The Australian Finance Podcast Episode Transcript

Episode: ETF Review: Vanguard Diversified High Growth ETF (ASX:VDHG)
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Speakers: Kate Campbell & Owen Rask
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Episode transcript:

Owen:
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Kate:
Good to be back Owen, for our first episode in person.

Owen:
In 2021. Yes, COVID safe. We are a little bit away from each other.

Kate:
In our new recording studio.

Owen:
Yes, half finished recording studio, for those of you that are watching on YouTube. You can see some... What do you call them? They're like egg cartons on the wall.

Kate:
Sound dampening.

Owen:
Sound dampening, sound capturing, sound something. Probably not glued on properly.

Kate:
No.

Owen:
That's what we can.

Kate:
No. It's definitely weird not being on Zoom anymore.

Owen:
It is but it's good because, we can talk and we can read each other's body language a bit better. So, today we're talking about VDHG which is an ETF. It is probably one of the most popular ETFs for introductory investors. So, investors that are just looking at this and they're thinking, "ETFs are great how do I make it even easier?"

Kate:
Yeah. And this is part of our monthly deep dive, where we look at an ETF, or a share that's really popular in our community, or popular on our sites, best ETFs and Rask media as well. So, we'll spend 20 or 30 minutes going over how VDHDG works, all of the key things you need to know as an investor, what information to look and some of the pros and cons of maybe using this as an investment product, and probably to start with the disclaimer, I don't have a position in VDHG, but I believe you do.

Owen:
Yes, I own some shares. So, I have a small position in VDHG. It was a recommendation of one of our services being Rask Invest, but it was also and is still a recommendation of our Rask ETF service, and we're going to explore why that might be the case in just a moment. But I think the thing to note is that, simply saying that we own it and that we've recommended in the past, we're not recommending this ETF to any individual person that's listening to the show. This is us just exploring what this ETF does.

Kate:
Yeah.

Owen:
As we'll get to our risks.

Kate:
And you definitely need to read the product disclosure statement, as with every product.

Owen:
That's it. And if you need to find out more about the services that we offer at Rask, head to rask.com.au/FSG and that's our Financial Services Guide that'll tell you more about what we can and can't offer you. Okay so, maybe I'll throw it over to you Kate, because the first thing is, what is VDHG?

Kate:
So VDHG is really a diversified ETF that's become quite popular in the last few years, because instead of when you're building an ETF portfolio, often we talk about adding some Australian equities into your portfolio, and some international shares and maybe some bonds, maybe some real estate exposure. But VDHG is really that, all in one solution. Well that's what it's set out to be and so it's a diversified ETF within itself. And so it invests in various Vanguard wholesale managed funds within this ETF. It wraps it up all nicely. So it's a fund of funds of sorts. So it's got you buy units in VDHG and they do all the work underneath to invest in all of their different funds. And we can dive in a bit of exactly what that exposure looks like, because it's really important when you are investing in VDHG that you know what the underlying waitings are, a little bit like your Superfund.

Owen:
Yeah.

Kate:
I think this could be liken to where you just put the money in a balance fund and the Superfund does all the work, investing it in different asset classes.

Owen:
Yeah. So just let me just unpack a few things there. You said equities, when we say for those of you that are new to investing equities, it's just the same as saying shares or stocks. Kate and I will use those interchangeably. So if we say stocks, equities, or shares, just they're the same thing. So if we say Australian equities, or we say Australian stocks same thing. The other thing that you mentioned is that underlying wholesale managed funds. So we've talked about diversified ETFs on the show before, and we've talked about ETFs at length. And so normally what would happen in the stock market you would buy an individual share. So, its one individual stock you might buy BHP then along came ETFs which.

Kate:
Like A200.

Owen:
Like A200 which allowed you to buy 200 shares or get exposure to 200 shares by just buying the basket instead of buying the individual share. So this would be like getting Hello Fresh.

Kate:
Yeah.

Owen:
Instead of getting a carrot, you go and buy a individual thing, you get a box delivered to you that's like the ETF. But now VDHG has taken it one step further and said, we won't just give you a carrot, we won't even give you a box we'll give you multiple boxes in one big box.

Kate:
Yeah. So you get to try all the food providers.

Owen:
And that's basically what it is. So you get a little bit of everything you need for the week in one big box. And that's what we call diversified ETF. So inside the ETF there are other investments which are invested in other investments.

Kate:
Yeah. You've really got to unpeel the layers on this one. So you know what you're doing.

Owen:
That's it. And so Kate mentioned that there were managed funds in there. So the basic idea is that Vanguard puts together this collection of investments for you. So you don't have to do it. Sometimes people want to and we'll get to this in a minute. They want to have an Australian shares ETF, a global shares ETF, and then they want to have some bonds or some property ETFs or some gold, or whatever types of different investments they want. And they mix it to their own liking. VHDG has a premixed version.

Kate:
Yeah.

Owen:
And so when we talk about premixed, we're talking about them sitting what's inside it. And in what proportion, you mentioned this. So what is actually inside it?

Kate:
Yeah. So I got that noted down. Let me just find it. So this was accurate as of a week ago. So, that was probably the mid-November 2021. So definitely have a look because it could change at any time.

Owen:
Yep.

Kate:

But the exposures you have, you have some exposure to growth assets which is about 90% of the funds. So, that's things like Australian shares and then you also have some exposure to income assets. That's around 10% of the fund.

Owen:
Okay.

Kate:
So in total 1-2-3-4-5-6-7 different wholesale funds that you're invested in. So the first one is the Australian Shares Index Fund wholesale, which is around 35%.

Owen:
So if you invest in ETFs directly, you might own VAS.

Kate:
Yeah. Or A200.

Owen:
Or A200.

Kate:
So, that's giving you exposure to the top 200 Australian Companies.

Owen:
Exactly. So this would be basically the equivalent of that.

Kate:
Yes.

Owen:
Inside VDHG. So this is already inside there.

Kate:
Yeah.

Owen:
Okay. That's interesting.

Kate:
Yep. And what you can actually do is if you go on the Vanguard website, you can have a look at each of these individual wholesale funds and what's inside them.

Owen:
Yep.

Kate:
So you can really unpack that. The second thing is the Vanguard International Shares Index fund wholesale, which is around 27% of VDHG.

Owen:
Yep.

Kate:
So that'll get you something like Disney or Tesla or Apple that would have some large U.S companies.

Owen:
Yep.

Kate:
International shares sort of. [crosstalk 00:06:54]. Bit more than U.S.

Owen:
Beyond just the U.S. they might have Unilever.

Kate:
Yeah.

Owen:
From Europe, for example.

Kate:
Yeah. Often when you see the waitings of international index funds they're predominantly U.S.

Owen:
Predominantly U.S. This is going back a couple years, but when I looked at it, I think it was around about 50 to 60% at times could have been attributed to U.S. Companies depending on the ETF, of course.

Kate:
Yeah.

Owen:
Sometimes they're excluding things, but yeah.

Kate:
Then we add a bit more U.S. So we've got the Vanguard International Shares index fund, but this time the hedged product.

Owen:
Yes. So the only difference here is basically that one of the funds that are inside VDHG controls the Australian dollar movements, the other one doesn't, it just lets it go. And just for people that don't really know what that means. Basically, some investors want to invest overseas, but they don't want to have the currency moving up and down. So they want to buy Apple shares, let's say the currency today is a dollar, the U.S. Dollar is at $1. If you bought Apple shares today, that's your price that you get and you don't benefit if the currency falls or goes up or goes down, you don't benefit or risk anything. So some people prefer that, that's what we call hedging. For those who invest for the long term, it's actually been shown that provided you don't invest in some wild market where the currency really high or really low, it actually evens itself out over the long term. It reverts to the mean over say 10 years. It doesn't really matter.

Kate:
Yeah. Hedging can often be a more short term strategy.

Owen:
Yeah. It's typically for people that, one are focused on income, because if you are only earning two or 3% from your income, you don't want the currency to wipe that out. And so that's why if you invest overseas, you'll typically find financial advisors will recommend a hedged version if you're going for income. So this is only a small amount of the portfolio. That's...

Kate:
About 16%.

Owen:
16% of the portfolios.

Kate:
So if you had a $100 invested in VDHG, 16 of your dollars would be,

Owen:
Would be hedged.

Kate:
In hedged in international shares.

Owen:
Yep.

Kate:
So then we also have the next position, which I think a lot of people wouldn't realise is in VDHG, but is the Vanguard International Small Companies index fund wholesale, which is around. Six

and a half percent. So you're actually investing in small international companies, which a lot of investors wouldn't normally put in part of their portfolio.

Owen:
No, they wouldn't. If they build a portfolio of index funds or ETFs that maybe have IVV, which is the big S&P 500 ETF. And they might stick with that and they might get one other one, but few people actually go for small companies. So this is interesting that it's in there, but I think it adds that extra flare for growth.

Kate:
Yeah. And I definitely want to have a look if I was investing in VDHG what kind of because small companies internationally look quite different to small companies in Australia.

Owen:
They do.

Kate:
The size is quite different.

Owen:
So, a big company in Australia is typically a small company overseas.

Kate:
And then we have another 5% in the Vanguard emerging markets share index fund wholesale.

Owen:
Yeah. Which is an interesting one again, because the emerging markets, particularly if you follow the Chinese story or Brazil, if you follow that economy closely, you would see that it's not always smooth sailing, right? Sometimes you have instances where those economies in those countries are experiencing trade wars, inflation, all different types of things that can scare you. But I think its still important to have some exposure to that because those emerging markets tend to be the growth engines of our planet, in terms of the economy and in terms of innovation in many respects to. So really interesting.

Kate:
Another one worth looking into. And then in the income side of things. So this is the they've got a 90/10 approach to their growth and income. You've got 7% in the global aggregate bond index fund hedged.

Owen:
Yep.

Kate:
So bigger.

Owen:
Which is a very popular bond strategy. So global aggregate bond index is probably, I could be wrong, but I think it's the number one bond index in the world. And we can see that this is hedged to. So this is seven.

Kate:
You mentioned that one.

Owen:
This is 7% of the portfolio. And this comes back to that point. If you're investing in, say if you're investing in bonds and your expected return is only one or 2% per year. If the currency moves one or 2%. Well, that's your return gone. And that's why in a lot of instances, global bond funds are hedged because advisors really can't recommend, Mr. And Mrs Smith go and buy this bond fund, get your 1% yield per year. The currency moved 1% today, oh there goes that yield. So that's why it's hedged so it controls for that the dollar movement.

Kate:
And it's worth looking up. If you look on the website, it'll tell you what countries the bonds are coming from.

Owen:
Yes.

Kate:
So I would presume it's predominantly U.S. but worth having a look.

Owen:
Yeah, that's it. You'd have a look around. There'd be bonds from all over the place, to be honest. There'd be government bonds, there'd be all different types of stuff in there.

Kate:
And then the final position, which is 3% of your fund. Vanguard Australian Fixed Interest index fund wholesale.

Owen:
Yeah. So again just getting exposure to Australian fixed interest. I haven't actually looked at this fund recently, but I would imagine that this one is actually maybe Commonwealth government bonds. So this would be things like lending to the Australian government, it sounds weird that you would lend to ScoMo and whoever else is in charge of the government. But the basics of it are that the government says, we'll have these bonds. Someone can buy them. And when you give them your money, they go and use that money for infrastructure. They go and use it to run the economy and you get a very small return because it's a low risk bet because the government's always going to pay its

Kate:
Yeah.

Owen:
Debts. And so just in.

Kate:
There's a lot going on in that.

Owen:
Yeah. So in summary we have 90% of the VDHG ETF, 90% of that is in growth. What Vanguard calls growth and 10% of it is in income.

Kate:
Yeah.

Owen:
So what this basically means is that 90% of your money is higher risk and 10% of it is lower risk.

Kate:
Yeah.

Owen:
So most people that have a Superfund would not have something this aggressive.

Kate:
No. Even the high growth funds in most Superfunds I've had a look at wouldn't be 90/10, they're more like 80/20 or 70/30 even.

Owen:
That's it. So we'll get to it at a minute. But basics of it is that the VDHG ETF would suit someone with an extremely high risk tolerance.

Kate:
Yep.

Owen:
And or an extremely long term time horizon, because the reality is that some of these growth investments, like the international Aussie shares funds inside the ETF could actually fall pretty quickly and they could stay lower for quite a while. We could experience a market crash. Now you contrast that with some of the other funds, which Vanguard offers they won't be as aggressive. So there'll be a balanced fund, there'll be a conservative fund. There will be just a growth fund. This is the high growth fund. So this is at the pointy end.

Kate:
And some of the other ETF issues are also doing similar diversified ETFs that are fund to fund. So you get there's, balanced and growth, and high growth ones. And I guess to note also this one, because we do say, have a look at when this fund started, it started near the end of 2017. So you can have a look at a couple of years of performance now, not a huge track record but then you can also have a look at the performance of the underlying funds.

Owen:
That's the thing. So the funds underneath or inside.

Kate:
Yeah. Those seven different wholesale funds.

Owen:
There's seven different funds you can actually go and look at them on the Vanguard website.

Kate:
And most of them would have a very long track record.

Owen:
Yeah, very long.

Kate:
Vanguard's been offering those for quite some time.

Owen:
And that's the benefit of this is that you get exposure to funds that have already been in the market. So Vanguard is well established in this regard and just for balance in the conversation, it is worth noting that Vanguard isn't the only ETF provider that offers this type of thing.

Kate:
Yeah.

Owen:
We've spoken about it before, but Betashares has a range of diversified ETFs as well.

Kate:
And I think most of the other providers will jump on that bandwagon because they have been very popular.

Owen:
I think it depends to, right? We got a bit off the track here, but it also depends if a financial advisor was to come across a client, they might say, yes you could use VDHG. But we can

make it for you, we can design it for you. And we'll get to that in a minute. But so, if you have an ETF provider like Vanguard's obviously going to do diversified, but some of the ETF providers probably don't feel that they need to because that's probably not their role. But it should be really easy for them to make one. So just to cover off some of the basics here, the fees for this fund, 0.27% per annum which is pretty low considering it's an out of the box.

Kate:
So you're going to give me an example on a $1000?

Owen:
On a thousand dollars, it's $2 70 there you go. So $2 70, which is very, very low obviously. Even at $27 it would be low in my opinion. But it's a very low fee for an out of the box solution. Another thing that we look at is basically how much money is invested in the ETF already. So $1,47 billion as of mid to late November. And the thing to keep in mind here is some people confuse this with how good the ETF is.

Kate:
Yeah.

Owen:
Just because a lot of people have invested in an ETF does not necessarily mean that it's a good investment for you. So just to clear up the jargon here, people will see when they look at an ETF or they look at a fund, they see FUM which stands for Funds Under Management. So Funds Under Management is basically just saying how much money is already inside it.

Kate:
Yeah.

Owen:
But this is an interesting point with this ETF Kate, which a lot of people put don't realise is that the funds inside the ETF have billions and billions of dollars in there. So this is when you see that number for VDHG, you're seeing what's in VDHG strategy. You're not seeing what's actually inside the ETFs underneath or the funds underneath, like for example VAS. Which is basically included in this ETF is the biggest ETF in Australia and that's inside VDHG.

Kate:
Yeah. And it's also open ended.

Owen:
Yeah.

Kate:
This ETF. So it can grow to however big.

Owen:
Yeah. Doesn't matter. It can grow as big.

Kate:
It could be 10 billion next year. Who knows?

Owen:
Yeah. And the reality is that that doesn't mean just because the ETF goes up again. That doesn't mean that your investment's going to go up. The reason your investment will go up is because all of the things inside the ETF go up, not because of the amount of money in there. And so if you own, VDHG you can expect to have a distribution. We talked about them before. It's like a dividend from an ETF you can expect to have them quarterly.

Kate:
Yes.

Owen:
Yep. And the good thing about this, which is really important to note, which is a subtlety that not many people pick up on. Is because the ETF, the VDHG ETF automatically rebalances for you. And it does it continuously, it actually minimises tax for you. So what that means is not for everyone individually, but as a group. What it means is that some ETFs that have only say 10 stocks inside them, they go up, they go down really quickly.

Owen:
And what happens is that triggers capital gains tax, which then needs to go to you as the investor. So you then have to put that on your tax return, but because VDHG rebalances and it rebalances small amounts often it doesn't always incur massive amounts of capital gain tax. Which is really good for people that want to compound over the long term. Because as we know, Kate, there's only two certainties in life, death and taxes, and taxes are the one that will slow down your compounding, probably more than death. So, because I say that and just because there was a study done, and I think it's a bit of an investing myth or urban myth. That one of the big investment firms in the U.S. found that the best performing clients that they had were those that were dead. So it's a bit of a tongue in cheek joke there. Okay. So we've covered basically all of the essentials, but how would you use VDHG?

Kate:
Yeah. So I think VDHG for a lot of people has been used as, we talk about that core satellite approach where 80% of your portfolio is those fundamental.

Owen:
Yeah.

Kate:

Australian U.S. companies, international, maybe a bit of small companies, and then maybe 20% of your portfolio is in that satellite approach where it could be, you could pick a couple of thematic ETFs, maybe you've got a particular view on.

Owen:
Lithium or.

Kate:
Lithium or gold or whatever you want to pick. Maybe that's where you put your cryptocurrencies, so whatever, you only use a small portion of your portfolio. And 80% of it stays in that core area. So I think VDHG is becoming very popular as that core of the portfolio, just because it is diversified. You don't have to go and spend, I guess one of the advantages is if you just want to reduce brokerage, you can just buy units in VDHG, and then you don't have to go and buy four or five different ETFs. It's all done for you.

Owen:
That's it.

Kate:
You don't have to buy these seven underlying ETFs. Well, in this case, wholesale funds.

Owen:
Yeah.

Kate:
But saving you on brokerage. I know Vanguard's personal investor platform has lower brokerage costs.

Owen:
Yeah. It's got an incentive for you to invest in Vanguard funds using Vanguard brokerage, basically.

Kate:
Yeah. And so it is a very convenient solution for that core of your portfolio. May I personally don't use it as the core of my portfolio, just because I think right now if you've only got a couple of grand I think VDHG seems like an ideal solution. But down the track, if I'm thinking 20, 30 years time I'm hoping I've got a more than a couple of grand, maybe a couple of 100 grand invested in ETFs.

Kate:
And so a bit more flexibility with tax with, if you'd need to sell some, if you are trying to draw an income from it, having a portfolio of ETS from different providers, different allocations, it gives you a few more levers to pull down the track when it comes to tax and how if you want to trim some of the positions, if you want to top up just specific. If you have a particular view, if you

think now's the time to top up in the Australian market, if you have VDHG, you don't really get a choice about that allocation. But if you design your own ETF portfolio you do. And so I'm thinking long term here. I don't really want to have to, if I had a $500,000 in VDHG in 20 years time, and I wanted to change my strategy to sell that would incur a massive capital gains tax.

Owen:
True. I would probably, so there's a few things here. My counterpoint to this would be that, you probably want to sell your investments anyway, regardless of which ETFs you go with. So let's say, so the common alternative to something like this is to use, say five ETFs. You might say the IVV-200 ETF and B-shares, which I've invested in the IVV ETF which invest in the S&P 500. You might have VAS, which is the Vanguard shares in there as well. Even though it's very similar to a 200, you might have an emerging market ETF, and you have a bond ETF in there. Now, if you did that, you would find that you are rebalancing regularly.

Owen:
Over the next five years, you'll probably rebalanced because the thing will go out of balance. The shares will grow quicker than the bonds. 10 years shares will grow quicker than the bonds so you rebalance. And so VDHD does that through for you through automatic rebalancing when you get to say 20 years or 30 years down the track, I think I agree with you that the risk here is that you've got too much in one. But I don't think necessarily it's about control, I think like about control or managing the portfolio. I think it's actually about the risk with investing in just one thing, which...

Kate:
That is another, I think significant risk that you have your whole portfolio invested in one Vanguard product, which is then invested in seven Vanguard, wholesale funds.

Owen:
Yeah.

Kate:
And you've got a lot of provider, we do think Vanguard's quite a reputable provider. It's pretty much the biggest in the world when it comes to ETFs. But I still think on the area of diversification, it is important to diversify your investment providers as well as everything else in your life.

Owen:
And that's it. So when we say you could use it in the core, and this is something that we advocate for, we say basically start with this in the core, and then you build on it.

Kate:
Yeah.

Owen:

Don't just let this be the one thing. So people think this is like the silver bullet to investing. And in some cases, if there was one, if you had to pick all the bullets, this would be the one that you think is the silver bullet that does it all, but it's still not perfect.

Kate:
Yeah.

Owen:
So there are things about it for example, you might find, and this is just a criticism that I see. You might find that when you get to 60 and you've got all this money and one ETF to Kate's point, 90% in shares is too much.

Kate:
Yeah.

Owen:
And 10% in bonds is too little. Now my counterpoint, I guess a counterpoint to that would be if you get to 60 and you've got that much money, you should be doing it right anyway. And you could probably invest some of it sell some of it invest it in bonds anyway. But I would say to your point at, start with this, then add things around it.

Kate:
Yeah.

Owen:
Add some, if you want more bonds or go for the more conservative option, if you want that add things like emerging markets or other types of bonds or hybrids or thematic ETFs, to your point, really anything. That's just in terms of ETFs, then why not add individual shares. Why not add a property that you own. Why not add managed funds, get some active fund managers in there. And I think most people are okay to start with this. I want to make sure people feel confident in that. It's okay to start with this and then build on it in time.

Kate:
Yeah, absolutely. And I think that's why it has become so popular. It is a great starting off point for investors. And I think just long term I wouldn't think it of it as a 100% of my portfolio forever.

Owen:
No. And that's that's the concern.

Kate:
But I know you use it as part of your core approach, but you also have other companies-

Owen:
That's it. Yeah.

Kate:
In ETS around that.

Owen:
And this is the thing I think its purpose is to help people invest who don't really like to invest actively. And that is okay. And for the majority of the population, this is a great way to get started. So I've said in the past, when I had family come to me and say what do I invest in? I would build a ETF portfolio for them and say, have some of this, this and this.

Kate:
Yeah.

Owen:
And then they're like, "this one's gone up, that one's gone down. What should I do now, right?" Whereas now I can say to them, just buy this and it'll automatically rebalance for you. You'll have one tax statement. And then we're talking small amounts of money, four grand, five grand, 10 grand, whatever.

Kate:
Yeah.

Owen:
If it was $500,000 and they were coming to me, then I don't think it's fit for purpose necessarily. I think then it's okay. We can have some in VDHD but we also want to look at managed funds. We want to look at these other providers, we start to spread the risk around a bit to.

Kate:
And also remembering it is a high risk strategy. So if you are very nervous about seeing your money fall 30%, because 90% of this fund is in high growth assets and even high having small companies and emerging markets and a lot of exposure to the international market that could be quite a rocky ride.

Owen:
Yeah.

Kate:
Or if there is a market crash and you could see your units fall in value by 20 or 30%. So you have to be prepared for that. It's not just because it's an ETF, it's not going to get rid of eliminate market volatility or anything like that.

Owen:
That's it. Yeah. So one of the things is that people think that ETFs because they're low cost, they're low risk, or because they have many investments inside of them, they're low risk. That's

not necessarily the case. Most people when they think about risk, unfortunately in my opinion, think of the random ups and downs. And so they see on the today's show, stock market wiped off 20 billion or whatever, some crazy headline. They see that and that invokes fear, panic and that is unfortunately their definition of risk. When you and I see the stock market falling down, we don't think, panic sell. We think, we should buy some more. And not in reality is not everyone thinks that way.

Kate:
Yeah.

Owen:
So when you go and buy this, just be prepared that it is going to go up. It is going to go down. Sometimes it will go down quicker than it goes up. But over the long term, 10 years, 20 years, these are the types of investments that you can put in that bottom draw. Hopefully forget about until you have to top it up, but not hopefully forget about until you try and sell it out of panic.

Kate:
Yeah. But it could be a simple one to use with a dollar cost average strategy.

Owen:
Dollar average strategy.

Kate:
Then every month you put a thousand dollars in, keep the brokerage down. There's some brokerages companies coming out with super low brokerage, I think stakes out with $3 Australian brokerage next year. So that might be an option as well.

Owen:
Yeah. There are plenty of ways to do it. And there are great brokers, there are other ETFs that you can add around the outside. So this would be the one that if I had a calendar reminder set every month on the first of every month, or I'd be like go into my brokerage account, buy it, whatever price it is. I'll pay that price and just do that again every month for the rest of your life. And I think if you did that, to be honest I think you would retire very wealthy. So yeah, that's what it does. That's VDHD in a nutshell. So I think we've covered basically everything there.

Kate:
Yes. So if you do want to learn more, I'd recommend going to Vanguard's website, reading the fact sheets, reading all the information, checking out the underlying funds, reading the product disclosure statement, which will have all the important details. Then we also have some information on our site, bestetfs.com.au about VDHD. And we also have a full writeup for our members on Rask ETFs as well.

Owen:

Yes. So if you're a member of Rask ETFs, you can go in and you can see what we've said about it. And you can see for those, many of our listeners are now members of our Rask ETF service, which is super cool and you can get ongoing updates and that sort of stuff. If we cover VDHD again and there's write ups as model portfolios and all that. And so it's a bit of a shameless plug, but basically have an option if you don't want to do anything. VDHD is one of those solutions

Kate:
Did you call it the super simple portfolio?

Owen:
Super easy, yeah.

Kate:
Super easy there we go.

Owen:
And then there's the other option for people that want to be more hands on and build that satellite as well. We've got options for that as well. So yeah. That's you can use it. There's a coupon code in the description for this episode. If you want to join us inside Rask ETF it's super cheap. It's only $49 for lifetime access. So really cheap to access research. One thing I should say finally on VDHD is that if you go and buy this ETF, you will need to put stuff on your tax return at the end of June 30th, the way you manage that is after the financial year end. So after June 30th, Vanguard will send you a letter that says how much tax as for you, is you have to pay and you have to put on your tax return. So you just have to wait for that in the mail to do your tax return.

Kate:
Yeah. Because they do pay distributions. And because they are rebalancing internally, you will incur some capital gains tax along the way, even if you don't personally make a sale.

Owen:
Yep. That's it. And there's, we've done videos on this in the past and you can head over to our education site and find out more about how you can do your tax for your ETF. But great stuff, Kate. That's VDHD.

Kate:
Oh, wow. In a nutshell.

Owen:
That's good fun. It's great fun. If you want to suggest any other ETFs or shares for us to cover in the future, you can jump into the Rask Australia Facebook group and we'll put up a poll and we'll see who wants what and who wants us to do a deep dive on which ETFs and shares. So jump in there say good day and we'll see you in the next episode. Kate, thanks for joining me.

Kate:
Thanks for listening everyone. Thanks for tuning in to this. So of the Australian Finance podcast, where our mission is to improve the financial futures of all Australians. If you'd like to learn more, create a free account at rask.com.au/account to download free episode workbooks bonus resources and take our amazing free personal finance courses.

Owen:
You can also join our online community by following the link in the description. If you enjoyed the show, what we'd love is for you to leave us a snap, your review on iTunes, and you can follow us on Twitter and Instagram @Rask Australia. Kate and I are also on both of those channels. Finally, if you have any feedback, suggestions for episodes or guests to come on the show, or you just have a question for us, shoot us an email at podcast@rask.com.au