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3 Predictions for the Australian ETF industry in 2018 & ETF Signals Update

By John Atkinson

A) 3 Predictions for the Australian ETF industry in 2018

On Monday 11th December, a [Betashares article](#) included the following extracts: " With the end of the year drawing near, we thought it was an opportune time to discuss the year to come for the ETF industry..... In our view, a growing audience of younger investors, an increasing array of fixed income options, and continued growth in Active ETFs, will drive growth in 2018....."

The Australian exchange traded product industry is set to grow significantly based on the momentum generated in 2017. This year to November, the Australian ETF industry reached an all-time high of \$35.5 billion, up from \$25 billion in 2016. ..." Their top [3 predictions for the ETF industry](#) in 2018 are:

- **Prediction one: Millennials will continue to be an important driver of growth**
 "...Millennials are attracted by the low cost, simplicity and ease of use of ETFs, as well as their ability to provide tailored exposure to investment themes that matter in their livesin Australia this year, according to CommSec, 25% of all ETF trades were done by millennials.
 Many of our younger clients have told us that one of the key reasons behind this take up may well be the diversification benefits of ETFs, which makes them a great way to get started investing in the share market..."
- **Prediction two: Greater innovation in fixed income ETFs**
 "...Fixed income has long been acknowledged as a good way to diversify a portfolio. Yet bond markets have historically been difficult for individual investors to access. In the last year in particular, there has been significant innovation in this space, with rapid growth in fixed income ETFs globally. With interest rates at record lows, exchange traded products are giving investors vehicles to gain exposure to bonds that goes beyond traditional fixed-rate exposure..."
- **Prediction three: Active ETFs will grow in popularity** "...We expect to see Active ETFs growing in popularity in 2018. Indeed, Active ETFs have the potential to match the growth of passive ETFs, with the launch of a number of funds offering access to active management strategies..."
 "**Across all predictions, growth remains the consistent theme.** The growth of the ETF industry in Australia has been phenomenal in recent years, and we predict it will continue on this strong trajectory in 2018. More specifically, we expect the ETF industry to end 2018 at \$40-45B."

B) New ETF Signals Service Update

ShareTradingEducation.com has developed an innovative ['Super 10 ETF Portfolio' Signals Service](#) to help Australian ETF investors know with confidence:

- ✓ WHICH Exchange Traded Funds (ETFs) to Buy
- ✓ When to BUY those ETFs
- ✓ When to HOLD them and
- ✓ When to SELL

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The new '*Super 10 ETF Portfolio*' Signals Service provides step-by-step assistance to lead members through the complete ETF Investing process, from Entry to Exit. This includes a strong emphasis on Money and Risk Management to protect capital and profits.

Over a quarter of a million Australians now have ETFs in their portfolio. The increased liquidity and accessibility of ETFs is attracting investors of all ages - from Millennials, through Generation X to Baby Boomers.

There is currently an overwhelming total of over 250 ETFs to choose from in Australia alone! However, many may be in **falling trends**, so they may continue to fall in price. Others may be relatively illiquid.

The other challenge many new and experienced investors often face is that they do not know when to enter or exit a position.

Our new '[Super 10 ETF Portfolio](#)' Signals Service will make it much easier for Australian ETF Investors to tackle the 3 main problems of WHICH ETFs to buy, WHEN to buy and, more importantly, when to SELL.

We select 10 liquid ETFs from the Australian and global markets which are in **rising trends**. Each ETF may be purchased in a similar way to shares on local share trading platforms in Australia, so there is no need to open a separate overseas account."

For each ETF, we suggest a maximum Buy Price and, most significantly, no less than 5 structured Exit Strategies should any individual ETF - or the whole notional portfolio - fall below pre-set levels.

On behalf of our ETF Signals members we monitor all 10 ETFs daily and provide weekly updates of prices, Stop Losses and summary status.

To help protect capital and profits, we will also notify Members when any Exit Signals are generated.

Please note that whilst ETFs generally have lower volatility, they are still a financial product open to risks associated with market forces and unpredictable events which may affect their performance."

In last week's Edition 645 of our '[Investing and Online Trading](#)' Report, I wrote;

"There is no perfect time to launch..... right now we could wait either:

1. *Wait for a significant break above the 6000 psychological round number and for a Christmas rally to happen and then launch the new ETF Signals service AFTER it has happened...*

OR

2. *Launch now, with a reduced number of ETFs (i.e. less than 10) to start with - and reduce the total portfolio risk accordingly.*

That way:

- a) *If markets do turn down, money and risk management will help to reduce/minimise the damage*
- b) *If the markets do rally over Xmas/New Year, then we will have, say, 4 to 7 positions in the market to take advantage of that rally - and we will look to add the balance to make up to a total of 10 ETFs later*
- c) *Those ETF Signals Members who join can then choose:*
 - i) *Whether they want to take action, or*
 - ii) *Watch the development and wait*

We made the executive decision **to run with Option 2**, so on Sunday 10th December 2017 we fine-tuned our list to 7 positions which qualified and launched the new '[Super 10 ETF Portfolio](#)' Signals Service

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We thank all those so far who have taken advantage of our special launch offers to join as [Charter Members](#) - and for all your support, well wishes and positive feedback! As an update, below are copies of two queries we received this week and our responses:

Q1: Do I need an overseas account and can you advise of a good value and suitable stock/ETF adviser to place trades?

A: Each ETF may be purchased on local trading platforms in Australia, so there is no need to open a separate overseas account. We are Authorised Reps of Longhou Capital Markets P/L (previously known as AG Capital and Avestra Capital). Through Longhou Capital Markets you can:

- 1) DIY Online – i.e. place your trades yourself online and /or
- 2) Advisor Assisted Facility – to have access to a professional Adviser who:
 - a. You can phone to place your buy and sell orders when you are busy or away from a trading screen and
 - b. Can also call you (as an optional service for Signals Members) to discuss whether you want to enter any new Signals positions as they are the only advisers who receive our Trading, Investing and now Super 10 ETF Portfolio Signals.

Longhou Capital Markets has a choice of trading platforms available. For more info please call Nick Cooke at Longhou Capital Markets on Ph.: 1300 882 402 or +61 7 5555 8500

Q2: How often do you expect to issue signal buy/sell ETF Signals?

A: For our [Trading Signals](#) and [Investing Signals](#) Services for rising trend shares, we issue Entry and Exit Signals as they occur in time. As those Members joined at different times, naturally they would have different shares in their portfolios.

In comparison, our new [‘Super 10 ETF Portfolio’ Signals](#) Service is:

- 1) A set of 10 rising trend ETFs in a notional portfolio for which we will initially nominate, then progressively update, maximum entry prices. (So far we have launched with 7 of the 10).
- 2) As part of our Service, we then monitor each of those ETFs:
 - a) Daily AND
 - b) Weekly to check that they are still a ‘hold’
- 3) If any ETF (*or the whole portfolio*) triggers an Exit Signal on any day or any weekend - based on any of our *5 new ETF exit criteria* – then we will notify Members of that Exit Signal
- 4) We will report on the notional result, then nominate a new Entry Signal to replace any ETFs after they exit
- 5) Each weekend we will also monitor and switch Stop Loss types as appropriate, update closing and Stop Loss prices and provide summary status updates

SUPER 10 ETF PORTFOLIO

Invest with Confidence

For more info. click on these links now for

1. [More FAQ](#) and our
2. [Super 10 ETF Portfolio Signals Service](#)

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Jim Berg's Australian Signals Services

For more info, simply click on these links:



[Jim Berg's Trading Signals](#) →



[Jim Berg's Australian Weekly Investing Signals](#) →

NOTE:

Members of both Jim's Trading *AND* Investing Signals also now receive **Bonus Access** to our new Australian [Super 10 ETF Portfolio Signals](#)

In this week's Latest Edition 646

of the 'Investing & Online Trading' stock market Report
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