5 Exchange Traded Fund ideas for beginners
Tom Sieber from Shares Magazine has offered up the following list of ETFs for 2017 to give you a head start on choosing what ETFs you’ll be investing in this year. With so many to choose from sometimes it helps to have the choices narrowed down.

See which ones suit your goals for investment, take some time to do your own research on them and get started on putting investing at the top of your to do list for 2017!

Tom Sieber is the deputy editor at Shares Magazine and has more than eight years’ experience working in investment journalism.

What is an Exchange Trade Fund (ETF)?

You might be happy picking your own investments such as shares in large brands, or you might want to get rid of the need to choose lots of individual investments and select an Exchange Traded Fund (ETF) instead.

ETFs are big collections of shares which are pooled together into one easy to manage basket. They can track a stock market index, such as the FTSE 100, and are an easy, inexpensive way to gain access to varied range of large brands in the UK or overseas in one ‘share’.

So buying a FTSE 100 ETF, for example, will give you exposure to the biggest 100 companies listed on the UK’s stock market with just one click, and helps to easily spread some of the risk whilst keeping costs low potentially giving you a better return.

There are different types of ETFs even amongst those that track the same index, so be sure to understand what those are before buying.
Exchange-traded funds are a great way of building a diversified portfolio from scratch. This product essentially enables you to do this in a single trade.

It tracks the MSCI World index which includes all the largest companies trading on stock exchanges in developed markets. Nearly 60% of the fund is made up of US firms and financials account for 19% of the holdings.

The debt issued by companies is somewhat higher risk than government bonds but typically offers a better return and still probably has a place in a diversified portfolio.

This product is the largest and easiest to buy and sell of the available sterling-denominated ETFs. It has a total expense ratio of 0.2% and includes bonds issued by UK bank Barclays and US telecoms giant AT&T.

Global population growth continues to put pressure on a finite global store of metals, oil and arable land.

In its most pessimistic estimate the UN forecasts the planet's population will hit more than 10 billion by 2050 more than a 40% increase against today's seven billion number. Individual commodities can be volatile but investors looking to include some exposure in their portfolio could consider this broad-based exchange-traded fund.

For a total expense ratio of 0.2% this product provides exposure to UK Gilts or Government bonds.

If you are looking for a lower risk option than shares but still want to beat the returns from cash on deposit Gilt exposure could make sense. The UK has not defaulted on its debts for hundreds of years.
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