INDEPENDENT INVESTMENT RESEARCH

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ISSUE 1 | THE IIR VIEW

The cheap core earned cash. The decisions that mattered were elsewhere.

ASX-quoted exchange-traded products took in A$63.5bn net in the twelve months to 30 October 2026, most of it into the cheapest broad index funds. Over those twelve months the largest of them returned about what a cash ETF paid, while the gap between the best and worst corners of the same market passed 100 percentage points. This first issue sets out where that gap came from and which funds sat on each side of it.

477	$377.9bn	$5.07bn	$63.5bn	49 + 4
ASX-quoted products (406 a year ago)	under management ($312.2bn a year ago)	net inflow in October	net inflow, twelve months	IIR profiles and rated funds

Six IIR views

1 **Cost is settled at the core. Exposure is not.** Funds charging 0.30% a year or less hold 64% of assets and took 83% of October's net inflow. The 144 products charging more than 0.60%, which is 30% of the shelf, took 0.1%. The fee gap between the cheapest and dearest of the five broad Australian share funds is four hundredths of one per cent. The twelve-month return gap between the best and worst ASX category medians is 48 percentage points.

2 **This is an energy-led inflation shock, and the usual hedges split.** Global energy shares (+57.0%), global value (+39.2%), Australian resources (+20.7%) and infrastructure (+13.4%) did the protecting. Gold (−7.4%), inflation-linked bonds (+0.9%) and long government bonds (−3.7%) did not. A hedge should be judged on what it did in the shock it was bought for.

3 **Until the Reserve Bank is finished, defensive income is floating, not fixed.** Cash and floating-rate funds returned +4.2% to +5.0% over twelve months; the composite bond funds returned +0.2% to +0.3%. Yet in October, when Asian shares fell 8.7% at the median, the longest government bond fund rose 3.7%. Duration is insurance against a growth shock. It should be sized as insurance.

4 **Currency hedging was an eight-point decision that many portfolios made by accident.** Hedged global shares returned +13.1% against +4.6% unhedged. The ticker chosen years ago decided the outcome. A hedge ratio is a policy and should be written down as one.

5 **A theme is bought on the story and paid for on the price.** Sixty-three codes joined ASX's list in the first ten months of 2026. Every one of the 13 thematic, technology and resource launches fell in October, by 5.6% to 21.9%. The older themes are the warning: uranium (−30.4%), defence (−8.8% in a year of war) and bitcoin (−34.0%).

6 **The wrapper does not change the manager.** Active and complex funds are 39% of products and 18% of assets. Their median bid–ask spread is 0.27% against 0.13% for index funds, and an ASX code does not make the money stay: ASX records $2.24bn of net outflow from one global fund in twelve months.

New in this issue | ETF Rankings across the Australian market

IIR ranked 507 Australian-listed ETFs at 31 October. The feature following this page shows where asset classes sit in the rankings and how advisers can compare their model with its target.

Our ETF directory listed 97 research profiles on 23 November. This issue examines the original 49-profile cohort alongside the October ASX market and flow data.

In this issue: Market 2 | Environment 4 | Risk exposures 5 | New funds 7 | Global 8 | Sectors 10 | Adviser guide 17 | Research 18 | Directory 19 | ETFs in focus 20 | Portfolio analysis 22 | Disclosures 23. Returns are ASX-reported total returns to 30 October 2026 unless stated. Fund examples are not recommendations.

Where Australian-listed ETFs rank

International equities supplied the most ETFs in both the upper and lower thirds. Australian equities had a larger share of their own funds near the top.

507
ETFs ranked at 31 October

294
with all three measures

213
with provisional ranks

Two ways to read the equity result

International equities accounted for 47 of the 98 ETFs in the upper third and 56 of the 98 in the lower third. It was also the largest fully measured category, with 148 ETFs. For an adviser choosing an exposure, the proportion within each category answers a different question.

Australian equities



28 upper (49%) · 10 middle · 19 lower | 57 ETFs

International equities



47 upper (32%) · 45 middle · 56 lower | 148 ETFs

What an adviser can take from the comparison

The fully measured Australian equity group had a median three-year total return of **38.8%**, a median quoted spread of **11 basis points** and median annual management expenses of **0.35%**. For international equities the figures were **55.5%**, **17 basis points** and **0.57%**. Higher returns alone do not determine a fund's standing. Fees recur, while the spread matters when a portfolio trades.

IIR gives equal weight to three-year total return, the monthly average quoted bid–ask spread and annual management expenses. Higher returns, tighter spreads and lower fees improve relative standing. Funds with fewer verified measures receive provisional ranks and sit outside the thirds above. Of nine crypto ETFs, only two had all three inputs.

From market evidence to a model portfolio

Start with the client's intended exposure. Use the public ETF Rankings overview to compare categories. Then enter your model and target weights in the Portfolio Builder to see allocation gaps. For example, 20% in Australian equities against a 25% target leaves a five-percentage-point shortfall. The target comes from the portfolio mandate.

Individual ETF ranks are available to Model Portfolio clients. Wealth advisers can email IIR Client Services for access.

Data and scope. IIR calculations using the TMX Australia funds report and ASX product classifications. The ranking covers 470 ASX and 37 TMX Australia listings at 31 October 2026. The issue's 477 ASX-quoted products at 30 October and its original 49-profile research cohort have different scopes. Returns above are cumulative. Past performance is not a reliable indicator of future performance. General information only. See the issue's final-page disclosure.

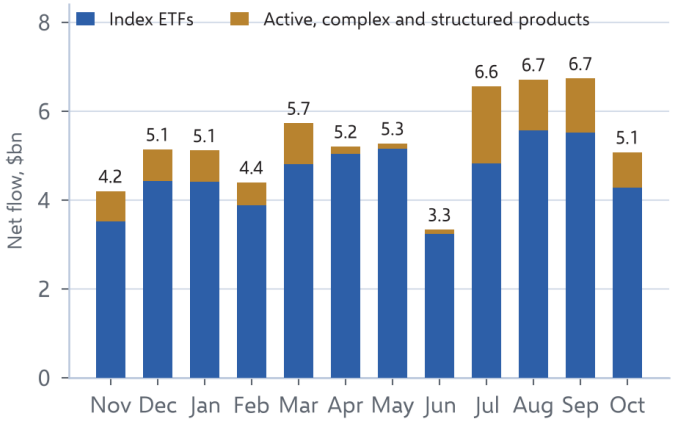
THE MARKET IN OCTOBER

Five billion dollars in, and almost none of it paid for expensive product

ASX-quoted exchange traded products closed October at $377.9bn across 477 products, against $312.2bn and 406 products a year earlier. Net inflow was $5.07bn for the month, $54.1bn for the ten months of 2026 and $63.5bn over twelve months. 277 products took money in; 121 lost it.

Those are ASX figures. Counting funds quoted on the TMX Australia exchange (formerly Cboe Australia) as well, Betashares put the industry at a record $389.5 billion across 514 products at the end of October, with calendar-year inflows of $55.6 billion already above the $52.9 billion taken in all of 2025 (reported by Financial Newswire, 12 November 2026).

Exhibit 1: Net flows into ASX exchange traded products, by month



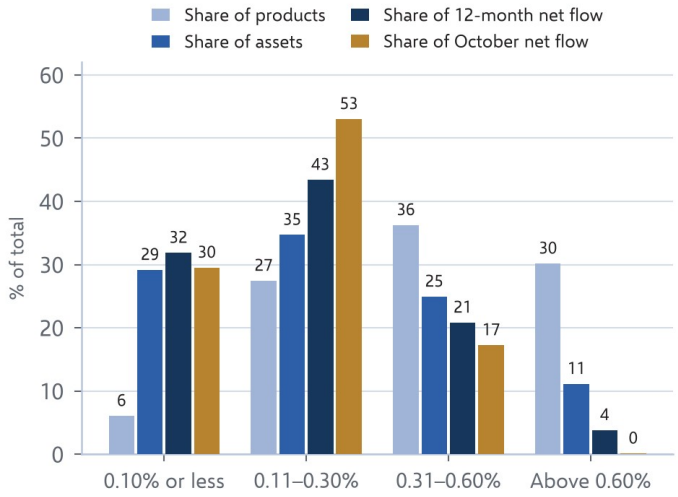
Net flows, $ billion, November 2025 to October 2026. Index ETFs are products ASX classifies as ETF; the remainder are active, complex and structured products. Source: ASX Investment Products reports; IIR calculations.

Price decides the core

Five broad index funds, VAS, A200, BGBL, VGS and IVV, took $1.36bn, or 27% of the month's net inflow. Their fees run from 0.04% to 0.18%. Across the whole market, funds charging 0.30% or less hold 63.9% of assets, took 75.3% of twelve-month flows and 82.6% of October's. The asset-weighted average fee on ASX is now 0.31%: 0.23% for index funds and 0.62% for active funds.

The other end of the shelf is crowded and quiet. 144 products charge more than 0.60%. They hold 11.1% of assets and, between them, attracted 0.1% of October's net inflow. Higher-fee funds that did attract money had a specific proposition: Plato's Global Alpha complex ETF PGA1 (+$102m; +$1.26bn over twelve months) and ClearBridge's hedged infrastructure income fund CIIH (+$35.8m).

Exhibit 2: The shelf is expensive. The money is not.



Share of ASX exchange traded products, assets and net flows by management fee band. Source: ASX Investment Products report, October 2026 (Spotlight ETP List); IIR calculations. Data at 30 October 2026.

What was popular

- **Bonds that do not fall when rates rise.** Bank floating-rate notes QPON (+$112m) and FLOT (+$108m), cash fund AAA (+$102m) and subordinated debt funds SUBD (+$87.8m) and MQSD (+$83.8m).
- **Bonds, at last, for their yield.** Composite funds OZBD (+$138m) and hedged global VBND (+$112m), with the Australian 10-year yield above 5%.
- **Infrastructure.** IFRA (+$89.8m) and GLIN (+$89.5m); the category took $195m and its median fund rose 7.9% in the month.
- **Value and emerging markets.** Vanguard's active value fund VVLU (+$85.1m) and JPMorgan's enhanced emerging-markets fund JEME (+$114m), in a month when the median emerging-markets fund fell 8.1%.
- **Systematic active at index-like fees.** Dimensional's DACE (+$108m) and Macquarie's MQAE (+$23.9m, fee 0.03%).

What was sold

The largest outflow was again V1AC (−$127m), the Vinva Global Alpha Fund that replaced Magellan's global fund on ASX's list in June. ASX records $2.24bn of net outflow over twelve months. Asian technology fund ASIA (−$45.3m) and Hyperion's HYGG (−$41.8m) followed, both in growth styles that fell during the month. The most instructive line is gold: the dearest bullion product, GOLD at 0.40%, lost $39.7m while cheaper

bullion funds GXLD (0.15%), NUGG (0.25%) and PMGOLD (0.15%) took in $105m between them. Investors are not leaving gold. They are repricing it.

Four issuers, three-quarters of the market

Vanguard, Betashares, iShares and VanEck hold 76% of ASX assets and took 84% of October's flow. Betashares, with 20% of assets, took 31% of the month's money; Vanguard took 29% on 29% of assets. Global X, with 49 products, took 0.3%.

IIR view **The market has sorted itself into two businesses. One is a commodity core, where a few basis points of fee and spread decide who wins and implementation still requires attention after the index is chosen. The other is everything else, where the name on the fund says little about what it holds or how it will behave. That second business is where 30% of the products charge more than 0.60%, where most of 2026's launches sit, and where research has to earn its keep.**

Exhibit 3: The whole ASX market by category, October 2026

ASX category	Products	FUM $m	Share of FUM %	October net flow $m	12-month net flow $m	Median fund, October %	Median fund, 1 year %
Equity: Australia	10	61,531	16.3	791	10,061	1.7	4.9
Equity: Australia Small/Mid Cap	10	3,087	0.8	33.5	403	−2.1	−8.6
Equity: Australia Sectors	27	18,438	4.9	289	4,583	2.1	6.1
Equity: Australia Strategy	33	15,453	4.1	184	1,775	1.6	2.4
Equity: Global	35	97,016	25.7	1,290	17,499	−1.3	6.3
Equity: Asia	17	6,676	1.8	31.5	753	−8.7	−3.3
Equity: Emerging Markets	10	5,581	1.5	165	1,417	−8.1	5.5
Equity: Global Sectors	90	39,263	10.4	115	4,859	−2.3	4.7
Equity: Global Strategy	93	38,214	10.1	399	3,701	−1.1	3.4
Equity: Infrastructure	9	6,144	1.6	195	1,271	7.9	13.1
Property: Australia	3	4,144	1.1	11.0	253	1.4	−13.5
Property: Global	6	5,254	1.4	42.3	312	1.0	7.5
Bonds: Australian dollar	46	36,090	9.5	903	9,005	0.8	1.1
Bonds: Global	37	10,506	2.8	192	2,259	1.4	0.0
Bonds: Fixed Term	4	31.6	0.0	5.9	10.4	0.7	1.9
Cash	6	8,024	2.1	165	1,504	0.4	4.3
Mixed Asset	20	9,650	2.6	171	2,197	0.4	3.8
Currency	3	71.9	0.0	−1.6	−31.9	0.8	8.2
Commodity	13	12,268	3.2	82.0	1,490	−5.2	−7.0
Crypto Assets	5	491	0.1	8.2	164	−7.1	−34.5
All ASX exchange traded products	**477**	**377,931**	**100.0**	**5,072**	**63,485**	**0.0**	**3.3**

Categories are ASX's. Medians are of fund total returns reported by ASX (market-price based). Source: ASX Investment Products report, October 2026 (Spotlight ETP List); IIR calculations. Data at 30 October 2026.

Exhibit 4: Largest net inflows and outflows, October 2026

Code	Largest inflows	Fee %	Flow $m	1 yr %	Code	Largest outflows	Fee %	Flow $m	1 yr %
VAS	Vanguard Australian Shares	0.07	334	3.9	**V1AC**	Vinva Global Alpha Fund	1.35	−127	−6.8
A200	Betashares Australia 200	0.04	307	5.1	**ASIA**	Betashares Asia Technology Tigers	0.67	−45.3	22.8
BGBL	Betashares Global Shares	0.08	285	5.0	**HYGG**	Hyperion Global Growth Companies Fund	0.70	−41.8	−15.5
VGS	Vanguard MSCI International Shares	0.18	273	4.6	**GOLD**	Global X Physical Gold	0.40	−39.7	−7.4
IVV	iShares S&P 500	0.04	158	4.7	**R3AL**	Martin Currie Real Income Fund	0.85	−23.8	−6.3
OZBD	Betashares Australian Composite Bond	0.19	138	−0.1	**CRED**	Betashares Australian Investment Grade Bond	0.25	−23.1	−0.6
IOZ	iShares Core S&P/ASX 200	0.05	122	4.7	**ETHI**	Betashares Global Sustainability Leaders	0.59	−23.0	4.6
VHY	Vanguard Australian Shares High Yield	0.25	119	13.9	**FANG**	Global X FANG+	0.35	−23.0	−4.3
JEME	JPMorgan EM Research Enhanced Index Equity Active	0.35	114	9.4	**QUAL**	VanEck MSCI International Quality	0.40	−18.0	4.3
VBND	Vanguard Global Aggregate Bond (Hedged)	0.20	112	−0.5	**HBRD**	Betashares Australian Hybrids Active	0.55	−17.8	4.4
QPON	Betashares Australian Bank Senior Floating Rate Bond	0.22	112	4.7	**L1IF**	L1 Capital International (Unhedged) Active	1.20	−15.0	−8.6
DACE	Dimensional Australian Core Equity Trust	0.28	108	3.4	**QSML**	VanEck MSCI International Small Companies Quality	0.59	−14.0	−2.5

Net flows as reported by issuers to ASX. Source: ASX Investment Products report, October 2026 (Spotlight ETP List); IIR calculations. Data at 30 October 2026.

THE ENVIRONMENT

An energy shock, five rate rises and a bond market that stopped being a hiding place

The year's market weather has one main source. United States and Israeli military operations against Iran began on 28 February 2026 and the Strait of Hormuz was then largely closed to shipping. Brent crude, US$61 a barrel at the end of 2025, was about US$120 on 30 October. Much of what follows traces back to it.

Inflation and rates

- **Australian inflation is rising again.** The monthly CPI rose 4.3% over the year to September, with automotive fuel up 23.6% (ABS, 28 October 2026).
- **The Reserve Bank has raised the cash rate five times in 2026**, from 3.60% to 4.85%. The latest rise, on 3 November, split the Board six votes to three. The Bank says inflation "remains elevated" and does not expect it to reach the top of the 2–3% target range until late 2027 (RBA media release 2026-30).
- **Bond yields reached levels not seen in years.** The Australian 10-year yield peaked at 5.41% on 28 September and was 5.12% on 30 October (RBA). The US 10-year reached 5.31% on 5 October (US Treasury), which the Associated Press reported as its highest since 2002. The US Federal Reserve raised its policy rate in September, to 3.75–4.00%.

Government and fiscal uncertainty

- **United States.** Democrats won control of both houses of Congress at the 3 November midterm elections, on Associated Press race calls reported by NPR, which returns Washington to divided government. Government funding runs to 11 December 2026, and Bank of America expects the debt limit to be reached as early as February 2027 (Fortune, 9 November 2026).
- **Australia.** The May Budget projected deficits of about 1% of GDP in each of the next four years and proposed replacing the 50% capital gains tax discount with cost-base indexation from 1 July 2027 (Budget Paper No. 1; Commonwealth Bank summary, 12 May 2026). We have not verified the legislative status of that measure. It matters to any adviser weighing income against growth in a taxable portfolio.
- **Elsewhere.** Long government bond yields in the United Kingdom, France and Japan reached multi-decade highs between August and October.

Geopolitics and the AI trade

October added a second shock. Doubts about the scale of artificial-intelligence spending hit the semiconductor markets of South Korea and Taiwan: the Kospi fell 7.6% on 15 October alone (Associated Press). In the United States the equal-weighted S&P 500 beat the ordinary index by about six percentage points in the month, the widest gap since April 2009 (S&P Dow Jones Indices). Energy, consumer staples and utilities led; technology and communication services fell.

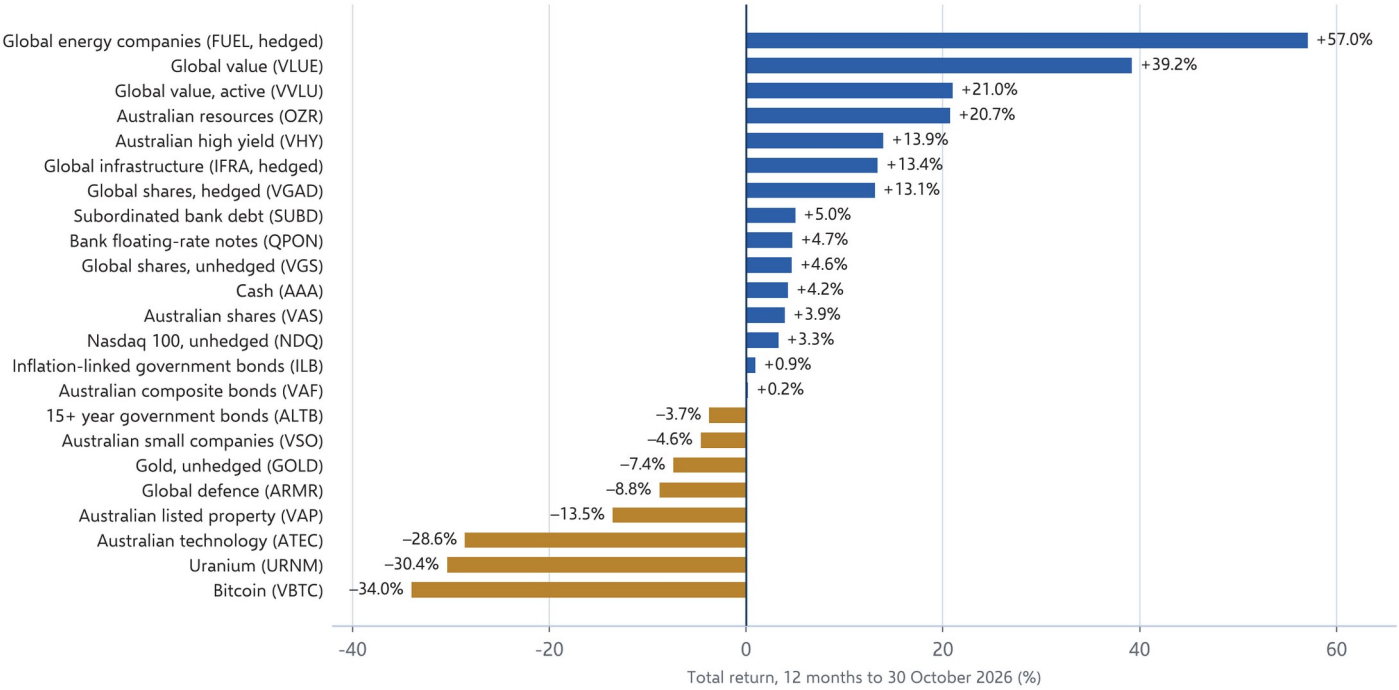
The ASX record shows the same month from an Australian investor's seat. The median Asian share ETF fell 8.7% and semiconductors fund SEMI 13.7%. Global healthcare (IXJ, +7.0%), consumer staples (IXI, +6.9%), infrastructure (IFRA, +7.9%) and long government bonds (ALTB, +3.7%) rose as yields fell.

Since month-end

The fund figures in this issue stop at 30 October. Brent fell to about US$92 by 11 November amid reports of US–Iran contacts. The Australian dollar bought US$0.6677 on 19 November, down from US$0.6742 on 17 November, according to the Reserve Bank. The 1.0% decline illustrates why the hedge ratio remains a portfolio decision. A weaker Australian dollar increases the Australian-dollar value of an unchanged US-dollar asset. Actual fund returns also depend on underlying holdings, other currencies, hedging, costs and timing.

IIR view 2026 has been an inflation year, and portfolios built for the disinflation of the previous cycle were tested on the wrong exam. The question for advisers is not whether to predict the next oil price. It is whether each defensive holding was chosen for the risk the client actually faces: inflation, a growth shock, a currency move or a fiscal one. They call for different funds, and the ETF shelf now has a tool for each.

Exhibit 5: The twelve-month scoreboard. What the environment paid and what it charged.



Total returns for the 12 months to 30 October 2026, as reported by ASX (market-price based, distributions reinvested). Funds are shown as examples of an exposure, not as recommendations. Past performance is not a reliable indicator of future performance. Source: ASX Investment Products report, October 2026 (Spotlight ETP List); IIR calculations. Data at 30 October 2026.

WHAT SUITS THE ENVIRONMENT

Seven risks, the twelve-month evidence and the IIR view

No ETF suits "the environment". Each suits a risk. The table sets out the seven that have mattered in 2026, what the ASX record shows about the funds built for each, and what we think advisers should take from it. Fund codes are examples of an exposure. They are not recommendations, and the 49 profiled funds carry no IIR rating.

Exhibit 6: What suits which risk

The risk	What twelve months to 30 October showed	IIR view	ASX-quoted examples (not recommendations)
Inflation stays high, led by energy	Energy and resources paid: FUEL +57.0%, OZR +20.7%, MVR +12.0%, broad commodities BCOM +19.5%. So did infrastructure (IFRA +13.4%, GLIN +13.6%) and value (VLUE +39.2%). Inflation-linked bonds returned +0.9% and gold −7.4%.	Own the source of the inflation, or assets whose revenues are tied to it. Do not treat "real assets" as interchangeable: gold and inflation-linked bonds are sensitive to interest rates, and rates rose. An inflation-linked bond fund protects purchasing power if held to its long maturity. It does not protect the unit price while yields are rising.	FUEL, OZR, MVR, QRE, BCOM, IFRA, GLIN, VBLD, VLUE, VVLU, ILB
Rates higher for longer	Floating-rate and cash funds earned the cash rate: QPON +4.7%, FLOT +4.5%, SUBD +5.0%, AAA +4.2%. Fixed-rate funds gave it back in price: VAF +0.2%, AGVT −0.9%, ALTB −3.7%. Rate-sensitive equity suffered most: listed property VAP −13.5%.	While the Reserve Bank is still tightening, floating-rate exposure carries the income without the rate risk. The step from senior bank notes to subordinated debt adds bank credit risk for a small pick-up in return, and it has not been tested by a credit event in this cycle. Know which one the client owns.	AAA, BILL, ISEC, QPON, FLOT, VFLT, SUBD, BSUB, MQSD, HCRD
A growth scare or an AI unwind	October was the rehearsal. SEMI fell 13.7%, ASIA 14.5% and NDQ 5.6%. Long bonds rose (ALTB +3.7%, XGOV +2.1%), as did healthcare (IXJ +7.0%), staples (IXI +6.9%) and equal-weighted US shares (QUS +3.5%).	This is what duration and defensive sectors are for, and October showed they still work when equities are the problem and inflation is not. Hold them as insurance and size them as insurance. A portfolio with no duration at all has no cover for the one risk 2026 has not yet delivered: a recession.	VAF, IAF, VGB, AGVT, XGOV, ALTB, IXJ, IXI, QUS, WVOL, VMIN
Government and fiscal uncertainty	Fiscal stress is priced at the long end of the bond market. Over twelve months the 15-year-plus Australian government bond fund returned −3.7% and the hedged 20-year-plus US Treasury fund GGOV −5.2%. Gold fell 7.4% over the year, though it has returned 21.3% a year over three years.	Decide how much long-dated government debt the client is paid to hold, and keep the rest of the defensive allocation short or floating. Gold is a multi-year store of value with a poor record as a twelve-month hedge; hold it at a weight that can be ignored for years, in the cheapest physically backed fund.	VGB, AGVT, 1GOV, 5GOV, XGOV, ALTB, GGOV, PMGOLD, GXLD, GLDN, NUGG, GOLD, QAU
Geopolitics	In a year of war the three defence ETFs fell: ARMR −8.8%, DTEC −10.5%, DFND −13.7%. Cyber-security funds rose (HACK +27.0%, BUGG +37.8%), as did energy. Bitcoin, sometimes sold as a geopolitical hedge, fell 34.0% (VBTC).	Buying the headline has not worked. A thematic fund is a bet on the price already paid for a group of companies, not insurance against the event in its name. The assets that did respond to this conflict were the ones exposed to its economics: energy, resources and the inflation that followed.	ARMR, DFND, DTEC, HACK, BUGG, FUEL, VBTC

The risk	What twelve months to 30 October showed	IIR view	ASX-quoted examples (not recommendations)
The Australian dollar	Hedged funds beat unhedged by about eight points: VGAD +13.1% v VGS +4.6%; IHVV +11.6% v IVV +4.7%; HGBL +13.1% v BGBL +5.0%. The dollar rose from about US$0.655 to US$0.704 over the twelve months, then fell about 4% in the first half of November.	Nobody forecasts the currency reliably, which is the argument for a fixed hedge ratio, set in the investment policy and implemented with a matched pair of funds. An unhedged global holding has also often cushioned Australian investors in a global panic, when the dollar tends to fall. A fully hedged one does not.	VGS / VGAD, BGBL / HGBL, IVV / IHVV, NDQ / HNDQ, QUAL / QHAL, V500 / V5AH
Concentration in a handful of US technology companies	Equal weight and value did the diversifying that the index did not: QUS +10.6% and VLUE +39.2% against IVV +4.7%. The technology-heavy funds lagged (NDQ +3.3%, FANG −4.3%). In Australia the equal-weight fund MVW (+2.8%) trailed VAS (+3.9%): here equal weight is a mid-cap tilt, a different thing.	A global index fund is now a large position in one theme. That is a legitimate position to hold. It should be held knowingly. Equal-weight and value funds are the low-cost way to reduce it, at fees of 0.28% to 0.40% against 0.04% for the index fund.	QUS, HQUS, VLUE, HVLU, VVLU, MVW, VEU, EXUS

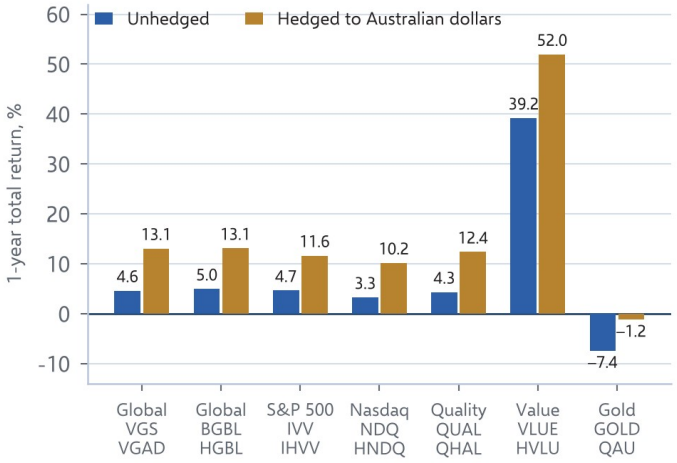
Total returns for the 12 months to 30 October 2026 unless marked as October; ASX-reported, market-price based. Currency levels: Reserve Bank of Australia (30 October and 16 November 2026) and vendor close (31 October 2025). Past performance is not a reliable indicator of future performance. Source: ASX Investment Products report, October 2026 (Spotlight ETP List); IIR calculations. Data at 30 October 2026.

Hedged or unhedged: the decision nobody made

The largest single difference between two versions of the same portfolio in 2026 was not the manager, the fee or the index. It was the currency. Each pair in Exhibit 7 holds the same shares. The hedged version returned between 6.9 and 8.4 percentage points more than the unhedged one.

Flows show which side investors were on. The unhedged funds VGS, BGBL and IVV took $7.96bn over twelve months; their hedged twins VGAD, HGBL and IHVV took $2.89bn. Betashares reported in January that hedged funds' share of global equity ETF flows had risen to about 20% from a customary 10–15%. Most of the money still sat unhedged through a year in which hedging paid.

Exhibit 7: Same shares, different currency decision



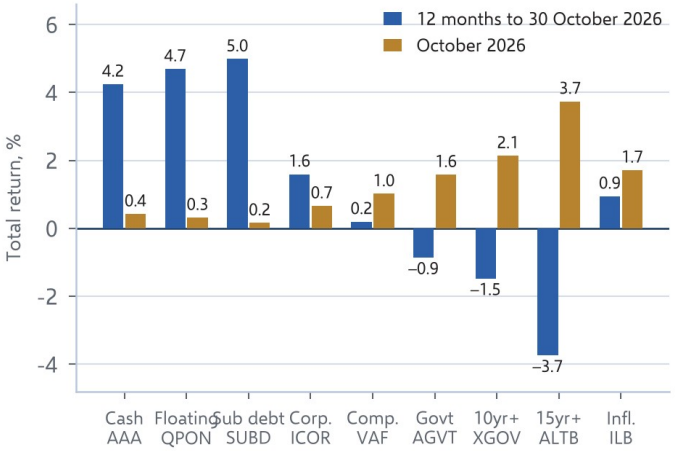
Total return, 12 months to 30 October 2026. Source: ASX Investment Products report, October 2026 (Spotlight ETP List); IIR calculations. Data at 30 October 2026.

The defensive ladder

Exhibit 8 lines up the Australian-dollar defensive funds by their sensitivity to interest rates. Over twelve months the order of returns was almost exactly the reverse of the order of duration: the less rate risk a fund carried, the more it earned. October inverted the picture. As the 10-year yield fell about 0.23 percentage points, the 15-year-plus fund made 3.7% in a month, not far short of a year's return from cash.

The inflation-linked fund ILB deserves a note. It took +$645m over twelve months, more than any Australian government bond fund, and returned +0.9%. Its bonds are long-dated, so the rise in yields cost about as much as the income and inflation indexation added. The fund did what its structure said it would. It did not do what its name suggested.

Exhibit 8: The less rate risk, the better the year. Until October.



Funds ordered broadly from least to most interest-rate sensitivity; ILB shown separately. Total returns. Source: ASX Investment Products report, October 2026 (Spotlight ETP List); IIR calculations. Data at 30 October 2026.

NEW AND FASHIONABLE

Sixty-three new codes in ten months. Five tests before using one.

Exhibit 9: What joined ASX's list in 2026 (January to October)

Group	ASX codes	No.	Fee range %	FUM $m	Median spread %	Median October return %	IIR comment
Low-cost core building blocks	V500, V5AH, COMP, MQFI, VFLT, VIHY	6	0.07–0.30	334	0.08	0.6	Vanguard's S&P 500 fund at 0.07% and a composite bond fund at 0.07% show the fee war reaching the last uncovered benchmarks. The useful additions of the year.
Listed classes of active managers	V1AC, FEIF, PGI2, ASUS, FGSE, PWER, B1SM, FTPG, WAVE, HGCQ, ROAR, FIRE, ZILR, SPHX, AVSV, AVTE, AVNG, MQXS, JPOZ, JGBL	20	0.25–1.35	6,209	0.32	−0.9	Most are existing unlisted strategies given an ASX code, so day-one assets are transfers, not new demand. Judge the manager's record, not the listing date. Spreads are several times those of index funds.
One-ticket diversified portfolios	VBAL, VGRO, VHGR, DVBA, DVGR, DVHG, DCRD	7	0.19–0.39	19.3	0.25	0.2	VanEck enters the all-in-one portfolio market and Betashares extends its range. Fees of 0.19% to 0.39%. Assets are still negligible.
Cash, credit and income	MONY, FSCF, SBSL, SBHI, BDCI, GFXD, CIEM, CISB, 31BB, WYNC	10	0.15–0.95	144	0.13	0.0	The year's fashion in defensive assets. Includes the first ASX funds feeding into US-listed senior-loan and high-income ETFs run with Blackstone, and a fund of US business development companies.
Themes, technology and resources	SLVM, CPPR, VOLT, RESM, HMND, RCKT, MOON, QNTM, SMHG, VTEK, VTKH, HTTP, HULK	13	0.17–0.65	261	0.53	−12.2	Space (twice), humanoid robotics, quantum computing, rare earths, copper, lithium, silver miners, semiconductors and four technology funds. Every one fell in October.
Factor and values-based index funds	GTUM, GVAL, AQTY, AECV, GECV, GHRP, ISMD	7	0.33–0.45	365	0.23	0.7	Momentum, fundamental value and quality factors, plus two Catholic-values screened funds, which each took about $50 million in their first month.
All 63		**63**		**7,333**	**0.28**	**−0.6**	Of which V1AC 3,705.

Codes that first appear in ASX's monthly product list between January and October 2026 and were still listed at 30 October. A first appearance is not always a new fund: V1AC replaced MGOC, FTPG replaced FRGG and AQTY replaced DVDY, and three Avantis funds moved from the Cboe (now TMX) exchange. Grouping is IIR's. Funds quoted only on TMX Australia are not included. Source: ASX Investment Products report, October 2026 (Spotlight ETP List); IIR calculations. Data at 30 October 2026.

ASX admitted 72 new ETFs in the year to June 2026, against 50 the year before (ASX, 2 July 2026). Sixty-three codes that were not on its list in December were there at the end of October. They hold $7.3bn between them, but half of that is one converted fund, and five more listed classes of existing funds account for another $2.0bn. Genuinely new index products gathered far less.

The pattern is the global one. ETFGI counted a record 2,141 ETF launches worldwide in the first seven months of 2026, 1,212 of them active. Morningstar's 2026 US fee study found that while the average fee investors pay keeps falling, the average fee on newly launched ETFs was the highest in ten years, because launches are concentrated in complex, higher-cost strategies. The cheap core is finished. Product development has moved to the margin, where fees are higher.

What is fashionable

- **Floating-rate and subordinated debt.** MQSD has taken +$900m in twelve months and SUBD +$980m. New entrants this year include Vanguard's VFLT at 0.15%, below the 0.22% charged by the two incumbents.
- **Private credit in a listed wrapper.** The Blackstone-linked SBSL and SBHI, the BDC fund BDCI and VanEck's listed private-credit fund LEND (−4.4% over twelve months). ASIC's review of private credit funds, published on 10 November, found that only two of 22 funds passed all interest and borrower fees through to investors and that nine of 12 retail funds failed to explain key information clearly. The wrapper being liquid does not make the loans liquid.
- **Infrastructure.** Flows of $1.27bn over twelve months, a hedged index fund launched a year ago at 0.14% (TOLL) and a new active entrant in October (PWER).
- **Geared and options-based funds.** Betashares' "Wealth Builder" geared range (GHHF, GGBL, G200, GNDQ) has taken $368m in twelve months. Covered-call funds continue to launch (WYNC). Their distribution yields are high because option premium is paid out as income. Total return is the test: UMAX returned +5.2% against +4.7% for IVV over twelve months, and 14.6% a year against 19.7% over three years.
- **Themes.** The 13 launched in 2026 have a median bid–ask spread of 0.53%, against 0.02% for VAS, and 8 of them hold less than $10 million.

The record of older fashions

The themes of earlier years are the best guide to the themes of this one. Over twelve months to October: uranium URNM −30.4% and ATOM −40.4%; bitcoin VBTC −34.0% and ether QETH −46.4%; China technology DRGN −34.9%; battery technology ACDC −16.2%; robotics RBTZ −17.9%; video gaming ESPO −20.9%; Australian technology ATEC −28.6%. Some themes paid: semiconductors SEMI +50.8% (after falling 13.7% in October), cyber security HACK +27.0% and global banks BNKS +27.1%. The range, not the average, is the point. A theme is a concentrated equity position and behaves like one.

Dimensional added ASX trading to two existing active funds on 18 November. DGPR targets large, high-profitability companies in developed markets outside Australia. DSEM provides broad emerging-markets exposure with sustainability considerations. Each provides listed access to an existing managed fund. Compare exchange spreads, brokerage and deviations from NAV with the unlisted terms before choosing how to trade.

Five tests for a new ETF

1. **What does it hold, and how much of that does the client already own?** Read the index rules and the top ten holdings. A "Magnificent 7" fund adds nothing to a portfolio that already holds a US index fund except weight.
2. **Has the theme already been paid for?** Funds are launched when a story is easiest to sell, which is usually after the price has moved. Look at the index's return before the fund existed.
3. **What does it cost to hold and to leave?** Add the bid –ask spread to the fee. For the 2026 thematic and technology launches the spread alone runs from 0.12% to 1.01%.
4. **Will it survive?** 61 ASX products hold less than $10 million. Nine codes on ASX's list in December 2025 were gone by October, three of them replaced by a successor fund. A closure returns the money, but at a time and a tax outcome the investor did not choose.
5. **Is it new, or newly listed?** For an active fund given an ASX code, the track record, the team and the capacity are those of the existing strategy. Research the strategy.

IIR view The most useful launches of 2026 were the least exciting: an S&P 500 fund at 0.07%, a composite bond fund at 0.07%, a floating-rate fund at 0.15%. They lower the cost of things advisers already use. Most of the rest asks the investor to pay more, trade wider and take a narrower bet. Some of those bets will work. The five tests are how to tell a tool from a fashion.

GLOBAL

The same forces, further along

Global ETF assets stood at US$23.9 trillion at the end of September, after passing US$24 trillion for the first time in August, and net inflows for the nine months were a record US$2.24 trillion (ETFGI, 26 October 2026). United States inflows of US$1.56 trillion had already beaten the record for any full year. Australia's $378 billion is a rounding error in that total, but it is moving in the same direction for the same reasons, and the US market shows where several Australian trends lead.

Active is the growth business

Active ETFs were 12.5% of US ETF assets at June, up from 4.7% five years earlier (Capital Group, using Morningstar data), and took about 39% of US inflows in the nine months to September (ETFGI). In Australia active and complex funds are 18% of ASX assets and took 16% of October's flow. The US regulator opened the door to ETF share classes of existing mutual funds in November 2025; by June, 90 managers had approval and four had launched. Australia already has listed classes of unlisted funds, which is why so many of 2026's new ASX codes are existing strategies: Global X attributes $2.3 billion of the industry's growth in the year to September to conversions and dual-listed classes.

Risk has moved to the edge of the shelf

The US market's excess is in leveraged and single-stock products. A Reuters analysis in August counted a record 244 leveraged ETF launches in 2026 to mid-August and 63 closures of leveraged single-stock funds, against three in all of 2025. The US regulator declined in December 2025 to review funds offering more than twice the daily move of their underlying asset. On our reading of the two Australian exchanges' product lists, no buffer or defined-outcome fund is quoted here.

Australia does have geared funds, and they are gathering assets.

Where American money went in 2026

- **Short-term government bonds** took US$107.9 billion in the ten months to October, equal to 42% of the category's assets at the start of the year (State Street Investment Management, 3 November 2026). Australian investors made the same choice with floating-rate and cash funds.
- **Emerging markets** took a record US$55.9 billion and **energy** sector funds a record US$12.2 billion.
- **Bond ETFs** took a record US$74 billion in October alone, as yields fell from their highs.
- **Gold** ETFs took US$41 billion worldwide in the ten months to October and held a record 4,275 tonnes, even as the price fell 6.3% in October (World Gold Council, 5 November 2026).
- **Crypto** exchange traded products held US$150.4 billion worldwide after US$1.9 billion of October outflows (TrackInsight data via ETF Express, 13 November 2026). The five ASX crypto funds hold $491m.

Fees: falling on average, rising at launch

The asset-weighted average fee paid by US fund investors fell to 0.32% in 2025 (Morningstar, May 2026). The ASX equivalent, on our calculation from ASX data, is 0.31%. In both markets the average hides a split: the core gets cheaper every year and new products get dearer.

IIR view **Three lessons travel. First, the growth in product numbers is now almost entirely active, complex or thematic, so due diligence must keep pace with both new structures and changes to established funds. Second, private credit and options strategies are being fitted into the ETF wrapper with liquidity and valuation questions that require product-specific scrutiny; ASIC's November findings on private credit funds are a fair warning. Third, when the US investor wanted safety in 2026, the choice was short-dated and floating, not long-dated and fixed. Australian flows say the same.**

SECTOR BY SECTOR

Inside each group: which funds, how they differ and what it cost to choose

The first five groups contain the original 49-profile analytical cohort. The four that follow draw on the ASX record to examine exposures outside that cohort, including global shares, cash and floating-rate funds, gold and infrastructure. The profiled funds carry no rating or recommendation in this analysis.

1. Australian shares: four basis points on fee, ten points on index

Exhibit 10: Australian shares

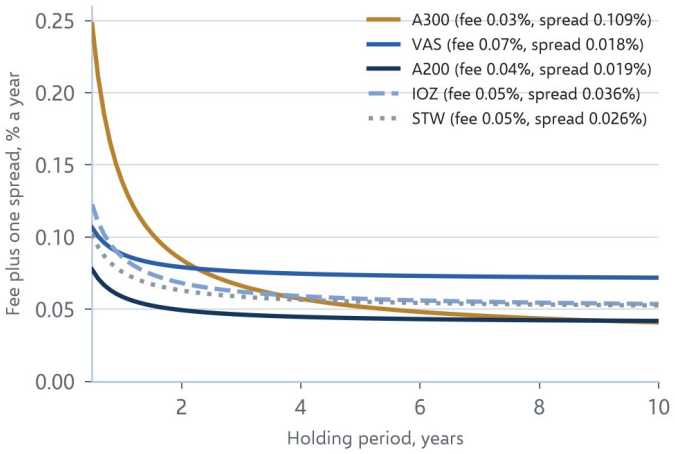
Code	Fund	Fee % p.a.	FUM $m	Oct flow $m	12-mth flow $m	Spread %	1 mth %	1 yr %	3 yr % p.a.	Fee + spread, 1-yr hold %
VAS	Vanguard Australian Shares	0.07	26,993	334	4,339	0.018	1.6	3.9	14.3	0.088
A200	Betashares Australia 200	0.04	11,430	307	2,723	0.019	1.9	5.1	14.7	0.059
IOZ	iShares Core S&P/ASX 200	0.05	9,775	122	1,926	0.036	1.9	4.7	14.5	0.086
STW	SPDR S&P/ASX 200	0.05	6,648	−8.9	385	0.026	1.4	4.8	14.5	0.076
A300	Global X Australia 300	0.03	23.4	0	17.3	0.109	1.3	4.4	n/a	0.139
SFY	SPDR S&P/ASX 50	0.20	722	−0.8	−55.3	0.066	1.9	7.4	14.6	0.266
ILC	iShares S&P/ASX 20	0.24	805	4.2	17.9	0.054	3.0	11.6	16.1	0.294
VLC	Vanguard MSCI Australian Large Companies	0.20	314	2.3	−4.6	0.061	2.5	9.6	15.6	0.261
MVW	VanEck Australian Equal Weight	0.35	3,341	−9.9	177	0.048	1.1	2.8	11.8	0.398
QOZ	Betashares FTSE RAFI Australia 200	0.40	1,481	40.9	536	0.074	1.0	13.6	18.7	0.474

Returns are total returns as reported by ASX (market-price based, distributions reinvested), not net asset value or index returns; 3-year figures are annualised. Spread is the average quoted bid–ask spread for the month as a percentage of the mid-price. "Fee + spread" adds one average spread to one year's fee: a simple holding-cost comparison, not a forecast. FUM and flows are as reported by issuers to ASX. Source: ASX Investment Products report, October 2026 (Spotlight ETP List); IIR calculations. Data at 30 October 2026.

The broad funds. VAS, A200, IOZ, STW and A300 hold $54.9bn and do the same job. Their fees run from 0.03% to 0.07% and their twelve-month returns from +3.9% to +5.1%. VAS and A300 follow about 300 companies and the other three 200, so the first two carried more of the small companies that fell this year. Three funds, VAS, A200 and IOZ, took $763m in October; STW had a small outflow and A300 none.

Fee is not cost. A300 has the lowest fee of any Australian share index fund at 0.03%, but only $23.4m in the fund and an average spread of 0.11%, six times that of VAS. Adding one spread to the fee, A300 costs more than VAS for any holding shorter than about 2.3 years and more than A200 for anything under about 9 years (Exhibit 11). On October's numbers A200 was the cheapest of the five to hold over any period an adviser is likely to plan for.

Exhibit 11: The cheapest fee is not the cheapest fund



Annual management fee plus one average October bid–ask spread, spread over the holding period. Excludes brokerage and tax. Source: ASX Investment Products report, October 2026 (Spotlight ETP List); IIR calculations. Data at 30 October 2026.

The large-company tilts. ILC (the largest 20), VLC (large companies) and SFY (the largest 50) returned +11.6%, +9.6% and +7.4%, well ahead of the broad

funds. The pattern across the Australian market this year was simple: the larger the company, the better the return. These funds charge 0.20% to 0.24%, several times the broad funds' fee, for a narrower portfolio. This year that was worth paying. Over three years the gap is smaller: ILC 16.1% a year against 14.3% for VAS.

The alternative weightings. MVW gives every company the same weight, which in Australia means less of the big banks and miners and more of the mid-caps. It returned +2.8% for the year and 11.8% a year over three, behind VAS on both, and had an outflow of $9.9m in October. QOZ weights companies by sales, cash flow, book value and dividends instead of market value. It was the best of the ten at +13.6% and leads over three years at 18.7% a year. Note that QOZ changed its index and its name on 18 September 2026; it now follows the FTSE Australia 200 Fundamental Value Index.

IIR view For a core Australian holding the choice among the broad funds is a trading-cost decision, and the fee table alone gives the wrong answer for anyone who trades or rebalances. The decision that moved returns was which index: 20, 50, 200 or 300 companies, weighted by size, equally or by fundamentals. Between the best and worst of these ten funds the gap was 11 percentage points in one year. That is the decision to document.

2. Equity strategies: income won, screens lost

Exhibit 12: Australian equity strategies

Code	Fund	Fee % p.a.	FUM $m	Oct flow $m	12-mth flow $m	Spread %	Dist. yield %	1 mth %	1 yr %	3 yr % p.a.
Income										
VHY	Vanguard Australian Shares High Yield	0.25	8,380	119	1,879	0.026	3.6	2.8	13.9	18.6
SYI	SPDR MSCI Australia Select High Dividend Yield	0.20	791	17.4	179	0.068	6.9	4.6	20.2	19.3
HYLD	Betashares S&P Australian Shares High Yield	0.25	131	10.6	74.5	0.075	4.3	2.6	14.0	n/a
IHD	iShares S&P/ASX Dividend Opportunities ESG Screened	0.23	403	0.5	47.0	0.112	4.2	1.2	7.5	17.3
Factor										
AQLT	Betashares Australian Quality	0.35	1,627	51.7	725	0.046	3.9	3.8	10.5	22.4
MTUM	Betashares Australian Momentum	0.35	272	9.5	145	0.070	2.3	−4.0	−7.3	n/a
AUMF	iShares Edge MSCI Australia Multifactor	0.30	147	0	11.0	0.152	2.8	−0.5	0.7	16.4
MVOL	iShares Edge MSCI Australia Minimum Volatility	0.30	31.3	−1.5	1.4	0.108	3.0	1.6	6.1	14.8
ESG and ethical										
E200	SPDR S&P/ASX 200 ESG	0.05	498	12.1	374	0.139	4.4	2.5	6.0	14.3
IESG	iShares Core MSCI Australia ESG	0.09	651	39.3	270	0.074	2.5	2.2	−0.1	13.4
VETH	Vanguard Ethically Conscious Australian Shares	0.16	657	1.0	80.7	0.066	2.8	2.0	−2.4	14.4
GRNV	VanEck MSCI Australian Sustainable Equity	0.35	261	5.1	23.6	0.116	3.5	2.1	−2.3	13.2
FAIR	Betashares Australian Sustainability Leaders	0.49	1,041	−7.4	−77.7	0.090	3.1	2.0	−9.1	8.6
Sector										
MVR	VanEck Australian Resources	0.35	783	4.8	348	0.056	2.6	−6.8	12.0	12.3
OZR	SPDR S&P/ASX 200 Resources	0.34	277	11.7	82.4	0.119	2.4	−6.9	20.7	13.3
ATEC	Betashares S&P/ASX Australian Technology	0.48	558	4.8	281	0.100	1.9	0.2	−28.6	7.9

Returns are total returns as reported by ASX (market-price based, distributions reinvested), not net asset value or index returns; 3-year figures are annualised. Spread is the average quoted bid–ask spread for the month as a percentage of the mid-price. "Fee + spread" adds one average spread to one year's fee: a simple holding-cost comparison, not a forecast. FUM and flows are as reported by issuers to ASX. Source: ASX Investment Products report, October 2026 (Spotlight ETP List); IIR calculations. Data at 30 October 2026.

Income. All four dividend funds beat the broad market: SYI +20.2%, HYLD +14.0%, VHY +13.9% and IHD +7.5%, against +3.9% for VAS. VHY is the giant, with $8.38bn and +$1.88bn of inflow in twelve months, more than every fund on ASX bar six. Trailing distribution yields run from 3.6% to 6.9%. Two cautions. A trailing yield is a record of last year's payments, not a promise. And a dividend index is a sector bet: it holds what pays, and the profile of each fund shows how much of it sits in banks and resources.

Factor. The four factor funds went four ways. Quality (AQLT, +10.5%) worked, and has returned 22.4% a year over three years, the best three-year record of the sixteen. Minimum volatility (MVOL, +6.1%) did its job quietly. Multifactor (AUMF, +0.7%) went nowhere. Momentum (MTUM, −7.3%) lost money in a year when market leadership changed hands, which is the known weakness of the strategy.

ESG and ethical. Returns ran from +6.0% for E200 to −9.1% for FAIR, with IESG (−0.1%), GRNV (−2.3%) and VETH (−2.4%) between. In a year led by energy and resources (OZR +20.7%), funds that screen parts of those sectors out were always likely to lag. The 15-point range among five funds sold under similar labels is the finding. Their indices exclude different things, and the

fee, from 0.05% for E200 to 0.49% for FAIR, tells you nothing about which.

Sector. OZR returned +20.7% over twelve months against +12.0% for MVR. OZR follows the S&P/ASX 200 Resources index by market value; MVR applies an 8% constituent cap at index rebalancing. The 8.7-point gap makes weighting rules material, but does not quantify how much the cap contributed. That requires holdings and attribution over the period. Over three years the funds returned 13.3% and 12.3% a year. ATEC fell 28.6% over twelve months.

IIR view A strategy fund replaces a manager's judgement with a rule, and the rule is the product. This year the rules that owned cash-generating, dividend-paying companies beat the market by 10 to 16 points, and the rules that excluded energy and miners trailed it. Neither result says much about next year. Both say that two funds with the same word in their name can sit 15 points apart, and that the index methodology is the document to read.

3. Small and mid-caps: where the index matters most

Exhibit 13: Small, mid-cap and ex-20

Code	Fund	Fee % p.a.	FUM $m	Oct flow $m	12-mth flow $m	Spread %	1 mth %	1 yr %	3 yr % p.a.	Fee + spread, 1-yr hold %
SMLL	Betashares Australian Small Companies Select	0.39	366	5.2	66.1	0.395	−2.2	−0.9	16.1	0.785
MVE	VanEck S&P/ASX MidCap	0.45	502	4.4	78.0	0.065	−0.4	−2.7	13.5	0.515
VSO	Vanguard MSCI Australian Small Companies	0.30	1,172	21.2	135	0.082	−3.6	−4.6	14.0	0.382
EX20	Betashares Australian Ex-20 Portfolio Diversifier	0.25	674	6.6	133	0.097	−1.2	−5.6	11.4	0.347
MVS	VanEck Small Companies Masters	0.49	171	0	−10.7	0.180	−7.7	−11.6	10.0	0.670
ISO	iShares S&P/ASX Small Ordinaries	0.55	123	−4.5	16.4	0.318	−6.6	−14.4	9.6	0.868
SSO	SPDR S&P/ASX Small Ordinaries	0.50	25.5	0	0.1	0.182	−6.4	−14.5	10.1	0.682

Returns are total returns as reported by ASX (market-price based, distributions reinvested), not net asset value or index returns; 3-year figures are annualised. Spread is the average quoted bid–ask spread for the month as a percentage of the mid-price. "Fee + spread" adds one average spread to one year's fee: a simple holding-cost comparison, not a forecast. FUM and flows are as reported by issuers to ASX. Source: ASX Investment Products report, October 2026 (Spotlight ETP List); IIR calculations. Data at 30 October 2026.

All seven funds fell in October and all seven are down over twelve months, from −0.9% for SMLL to −14.5% for SSO. The order is instructive. The two funds that follow the S&P/ASX Small Ordinaries index, ISO and SSO, were the worst at −14.4% and −14.5%. SMLL, whose index screens small companies for positive earnings and the ability to service debt and holds only 50 to 100 of them, was the best. The mid-cap fund MVE (−2.7%) and VSO (−4.6%) sat between.

Costs are highest here. ISO charges 0.55% and trades on an average spread of 0.32%. SMLL's spread, 0.40%, is as large as its fee. VSO, at 0.30% with a spread of 0.08%, costs 0.38% to hold for a year on the fee-plus-spread measure, against 0.67% to 0.87% for the four other small-company funds. SSO has $25.5m in it and recorded no net flow over twelve months.

The active alternative. Small companies are where active managers most often argue an index cannot work. The ASX record this year does not settle it: Firetrail's active small-company fund FSML ($608m) returned −10.4%, between the screened index fund and the Small Ordinaries funds. Two more active small-company funds, WAVE and SPHX, listed in 2026.

IIR view Small-company ETFs can own materially different portfolios. Profitability screens, size boundaries and weighting rules warrant close attention; the return range does not establish their individual contribution. Fund selection should also reflect the live spread and the intended holding period. SMLL's relative resilience is examined in ETFs in focus.

4. Listed property: three funds, one risk

Exhibit 14: Listed property

Code	Fund	Fee % p.a.	FUM $m	Oct flow $m	12-mth flow $m	Spread %	Dist. yield %	1 mth %	1 yr %	3 yr % p.a.
VAP	Vanguard Australian Property Securities	0.23	2,825	1.6	103	0.046	3.2	1.4	−13.5	11.8
MVA	VanEck Australian Property	0.35	866	22.9	157	0.094	5.9	2.1	−10.1	13.6
SLF	SPDR S&P/ASX 200 Listed Property	0.16	453	−13.5	−6.9	0.136	5.3	0.6	−14.3	11.8

Code	Fund	Fee % p.a.	FUM $m	Oct flow $m	12-mth flow $m	Spread %	Dist. yield %	1 mth %	1 yr %	3 yr % p.a.
For comparison: global property										
GLPR	iShares Core FTSE Global Property Ex Australia (AUD Hedged)	0.15	737	37.5	205	0.122	5.2	1.3	8.0	11.9
REIT	VanEck FTSE International Property (Hedged)	0.20	811	20.2	179	0.125	4.7	0.3	7.5	11.5
DJRE	SPDR Dow Jones Global Real Estate ESG Tilted	0.20	516	1.1	27.9	0.131	2.8	1.1	2.6	9.9

Returns are total returns as reported by ASX (market-price based, distributions reinvested), not net asset value or index returns; 3-year figures are annualised. Spread is the average quoted bid–ask spread for the month as a percentage of the mid-price. "Fee + spread" adds one average spread to one year's fee: a simple holding-cost comparison, not a forecast. FUM and flows are as reported by issuers to ASX. Source: ASX Investment Products report, October 2026 (Spotlight ETP List); IIR calculations. Data at 30 October 2026.

Australian listed property was the worst-performing equity category on ASX over twelve months. VAP returned −13.5%, SLF −14.3% and MVA −10.1%, over twelve months in which the cash rate rose from 3.60% to 4.60%. All three rose in October as bond yields fell. Over three years each has still returned 11.8% to 13.6% a year.

MVA fell three to four points less than the other two. Its index caps each trust at 10%, where the others weight by market value, and that is the main structural difference between them. It is also the dearest at 0.35%, against 0.23% for VAP and 0.16% for SLF, and it took +$157m over twelve months while SLF had a small net outflow. Hedged global property funds did better than any of them (GLPR +8.0%, REIT +7.5%).

IIR view An A-REIT index fund is a concentrated holding in a rate-sensitive sector, and all three behaved as one: down hard as rates rose, up as yields eased. The useful questions are how much the client already owns through a broad Australian share fund, and whether a capped index or a global fund spreads the risk better. Fee is the least of it.

5. Australian-dollar bonds: paid to wait, at last

Exhibit 15: Australian-dollar bonds

Code	Fund	Fee % p.a.	FUM $m	Oct flow $m	12-mth flow $m	Spread %	Dist. yield %	1 mth %	1 yr %	3 yr % p.a.	Fee + spread, 1-yr hold %
Composite											
VAF	Vanguard Australian Fixed Interest	0.10	3,951	28.9	847	0.044	3.5	1.0	0.2	4.5	0.144
IAF	iShares Core Composite Bond	0.10	3,735	−2.7	348	0.022	3.2	1.1	0.3	4.5	0.122
OZBD	Betashares Australian Composite Bond	0.19	1,602	138	693	0.057	4.7	1.3	−0.1	5.4	0.247
BOND	SPDR S&P/ASX Australian Bond	0.10	52.1	−1.0	9.4	0.110	4.2	1.1	0.7	4.9	0.210
AEBD	Betashares Ethical Australian Bond	0.34	72.1	3.9	15.0	0.119	4.5	1.0	−0.5	n/a	0.459
Government											
VGB	Vanguard Australian Government Bond	0.16	1,471	63.9	216	0.039	3.3	1.0	−0.1	4.3	0.199
AGVT	Betashares Australian Government Bond	0.22	1,156	64.9	125	0.049	4.4	1.6	−0.9	5.1	0.269
IGB	iShares Treasury	0.18	357	0.1	−49.1	0.047	2.6	1.3	0.0	4.0	0.227
GOVT	SPDR S&P/ASX Australian Government Bond	0.10	146	−0.9	80.1	0.122	3.1	1.1	0.0	4.6	0.222
ALTB	iShares 15+ Year Australian Government Bond	0.15	350	25.5	219	0.119	3.3	3.7	−3.7	n/a	0.269
Corporate											
ICOR	iShares Core Corporate Bond	0.15	525	3.0	42.4	0.066	4.6	0.7	1.6	5.3	0.216
VACF	Vanguard Australian Corporate Fixed Interest	0.20	702	−2.6	−34.4	0.058	4.0	0.9	1.5	5.2	0.258
CRED	Betashares Australian Investment Grade Bond	0.25	1,871	−23.1	415	0.074	5.6	1.0	−0.6	7.0	0.324

Returns are total returns as reported by ASX (market-price based, distributions reinvested), not net asset value or index returns; 3-year figures are annualised. Spread is the average quoted bid–ask spread for the month as a percentage of the mid-price. "Fee + spread" adds one average spread to one year's fee: a simple holding-cost comparison, not a forecast. FUM and flows are as reported by issuers to ASX. Source: ASX Investment Products report, October 2026 (Spotlight ETP List); IIR calculations. Data at 30 October 2026.

Composite. The two largest, VAF ($3.95bn) and IAF ($3.73bn), charge the same 0.10% and returned +0.2% and +0.3%: a year's income, cancelled by the fall in bond prices as yields rose. The flow went elsewhere. OZBD took +$138m in October and +$693m over twelve months at nearly twice the fee (0.19%); it follows a different index from the two incumbents and has returned 5.4% a year over three years against 4.5% for VAF.

Government. The 15-year-plus fund ALTB returned −3.7% over twelve months, against approximately flat returns from IGB and GOVT. October reversed the order: ALTB rose 3.7%. Its +$219m twelve-month inflow shows demand despite the loss; flows do not reveal investors' purpose. ALTB is a substantial

interest-rate exposure and needs an explicit portfolio role.

Corporate. ICOR (+1.6%) and VACF (+1.5%) were the best of the thirteen. CRED returned −0.6% and had an outflow of $23.1m in October. The three follow different corporate bond indices, and each profile sets out the maturity rule.

Trading cost. VAF, IAF, BOND and GOVT each charge 0.10%, but October average quoted spreads ranged from 0.022% for IAF to 0.122% for GOVT. Relative to the mid-price, crossing the market costs roughly half the spread on entry and half on exit if conditions are unchanged. One full spread is therefore a simple round-trip allowance, before brokerage and market impact.

IIR view Bond funds now start from a 10-year yield above 5%, close to the highest starting point since 2011, and October showed the diversification still works when shares are the problem. Against that, the Reserve Bank raised rates again on 3 November and has pushed its inflation forecasts higher. We think the case is for building duration in steps through the composite funds while keeping floating-rate holdings for money that cannot afford a price fall, and not for abandoning either. The long end is a specific tool for a specific risk.

SECTOR BY SECTOR: BEYOND THE ORIGINAL COHORT

Global shares, cash and floating-rate, gold and infrastructure

6. Global shares: the fee war arrives

Exhibit 16: Global shares

Code	Fund	Fee % p.a.	FUM $m	Oct flow $m	12-mth flow $m	Spread %	1 mth %	1 yr %	3 yr % p.a.	Fee + spread, 1-yr hold %
Global and US, unhedged										
VGS	Vanguard MSCI International Shares	0.18	18,630	273	4,231	0.016	−1.5	4.6	18.8	0.196
BGBL	Betashares Global Shares	0.08	5,664	285	2,281	0.023	−1.5	5.0	19.1	0.103
IWLD	iShares Core MSCI World ex Australia ESG	0.09	1,931	−0.1	393	0.038	−1.7	4.4	18.8	0.128
IVV	iShares S&P 500	0.04	14,846	158	1,451	0.019	−1.2	4.7	19.7	0.059
V500	Vanguard S&P 500 US Shares	0.07	199	18.8	187	0.043	−1.3	n/a	n/a	0.113
VTS	Vanguard US Total Market Shares	0.03	7,284	33.0	531	0.028	−1.1	5.0	19.7	0.058
VEU	Vanguard All-World ex US Shares ETF	0.04	6,319	84.8	1,978	0.047	−4.3	6.1	17.0	0.087
Hedged to Australian dollars										
VGAD	Vanguard MSCI International Shares (Hedged)	0.21	7,907	49.8	1,327	0.022	−0.4	13.1	22.1	0.232
HGBL	Betashares Global Shares (Hedged)	0.11	3,030	83.3	774	0.032	−0.6	13.1	22.2	0.142
IHVV	iShares S&P 500 AUD Hedged	0.10	4,274	35.9	793	0.023	−0.4	11.6	22.5	0.123
Tilts										
NDQ	Betashares NASDAQ 100	0.48	9,036	103	950	0.028	−5.6	3.3	22.4	0.508
QUAL	VanEck MSCI International Quality	0.40	9,103	−18.0	1,041	0.033	−1.2	4.3	16.5	0.433
QUS	Betashares S&P 500 Equal Weight	0.29	1,535	55.3	545	0.074	3.5	10.6	15.2	0.364
VLUE	VanEck MSCI International Value	0.40	654	26.5	229	0.082	−2.3	39.2	27.7	0.482
VVLU	Vanguard Global Value Equity Active	0.28	1,516	85.1	506	0.053	2.3	21.0	20.5	0.333

Returns are total returns as reported by ASX (market-price based, distributions reinvested), not net asset value or index returns; 3-year figures are annualised. Spread is the average quoted bid–ask spread for the month as a percentage of the mid-price. "Fee + spread" adds one average spread to one year's fee: a simple holding-cost comparison, not a forecast. FUM and flows are as reported by issuers to ASX. Source: ASX Investment Products report, October 2026 (Spotlight ETP List); IIR calculations. Data at 30 October 2026.

VGS is the largest global fund at $18.63bn and charges 0.18%. BGBL follows a near-identical developed-markets universe for 0.08%, and in October it took more money (+$285m) than VGS (+$273m). Vanguard's own response sits in the US line: V500, launched in March at 0.07%, against IVV at 0.04%. For a long-term holder the 0.10 percentage point gap between VGS and BGBL is worth more than the difference in their spreads within weeks.

The more interesting flow is away from the United States. VEU, which holds everything except US shares, took +$1.98bn over twelve months, the fifth-largest inflow on ASX, and returned +6.1%. The tilts tell the year's story: NDQ +3.3% and QUAL +4.3%, against equal-weight QUS +10.6% and value VLUE +39.2% and VVLU +21.0%. QUAL, with $9.10bn, had an outflow in October.

IIR view The global core is now as cheap as the Australian one, and the same logic applies: pick on total cost, then spend the effort on the decisions that moved returns this year, which were the hedge ratio and the weight in US technology.

7. Cash and floating-rate: the year's defensive asset

Exhibit 17: Cash, floating-rate and subordinated debt

Code	Fund	Fee % p.a.	FUM $m	Oct flow $m	12-mth flow $m	Spread %	Dist. yield %	1 mth %	1 yr %	Fee + spread, 1-yr hold %
Cash										
BILL	iShares Core Cash	0.07	1,247	−7.9	202	0.013	4.3	0.4	4.3	0.083
ISEC	iShares Enhanced Cash	0.12	754	9.6	385	0.016	4.5	0.4	4.3	0.136
MONY	VanEck Cash Plus Active	0.15	121	6.0	120	0.039	3.3	0.4	n/a	0.189
AAA	Betashares Australian High Interest Cash	0.18	5,172	102	539	0.020	4.2	0.4	4.2	0.200
MMKT	Betashares Australian Cash Plus Active	0.18	722	55.3	249	0.024	4.4	0.4	4.5	0.204
Floating-rate senior										
VFLT	Vanguard Australian Floating Rate Bond	0.15	27.7	5.0	27.5	0.065	0.9	0.4	n/a	0.215
QPON	Betashares Australian Bank Senior Floating Rate Bond	0.22	2,488	112	717	0.042	4.5	0.3	4.7	0.262
FLOT	VanEck Australian Floating Rate	0.22	1,438	108	551	0.050	4.6	0.3	4.5	0.270
Subordinated debt										
SUBD	VanEck Australian Subordinated Debt	0.29	4,064	87.8	980	0.043	5.5	0.2	5.0	0.333
BSUB	Australian Major Bank Subordinated Debt	0.29	850	−6.3	414	0.057	5.0	0.5	4.9	0.347
MQSD	Macquarie Subordinated Debt Active	0.29	1,184	83.8	900	0.031	5.6	0.1	5.0	0.321
FSUB	VanEck Australian Fixed Rate Subordinated Debt	0.29	169	47.4	170	0.100	5.2	0.9	n/a	0.390

Returns are total returns as reported by ASX (market-price based, distributions reinvested), not net asset value or index returns; 3-year figures are annualised. Spread is the average quoted bid–ask spread for the month as a percentage of the mid-price. "Fee + spread" adds one average spread to one year's fee: a simple holding-cost comparison, not a forecast. FUM and flows are as reported by issuers to ASX. Source: ASX Investment Products report, October 2026 (Spotlight ETP List); IIR calculations. Data at 30 October 2026.

These twelve funds hold $18.2bn and took $5.3bn over twelve months. Returns step up with risk: cash +4.3%, senior floating-rate notes +4.5% to +4.7%, subordinated bank debt +4.9% to +5.0%. The extra return for moving from a cash fund to subordinated debt was less than one percentage point.

Fees vary more than returns. AAA, the largest cash fund at $5.17bn, charges 0.18%; BILL charges 0.07% and returned slightly more. Among floating-rate funds the new VFLT (0.15%) undercuts QPON and FLOT (0.22%). All three subordinated debt index funds charge 0.29%, as does the active MQSD, which has taken +$900m in a year.

IIR view In a cash fund the fee is most of the difference between products, and a fee gap of 0.11 percentage points on a 4% return is real money. In subordinated debt the question is credit, not fee: these are instruments that absorb losses if a bank fails, held by investors who mostly want a slightly better cash rate. The pick-up this year was under a point. Advisers should be clear with clients which side of that line a "defensive income" fund sits on.

Exhibit 18: Gold and global infrastructure

Code	Fund	Fee % p.a.	FUM $m	Oct flow $m	12-mth flow $m	Spread %	1 mth %	1 yr %	3 yr % p.a.	Fee + spread, 1-yr hold %
Gold bullion, unhedged										
PMGOLD	Perth Mint Gold	0.15	2,328	25.1	398	0.057	−5.0	−7.0	21.7	0.207
GXLD	Global X Gold Bullion	0.15	774	47.2	414	0.081	−5.1	−7.0	n/a	0.231
GLDN	iShares Physical Gold	0.18	432	−2.0	109	0.056	−5.2	−7.1	22.3	0.236
NUGG	VanEck Gold Bullion	0.25	266	32.3	83.1	0.078	−5.2	−7.4	21.5	0.328
GOLD	Global X Physical Gold	0.40	5,447	−39.7	145	0.036	−5.2	−7.4	21.3	0.436
Gold bullion, hedged										
GHLD	Global X Gold Bullion (Hedged)	0.35	233	2.6	143	0.072	−4.3	−1.7	n/a	0.422
QAU	Betashares Gold Bullion (Hedged)	0.59	1,127	4.2	−126	0.063	−4.2	−1.2	24.1	0.653
Infrastructure, index										

Code	Fund	Fee % p.a.	FUM $m	Oct flow $m	12-mth flow $m	Spread %	1 mth %	1 yr %	3 yr % p.a.	Fee + spread, 1-yr hold %
TOLL	Betashares FTSE Global Infrastructure Shares (Hedged)	0.14	29.8	−1.3	26.8	0.406	9.2	13.7	n/a	0.546
GLIN	iShares Core FTSE Global Infrastructure (AUD Hedged)	0.15	2,090	89.5	567	0.084	8.0	13.6	16.1	0.234
IFRA	VanEck FTSE Global Infrastructure (Hedged)	0.20	2,333	89.8	550	0.078	7.9	13.4	16.1	0.278
VBLD	Vanguard Global Infrastructure	0.47	704	9.0	136	0.103	7.7	6.8	12.3	0.573
Infrastructure, active										
RIIF	Resolution Capital Global Listed Infrastructure Fund	0.70	40.1	0.8	22.3	0.526	7.9	17.4	n/a	1.226
CIIH	CB Global Infrastructure Income (Hedged) Active	1.02	1,481	35.8	371	0.477	6.1	13.4	n/a	1.502
MICH	Magellan Infra Fund (Hedged)	1.05	459	−3.7	−57.4	0.370	8.7	10.8	15.4	1.420

Returns are total returns as reported by ASX (market-price based, distributions reinvested), not net asset value or index returns; 3-year figures are annualised. Spread is the average quoted bid–ask spread for the month as a percentage of the mid-price. “Fee + spread” adds one average spread to one year’s fee: a simple holding-cost comparison, not a forecast. FUM and flows are as reported by issuers to ASX. Source: ASX Investment Products report, October 2026 (Spotlight ETP List); IIR calculations. Data at 30 October 2026.

8. Gold: same metal, five prices

The five unhedged bullion funds returned between −7.4% and −7.0% over twelve months. They hold the same asset, and the fee is the difference: 0.15% for PMGOLD and GXLD, 0.18% for GLDN, 0.25% for NUGG and 0.40% for GOLD. GOLD is still the largest at $5.45bn and had an outflow of $39.7m in October while PMGOLD, GXLD and NUGG took in money. The hedged funds lost less (−1.2% for QAU) because they did not also lose on the stronger Australian dollar.

The World Gold Council attributes October's 6.3% fall in the US-dollar gold price to a repricing of the path of US interest rates and a rotation into bonds. Gold has been a strong three-year holding and a poor hedge against this year's inflation. Both statements are true, and they describe different jobs.

9. Infrastructure: the year's quiet winner

The two large hedged index funds, IFRA and GLIN, returned +13.4% and +13.6% for the year and about 8% in October alone, and took $1.12bn between them over twelve months. They charge 0.20% and 0.15%. VBLD, which is unhedged and follows a different index, returned +6.8% at a fee of 0.47%. The newest index fund, TOLL, charges 0.14% but its average spread was 0.41%.

Active managers charge 0.70% to 1.05%. Over twelve months the result was mixed: RIIF +17.4% and CIIH +13.4% matched or beat the index funds; MICH (+10.8%) did not.

IIR view Infrastructure did what it is bought to do in an inflation year; regulated and contracted revenues are the usual explanation. It is also an equity sector that has just had a strong run and attracted heavy flows. We would treat it as a long-term diversifier held at a steady weight, in a low-cost hedged index fund unless there is a specific case for a manager, and not as a place to chase October's return.

THE ADVISER'S WORKING GUIDE

Six checks before an ETF goes into a portfolio

Seventy-three per cent of advisers surveyed in 2025 already recommend ETFs, and an estimated 2.82 million Australians now hold one. Selection has become the hard part. These six checks are the method behind every comparison in this issue.

1. Name the job

Every holding should have one job in the portfolio: core market exposure, a deliberate tilt, income, liquidity, or protection against a named risk. Write the job down before choosing the fund. Exhibit 6 is a map from risk to exposure. A fund bought without a stated job cannot be reviewed, because there is nothing to review it against.

2. Read the index, not the label

The index rule determines the investment mandate. This issue shows material return differences within resources, small companies, screened equities and global shares. Caps, exclusions and selection rules are reasons to investigate those differences; return tables alone are not attribution. Read the holdings, weighting rules, rebalancing schedule and exclusions before concluding what caused a result.

3. Look through for overlap

A broad Australian fund, a dividend fund and a resources fund can repeat the same large holdings. Multiply each fund weight in the portfolio by each underlying holding weight, then add company by company. Pairwise overlap is the sum of the smaller holding weight for every shared security. Use matched holdings dates and include direct shares; sector names and fund counts are not enough.

4. Cost the whole holding

The management fee recurs; transaction costs depend on the trade. A buy at the ask and sale at the bid costs roughly one full spread in total relative to an unchanged mid-price, not a full spread twice. Exhibit 11 uses that simplified round-trip allowance. Add brokerage and market impact, assess order size and live quotes, and avoid subtracting fees again from reported fund returns that already reflect them.

5. Set the hedge ratio and the duration on purpose

Two settings explained more of 2026's difference between otherwise similar portfolios than fund selection did. The currency hedge was worth about eight points on global shares. The length of the bond portfolio was worth the gap between +4.5% and −3.7%. Neither should be a by-product of which ticker was convenient. Record a target hedge ratio and a target duration in the investment policy, implement each with a matched pair of funds, and rebalance to the target.

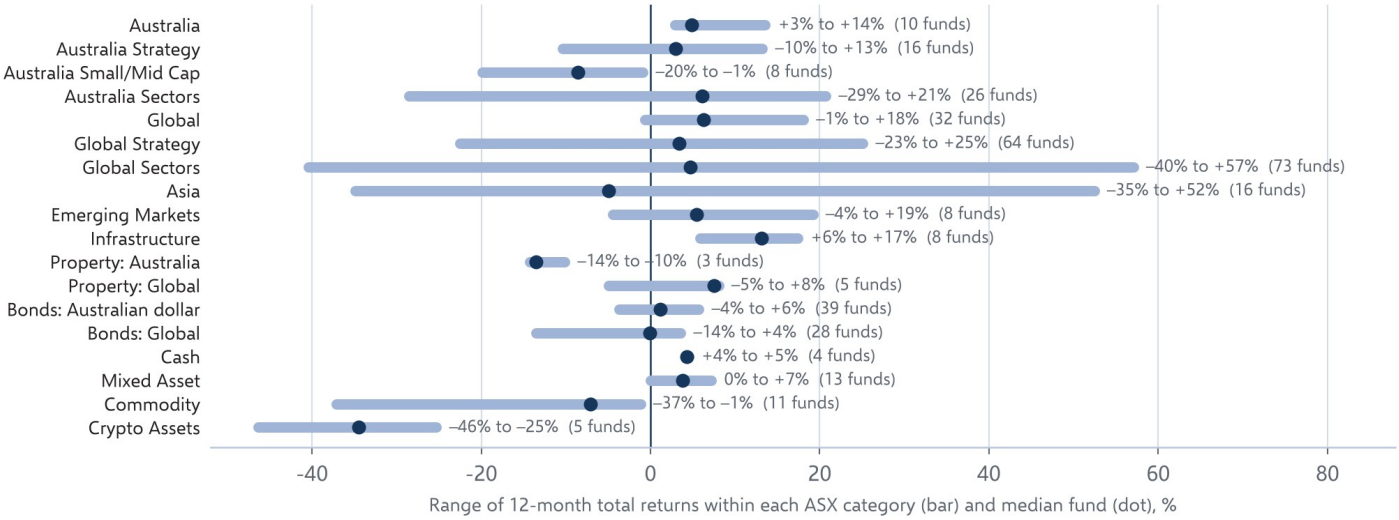
6. Monitor what changes

- **Weights drift.** On ASX's three-year returns, a portfolio set at 60% VGS and 40% VAF three years ago and left alone would be about 69% shares today. The client's risk has changed without a decision being made.
- **Indices change.** QOZ moved to a new index on 18 September 2026. The fund's code did not change. Its rule did.
- **Managers change.** The global fund now quoted as V1AC replaced a Magellan fund on ASX's list in June. An active ETF is a manager, and the due diligence follows the manager.
- **Funds shrink and close. 61 ASX products hold less than $10 million. Monitor assets, flows, issuer commitment and closure notices. A wider spread may reflect underlying-market conditions as well as fund-specific issues; it is not, by itself, evidence of an impending closure.**
- **Distributions mislead.** A trailing yield can include realised gains or currency-hedging profits that will not recur: ASX's list shows a trailing distribution yield of 9.6% for the hedged global bond fund VBND, which returned −0.5% over the year. Check what the distribution was made of.

IIR view Most ETF mistakes are not exotic. They are a core fund chosen on fee alone and then traded, a "defensive" fund that carried equity or interest-rate risk nobody had named, the same companies owned three times, or a theme bought after its best year. Each of the six checks exists to catch one of them. None requires a forecast.

Adviser survey: Betashares/Investment Trends, 1,505 advisers surveyed June–July 2025, published 27 January 2026. ETF holders: ASX Australian Investor Study 2026 (Investment Trends), October 2026. Fund figures: ASX Investment Products report, October 2026; IIR calculations.

Exhibit 19: One label, many outcomes. The range of twelve-month returns inside each ASX category.



Bar: lowest to highest 12-month total return among funds in the ASX category with a full year of history; dot: median fund. Excludes complex (geared and inverse) products. Source: ASX Investment Products report, October 2026 (Spotlight ETP List); IIR calculations. Data at 30 October 2026.

IIR'S ETF RESEARCH

What we test, what we cover and where we are going

What an ETF Intelligence profile tests

Each of the 49 profiles in the original cohort draws on the fund's own fact sheet and product disclosure statement alongside the ASX record. Each asks the same questions:

- **Cost.** The fee, and what the fund has cost to trade.
- **Index delivery.** Whether the fund has delivered its index, and by how much it has differed.
- **Trading.** Size, turnover and the bid–ask spread an investor has actually faced.
- **Index contents.** What the index holds, how it is weighted and what it excludes.
- **Structure.** A checklist of the features that change how a fund behaves.
- **Evidence limits.** What could not be verified, stated plainly.

The profiles are non-commissioned. Issuers do not pay for them or review them. They carry no rating and use a common approach so readers can compare funds. Browse the Australian ETF research directory. Each publication page shows access requirements for its report and research data.

Rated active funds

Separately, IIR publishes rated research on four active funds quoted on ASX. These reports are commissioned and paid for by the fund's manager or issuer under the arrangements described in IIR's Financial Services Guide. The four funds and their ratings are shown with the disclosure on the final page.

Where we are going

We intend to cover the whole ASX ETF market. The original 49-profile cohort accounted for A$101.2bn of the A$377.9bn on ASX at October month-end. IIR's Australian ETF directory listed 97 published profiles as at 23 November 2026. The directory includes funds outside the original cohort.

This publication will appear monthly, after ASX releases its product data. Each issue will carry the whole-market tables, the fund-by-fund sector comparisons and the IIR view. Over coming issues we intend to add:

- **Look-through overlap** between the funds advisers most often combine.
- **A holding-cost league table** for every sector, combining fee and spread.
- **Index-rule comparisons** side by side for funds that share a label.
- **A launch watch that tests each new fund against the five tests in New and fashionable.**
- **Model-portfolio implementation notes** for advisers running ETF portfolios.

Exhibit 20: The original 49-profile analytical cohort

Non-commissioned coverage; not rated. Profiles and dashboards: independentresearch.com.au/etfs. Fund names as shown in ASX's October 2026 list; QOZ was renamed Betashares Australia 200 Fundamental Value ETF in September 2026. Source: ASX Investment Products report, October 2026 (Spotlight ETP List); IIR calculations. Data at 30 October 2026.

Code	Australian shares	Fee %	FUM $m	1 yr %
VAS	Vanguard Australian Shares	0.07	26,993	3.9
A200	Betashares Australia 200	0.04	11,430	5.1
IOZ	iShares Core S&P/ASX 200	0.05	9,775	4.7
STW	SPDR S&P/ASX 200	0.05	6,648	4.8
A300	Global X Australia 300	0.03	23.4	4.4
SFY	SPDR S&P/ASX 50	0.20	722	7.4
ILC	iShares S&P/ASX 20	0.24	805	11.6
VLC	Vanguard MSCI Australian Large Companies	0.20	314	9.6
MVW	VanEck Australian Equal Weight	0.35	3,341	2.8
QOZ	Betashares FTSE RAFI Australia 200	0.40	1,481	13.6

Code	Equity strategies	Fee %	FUM $m	1 yr %
VHY	Vanguard Australian Shares High Yield	0.25	8,380	13.9
SYI	SPDR MSCI Australia Select High Dividend Yield	0.20	791	20.2
HYLD	Betashares S&P Australian Shares High Yield	0.25	131	14.0
IHD	iShares S&P/ASX Dividend Opportunities ESG Screened	0.23	403	7.5
AQLT	Betashares Australian Quality	0.35	1,627	10.5
MTUM	Betashares Australian Momentum	0.35	272	−7.3
AUMF	iShares Edge MSCI Australia Multifactor	0.30	147	0.7
MVOL	iShares Edge MSCI Australia Minimum Volatility	0.30	31.3	6.1
E200	SPDR S&P/ASX 200 ESG	0.05	498	6.0
IESG	iShares Core MSCI Australia ESG	0.09	651	−0.1
VETH	Vanguard Ethically Conscious Australian Shares	0.16	657	−2.4
GRNV	VanEck MSCI Australian Sustainable Equity	0.35	261	−2.3
FAIR	Betashares Australian Sustainability Leaders	0.49	1,041	−9.1
ATEC	Betashares S&P/ASX Australian Technology	0.48	558	−28.6
MVR	VanEck Australian Resources	0.35	783	12.0
OZR	SPDR S&P/ASX 200 Resources	0.34	277	20.7

Code	Small, mid-cap and ex-20	Fee %	FUM $m	1 yr %
VSO	Vanguard MSCI Australian Small Companies	0.30	1,172	−4.6
EX20	Betashares Australian Ex-20 Portfolio Diversifier	0.25	674	−5.6
MVE	VanEck S&P/ASX MidCap	0.45	502	−2.7
SMLL	Betashares Australian Small Companies Select	0.39	366	−0.9
MVS	VanEck Small Companies Masters	0.49	171	−11.6
ISO	iShares S&P/ASX Small Ordinaries	0.55	123	−14.4
SSO	SPDR S&P/ASX Small Ordinaries	0.50	25.5	−14.5

Code	Listed property	Fee %	FUM $m	1 yr %
VAP	Vanguard Australian Property Securities	0.23	2,825	−13.5
MVA	VanEck Australian Property	0.35	866	−10.1
SLF	SPDR S&P/ASX 200 Listed Property	0.16	453	−14.3

Code	Australian-dollar bonds	Fee %	FUM $m	1 yr %
VAF	Vanguard Australian Fixed Interest	0.10	3,951	0.2
IAF	iShares Core Composite Bond	0.10	3,735	0.3
OZBD	Betashares Australian Composite Bond	0.19	1,602	−0.1
BOND	SPDR S&P/ASX Australian Bond	0.10	52.1	0.7
AEBD	Betashares Ethical Australian Bond	0.34	72.1	−0.5
VGB	Vanguard Australian Government Bond	0.16	1,471	−0.1
AGVT	Betashares Australian Government Bond	0.22	1,156	−0.9
IGB	iShares Treasury	0.18	357	0.0
GOVT	SPDR S&P/ASX Australian Government Bond	0.10	146	0.0
ALTB	iShares 15+ Year Australian Government Bond	0.15	350	−3.7
CRED	Betashares Australian Investment Grade Bond	0.25	1,871	−0.6
VACF	Vanguard Australian Corporate Fixed Interest	0.20	702	1.5
ICOR	iShares Core Corporate Bond	0.15	525	1.6

ETFs IN FOCUS

Five funds that make the portfolio decision clearer

The standout result is not always the highest return. These five covered funds show where concentration, selection rules and interest-rate exposure mattered. Each requires a different decision from the adviser.

Code	Coverage group	Oct %	1 yr %	Reason for inclusion
ILC	Australian shares	+2.99	+11.56	Large-company concentration
SYI	Equity strategies	+4.57	+20.17	Dividend strategy strength
SMLL	Small and mid-caps	-2.24	-0.88	Relative resilience during losses
MVA	Listed property	+2.09	-10.14	Smaller loss within a weak sector
ALTB	Australian-dollar bonds	+3.74	-3.74	Strong month, negative trailing year

Selected analytical cases, not a cross-asset ranking or buy list. All five are in the 49-profile directory. ASX market-price total returns to 30 October 2026; distributions reinvested. October is included in the twelve-month period. Source: ASX October 2026 workbook, Spotlight ETP List.

ILC Large-company strength comes with concentration

ILC returned 11.56% over twelve months, compared with 3.93% for VAS, and led the Australian-share coverage group in October at 2.99%. Its index holds the 20 largest Australian securities. The narrower mandate is central to the comparison: this is a large-company allocation, not evidence of superior delivery of a broad-market index.

Replacing part of a broad Australian fund with ILC increases exposure to companies already represented in the core. A useful decision therefore starts with the combined weights of the largest holdings and sectors. The performance gap is substantial; diversification has not increased merely because another ETF has been added.

IIR view ILC is a clear example of why an adviser should separate a deliberate large-company tilt from core implementation. Its recent result supports examining that tilt, not extrapolating it.

SYI Income strength must pass the capital test

SYI returned 4.57% in October and 20.17% over twelve months, ahead of VHY's 13.94% annual result. State Street describes an index combining relatively high dividend income with quality characteristics. The 6.23-point return gap is a reason to compare the portfolios and selection rules, rather than treat all dividend ETFs as substitutes.

ASX reports a 6.95% trailing distribution yield for SYI. That figure is a record of payments, not a forecast or an amount to add to the 20.17% total return. For a retirement-income portfolio, the relevant tests are sustainable distributions, the capital left after withdrawals and overlap with existing bank and resource holdings.

IIR view A dividend strategy can support an income objective while retaining substantial equity risk. SYI's strong year merits attention; the case for owning it must also survive a weaker dividend cycle.

Sources for mandate descriptions: BlackRock ILC product page; State Street SYI product page, accessed 17 November 2026. Performance differences are IIR calculations from ASX data; no holdings-based return attribution is claimed.

ETFs IN FOCUS

Resilience and duration need different scorecards

SMLL and MVA stood out by losing less over the year. ALTB stood out in October while remaining negative over twelve months. Describing all three simply as winners would hide the investment decision.

SMLL A smaller loss is still a useful result

SMLL lost 0.88% over twelve months, against 14.45% for ISO and 14.53% for SSO. Its index uses earnings and debt-servicing screens, with valuation, momentum and liquidity also considered. ISO and SSO follow the Small Ordinaries. The result makes index selection worth investigating; it does not isolate the contribution from any one screen.

The qualification is practical. SMLL's October average quoted spread was 0.395%, above ISO's 0.318%, despite its lower annual fee of 0.39% against 0.55%. A portfolio that trades frequently can surrender part of a fee saving through execution. SMLL also changed to index tracking in January 2025, so its three-year fund return spans more than one mandate.

IIR view SMLL is a useful case of relative resilience within a losing small-company market. Treat it as a screened exposure with its own opportunity set, and evaluate both the selection rules and the cost of switching.

MVA A cap changes concentration, not the asset class

MVA returned −10.14% over twelve months, versus −13.55% for VAP: a 3.41-point advantage, while both lost capital. MVA's index applies a 10% constituent cap at rebalancing. The cap limits dominance by a single REIT at that point; weights can subsequently drift, and the portfolio remains exposed to listed-property economics.

The adviser's question is how the allocation changes total property exposure after looking through the Australian equity core. A smaller weight in one dominant holding can be useful, but it redistributes exposure to other property businesses rather than removing valuation, refinancing or occupancy risk.

IIR view MVA's relative result earns a closer look at concentration and sub-sector weights. It is not evidence that property has become a defensive substitute or that the cap alone explains the performance gap.

ALTB October rewarded rate sensitivity

ALTB gained 3.74% in October but lost 3.74% over twelve months. Its index covers Commonwealth and state government bonds with at least fifteen years to maturity. Government credit quality and price stability are different attributes: a long-maturity bond can have substantial interest-rate sensitivity.

BlackRock reported modified duration of 14.17 on 13 November, a later observation than this issue's performance cut-off. At that duration, a parallel 0.50 percentage-point fall in yields implies approximately a 7.09% price gain; an equivalent rise implies a 7.09% loss, before convexity, income and other changes. This is a sensitivity illustration, not a forecast or an explanation of October's realised return.

IIR view ALTB belongs in an explicit duration decision. Compare it with the portfolio's intended rate exposure and liabilities; selecting it because it led a monthly return table reverses that process. ICOR's stronger twelve-month return of 1.59% involved a different corporate-bond mandate.

Mandate sources: Betashares SMLL factsheet and supplementary PDS; VanEck MVA product page; BlackRock ALTB product page, accessed 17 November 2026. ALTB duration is dated 13 November. ASX supplies the period returns, fees and quoted spreads.

ADVISER PORTFOLIO ANALYSIS

When a better fund result is not yet a better model

The model-portfolio decision is whether a substitution improves the intended exposure after costs and constraints. A recent performance advantage is evidence to examine, not the investment policy.

A worked switching-cost example

Suppose an adviser considers replacing a 20% ISO allocation with SMLL within a $100,000 Australian-equity sleeve. The $20,000 position changes from an unscreened Small Ordinaries exposure to a screened small-company strategy. This is a hypothetical implementation decision using observed October fees and spreads; it is not a recommended allocation.

The annual management-fee reduction is 0.16 percentage points on the position, or $32 a year. Using half of ISO's 0.318% spread to sell and half of SMLL's 0.395% spread to buy gives an indicative switching cost of about $71. That is approximately 2.23 years of fee savings, before brokerage, market impact and tax. Actual quotes may be better or worse.

The cost calculation does not settle the choice. SMLL's 13.57-point historical advantage over ISO would have added approximately 2.71 percentage points to this sleeve if the 20% allocation had been substituted at the start of the year and held without rebalancing. That is an ex-post arithmetic illustration, not a backtest, attribution or estimate of future benefit.

IIR view The fee saving is measurable but modest. The principal decision is whether the screening changes the portfolio in a way the investment policy intends—and whether the adviser can hold that position when the unscreened market leads.

The evidence a model committee should retain

Record the proposed role and funding source first. If a new fund replaces cash, the decision may increase risk even when its product score is attractive. If it replaces another ETF, document the changes in holdings, sector weights, currency, duration and credit quality on matched dates.

Then quantify overlap. The portfolio weight of an issuer is the sum of the allocation to each fund multiplied by that issuer's weight inside it, plus direct holdings. Several ETFs can increase concentration in the same company. Do not substitute the count of funds for a look-through assessment.

Set the operating rules before implementation: target weights and tolerance bands, cash-flow treatment, rebalancing triggers, liquidity required for a realistic order, and the circumstances that would prompt replacement. Include platform, advice and portfolio-management fees where relevant, distinguishing these from costs already reflected in fund returns.

Monitor the decision, not only the ranking. Revisit an ETF when its mandate, index methodology, manager, spread or underlying liquidity changes. Separate results of a published model from the experience of a client account, which may differ through timing, taxes, fees and withdrawals.

Independent research for better portfolio decisions

IIR's adviser education programme is being developed around this approach: sample analysis, transparent methods and practical due-diligence tools. Current Australian ETF profiles and dashboards are available at independentresearch.com.au/etfs. Planned US adviser articles and the US Adviser Research Brief will use US-listed instruments and identify offshore examples explicitly; they should be read in their own market context.

Calculation notes: costs use ASX October average quoted spreads and fees, not executable quotes. Full position switch cost = $20,000 × (0.318% + 0.395%) ÷ 2, using unrounded inputs. Annual saving = $20,000 × (0.55% − 0.39%). No capital-gains tax estimate, holdings attribution or actual client-model performance is included.

RATED FUNDS, METHOD, INDEPENDENCE AND DISCLOSURE

Exhibit 21: Active funds rated by IIR

Code	Fund	IIR rating	Fee % p.a.	FUM $m	Spread %	1 mth %	1 yr %	3 yr % p.a.
WCMQ	WCM Quality Global Growth Fund	**Recommended Plus**	1.25	375	0.33	−6.1	−3.1	22.9
SWTZ	Switzer Dividend Growth Fund	**Recommended**	0.89	53.5	0.67	2.7	4.7	9.4
VNGS	Vaughan Nelson Global Equity SMID Fund	**Investment Grade**	1.12	47.6	0.52	−2.4	3.1	11.9
SVNP	Savana US Small Caps Active	**Recommended**	1.00	6.7	0.58	−0.6	15.0	14.0

Ratings as published by IIR at 3 October 2026; see the current report on IIR's website before relying on a rating. SVNP announced a change of investment manager on 30 October 2026, after the rating shown. These reports are commissioned research. Fees, FUM, spreads and returns: ASX Investment Products report, October 2026 (market-price total returns).

Method

Fund-level figures in this publication (fees, funds under management, net flows, bid–ask spreads, distribution yields and returns) are taken from the ASX Investment Products monthly reports, principally the report for October 2026 (period ending 30 October 2026), and from the reports for October 2025 to September 2026 for comparisons over time. Returns are the total returns published by ASX, which are based on market prices with distributions reinvested; they are not net asset value returns or index returns and may differ from issuer-published performance. Three-year and five-year returns are annualised. Net flows and funds under management are as reported by issuers to ASX; funds that invest through other ASX-quoted funds may be counted twice. Totals, shares, medians, groupings and the "fee plus spread" holding-cost comparison are IIR calculations from that data. Funds quoted only on the TMX Australia exchange (formerly Cboe Australia) are outside the ASX data. Economic and market facts are attributed in the text to the Reserve Bank of Australia, the Australian Bureau of Statistics, the US Federal Reserve and Treasury, index providers, ETFGI, the World Gold Council, Morningstar, State Street Investment Management and the news organisations named; they were retrieved on 16 and 17 November 2026. Selected updates to 20 November. ETF website coverage checked on 23 November 2026.

Independence

This research was initiated by IIR as part of its non-commissioned ETF coverage. It was not commissioned or paid for by the issuer, and the issuer has not reviewed it.

The four active funds shown in Exhibit 21 are the subject of separate rated reports. IIR may be commissioned and paid by a company, fund manager, product issuer or another commissioning client to prepare research. This is an issuer-paid or client-paid research arrangement, not a payment by the reader for buying or selling an investment. Research remuneration is not contingent on a favourable rating or conclusion, investment performance, a securities transaction or a capital-raising outcome. Payment for research does not purchase a particular analytical result.

Disclosure

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Principal sources

November update sources: RBA exchange rates (17 and 19 November 2026), Dimensional's Australian dual-access announcement (18 November 2026) and IIR's Australian ETF research directory (checked 23 November 2026).

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