

# Fundamentals of Active Exchange Traded Funds (Active ETFs)



## What is an Active Exchange Traded Fund?

Active Exchange Traded Funds (known commonly as “active ETFs”) provide easy access to investment portfolios that are actively managed by an experienced professional fund manager.

Like traditional managed funds, active ETFs are opened-ended investment products which can invest in a variety of assets such as Australian and global shares, fixed income, commodities and cash.

However they can be easily bought and sold on a stock exchange such as the ASX.



## What is driving the growth in Exchange Traded Funds (ETFs)?

In the past decade, there has been substantial growth in both number of, and capital invested, in ETFs. This includes passive ETFs, Active ETFs and other types of exchange traded products such as Listed Investment Trusts (LITs).

We believe many investors don't have the time, expertise or in some cases, capital to build and manage a diversified portfolio of listed securities. ETFs can provide an opportunity for investors to access these portfolios in one trade. Investors can buy and sell on the stock exchange at the prevailing market price through a stockbroker, share trading account or other securities trading platform, much like the process for buying and selling shares.

## How does an Active ETF differ to other products?

In the below table, we've compared the typical Features of Active ETFs to four common investment options that may also provide investors with a diversified portfolio – Passive ETFs, LICs, LITs and managed funds.

	Active ETFs	Passive ETFs	Listed Investment Company (LIC)	Listed Investment Trust (LIT)	Traditional unlisted managed funds
Typical Management Style	Actively managed.	Passive / index tracked.	Actively Managed.	Actively Managed.	Actively or passively managed.
Way to invest	Stock Exchange such as the ASX	Stock Exchange such as the ASX	Stock Exchange such as the ASX	Stock Exchange such as the ASX	Apply/redeem directly through fund manager via unlisted application form and PDS.
Minimum investment	No minimum	No minimum	No minimum	No minimum	Typically set by fund manager e.g. A\$25,000.
Pricing	<ul style="list-style-type: none"> <li>Buy/sell at prevailing market price on the stock exchange</li> <li>Aims to trade close to their NAV or iNAV.</li> </ul>	<ul style="list-style-type: none"> <li>Buy/sell at prevailing market price on the stock exchange</li> <li>Aims to trade close to their NAV or iNAV.</li> </ul>	<ul style="list-style-type: none"> <li>Buy/sell at prevailing market price on the stock exchange</li> <li>May trade at a premium or discount to their NTA.</li> </ul>	<ul style="list-style-type: none"> <li>Buy/sell at prevailing market price on the stock exchange</li> <li>May trade at a premium or discount to their NTA.</li> </ul>	<ul style="list-style-type: none"> <li>Units are applied and redeemed at NAV per unit (subject to buy/sell spread) which is generally published daily.</li> </ul>
Liquidity	Open-ended	Open-ended	Closed-ended	Closed-ended	Open-ended
Market Making Model	Internal or External	Generally External	n/a	n/a	n/a
Performance Objective (before fees and costs)	Investors may receive returns that are higher or lower than the relevant market returns.	Aims to replicate relevant benchmark returns.	Investors may receive returns that are higher or lower than the relevant market.	Investors may receive returns that are higher or lower than the relevant market.	Investors may receive returns that are higher or lower than the relevant market.
Income (Distribution or Dividend)	Pay a distribution that may include income and capital gains.	Pay a distribution that may include income and capital gains.	Pay a dividend that may include income and capital gains.	Pay a distribution that may include income and capital gains.	Pay a distribution that may include income and capital gains.
Tax treatment	Investors are generally subject to income tax in respect of the taxable distributions they receive from the fund at the income tax rate applicable to them.	Investors are generally subject to income tax in respect of the taxable distributions they receive from the fund at the income tax rate applicable to them.	<p>Being a company, a LIC is taxed at the prevailing company tax rate.</p> <p>Investors are generally subject to income tax in respect of the dividends they receive from the LIC, though such dividends may carry franking credits.</p>	Investors are generally subject to income tax in respect of the taxable distributions they receive from the fund at the income tax rate applicable to them.	Investors are generally subject to income tax in respect of the taxable distributions they receive from the fund at the income tax rate applicable to them.
Legal Structure	Operates under trust structure and issues units.	Operates under trust structure and issues units.	Operates under a company structure and issues shares.	Operates under trust structure and issues units.	Operates under trust structure and issues units.



## Getting started – How to invest?

An Active ETF is bought and sold on a stock exchange via a broker in the same way you buy or sell a listed share. Generally, a Holder Identification Number (HIN) will be issued to you which allows you to view your Active ETF holdings alongside any other listed investments you have.

### 1. Do your research

- You should read the PDS before making any decision on how to invest in the Active ETF
- Learn more about the Active ETF by visiting the fund manager's website

For example, visit [www.perpetual.com.au/active-etfs](http://www.perpetual.com.au/active-etfs) for more information about Perpetual's Active ETFs.

### 2. Contact or access your ASX stockbroker (full service or online) to place a buy order for the Active ETF.



## Perpetual's active ETFs

**Perpetual Diversified Income Active ETF (ASX: DIFF)** is designed for investors seeking daily liquidity, reliable income and capital stability via a high-quality credit portfolio.

**Barrow Hanley Global Share Active ETF (ASX: GLOB)** is a global value fund that aims to provide investors with long-term capital growth by investing in quality global shares.

**Perpetual ESG Australian Share Active ETF (ASX: GIVE)** targets long-term capital growth and income by investing mainly in quality Australian shares that meet Perpetual's ESG and values-based criteria.

## What are the risks?

All investments carry risk and different strategies may carry different levels of risk. All investments are subject to risk which means the value of investments may rise or fall, which means that you may receive back less than your original investment or you may not receive income over a given time frame. The relevant product disclosure statement for the Active ETFs should be considered before deciding whether to acquire or hold units in that the Active ETF. Your financial adviser can assist you in determining whether an investment is suited to your financial needs.

## Considerations for investing in Active ETFs

### ► Liquidity and spreads in ETFs.

Investors need to be aware that liquidity in Active ETFs is not always constant, and spreads may vary and increase significantly from time to time. The size of the bid-offer spreads may vary according to the nature of the underlying asset of the ETF. There are times however, where spreads may be wider than usual such as during the closure of foreign markets or during periods close to the open and close of trading. During this time, market makers may wait until they have more certainty around the underlying prices but may still quote at wider spreads to reflect this uncertainty. This is important to keep in mind as bid-offer spreads may be so wide they can materially affect the cost of investing in the Active E.TF.

### ► Transparency

Active and passive ETFs can offer differing levels of transparency. Most passive ETFs are tracking an underlying index and try to replicate the returns of that chosen index. These ETFs generally disclose their holdings daily and provide full transparency to investors. Active ETFs can choose to disclose their holdings on a lag to the public in order to protect their Intellectual Property. That said, some Active ETFs elect to disclose their holdings daily. Generally speaking whether the ETF is passive or active there will be a full disclosure of holdings to the market at some point in time.

### ► Access and Minimum Investment

ETFs are easily accessible through brokerage accounts, where there is generally no minimum investment amount.

## Glossary

<b>Bid-offer spread</b>	The difference between the price at which investors can buy the Active ETF on the exchange and the (lower) price at which it could be sold on the exchange.
<b>Closed ended</b>	An entity that issues a set number of units that can then be bought and sold on a stock exchange.
<b>HIN</b>	A Holder Identification Number (HIN) is a unique number issued by the ASX for investors with a broker or an online trading account.
<b>iNAV</b>	Indicative or intraday Net Asset Value is the estimated value of the underlying portfolio of assets which is published on the Fund's website throughout the trading day and updated normally every 15 seconds.
<b>Market maker or market making agent</b>	A trading participant of the market where the ETF is traded. Market makers perform a fundamental role in ensuring that ETFs which do not have sufficient natural liquidity trade orderly. They seek to provide continuous liquidity to the market by quoting buy and sell prices throughout the trading day – these prices continually change to reflect price movements in underlying securities. There are two different Market making models, internal and external. External market making is carried out completely by an external trading participant whereas internal market making relies on both external agencies and internal components.
<b>NAV</b>	Net Asset Value. The NAV is the total value of the assets in a product minus its liabilities.
<b>NTA</b>	Net Tangible Assets. The value of total assets in a product reduced by the intangible assets and the total liabilities.
<b>Open ended</b>	An entity that can continuously issue and redeem units.



### More information

Perpetual offers investors a broad range of investment options across Australian and global shares, multi asset, credit and fixed income, and ESG funds. To learn more about Perpetual's Active ETFs, please visit [www.perpetual.com.au/active-etfs](http://www.perpetual.com.au/active-etfs)

The information in this brochure is current as at 7 August 2025. This brochure has been prepared by Perpetual Investment Management Limited (PIML) ABN 18 000 866 535, AFSL 234426 as the issuer of units in each of the Barrow Hanley Global Share Active ETF, Perpetual Diversified Income Active ETF, Perpetual ESG Australian Share (Active ETFs). It is general information only and is not intended to provide you with financial advice or take into account your objectives, financial situation or needs. You should consider, with a financial and tax adviser, whether the information is suitable for your circumstances. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information.

The PDS for the relevant Active ETF, issued by PIML, and the relevant Active ETF's other periodic and continuous disclosure announcements lodged with the ASX should be considered before deciding whether to acquire, dispose or hold units in the relevant Active ETF. The relevant Active ETF's PDS and Target Market Determination can be obtained by calling 1800 022 033 or visiting our website. [www.perpetual.com.au](http://www.perpetual.com.au).

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Find out more

1800 635 323

[perpetualetf@cm.mpms.mufg.com](mailto:perpetualetf@cm.mpms.mufg.com)

[www.perpetual.com.au](http://www.perpetual.com.au)

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