchmark index of Singapore |
| SPDR® Straits Times Index ETF | ES3 | 3.40% | 2.79% | SGD | Tracks Straits Times Index, the benchmark index of Singapore |
| ***Region*** | | | | | |
| CIMB FTSE ASEAN 40 ETF | M62 | -9.15% | 3.75% | USD | Tracks 40 largest companies (by market capitalisation) listed on ASEAN exchanges |
| CIMB S&P Ethical Asia Pacific Dividend ETF | P5P | -1.31% | 5.56% | USD | Tracks 40 ethically conscious, high dividend yield stocks from the Asia Pacific region |
| db x-trackers MSCI Pacific Ex Japan Index UCITS ETF (DR) | J0Q | -8.41% | - | USD | Tracks MSCI Pacific Ex Japan Index, a market cap weighted index measuring equity performance in ex Japan Pacific |
| ***Commodities*** | | | | | |
| SPDR® Gold Shares | O87 | -10.80% | - | USD | Tracks the price of Gold |

** Information for the period of 12 months ending 30 June 2015*

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