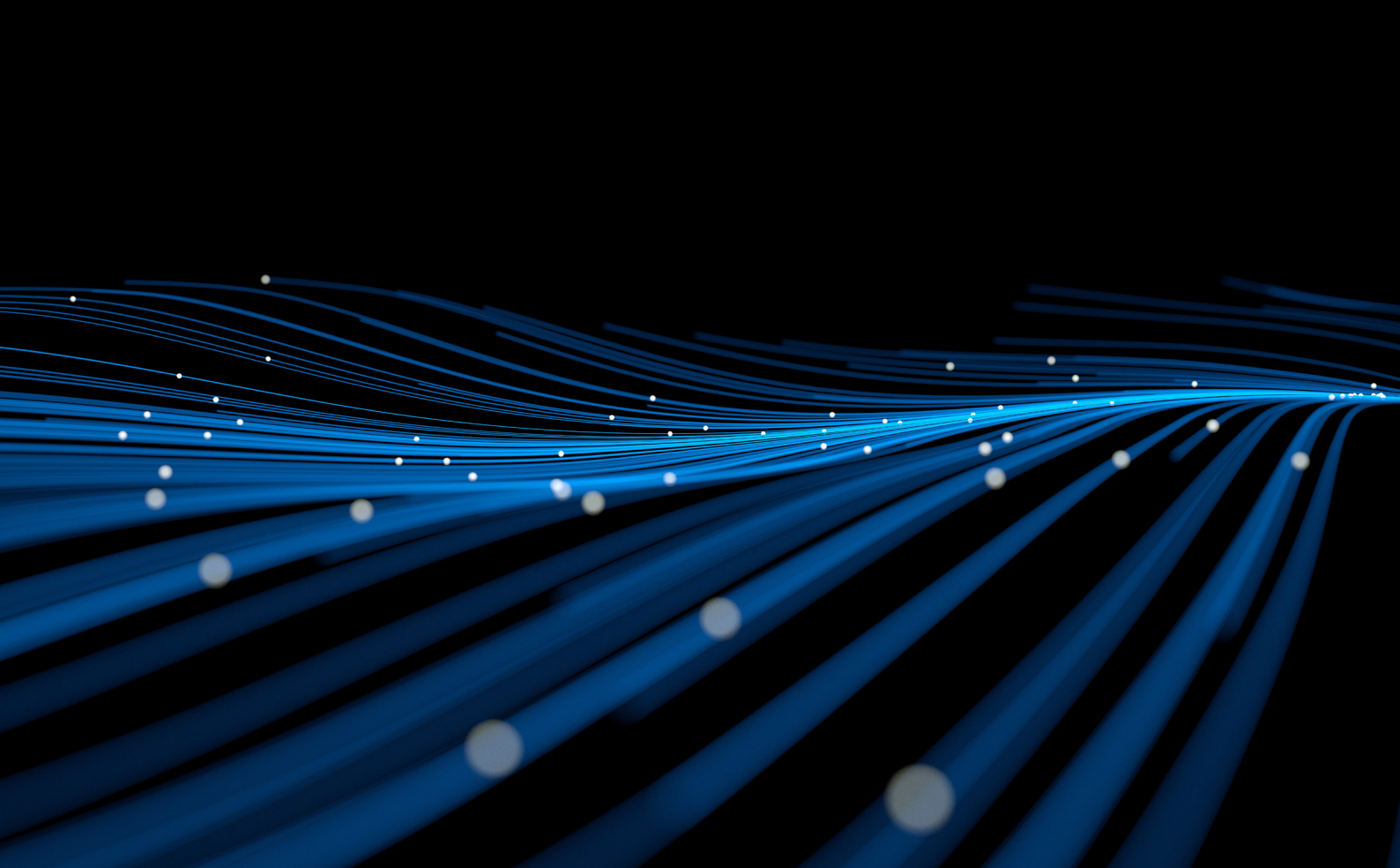


Ways to invest



Ways to invest

There have been significant technological advances in the way that people engage with share markets and other investment options in recent years.

This brochure – the second in a series of three about getting started in investing – will take you through some of the different platforms for investing, and the costs and ownership structures associated with these. We'll also discuss new ways to invest, like robo-advice platforms.

If you have not done so already, review the [key features](#) of different investment options that are available to investors through ASX.

Today, there are many stockbrokers as well as online platforms to choose from. It has become relatively straightforward for people to invest in a diversified portfolio of shares that aligns with their risk profile.



Do I need a lot of money to start investing?

Online brokers and robo-advice platforms mean that it now takes less time and effort to start investing. Some platforms offer features that can make it easier to begin investing with relatively small amounts of money.

By way of example, some of these platforms may include within their portfolios low-cost ETFs. You may be able to invest in an ETF through some of these platforms with a one-off deposit – for some ETFs, the minimum investment is as little as \$500 – or a recurring or regular investment.



What is the role of a broker?

Brokers are the people and organisations that execute trades in share markets. Brokerage firms are generally broken down into two categories: **full-service brokers**, and **online/no advice brokers**.

When you buy or sell shares or other investment products using a broker, you pay “brokerage” for each trade. This is the stockbroker’s fee for executing the trade.

What is the difference between different types of brokers?

Different broking options come with different features and different costs. Fees are set by brokers and can vary based on the type of service you receive.

No advice brokers

No advice brokers (also commonly known as **online brokers**) simply execute your buy and sell orders. They may charge a discounted rate of brokerage or a flat fee depending on the size of the transaction. Minimum brokerage fees for online brokers currently range from approximately \$10-\$30 per trade.

Investors can use an online website portal or app to manage transactions made using an online broker, including buying, selling and portfolio monitoring.

Despite not offering advice, many online brokers present detailed and useful investment information on their websites including market commentaries and educational materials.

These types of brokers typically allow you to hold investments directly in your own name.

Full-service brokers

Full-service brokers may provide ‘execution only’ services, general advice or personal advice (i.e., helping you decide what to buy or sell and executing trades on your behalf). When advising you, these brokers are legally obliged to consider your financial situation, risk appetite and investment objectives.

Minimum brokerage fees for full-service brokers currently range from approximately \$50-\$150 per trade.

These types of brokers typically allow you to hold investments directly in your own name.

Some **online brokers** (often referred to as ‘discount brokers’) offer discount brokerage fees of less than \$10 per trade.

These types of brokers typically use different ownership models to traditional online brokers and full service brokers. These ownership models may result in your investments being held for you by a custodian or trustee, rather than directly by you in your own name.

Check out the “Who Holds and/or Owns my ASX-listed Shares” section of this brochure for more information on the types of ownership structures used by different investment platforms.

Regardless of the type of broker and the market they operate in, your broker should act in your best interest and try to get the best buy or sell price that can be achieved for you in the prevailing market conditions at the time.



Using robo-advice and micro-investing to invest

Robo-advice

Robo-investing or robo-advice consists of a digital platform that provides automated financial planning and investment suggestions based on a snapshot of your personal financial circumstances and requirements.

The benefits of these types of platforms can include simple account creation and management, security, education and low fees (typically because the advice provided tends to be automated). These types of platforms are useful for investors with relatively simple and straightforward needs, however they may not be appropriate for more complex situations. Remember, you should always consider obtaining independent advice from an Australian Financial Services Licensee before making any investment decisions.

In some cases, robo-advice and robo-investing technology simply automates the processes traditional financial advisers have been using for some time. This gives more people the ability to access basic advice and investments. Many robo-investing platforms also offer an automatic rebalancing service, which means that your investment portfolio is adjusted periodically to maintain your target asset allocation.

Not sure where to start? There are differences across platforms, but generally speaking robo- or micro-investing platforms - require you to create an account and make a first deposit. Once the account and deposit process is complete, investors are able to choose from a set of pre-mixed investment portfolios.


Some platforms will give you a questionnaire to help determine what kind of investor you are and recommend an investment mix based on your circumstances. This can be a useful starting place for understanding the types of investments that may be appropriate for you. From there, it's a few steps to getting your portfolio started.

Micro-investing

Micro-investing is a way that you can automate your investing by putting small amounts of money into an investment account over time, usually by rounding up your everyday purchases to the nearest dollar, and depositing the 'spare change' into an investment account.

These funds are generally invested in low-cost ETFs that charge an annual fee to investors to cover operational costs, such as brokerage and the Management Expense Ratio (MER) that is charged by the ETF provider.

There may be different investment options with different levels of risk, allowing you to invest in defensive or growth options depending on your needs and risk appetite.

 **Learn more about different types of brokers and investment platforms and finding the right one for your needs.**





Who holds and/or owns my ASX-listed shares and investments when I use a broker or investment platform?

When you purchase ASX-listed shares and other ASX-listed investments you can choose to register the legal title to your shares on either the CHESS subregister (which is maintained by ASX Settlement) or on an Issuer Sponsored subregister, which is maintained by the company who issued the shares (or other ASX-listed product).

Broker-sponsored holdings

When you register your shares or other investments on the CHESS subregister, this is also often referred to as having a **broker-sponsored holding**. Being broker-sponsored means that your holdings are recorded **directly in your name** on the CHESS subregister and you will be issued with a **Holder Identification Number (HIN)**, which is similar to an account number. One HIN can be used for all listed investments held by you on the CHESS subregister, regardless of the identity of the issuer of those investments.

Issuer-sponsored holdings

If you choose to register your shares or other investments on an Issuer-sponsored subregister, your holdings will be registered **directly in your name** on the subregister maintained by the company or organisation issuing the shares or other investment (known as the issuer). You will be allocated a **Security-holder Reference Number (SRN)** by the issuer and will have a different SRN for each investment you hold on that issuer's subregister.

Custodial arrangements

A number of discounted brokers, robo-advice platforms and robo-investment platforms have increased the prominence of investors holding ASX-listed investments **indirectly** via a custodian.

Under this model the holdings of multiple investors are pooled under one HIN attached to the custodian (who is usually the broker or a nominee of the broker). The custodian will legally own

the investments, and accordingly the custodian's name will appear on the share register, not yours. Your ownership status will be limited to **beneficial** ownership but not legal ownership of your investments.

The Product Disclosure Statement (PDS) or other relevant disclosure documents for these services will outline how your broker or investing platform holds investments.

You should consider obtaining independent advice from an Australian Financial Services Licensee to understand which type of investment platform and/or holding arrangement may be most appropriate for you.

ASX supports both direct ownership through broker and issuer sponsored holdings, and indirect ownership via a custodian; the holding structure you choose comes down to your personal circumstances and preferences. Be sure to read the relevant Product Disclosure Statement (PDS) for your investments and to obtain independent advice from an Australian Financial Services Licensee to ensure you're making an informed choice.



How to decide what to do next

Online brokers and investment platforms have made it easier for investors to access markets and investment options.

If you want more help and advice, a full-service broker or financial adviser may be right for you. Learn more about how to find a reputable broker or adviser in **Buying and selling shares and investment products on ASX**.

Understanding your investment options is a crucial part of investing. Learn more in **How to start investing**.

The ASX website offers ways you can better understand your investing options. The [online courses](#) will give you the base of knowledge you need to get involved in different markets. Want to have a play before you make your first real money investment or try something different? Give the [Sharemarket Game](#) a go!



Disclaimer of Liability

Information provided in this brochure is for educational purposes only and does not constitute financial product advice. You should obtain independent advice from an Australian financial services licensee before making any financial decisions. Although ASX Limited (ABN 98 008 624 691) and its related bodies corporate (together, "ASX") has made every effort to ensure the accuracy of the information as at the date of publication, ASX does not give any warranty or representation as to the accuracy, reliability or completeness of the information. To the extent permitted by law, ASX and its employees, officers and contractors shall not be liable for any loss or damage arising in any way (including by way of negligence) from or in connection with any information provided or omitted or from any one acting or refraining to act in reliance on this information.

© Copyright 2022 ASX Limited.

Content correct as at October 2022.

