

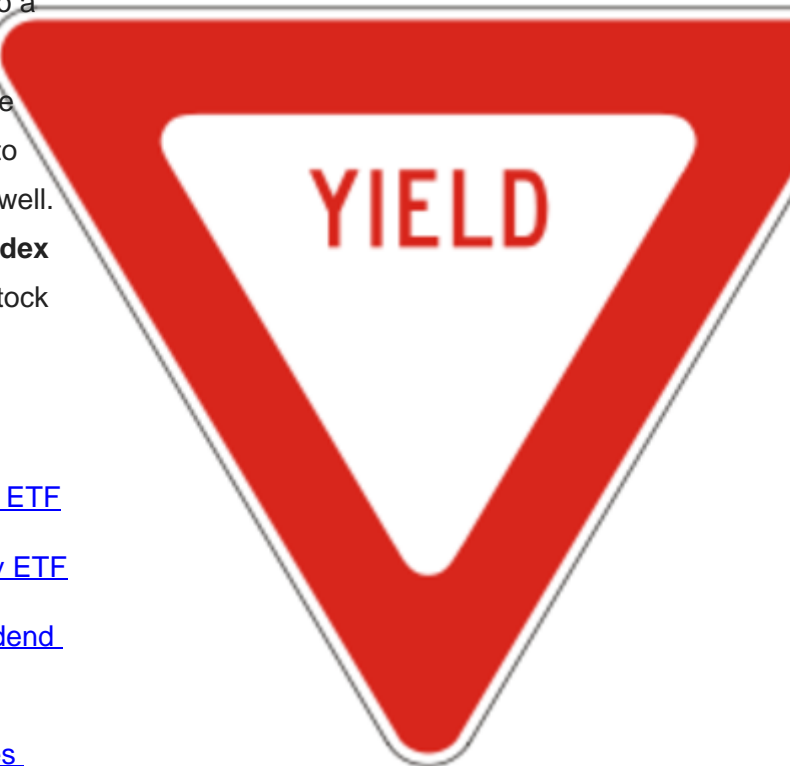
[Which Is The Best High Yield ETF?](#)

By [Roger Keays](#), 12 April 2014

I'm planning to move some of my money into a **high dividend yield** index fund for a few of reasons. Firstly I like dividends, secondly I like franking credits, and thirdly dividends seem to predict company health (and growth) pretty well. So here is the research I've done into the **index funds** / ETFs I've found on the Australian Stock Exchange.

The four **ETFs** I looked at are:

- [Vanguard High Yield Australian Shares ETF](#)
- [iShares S&P/ASX Dividend Opportunity ETF](#)
- [SPDR MSCI Australia Select High Dividend Yield Fund](#)
- [Russell High Dividend Australian Shares ETF](#)



The table belows show how they compare in terms of what index they track, how the securities in the index are selected and balanced, the management fees and the performance. I'm mostly interested in how the securities are selected.

	Vanguard	iShares	SPDR	Russell
ASX Code	VHY	IHD	SYI	RDV
Indexer	FTSE ASFA	S&P/ASX	MSCI	Russell
Securities from	FTSE200	ASX300	MSCI IMI	Custom (incl REITs)
Criteria	Forecast yield	Past yield	Past yield	Forecast yield
# of holdings	58	53	42	50
Weighting method	Market cap	Equal*	Market cap	
Max weight (company)	10%	4%	10%	varies
Max weight (sector)	40%	20%	40%	varies
Top 10 weight	72%	41%	64%	54%
Rebalance frequency	Quarterly	Semiannually	Semiannually	Semiannually
Management cost	0.25%	0.30%	0.35%	0.46%

Distribution frequency	Quarterly	Quarterly	Quarterly	Quarterly
Franking level	87.2%	87.8%	87.4%	
1yr return to 31 Mar 14	13.09%	6.28%	8.6%	11.54%

* iShares fund is weighted to maximise yield withing the weighting restrictions. The net effect is fairly even distribution of securities in each sector.

So far, I'm leaning towards the **Vanguard** product. I think I prefer to have a slightlytop-heavy fund than own 4% of everything like the iShares fund. Apart from that, I'm already invested in Vanguard and like their products.

About Roger Keays



Roger Keays is an artist, an engineer, and a student of life. He has no fixed addressand has leftfootprints on 40-something different countries around the world.

Roger is addicted to surfing. His other interests are music, psychology, languages, the proper use of semicolons, and finding good food.