



The Australian Finance Podcast Episode Transcript

Episode: Share Trading Accounts: Stake, CommSec, Pearler & Superhero

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Episode transcript:

Owen:

Okay, hypothetical question, who would win in a fight out of a zebra and a unicorn?

Kate:

Obviously unicorn. They are far superior, Owen.

Owen:

Why is that?

Kate:

Um, the horn.

Owen:

The horn?

Kate:

And they're also a mythical creature. So if they did exist, they would be superior.

Owen:

Right. Okay. Interesting. Interesting. I can see how you broke that down. All right. So we're not talking about unicorns and zebras today. We're talking about brokerage accounts and we're talking about the different types of brokerage accounts that are available in Australia. Last week, we did a primer on how to pick and choose a brokerage account. We talked about the chess holdings, the HINs, how do compare brokerages from a security and user experience perspective and the different features and setting them up.

Owen:

This week, we're actually talking about individual brokerage accounts, and I'm also going to do a little thing where I share my screen, just two of the brokers. But we've got about five or six brokers, the most popular brokers, as far as we can tell. Not necessarily by how many people use them, but what's pretty much been searched most. And who's using them and the younger demographic.

Kate:

And who's talking about them in our Facebook community. There's been a lot of questions recently. So I think I've included most of the names that have been brought up in today's episode.

Owen:

Yeah. And what we should say straight from here, we're going to talk about brokerage accounts. We're going to talk about fees. We're going to talk about charges. We're going to talk about all that stuff, but you've got to read the financial services guide FSG or PDS, which is product disclosure statement. But any of these things, putting your money in a brokerage account, actually, it's pretty serious. We've got really good brokers here in Australia, but as we talked about last week, there are different models in terms of what you own and what you don't own. We've tried to identify some of the big, more important brokerage accounts, particularly for newer investors, but keep in mind that you should read those documents and we're not necessarily advocating for one or the other. We don't actually receive a fee or any type of incentive for talking about this, which is probably in contrast to almost every other person that provides some type of opinion on brokerage accounts. So we're just doing it [crosstalk 00:02:09].

Kate:

We do not have a single affiliate link for any brokers. I know that's a very popular thing at the moment, but no, no affiliate links. If you want to go, just Google them or find someone else's link, if you want a free trade or whatever those things running around are.

Owen:

I think there's some things too, where if you jump into the Rask Facebook group, someone in that group will be a user of one of these accounts. So they would probably have a refer a friend deal. So jump in there and use that. And then you get some free trades and they probably get some free trades or something. So yeah, spread the love. Okay. Let's dive into it, Kate. We're going to try and-

Kate:

Owen, before we dive in, I think we really need to mention that we're recording this on the 15th of September, 2021. And if you listen to this episode at any point after that, I would highly recommend checking all these fees and details we mention, because as we'll talk about today, this space is changing really rapidly. Even there's been some new developments this week. So definitely check everything that we mention, and go straight to the broker's website and check those fees, features out all for yourself, because it is a rapidly changing and evolving in a very competitive market at the moment.

Owen:

Yeah, it is. And the thing is, many of the features that we're talking about here which some of these brokers might not have, they're probably going to have very soon. So just keep that in mind too. Okay. Kate, let's let's get into it. So let's start probably at the top with the brokerage account that seems to be getting the most interest, at least in the back half of 2021, which is a brokerage account called Stake. Tell us a little bit about Stake.

Kate:

Yeah. So we've talked about Stake before, because it has been around for about four years now, offering brokerage free US trading to Australians, and it really provided a much more accessible way for Australians to invest in US companies, and they didn't have to go through a very slow process through one of the major Australian brokers. They had an amazing app. It was free to create.

Kate:

But this week they've been in the news because they've announced, they're going to launch ASX trading. So you'll be able to buy and sell Australian companies on their app. It might be a slightly different account, but they're going to do it for \$3 brokerage, and you're going to have your own holder identification number that if you listen to our first part of the episode, we do talk a little bit about the benefits of having a holder identification number versus being in a custodial model. And so \$3 brokerage for ASX trading with a holder identification number, although it will probably take many months to roll it out because I did see, they have quite a few people on their waiting list so far, but that would be a real game changer in the Australian industry, wouldn't it, Owen?

Owen:

Yeah. For \$3. So for those of you who didn't watch last week's or listened to last week's podcast, the holder identification number, HIN, actually why that's a big deal, it's basically for security and transparency of your holdings. And the reality is in Australia, the ASX controls basically all of the market and they charge a fee basically for this. And so the brokerage account, like Stake in this case or any of the brokers that we're about to talk about, have to pay that fee to the ASX. And so to go to \$3 is basically I thought that was below the cost what they have to pay the ASX. So I thought that was like them losing money. In the AFR article, they

actually said that it's not them losing money, it's actually them maybe being able to break even. And maybe because they're so big now, that they have the scale.

Owen:

Just interestingly on your point there about them being still few months away, I think they do have this in the testing environment where staff have already started trading. This is from what I read in the AFR article, they've said that they're probably not going to do free brokerage like they do for US, because of that thing with the ASX, whereas in the US they can afford to do it for free, but making money when you change currencies from Australian dollars to US dollars and back. So, yeah. So Stake gets a pretty good rap for things like free trading in the US even though you pay that fee in brokerage, pay in FX, gets high praise for user experience, and I believe it's fractional shares as well, right?

Kate:

Yeah. So instead of paying, I don't know if it's hundreds or thousands of dollars to buy some of those massive US companies, you can just buy \$5 worth and you get a fraction of one share. So that is one way that you can start investing with a really small amount of money and dip your toe in the water, that it's a lot harder to do in a similar way in Australia. There are some platforms that will mention that you can maybe invest smaller amounts, but fractional investing still doesn't really exist in Australia in that same way, does it?

Owen:

No, it doesn't. So, yeah, that's what they're called. They're not the only platform that does it, but it's a cool feature. And like you said, if you want to buy Berkshire Hathaway A shares, which is Warren Buffett's company, I think they're well over 200,000, maybe even 300,000 US dollars now. So you could probably do that by buying a small slice of those. But there are B shares too, which are still a few hundred dollars, but yeah. Great. So with Stake, you can trade the New York Stock Exchange, NASDAQ and soon the ASX.

Owen:

Now the next one we should probably mention, which is the biggest broker in Australia by a long shot, is CommSec. So this is the division of Commonwealth Bank of Australia that's independent of the Commonwealth Bank Australia, but a division. So, CommSec's been around for a very long time. They pioneered basically online trading here in Australia. As you said, very established platform, seems to be very reliable compared to most of the brokers. I know you had some comments around this in terms of, all the brokers sound great until things start to go like a bit prickly, maybe say like during 2020, when we had the COVID crash, things for these new brokers might get tested, right? Like the systems.

Kate:

Yeah. And I think that is one advantage to the larger platforms. I know most of our community are interested in the really new players to the market, but it can be advantageous just to have one of these larger brokers as a backup. Because when the systems really get tested in a market crash, CommSec have probably thousands of engineers, if not more than that, in their

backend, that can work on this. They've got a lot of redundancies. They pay the top tier packages from the ASX for data. There's a lot of resources and flexibility in CommSec that the smaller players aren't able to offer at their scale. And so for more advanced investors, CommSec does have a lot. You can do a lot more with it. One of our listeners in our community did mention that we didn't note the point about stop-loss orders and things like that. I don't know if you wanted to elaborate, Owen.

Owen:

Yes. Cool. So what I might try and do, I don't know if I can do this. I hope I can. I'm just going to share my screen. So for those of you that are watching on the YouTube channel, can you see this, Kate?

Kate:

Yes, I can.

Owen:

Yeah. Okay. So here we have a CommSec screen. I'm actually in the account here, but I won't spend too long on this because if I go too far, then there might be things that you see that are privy information. But for those of you that are in your brokerage accounts, you can just use the search function here. You come up with the company that you would be looking to buy. Do you want to give me a company, Kate?

Kate:

Telstra.

Owen:

Telstra.

Kate:

I don't know why I think of the most boring company on the spot, but anyway. I don't own Telstra by the way.

Owen:

Me neither. So you can see Telstra here. You've got all the information. You can see the latest price up the top here. You can go to the announcements tab to find all of the annual reports and what have you. You can go to charts.

Kate:

That is one thing. Even just having a CommSec account for [inaudible 00:10:06] because you don't have to pay a fee, account keeping fee for CommSec, just their main one. And it's quite a good tool to use, to check out announcements, price charts, information about what directors are doing, dividends. You can even see information on financials and trade history and all of that. So there's a lot. It's a very data rich platform. And just even having an account there, if you

are more interested in individual securities, it can be a good thing to have in the back of your pocket.

Owen:

Yeah, for sure. So here we can see we've got buyers and sellers. So this is basically the marketplace, which we talked about last week. So these are the list of people that are going to sell, are wanting to buy it. And these are the number of people that are buying at that price. And this is how many shares these 49 people want. They want 620,000 Telstra shares. They get matched by sellers.

Kate:

It keeps updating throughout the trading day as well, because market's open right now. Yeah.

Owen:

Yeah. 10:42 AM we're recording this. So yeah. And so you can see where the trades are coming from, the sales that have already happened. And so yeah, you can see all that here in CommSec. It's a pretty established platform. It's pretty, I would say unworldly at times. There's a lot going on and you just need to get used to it. But that's the same with all brokerage accounts.

Kate:

Yeah. It might be a lot for a beginner and it could possibly be, if you're opening a brokerage account to see how it all works. Maybe starting with one of the newer brokers is a more simple platform because they don't have as many add-ons and options and it's not as data rich. But then yeah, even just as a learning activity, opening a CommSec, or nabtrade's another really big platform owned by the National Australia Bank, are good platforms to just get used to all of the different things that you can see in terms of data points and information and what companies report.

Owen:

Yeah. If you click this button here, it's just very simple for those of you that are new to brokerage accounts. You can click buy here. This is not one click ordering with Amazon. If you click buy there, it goes to an order page. And if you click sell, you would have to then go to the order page and you'd have to actually own the shares before you can sell it. But if you did do that, this is what it would look like. I just jumped over to the Rask Education site here and we can see the typical order page. So just quickly, some of the things you confirm that you're using the right account, if you're buying or selling, the ticket code, which is that three letter thing, or the four letter thing, depending on what you're buying, you'd put it in there.

Owen:

The quantity of shares, don't be confused. This section, these next four things are the four things that people get confused with. Listening to this podcast, I will explain it to you. So when people put in the quantity of shares, this is the number of shares, individual units or the value is [inaudible 00:12:55] the complete order size. So if you wanted to spend \$1,000, that's what you put in value. Some people get confused with the value and the next one, which is price limit,

which is the maximum price you're willing to pay for an individual share. So just to be clear, don't put in 5,000 into price limit, because that means that you're paying 5,000 per individual share. I hope that triggers some of the safeguards inside CommSec, but you never know. And then this thing here, I've just got, at market.

Owen:

My people don't know the difference between limit orders and at market. The limit order basically says it cannot go above or below that. That is the price of my order. The market limit is basically you're giving a little bit of free rein to CommSec to say, "I don't really care if it's a few cents either side of this or whatever. This is kind of the price." Depending on what you're buying. You might use different orders. I tend to use market orders if it's a really big established company where there's lots of trading, but if it's a small company, I want to protect myself a bit. So I go with a limit order. You can set the expiration just for today or not. And when you click proceed, there, I believe you go to review page. You'll notice that the brokerage fees in this case, this hypothetical order was from CommSec for \$3,000, the \$19.95 brokerage fee is automatically taken out when you click submit order and whatever.

Owen:

And then even once you click submit, just finally, it doesn't mean that you'll get the shares necessarily straight away. You have to wait for a confirmation to arrive through the broker and you'll typically receive an email or some sort of notification. So that, Kate, is CommSec. Like you said, large, established. They say that they provide access to 25 leading global share markets. I will however, add one thing here. I don't believe all those markets are created equal in terms of what you're actually buying. Just make sure that what you're actually buying is the share. I don't know if you are every time. And by the way, this is only the ASX version, the Australian shares version of CommSec. There is the other side, which is the international side. If you've used that before, you know it is totally different to this experience, very ugly, very, very, ugly.

Kate:

I'll put a link in the show notes, but there's different fees, because CommSec's so big and you can do more than just buy shares and ETFs. There's things like options. And the international platforms, there's different fees for every single product. And some like the brokerage for CommSec is \$10 if you're trading up to a thousand dollars. And then as you saw before with Owen's image, it was 19.95 between a thousand and 10,000. Then if you get to a certain point, a percentage of your order, is your brokerage fees. So if you're using a big platform, definitely have a good read of the price and the fee guide, so you understand what you're paying for the product.

Owen:

Yeah. And I think this goes without saying, making sure you know, before you click the sign up for something. A very small example is when you sign up for a CommSec account and any brokerage account, you typically need a linked bank account where the money is transferred in and out and held until you buy your shares and whatever. CommSec entices you with their own bank account, and they give you an incentive. I think it's slightly lower brokerage or something

like that. And that's a bank account that CommBank, so then you get the extra bank account, and then they want you to bank with them and all that sort of stuff. So keep that in mind too, if there's anything that you don't understand, you should probably understand it before you sign up.

Owen:

Okay. So we're going to go from one of the most established ones, Kate, to one of the newest, maybe even the newest. Can you tell us more about this broker?

Kate:

Yeah, so Pearler and this has been one very popular in our Facebook community, a very new player to the Australian market. Probably still I'd classify it in a startup mode. And it's more about serving longterm ETF investors. So they're introducing features like automated investing, where you can set your free ETF portfolio and triggers, so every thousand dollars it gets invested in the next ETF. And I believe they're \$9.50 Australian flat rate per trade. I think we've mentioned in a recent episode, but there are some incentives for buying ETFs if you're going to hold them for over 12 months, from particular ETF providers.

Owen:

Yeah. And so it basically goes to Pearler's philosophy. I've had a chat with them in recent weeks and it basically goes to their philosophy of long-term wealth accumulation. This is not necessarily a traders' platform. I think you find a lot more traders on things like Superhero, which we'll talk about in a minute and maybe even Stake, because of the low brokerage fee, it creates no friction. Whereas these other platforms like Pearler, maybe even SelfWealth, CommSec are more, in my view, designed for long-term investing because there's no way to avoid the minimum fee. To be honest, we spoke about this last week, but there's more to it than just fees. And so if you're a long-term investor and you're investing two or \$3,000 a shot, you don't really care if it's three, five or \$9. You probably care about all the other stuff, like user experience. How secure is it? Is it going to be reliable when the markets crash? Those types of things. But anyway, Pearler, \$9.50 per trade, soon adding US trading. I don't know exactly the fee structure here, Kate. I should have checked.

Kate:

Yeah. Yeah. I think it's still coming soon, but just be careful because a lot of these websites, if they offer US trading, they'll tell you the brokerage fee in US dollars. So it might say \$6 US and you think, oh, that's a lot cheaper to trade that US share than Australian. But then you've got to factor in that currency conversion of US dollars to Australian and oh, it actually might be the same or more expensive in terms of brokerage. So that's always a tricky one. And sometimes they mention the foreign exchange cost in US dollars as well. And so that's another tricky one because it definitely warps your comparison if you're not looking at the currency it's in.

Owen:

Yeah. I'm just on the Pearler website and it looks like it's \$6.50 per trade for US shares, but that's in AU dollars, so Australian dollars, but there is also an FX rate. I think that's for AUD to

USD transfers. So, a lot of the things that you see with the global brokers, so the brokers that are loaded by US shares like Nike or Amazon or whatever, they also put the ticket on the spread from the FX, so transferring money back and forth. That's how Stake does it. That's how Stake makes its big dollars on the FX, the spread. So you can compare it not only for brokerage fees, but also if you're trading US shares or buying US shares, you can compare it for that spread as well to determine, am I giving them more if they've got a wider spread? So you want lower FX rates, basically, tighter spread, to make it more, I guess, beneficial for you.

Owen:

Yeah, so Pearler, in speaking with them, I know that they're trying to turn it into a wealth platform. You've got a community aspect there too, where you can follow other people and see what they're doing. They've taken a different approach probably because they don't have the marketing budget of Superhero or Stake. So they've gone with more like an influencer strategy and working with people in the industry that they admire, which is a bit different to CommSec which doesn't need to, for example.

Owen:

Okay. Next one. You can do the intro for this one.

Kate:

Yeah. So SelfWealth is another Australian company. It's been around for quite a bit longer than Pearler, and it is actually listed on the stock exchange as well. So, not only can you use the platform as your brokerage platform, but you can invest in it. And that's, I guess the same with CommSec, because you can invest in CBA. But yeah, that's another platform that offers flat fee trades of \$9.50 Australian. And I think Owen's getting it up on the screen here, but it also provides investors their own holder identification number. You have lots of various features. I believe there's a premium service you can subscribe to as well. I think you can get better data and things like that. As we mentioned last week, companies have to pay for different data packages from the ASX. And it also announced last year that it launched US trading as well, which is \$9.50 US dollars per trade. And there's also an FX fee of 0.6%.

Owen:

Well done, Kate. You said it best. Like CommSec, and like the others, think of it like two accounts in one. So when you buy Australian shares, that's your ASX brokerage. You buy Australian shares, so like Telstra. That's an example. If you want to buy Apple, which I'm showing on the screen here, you need to fill in a separate thing. That's typically once you've already got the ASX one, you get the US one. And so you can see here that this is just a dummy account that I've got. To activate US trading, you must first apply, which is right here. And so that can add a few extra days, depending on who you're dealing with, and depending on the platform as well. Yeah. Many people would probably know that actually I've been doing some stuff with them. What I do, I host their lives each week. So for 60 minutes each week I go live with them, as a little project that we've been working on.

Owen:

But yeah, it's an interesting platform because again, like Pearler, it brings in the community aspect, community feel in terms of, you can see what other people are buying and whatnot. My partner, she went and bought her first share the other week. And there was a question at the end that said, "Why are you buying this share?" And naturally, because she's my partner, she ticked the option, which said, "Got a good tip/taking a chance." So that was my influence on her. A good tipster, she reckons. So yeah. So, SelfWealth, like you said, listed on the stock exchange. You can actually see what it's working on by going and reading it's annual reports, SelfWealth, SWF and yeah, it's a really interesting platform, again. Probably one designed for long-term investors and people that want to have all of their accounts in one. Whereas with CommSec you've got to go into a separate vortex to find out how to trade US shares. With SelfWealth, you can just easily jump between [crosstalk 00:23:55].

Kate:

Yeah. And they have a much simpler pricing model as well for a more established platform.

Owen:

Yeah. And I think that's why, Kate, a lot of investors that have a few hundred thousand dollars and are trading bigger amounts, choose SelfWealth. Because for us, if we're buying two, \$3,000, \$4,000 worth of shares, let's say, the \$10 versus \$20 with CommSec, why wouldn't you just take the \$10 option, right? It's probably still not that bad, but if you're trading \$50,000 because you've got more money, the difference between \$9.50 and whatever that basis point was, 0.1 something percent of the trade, if you think about that, it's actually a big, big difference. So these fixed fee platforms actually tend to work better for people that have bigger budgets. Cool. Okay. This is almost in alphabetical order, Kate. Someone put this in alphabetical. Oh my gosh.

Owen:

Okay. So the next one, which is the one in 2020, probably got the most attention. And still until recently you'd see the ads everywhere. They're on trams, buses. When you're binge watching TV, they're on the ads there. They're online, Facebook, they're everywhere. What's the brokerage?

Kate:

Yeah. Superhero. And this is quite an interesting one because it was in part, founded by a guy who was part of the team at Booktopia.

Owen:

Which you're a fan of.

Kate:

Yeah, even though I don't use it that often since I'm Amazon Prime subscribed. But yeah, you hooked me on Amazon Prime. It's your fault. It's addiction. Anyway. But so they've come at it from really a tech focus. And I guess I would say it's a little similar, like what Up Money have been doing, bringing in a team of tech-focused people and really changing the game and

Superhero, little bit different because they're not a holder identification number model, they're a custodial model. So that allows them to really cut the cost of brokerage. And I'd say their app's probably a little bit more focused on getting new investors in and getting you trading on a more regular basis. And so \$0 brokerage for US shares, you only need \$50 US. That's a bit confusing. It says a 50 USD. But anyway-

Owen:

What does that mean? Join free and start investing with just a dollar sign 50 USD.

Kate:

Yeah. That would indicate Australian and US dollars.

Owen:

Interesting. But anyway-

Kate:

But \$5 brokerage for Aussie shares, which I guess is going to be an interesting comparison now that Stake's announced their \$3 ASX brokerage with a HIN, but then also a \$0 brokerage when you buy by ETF. So I mean, if you're interested in trading ETFs, then Superhero might be an option there.

Owen:

Yeah. And so, yeah, Superhero is a relatively new player, but like Stake, they've got some pretty powerful backers that are giving them money to go and market their product and their platform and whatever. And again, like Stake, it's one that's like the user experience first, because it's engineers, like you said, with Up Money, which we all know about Up Money, they're they made it so it's designed for the 21st century, right? So on the go, everything looks pretty slick here, and yeah, what they describe as a seamless platform.

Kate:

Yeah. And you only need a hundred dollars AUD to get started. I don't believe it's fractional Australian shares, but if there's a company that the share price is \$50, that means you could get started just buying two shares rather than CommSec and a lot of other platforms which have a \$500 minimum.

Owen:

I wonder if that's because of the holder identification number, because Superhero doesn't provide that, I wonder if they can do that, where it's smaller trade sizes, because of the [inaudible 00:28:20] brokerage fee.

Kate:

Because they can split the brokerage fee across everybody on that day. So it's like a hundred investors are buying Afterpay shares, they can split that brokerage across everyone on their holder identification number, which allows them to have \$5 brokerage on ASX shares, \$0

brokerage on ETFs, because I guess they're assuming a lot of people are buying ETFs on any particular day.

Owen:

Yeah. Yeah. So this is Superhero. Interesting. You know if you're on it because it's blue and that's how you know. And it's a slightly different model as we said, to the others, but it's still been really popular. Like you said, maybe it is more for one that's interested in trading things rather than say on the other ones, which have that slightly higher fee and require larger parcels, over \$500. Maybe, if you're focusing on small balances and trading, maybe Superhero is the one for you. But one thing we should make very, very clear here, is that you don't have to have one platform. We got that question last week. You can have multiple platforms that you do different things with. So keep that in mind.

Kate:

And I don't know about you Owen, but I quite strategically use a few different brokerage platforms to suit different purposes because some are really good at international trading and some might not have the best deal available for ASX trading or whatever it is. But Superhero, I mean, just based off the \$0 brokerage for US shares and a lower FX fee, it sounds like quite a strong competitor to Stake in terms of US trading. But it'll be interesting to see how they respond to Stake's announcement about \$3 brokerage with holder identification numbers for ASX trading.

Owen:

Yeah. And this is the thing, is it a race to the bottom with fees in Australia? Who knows? I guess we'll find out.

Owen:

There's one more brokerage account we want to talk about, which is one that's like a sleeping giant and I think it's not as popular with younger people, but it's definitely growing in popularity with people with a bit more money and that's the Vanguard Personal Investor platform. So Kate, you're going to fill us in on that just quickly while I get it up.

Kate:

Yeah. So if anyone of our listeners has looked into ETFs, you've probably come across Vanguard, which is probably the world's largest ETF provider, but they also have a lot of managed funds that are wholesale that you can invest in and get units. So it's not through the stock exchange. You can invest in it differently. And a lot of your super funds will invest in wholesale dollars into Vanguard as well. But was it last year or the year before? I don't know.

Owen:

I think it was the year before, maybe late the year before. I don't know for sure.

Kate:

They announced a personal investor platform to give people a way, all in one spot, to invest in Vanguard managed funds, Vanguard ETFs, but also Australian shares as well, all within one account. So incentivizing you with their fees to invest in Vanguard managed funds, but it does give you the flexibility to do other things as well.

Owen:

Yeah. You would want to just spend some time getting to know the platform because it's relatively new. They've been through a change recently, just in terms of how they price things. So you want to be up to date with the latest fees. So here we go, we can see the Vanguard personal investor account. It says \$9 flat brokerage on ETFs and ASX direct shares. So if you buy the Vanguard funds, there's no fee associated with that because you wouldn't typically pay brokerage fee in it.

Kate:

Yeah. And that's Vanguard managed fund. You still have to pay the brokerage, but Vanguard ETFs.

Owen:

Yeah. So Vanguard exchange traded funds, ETFs, and ASX direct shares per trade at the time of buy and sell. So you still pay that brokerage fee, but there is another thing on the other side here. So that's the brokerage traditional model, \$9 for anything that's not a Vanguard fund. But then on the other side, we have an account fee. So there's no account fee on Vanguard products. Asterisk, in this sub-heading, it says, "No account fee on holdings in Vanguard managed funds, in Vanguard exchange traded funds or any money in your Vanguard cash account. Double asterisk. So, but there is an indirect cash management fee of up to 50 basis points or 0.5%. And this applies to the amount held in the Vanguard cash account.

Owen:

Okay. I don't know how deep you want to go, but maybe we'll stop there and just say, "Go read the asterisk."

Kate:

You have to pay fees to keep your money in the cash account.

Owen:

Yeah. Which is a little bit bizarre from what I can tell. I don't know the full details, but I'm just saying that sounds a little bit bizarre. And then there's 0.1% per annum account fee on ASX direct shares. So if you do decide to trade this direct shares through Vanguard, you're going to pay a little bit. This is calculated daily and deducted quarterly in arrears. Interesting how it's deducted quarterly. You can just pull your money out the day before and I don't know.

Kate:

They catch you on the way out, Owen.

Owen:

Yeah, true. So we know Vanguard's been one of the three biggest fund managers in the world and the innovator, not necessarily of ETFs or that's how they're known, but also index funds. They say their OGs index funds.

Owen:

So there you have it folks. We've gone through Stake, who recently announced, they're going to bring ASX to their US trading functionality, that's to be seen, because it hasn't been launched to the public yet.

Owen:

We've got CommSec, which is the biggest, which has a sliding fee scale. And it's very established, as Kate said, it allows you to trade multiple markets, although if you do go outside the ASX, Australian shares, you will go into a different user interface.

Owen:

Pearler, which is probably from the eldest to the newest in Pearler. It's focused on the [inaudible 00:34:46] community and automating investing, wants to be a platform for wealth overall. \$9.50 per AUD, US trades coming soon with a slightly different fee structure.

Owen:

SelfWealth, which, like Pearler, has the community feel, \$9.50 per ASX trade, \$9.50 US dollars per US trade and an FX spread of 60 basis points or 0.6%. You can trade the ASX, New York Stock Exchange and NASDAQ, so ASX for Australian shares, and US shares.

Owen:

Next up was Superhero, which is the blue one that I showed on the screen if you were watching. Uses a different model because it doesn't have the holder identification structure, that number, HIN structure on Australian shares. But it does allow you to do things like purchase US shares with a small balance and also allows you to access pretty competitive brokerage rates. And the user experience is really good. So ASX for Australian shares, and global shares, US shares as well.

Owen:

Finally, we went through the Vanguard Personal Investor platform, which is a different thing altogether, because it's bringing together managed funds and brokerage accounts, which have different fee structures. And there's an account fee. There were a few asterisks, which we had to keep digging on, to find out what was actually going on.

Owen:

But I guess in summary, a lot of people will be asking, Kate, which one's the best one? And personally, I think the answer is, it depends. It depends on what you want. And remember, you can have multiple accounts. If we're talking about investors, it probably makes sense to go with a flat fee, holder identification number. So, personally it might be something like, I don't know,

when Stake brings out their one, then Pearler, SelfWealth. Maybe even Vanguard, if you want to invest in index funds, if that's your core strategy. But if you want a more trader focus, you might go Stake or Superhero. And so it really just depends.

Owen:

I've only currently got one brokerage account. But I'm thinking of changing it up in the near future. In fact, I will be changing up. I got a referral link today, so I won't say which account it's for, I'll keep that privy. But I got a referral link today from someone to join a brokerage account. And I think I'm going to give it a crack. And I'm probably going to use that just for my ETFs. So a bit different, I'm going to have ETFs in one spot and then shares somewhere else, which I think is what you do as well. You break it up.

Kate:

Yeah. Yeah. I just mean for my own personal psychology, there's one brokerage account where I'd have my shares in which maybe I'd keep that one on my phone. But then, if I'm thinking ETF portfolio, 10, 20 year plus, I'm investing for a really long time, so I don't want to be looking at that every day. So that's something I definitely wouldn't be keeping on my phone. And for me, I like splitting that up just for that psychological aspect. I like to be able to mentally distinguish between different investment goals and targets. So, I mean, it does add a bit of administrative burden to your life and a bit of extra paperwork for your accounts and to deal with. But yeah, I think if you are a long-term investor, it can be beneficial to have more than one brokerage account if that suits your needs as well, because the fees are different and every platform suits different things.

Owen:

Yeah, it does indeed. So we've talked a lot about the brokerage accounts. Just in summary here, though, it's really important that you don't just go and buy one and start chucking money in it willy nilly. Take out courses. The ETF investing course, super popular course on Rask Education and our beginners shares course, both totally free. And they take you up to the point of knowing what share investing is all about. And it's basically your guidebook before you start putting money into these things.

Owen:

So you can open many of these accounts at no cost and just have a look around. If you do want any more strategies or help getting some feedback on things, jump into Rask Facebook community, again, totally free. Just jump in there and say, g'day to everyone say, "I'm new to this. Where should I be looking to invest?" Or whatever you want to ask. We're not about giving recommendations to people, and our community definitely doesn't do that, but we just support people to make good decisions. And also, hopefully in time, Kate, once we get a little bit bigger, put a bit of pressure on some of these platforms to give us better products and lower the fees and do all that sort of stuff. So yeah, I think that was a bit of fun, a little bit of fun sharing our screen and going through some brokerage accounts.

Kate:

Yeah. And there's still other platforms out there that we haven't mentioned in today's episode. So, I mean, I think when I last looked, there's at least a hundred different brokerage platforms. Some are more of the old school style where you might call up a broker and talk to them on the phone and then there's fees again. But just be aware there are other platforms out there, not just limited to today's list. So make sure you have a good look and find a platform for you.

Owen:

For sure. Kate, as always, thanks for joining me on this wonderful episode of the Australian Finance Podcast.

Kate:

Great to chat about brokerage accounts, Owen.