VanEck ViewPoint™

Wash, Rinse, Repeat

January 2024

VanEck®

Access the opportunities.

2023 was a year of multiplicity. We've seemingly experienced central banks swinging, depending on your interpretation, back and forth between tightening to loosening all year. The peaks and depths of the US 10-year government bond yields swung between 5.02% (October 2023 high) and 3.25% (April 2023 low) to be above 3.93% at the time of writing. These are big swings in a short time.

We've also experienced AI booms, geopolitical ructions and the continued reversal of globalisation. There has been a shift in the new world order. No longer can the West rely on China to be a part of supply chains. China is grappling with its own, different problem.

Looking ahead, it's potentially bumpier than the year past. 2024 is a US election year. Add in a potential UK general election, which must be held no later than 28 January 2025, and the unknowns into 2024 become greater.

For investors, rates and inflation will remain where they generally belong, front and centre. The magnitude and speed of policy rate rises in 2022 and 2023, unprecedented for many as few participants experienced the 1970s stagflation era, seem to have tamed, but not yet eradicated, inflation.

A feature of the late 70s/early 80s was the return of inflation and central bankers will be wary not to make past mistakes again. The next interest rate moves will be carefully considered. So far, the data supports the notion that we have hit peak rates this cycle, at least equity markets seem to speculate this is so.

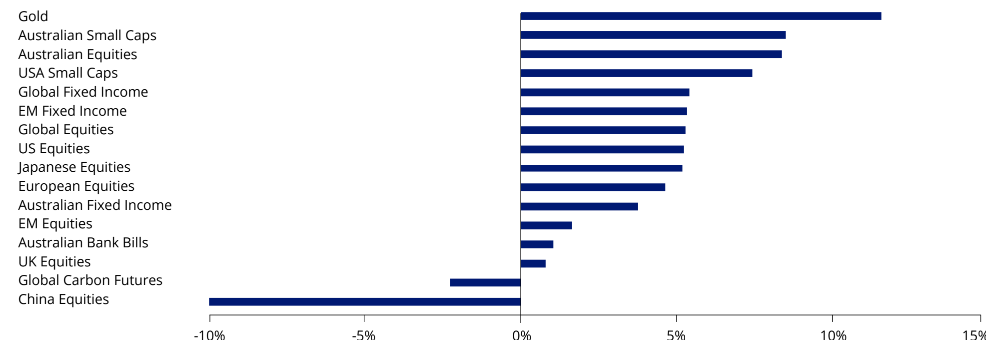
November and December saw a 'risk on' rally. The S&P 500 had one of its top 20 best monthly performances in its entire history in November, up over 9% in local currency. This dominated the quarter. Australian small caps and Australian equities were among the best-performing asset classes for the quarter. As has been gold, buoyed by US dollar weakness. Global and US equities were boosted by IT, while in Australia bond proxies such as real estate and healthcare have led the charge on the back of falling Australian 10-year yields.

With markets seemingly embracing rate cuts next year we would caution that a pivot isn't always a good thing for risk assets. A pivot is in response to an economic slowdown. If the slowdown is in response to a recession, risk assets do not have a strong history of pricing a recession. Except for the two 1970s bear markets, recession-driven bear markets rarely start more than 6 months before the recession starts. A soft landing, however, could still materialise. Data will be key.

So how do investors approach 2024? The investment playbook is to approach risk assets selectively. A good start is to focus on leverage i.e. balance sheets and cash flow. We could see the US dollar come off further and gold continue to shine. Navigating equities smarter through factor strategies such as 'quality' and 'low-size' becomes more meaningful. Asset allocation comes back to the fore, particularly after the brutal bond sell-off of 2022/2023. A new wave of opportunities will present themselves and smart money anticipates this.

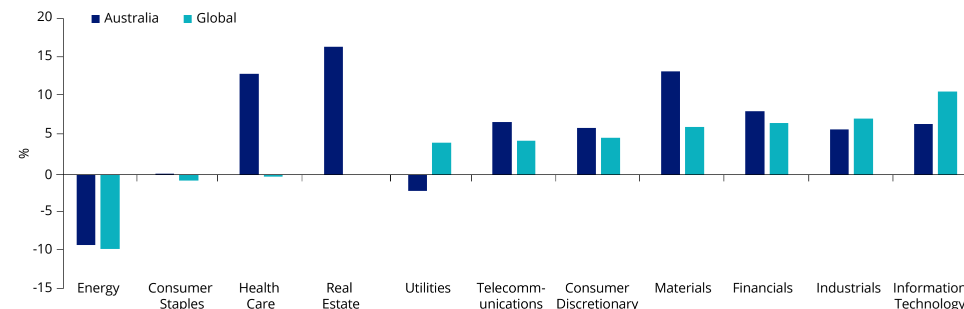
During the past quarter, the investment industry lost one of its doyens when Charlie Munger passed away, aged 99. Among his many lessons, he did say, "*It takes character to sit with all that cash and to do nothing. I didn't get to where I am by going after mediocre opportunities.*"

Chart 1: Mainstream asset class returns for the quarter



Source: Bloomberg, 1 October 2023 to 31 December 2023, returns in Australian dollars. Global Carbon Futures is ICE Global Carbon Futures Index, US Equities is S&P 500 Index, International Equities is MSCI World ex Australia Index, European Equities is MSCI Europe Index, UK Equities is FTSE 100 Index, Australian Equities is S&P/ASX 200 Accumulation Index, Australian Small Caps is S&P/ASX Small Ordinaries Index, Gold is Gold Spot US$/oz, US Small Caps is Russell 2000 Index, China Equities is CSI 300 Index, Global Fixed Income is Bloomberg Global Aggregate Bond Hedged AUD Index, Australian Bank Bills is Bloomberg AusBond Bank Bill Index, Australian Fixed Income is Bloomberg AusBond Composite 0+ yrs Index, EM Fixed Income is 50% J.P. Morgan Emerging Market Bond Index Global Diversified Hedged AUD and 50% J.P. Morgan Government Bond-Emerging Market Index Global Diversified, EM Equities is MSCI Emerging Markets Index, Japanese Equities is Nikkei 225 Index. Past performance is not a reliable indicator of future performance.

Chart 2: Global and Australian equity sectors quarterly performance



Source: Bloomberg, 1 October 2023 to 31 December 2023, returns in Australian dollars. Utilities is MSCI World Utilities Index / S&P/ASX 200 Utilities Index, Industrials is MSCI World Industrials Index / S&P/ASX 200 Industrials Index, Materials is MSCI World Materials Index / S&P/ASX 200 Materials Index, Consumer Staples is MSCI World Consumer Staples Index / S&P/ASX 200 Consumer Staples Index, Consumer Discretionary is MSCI World Consumer Discretionary Index / S&P/ASX 200 Consumer Discretionary Index, Financials is MSCI World Financials Index / S&P/ASX 200 Financials Index, Energy is MSCI World Energy Index / S&P/ASX 200 Energy Index, Healthcare is MSCI World Heath care Index / S&P/ASX200 Heath care Index, Telecommunications is MSCI World Telecommunications Index / S&P/ASX 200 Telecommunications Index, Information Technology is MSCI World Information Technology Index / S&P/ASX 200 Information Technology Index, Real Estate is MSCI World REIT Index / S&P/ASX 200 AREIT Index. Past performance is not a reliable indicator of future performance.

Wash, rinse, repeat

Ever since the start of the US tightening cycle, interest rate markets have been looking for signs of recession. Every patch of softish data, often self-referential sentiment data, has seen a panic bid in rates. In turn, equity markets rallied on hopes of quantitative easing (QE) forever, regardless of what an actual recession implies for future earnings.

Quarter after quarter, the recession has refused to appear. Despite this, markets have repeatedly eased financial conditions, reversing the Fed's tightening work. Eventually, markets, usually encouraged by the Fed, have rethought its bearish economy/bullish easing view, in turn swinging financial conditions tighter again.

Wash, rinse, repeat.

Meanwhile, US growth has been stable throughout, at a modest level above the Fed's assumed potential growth rate for the economy.

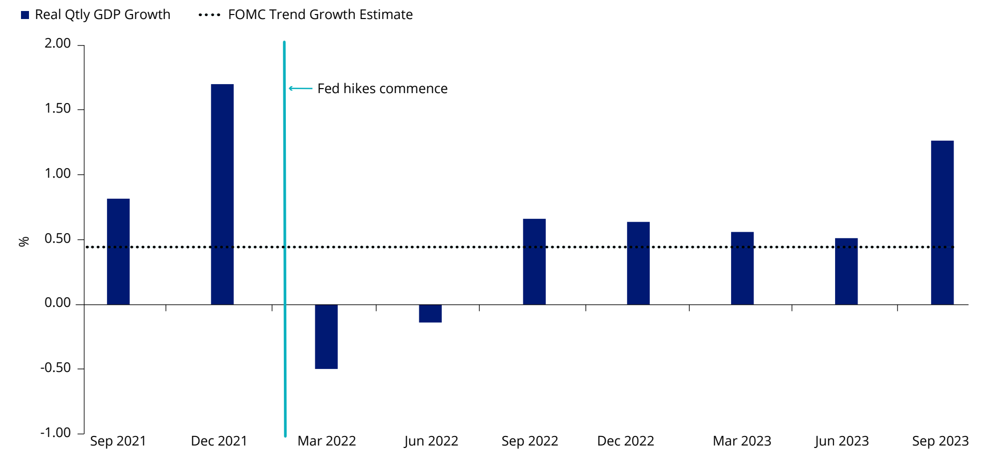
Then in October, aided by a whopping growth quarter, surging supply and investor cold feet, eventually broke the bond market, with US government 10-year yields surging to around 5 per cent. It was the first time the 10-year yields were this high since before the GFC. In turn, this sent financial conditions to their tightest point of the cycle.

But as soon as the economy showed signs of (inevitable) slowing following that unsustainable growth surge, the 'recessioneers' were back in charge, undoing all this year's tightening in financial conditions. The Fed's other mandate, banking stability, has also contributed.

The difference is, this time the Fed hasn't leant against the markets, which, of course, saw them promptly surge further.

Chart 3: Dude, where is my recession?

Percentage change in quarterly US GDP growth



Source: Federal Reserve Bank of St Louis.

Chart 4: Maintaining bank system stability while tightening

Goldman Sachs Financial Conditions Index still loose

Source: Goldman Sachs, Bloomberg.

What the Fed did

It's not that the Federal Open Market Committee's (FOMC) outlook is inherently implausible: indeed, it's softened only modestly since September. It's that the Fed has shifted its risk management from inflation fears to growth fears.

While 2023, historical, growth has panned out stronger than was expected in September, year average growth in 2024 is forecast weaker: through the course of 2024, the FOMC's outlook is perilously close to, or we think could accommodate, a recession.

At the same time, recent softer inflation than projected has barely altered the inflation outlook next year. Inflation is not expected to return to target until 2026. And with labour markets tight, and expected to remain relatively so, and "super-core" inflation sticky at 4%, that doesn't suggest it is time to sound the all-clear.

Despite this, the FOMC felt comfortable taking out a final hike this year and increasing from two to three rate cuts next year. In turn, markets beefed up their bets front-running the Fed. Rate markets price six rate cuts next year!

Chairman Powell must have guessed how markets would react. And yet, rather than caution against a too-literal interpretation of the dot plots, his press conference read like a green light. We can only guess at the motives behind such a ploy, given Powell's 2022/ earlier 2023 commitment to fighting inflation.

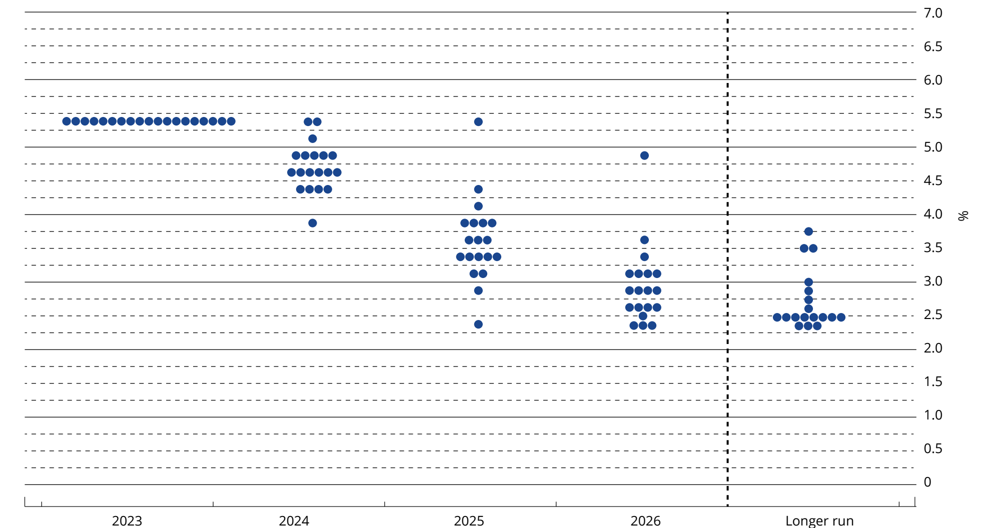
The first interpretation is benign: we're looking at risk management. While inflation was looking completely out of control, as recently as six months ago, the Fed could only consider one side of risk: up. Now that they're more comfortable they can see an inflation path back to target, however long that takes, it can afford to be more symmetrical in its risk assessment. That is, worry about growth undershooting as well.

The other interpretations are less benign. The most obvious is protecting themselves from criticism. Rather than run the risk of being blamed for an election-year recession, the Fed can be seen to be taking a more balanced approach, as shown in the FOMC projections. Of course, if markets go off on a tear and therefore growth and inflation fail to be brought to heel, yet again, it will not be the Fed to blame. Somehow then it won't be the Fed's fault, they didn't say six rate cuts, it's all the markets to blame.

There is a third possibility, and that's a looming accident that the Fed is keeping close to its chest. Commercial property and its link to smaller/regional banks springs to mind. But the atmosphere and leaks seem insufficiently febrile for that to be front and centre of thinking.

Chart 5: The FOMC is forecasting rate cuts in 2024

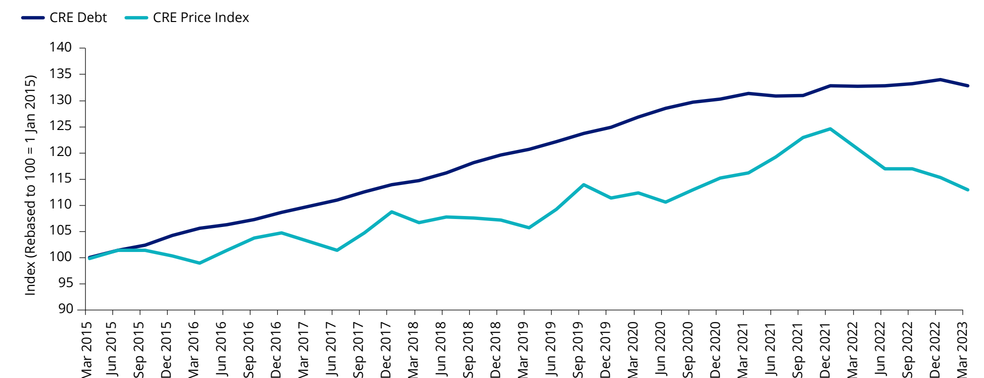
FOMC participants' assessments of appropriate monetary policy: Midpoint of target range or target level for the federal funds rate



Source: Federal Reserve Note: Each shaded circle indicates the value (rounded to the nearest 1/8 percentage point) of an individual participant's judgment of the midpoint of the appropriate target range for the federal funds rate or the appropriate target level for the federal funds rate at the end of the specified calendar year or over the longer run. One participant did not submit longer-run projections for the federal funds rate.

Chart 6: A looming accident?

Real growth in commercial real estate (CRE) prices and debt



Source: Federal Reserve Bank of St Louis.

Has the Fed done enough?

Of course, everyone has their forecasts and views. It's fair to ask if the Fed is right, that is, has it done enough?

The December 'pivot' has played like a soft-landing celebration. While right now, a soft landing seems more likely than a hard landing we're not that keen to join the celebration yet. We think it's back to looking like a soft landing is less likely than no landing. And that would be fine, except there's no way that gets inflation back to 2%.

Unless the Fed knows something no one else can see, the pivot doesn't seem to be backed by data. Latest readings on the labour market, spending and core price pressures don't accord with the Fed's path back to the inflation target: hourly earnings over recent months are bouncing around 4% annually, as is core services CPI less shelter, the Fed's alleged preferred inflation analytic.

If Q4 2023 is going to be the low point for growth, we worry about how these aggregates are going to be tamed. To be fair, weak demand in China continues to see it export goods deflation. However, the bulk of the CPI remains services.

While housing is in the doldrums, broader consumer spending continues to hold up, which is to be expected with the labour market still solid and better real wages outcomes offsetting the consumer savings drain. Fiscal incentives have seemingly offset any rate impact on business investment which also has hung in well.

So, if we now add the easiest financial conditions in 18 months and wave away the clouds of gloom, that have no doubt weighed on:

- labour market behaviour,
- business pricing,
- inventory levels and
- business capex.

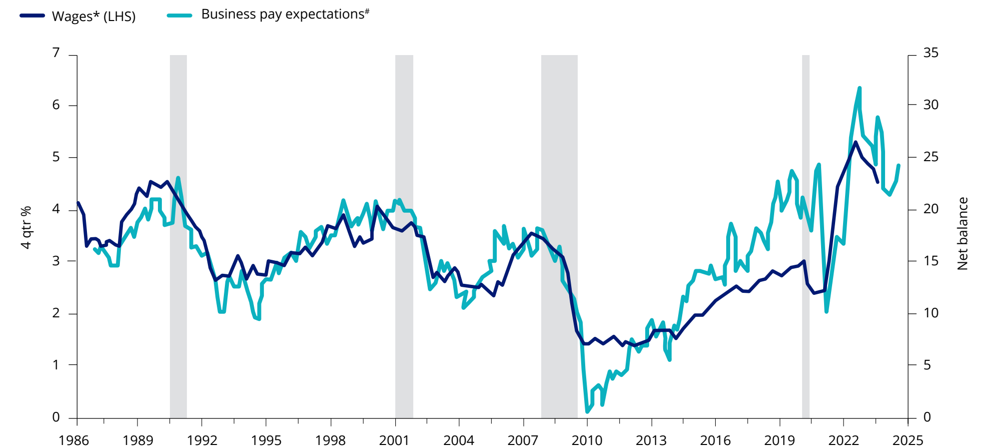
Then where is the economy and inflation going from here?

Into an election year you wouldn't be betting on any fiscal restraint, nor would you expect a strong dollar to help. This could ring the bell on the strong dollar.

Pack up your troubles and mail them to 2025.

Chart 7: Latest data doesn't accord with the Fed's inflation path

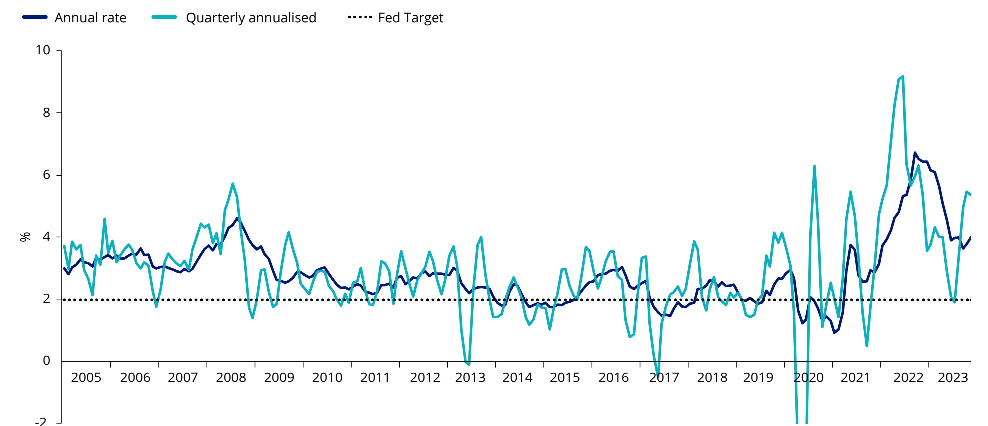
US wages and business pay expectations



* Wages and salaries for civilian workers excluding incentive-paid occupations; pre 2007 for all occupations.
# % of companies planning to increase compensation, leading by 9 months, 3 months average.
Source: US Bureau of Labor Statistics, National Federation of Independent Business, National Bureau of Economic Research.

Chart 8: 'Super Core' inflation rebounding

US CPI core services less shelter, seasonally adjusted



Source: Federal Reserve Bank of St Louis.

Earnings and equities

We've been sceptical of equity pricing: dividend and earnings yields below Treasury Bond (risk-free) returns don't look like a recipe for decent broad equity market returns, especially with a forthcoming recession the only route to normalisation.

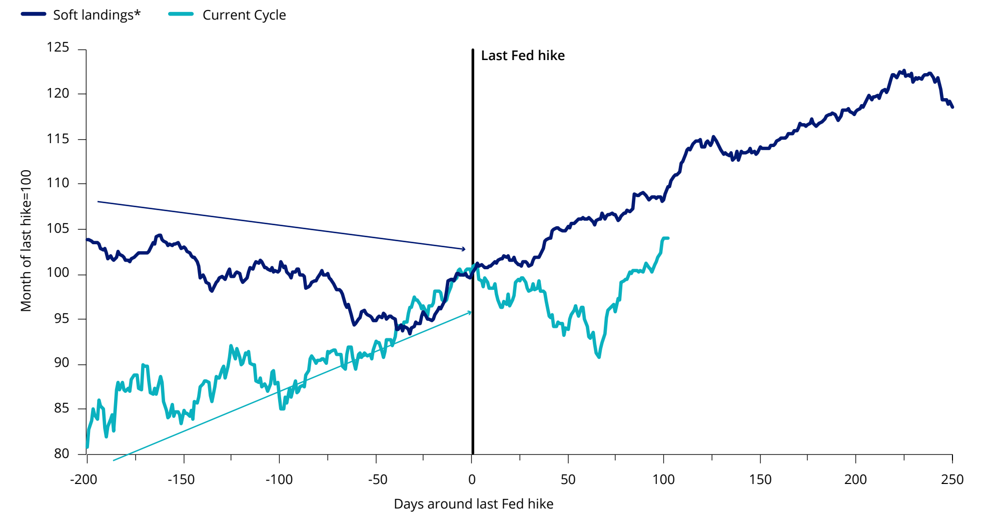
But lower bond yields and erasing a recession both do wonders for valuation. Earnings forecasts still look too high even for a soft landing. But they probably line up with a no landing. Growth data could turn back up after a softish Q4, carrying the optimism a little further.

Eventually, though a no landing scenario seems likely to give way to renewed inflation/sustainability fears. And it's worth bearing in mind that, with no recession, this is a very 'long-in-the-tooth' cycle. The S&P 500 is currently sitting at a CAPE (cyclically adjusted price earnings) ratio north of 30. At the first Fed rate cut in the past three soft landings (1966, 1985 and 1995) the CAPE averaged 17.3, not much more than half current!

Therefore, it's plausible that the medium-term upside is being loaded into the near term. Performance deeper into 2024 will be driven by how forward-looking markets are willing to be.

Chart 9: Already priced for medium-term upside

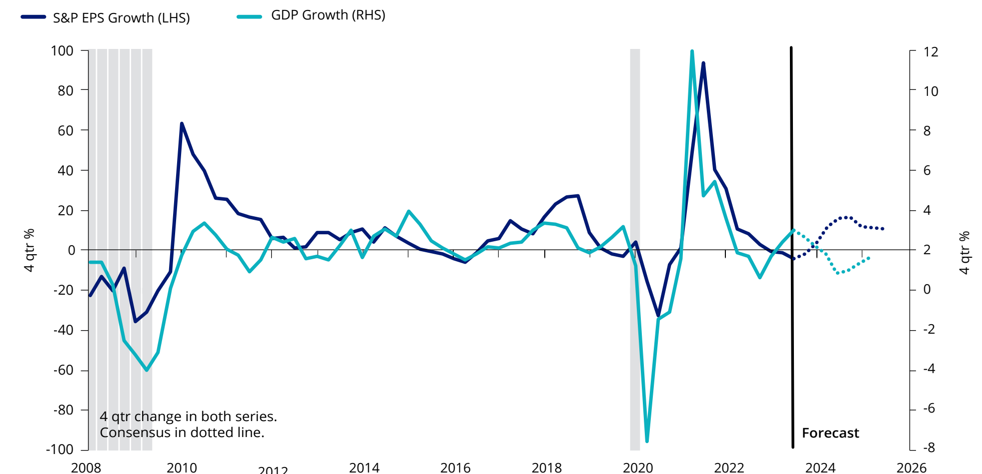
S&P 500 around last Fed rate hike



*1966, 1985 and 1995.
Source: Bloomberg.

Chart 10: Earnings forecasts barely factor a recession

GDP Growth and EPS Growth, with consensus forecasts



Source: S&P, US Bureau of Economic Analysis, Bloomberg, National Bureau of Economic Research.

Banking, trouble and liquidity

Since COVID and the work-from-home revolution, there's been a growing gap between commercial real estate (CRE) values and the debt held against them. The problem has been exacerbated by the increasing cost of carrying debt thanks to the Fed's hiking cycle.

So far, the problem has been below the radar, with the odd eruption triggered by nasty mark-to-markets due to forced sales. But the valuation gap shows no sign of abating. Since 2015, debt held against CRE has climbed 20% faster than the CRE price index (which looks suspiciously high – still positive from pre-COVID levels).

Worse still, the risk is concentrated in a sector that has been under pressure ever since the Silicon Valley Bank (SVB) blew up: small and regional banks. According to Fed research, nearly 40% of CRE debt is held directly by thrifts and small and regional banks. Worse still, another 34% of CRE debt has been parcelled into commercial or agency MBS – also largely held by the same banks.

Ever since SVB, these banks remained under pressure on the deposit side of their balance sheets too. Rising short-term market rates have compounded the issue by allowing money market funds to effectively compete with bank deposits.

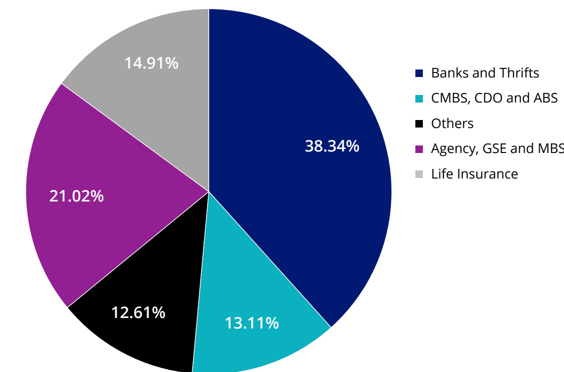
In turn, this has triggered "QE lite." While the attention has been on the Fed shrinking its overall balance sheet, bank deposit rescue programs and the collapsing level of reverse repo transactions (reverse repos withdraw funds from the banking system) undertaken by the Fed to ensure smaller and regional banks have sufficient deposits have seen the level of bank reserves at the Fed rise.

Indeed, since the week before SVB, bank reserves at the Fed have risen by half a trillion dollars, or nearly three-quarters of a trillion since the start of 2023. Apart from the SVB rescue itself, the sharpest rise has been over the past two months, with a US$400 billion injection, coinciding with the start of the "everything" rally.

Underwriting bank balance sheets have, indirectly, underwritten Treasuries: the deposits lost by banks to money market funds must, by legislation, be re-invested in Treasuries. A win-win: except if a CRE panic causes a panic run on the banking system. This needs careful monitoring.

Chart 11: The institutions exposed

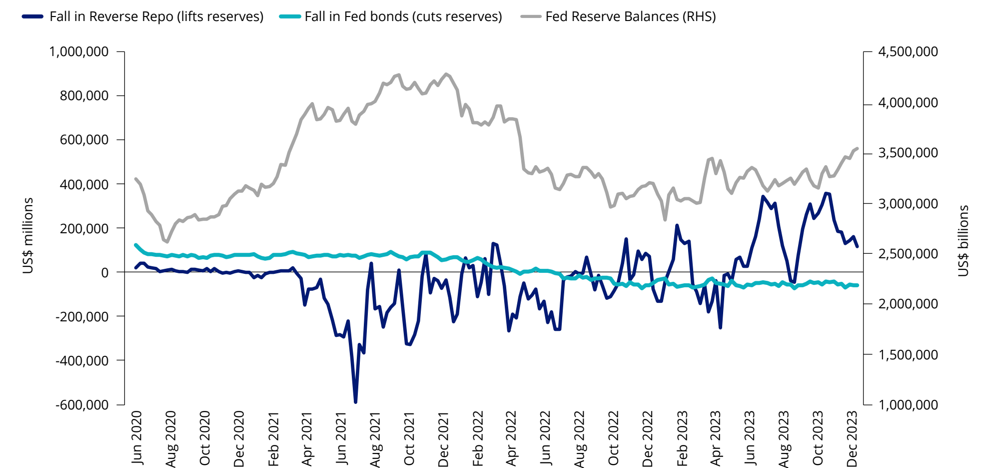
Ownership of commercial real estate (CRE) debt



Source: Federal Reserve Bank of St Louis. As at July 2023.

Chart 12: What QE? Bank funding outguns bond sales, reserves rising sharply

Federal Reserve Balances



Source: Federal Reserve Bank of St Louis.

Dollar, dirty shirts and carry

The final point to consider concerning "the pivot" is the US dollar. Yet again, 2023 was a 'cleanest dirty shirt' year for the dollar. Despite gathering structural problems, entrenched, politically insoluble deficits and politically alienated creditors, higher US rates and growth supported the US dollar compared to less cyclically attractive alternatives.

It's starting to look like that period could be at an end. The Europeans can be relied upon to wait for the whites of the eyes on inflation, and Japan continues to steadily walk the road towards an end to zero rates.

The dirty shirt theory is supported by the two main non-currency alternatives to the US dollar: gold looks set to pass new recent highs and should profit further from falling real rates, and crypto has risen from its coma.

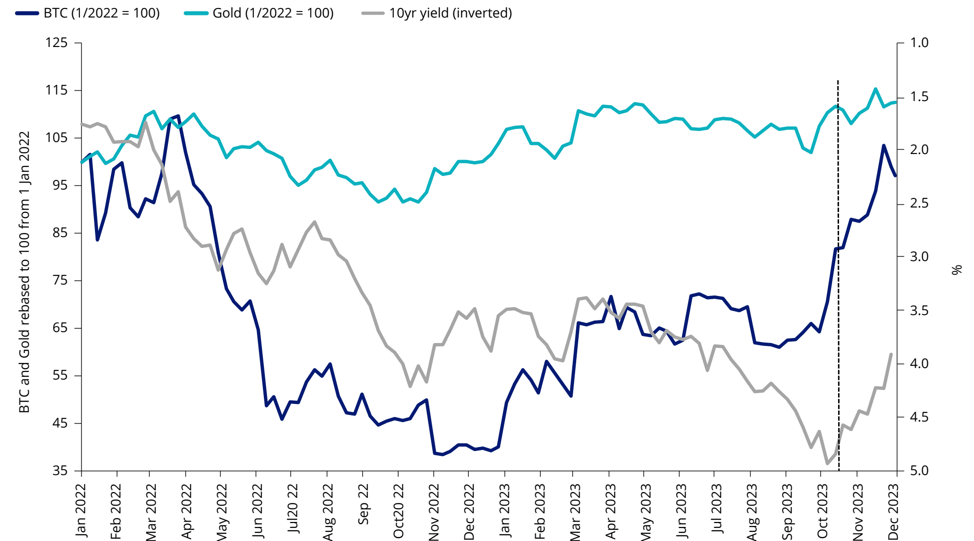
Japanese policy proceeds but in a cautious manner.

This caution is understandable: no one wants to turn an apparent end to deflation into another false dawn, particularly with yet another scandal pushing government popularity towards all-time lows.

And the authorities must be wary of blowing up the world's biggest trade: the yen carry trade. Investors of all kinds, from Mrs Watanabe to hedge funds, have borrowed in yen and used it to fund higher-yielding investments elsewhere in the world. An abrupt end to the carry trade would see the yen soar, alongside massive financial dislocations.

Chart 13: The everything rally

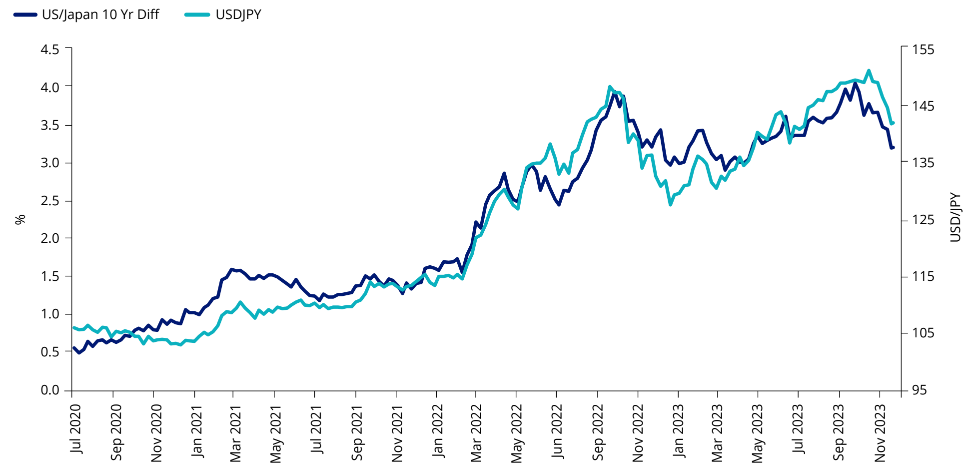
Gold and Bitcoin's 2023 strength



Source: Bloomberg, past performance is not indicative of future performance.

Chart 14: Pivot plus end of zero-interest-rate policy to end carry trade

US/Japan rates differential and USD/JPY



Source: Bloomberg, data from 24 July 2020 to 18 December 2023.

Is China a 'sleeper' or Awakenings?

One might be forgiven for thinking that China's economy sometimes resembles the script of the Robin Williams, Robert DeNiro film Awakenings: a catatonic patient, seemingly returning to normal after a shot of a miracle drug, but then sliding back to the unresponsive state, with additional miracle shots producing weaker and weaker revivals.

China's policymakers have been working hard, but investors are wary the latest policy campaign fall into the Awakenings category, resulting in a weaker response than the previous measure. Or are authorities doing prep work for a future structural breakthrough? And importantly, what matters more for the market right now?

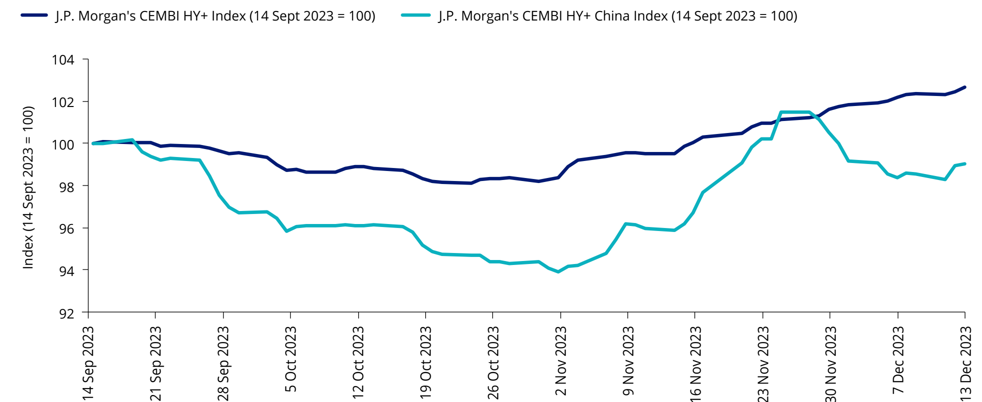
The initial market reaction after a series of 'we need a bigger helicopter' announcements (liquidity injections, bond issuance, fiscal accommodation) combined with some regulatory measures in real estate (the 'whitelist' of developers, uncollateralised loans) suggests that the proverbial punch bowl remains popular among investors. By contrast, the latest communications from the Central Economic Work Conference/Politburo meeting about 'better quality growth/better policy coordination' were met with the 'talk is cheap' verdict.

Unlike some emerging markets peers in the past, China might be in a better position to handle the transition to a new growth model in an orderly way. Authorities are aware that there are serious problems, the China 'crisis' is slow-moving, and there are some resources at hand to do 'bridge financing' while structural changes are underway such as the low central government debt, high and probably under-reported international reserves. There are also some sane ideas, including the dual-track housing model of Singapore. However, the final picture remains murky, and there are concerns about the ongoing emphasis on the supply-side stimulus while overlooking the demand side.

On the latter point, there is an argument that China's deflation and the resulting increase in real interest rates benefit savers, helping to rebalance the economy towards consumption, remembering that the savings rate is high. This might be true but rounds of wage cuts and the ongoing housing sector slump keep consumer confidence at depressed levels, most likely supporting additional precautionary savings rather than encouraging spending – at least for now.

Chart 15: China corporates rebound

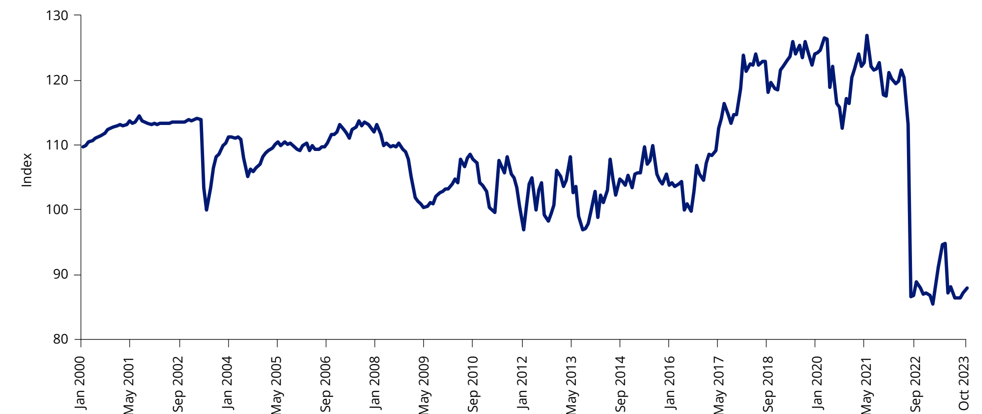
JP Morgan emerging markets corporate debt performance (Index, 14 Sept 2023 = 100)



Source: JP Morgan, Bloomberg. Data shows recent 3-month period of performance. Past performance is not indicative of future performance.

Chart 16: Not excited by wage cuts and the housing slump

China's Consumer Confidence Index



Source: Bloomberg.

Impact of peak rates in emerging markets

Emerging markets (EM) strong fourth quarter ends a strong 2023 and sets up a strong 2024. During the fourth quarter, EM bonds, both local-currency debt and hard-currency debt indices outperformed the developed market (DM) Bloomberg global bond aggregate. This extended the lead EM bonds had established during the first three quarters.

This outcome makes sense, as EM central banks remained more determined to manage inflation throughout this cycle.

Like elsewhere, in EM, the Fed sets the tone. As noted earlier, the market-implied Fed Funds rate is priced to decline next year, following the Fed's last policy statement and press conference on 13 December.

With this last Fed announcement, 2024 becomes a story of "how much will the Fed cut" rather than "when will the Fed cut". This is positive on two fronts for EM bonds. First, the fact that the Fed is likely beginning a cutting cycle in the context of declining inflation should bring the entire yield curve down. Second, the Fed's convergence to the market's view of an earlier cutting cycle is supportive of EM local currency. The policy rate is the primary anchor for the US dollar and hadn't been that great to begin with, whereas the policy rates for many EMs were likely too high, so their currencies should be big beneficiaries.

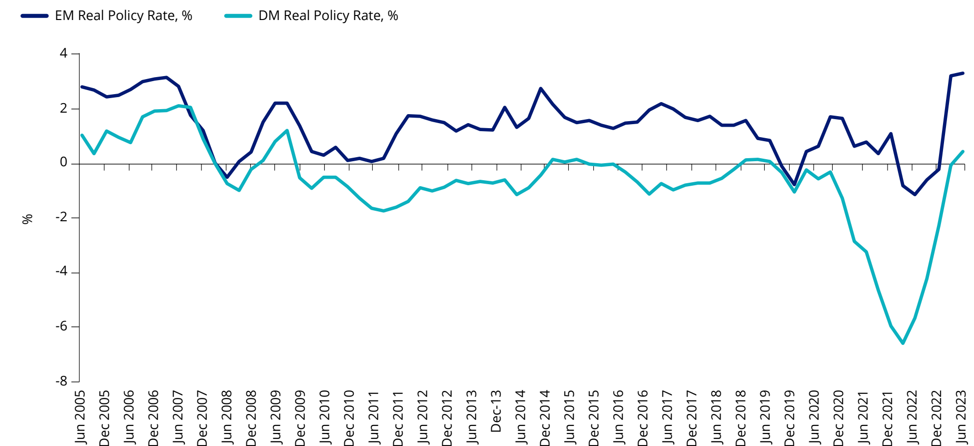
'Fiscal dominance' is still making DM look vulnerable relative to EM. Over-indebted economies, most of which are DM, look set to continue to drive market crises, and EM bond markets look set continue to weather these crises. 2023 saw two US fiscal showdowns and a bank crisis, a fiscal crisis in the UK, and the Bank of Japan's exit from experimental monetary policy that had capped yields. What these had in common is that they are all DM countries suffering from excess debt, or "fiscal dominance". What do many 'safe haven' EMs have in common? Low debt and independent central banks.

Geopolitical risks to DM are constrained, not contained. We see the lack of a sustained negative response in oil markets following the 7 October attack on Israel as a reflection of major and regional powers' agreement to prevent expansion of the conflict. But, not an end to risk of conflict expansion. What the oil market is pricing is a lack of regional escalation, but whether that containment continues is a toss-up.

With global demand likely to increase on the back of a Fed easing campaign, the environment for commodities looks very supportive for the commodity-exporters in EM bonds.

Chart 17: EM maintained high real rates, DM caught up

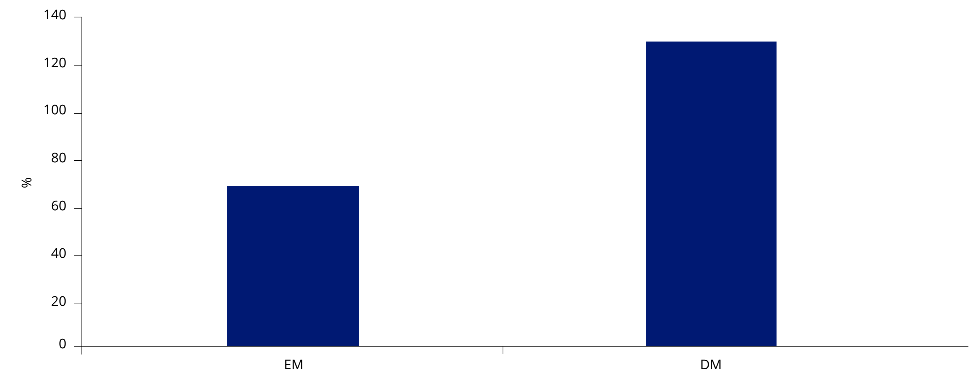
Real ex-post policy rates in EM and DM, %



Source: Bloomberg.

Chart 18: EM has low debt in a high-debt world

General Government Gross Debt/GDP (2023, %)



Source: IMF, Bloomberg. EM is represented by the IMF Emerging Market & Developing Economies General Government Gross Debt % GDP; DM is represented by IMF Major Advanced Economies (G7) General Government Gross Debt % of GDP.

Beyond 2000

One commodity that shone in 2023, particularly in the fourth quarter was gold. The price of gold crossed the important US$2,000.

The gold price went on to set a new intraday all-time high of US$2,135 in overseas trading ahead of the Monday, 4 December US opening, before sliding back down to previous levels.

Gold is being supported by expectations that the Fed will be cutting rates in 2024. Gold is also likely to benefit from continued safe haven buying as heightened global geopolitical risk persists.

After underperforming gold significantly from the beginning of the year through October, gold equities started to do what investors would expect of them into November, that is rise more than the gold price. Gold miners, as represented by the NYSE Arca Gold Miners Index outperformed the yellow metal by almost 9% in November, narrowing the near historic valuation gap against the metal that had been building up. We would still argue that the valuation gap is still wide by historical standards, and we think gold equities still provide an opportunity for investors.

We are positive about the outlook for the gold price in 2024 and beyond. In 2023 the price seems to have established strong support around the US$1,900 to US$2,000 level. This is remarkable considering that investment demand is often gauged by the holdings of gold bullion ETFs which have been declining throughout the past twelve months.

Central bank buying has been strong.

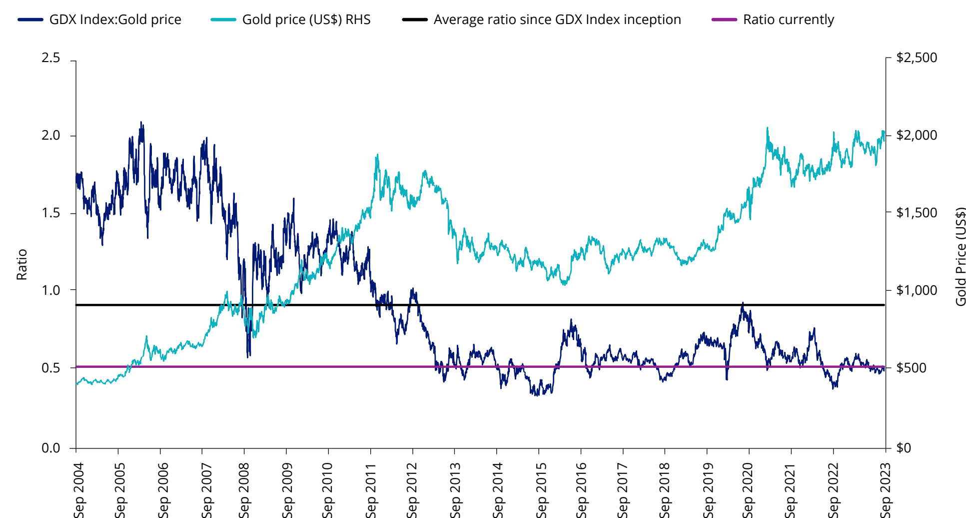
Daily, markets are trying to decide between the 'landing' options, waiting for the point where the US and global economy start to slow down under the stress imposed by high interest rates, and the strain of not one, but tragically now, two wars. These should lead to a drop in corporate earnings followed by a correction of the equity markets and a weaker jobs market and higher unemployment rate. So far these have all remained stronger than expected.

Inflation has eased, but it remains above the Fed's 2% target and continues to impact businesses and households. Bringing inflation back down to 2% has in the past, historically, been a long process. We believe that when risks become more visible to markets and generate poor outcomes for the financial system, gold is positioned to benefit.

In 2024, we see the opportunity for gold to test and break through the all-time highs of US$2,075 in 2020 and US$2,135 more recently. Gold equities are positioned to benefit from sustained, record-high gold prices as investors look for leveraged, and diversified exposure to gold.

Chart 19: Gold miner's 2023 performance did not reflect the metal's

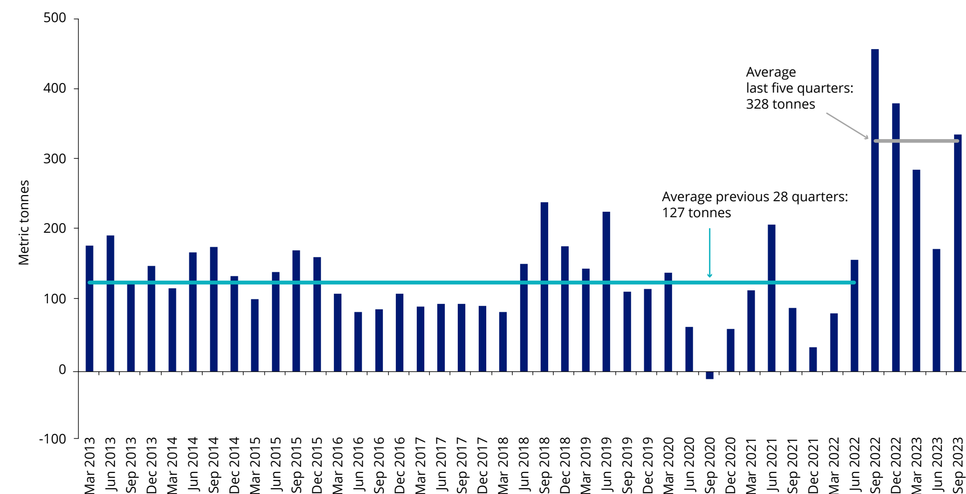
Ratio of gold miners to gold bullion price



Source: VanEck, Bloomberg as at end of December 2023. GDX Index is NYSE Arca Gold Miners Index. All returns are in US dollars. Past performance is not indicative of future performance. You cannot invest in an index.

Chart 20: Central bank demand kept the gold price up in 2023

Central Bank Net Quarterly Gold Purchases (2013–2023)



Source: World Gold Council, Bloomberg.

All eyes on the Australian consumer

The Fed is not the only central bank looking like it's done: while the RBA expresses fears over the stickiness of inflation, it looks increasingly like enough may have been done to curtail growth.

Consumers seem to be struggling, though online sales appear to be holding up. Unlike in the US, interest rates hikes here pass through quickly and directly.

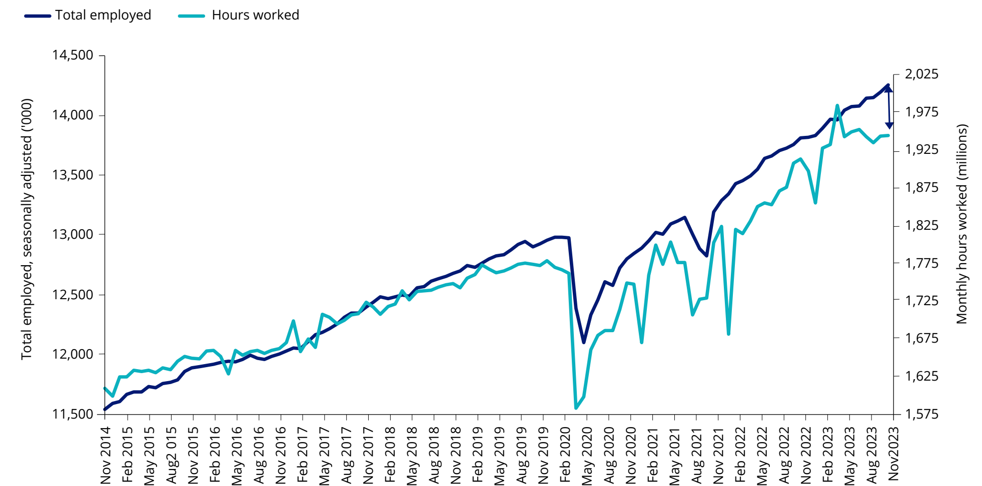
While household budgets have been constrained, bad debts remain well contained, presumably due to the, so far, moderate lift in unemployment. The same applies to the surprisingly upbeat character of the housing market.

But beneath the hood, the labour market looks less attractive, with hours worked stagnating. The number of employees is perhaps being boosted by employers still scarred by post-COVID hiring difficulties and are hence hoarding labour. It's an open question how long that will continue.

Structurally, the expected downshift in immigration looks to be underway, though how far and how fast numbers slow remains unknown. Slowing migration takes tightening impetus away from the RBA. Less housing price pressure, lower overall demand and near-term growth look like enough to put further rate hikes on ice.

Chart 21: Total job numbers still solid, hours worked not so much

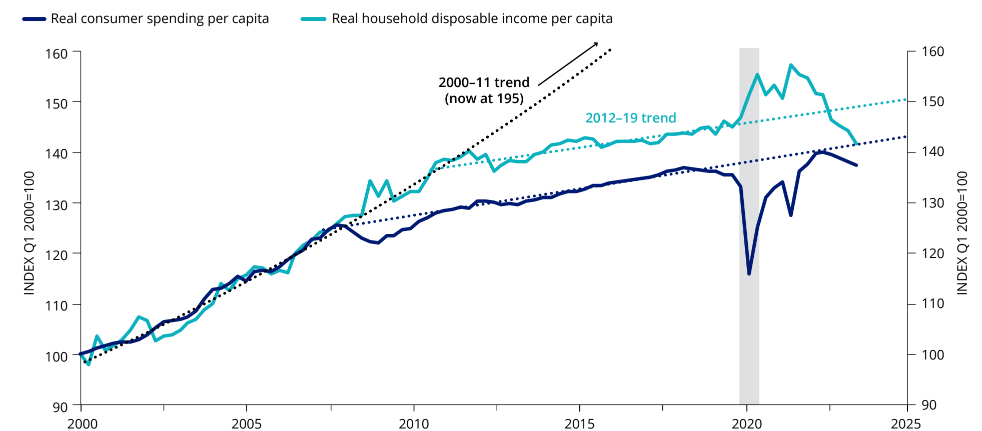
Total Australian jobs and hours worked



Source: Australian Bureau of Statistics.

Chart 22: Consumers tapping out

Real per capita income and consumer spending



Source: Australian Bureau of Statistics, Melbourne Institute.

VanEck's range of Exchange Traded Funds on ASX

Equity opportunities

VanEck ETF	ASX code	Index	Management fees (p.a.)*
Australian Broad Based			
Australian Equal Weight ETF	MVW	MVIS Australia Equal Weight Index	0.35%
Australian Small and Mid Companies			
Small Companies Masters ETF	MVS	MVIS Small-Cap Dividend Payers Index	0.49%
S&P/ASX MidCap ETF	MVE	S&P/ASX MidCap 50 Index	0.45%
Australian Sector			
Australian Property ETF	MVA	MVIS Australia A-REITs Index	0.35%
Australian Banks ETF	MVB	MVIS Australia Banks Index	0.28%
Australian Resources ETF	MVR	MVIS Australia Resources Index	0.35%
Sustainable Funds			
MSCI Australian Sustainable Equity ETF	GRNV	MSCI Australia IMI Select SRI Screened Index	0.35%
MSCI International Sustainable Equity ETF	ESGI	MSCI World ex Australia ex Fossil Fuel Select SRI and Low Carbon Capped Index	0.55%
International			
MSCI International Quality ETF	QUAL	MSCI World ex Australia Quality Index	0.40%
MSCI International Quality (Hedged) ETF	QHAL	MSCI World ex Australia Quality 100% Hedged to AUD Index	0.43%
MSCI International Small Companies Quality ETF	QSML	MSCI World ex Australia Small Cap Quality 150 Index	0.59%
MSCI International Small Companies Quality (AUD Hedged) ETF	QHSM	MSCI World ex Australia Small Cap Quality 150 100% Hedged to AUD Index	0.62%
Morningstar International Wide Moat ETF	GOAT	Morningstar® Developed Markets ex Australia Wide Moat Focus Select Index™	0.55%
Morningstar Wide Moat ETF	MOAT	Morningstar® Wide Moat Focus NR AUD Index™	0.49%
Morningstar Wide Moat (AUD Hedged) ETF	MHOT	Morningstar® Wide Moat Focus NR AUD Hedged Index™	0.52%
MSCI International Value ETF	VLUE	MSCI World ex Australia Enhanced Value Top 250 Select Index	0.40%
MSCI International Value (AUD Hedged) ETF	HVLU	MSCI World ex Australia Enhanced Value Top 250 Select 100% Hedged to AUD Index	0.43%
MSCI Multifactor Emerging Markets Equity ETF	EMKT	MSCI Emerging Markets Multi-Factor Select Index	0.69%
FTSE China A50 ETF	CETF	FTSE China A50 Index	0.60%
China New Economy ETF	CNEW	MarketGrader China New Economy Index	0.95%
Global Sector			
Gold Miners ETF	GDX	NYSE Arca Gold Miners Index® (AUD)	0.53%
Global Healthcare Leaders ETF	HLTH	MarketGrader Developed Markets (ex-Australia) Health Care AUD Index	0.45%
FTSE Global Infrastructure (Hedged) ETF	IFRA	FTSE Developed Core Infrastructure 50/50 Index Hedged into AUD	0.20%
FTSE International Property (Hedged) ETF	REIT	FTSE EPRA Nareit Developed ex Australia Rental Index AUD Hedged	0.20%
Thematic			
Video Gaming and Esports ETF	ESPO	MVIS® Global Video Gaming and eSports Index (AUD)	0.55%
Global Clean Energy ETF	CLNE	S&P Global Clean Energy Select Index	0.65%

*Other fees and costs apply. Please see the respective PDS.

VanEck's range of Exchange Traded Funds on ASX

Income opportunities

VanEck ETF	ASX code	Index	Management fees (p.a.)*
Australian Equity Income			
Morningstar Australian Moat Income ETF	DVDY	Morningstar® Australia Dividend Yield Focus Equal Weighted Index™	0.35%
Australian Fixed Income			
Australian Corporate Bond Plus ETF	PLUS	iBoxx AUD Corporates Yield Plus Mid Price Index	0.32%
Australian Floating Rate ETF	FLOT	Bloomberg AusBond Credit FRN 0+Yr Index	0.22%
Australian Subordinated Debt ETF	SUBD	iBoxx AUD Investment Grade Subordinated Debt Mid Price Index	0.29%
1–5 Year Australian Government Bond ETF	1GOV	S&P/ASX Government Bond 1–5 Year Index	0.22%
5–10 Year Australian Government Bond ETF	5GOV	S&P/ASX Government Bond 5–10 Year Index	0.22%
10+ Year Australian Government Bond ETF	XGOV	S&P/ASX Government Bond 10–20 Year Index	0.22%
Global Fixed Income		**Index/Performance Benchmark**	
1-3 Month US Treasury Bond ETF	TBIL	Bloomberg U.S. Treasury Bills: 1-3 Months Unhedged AUD Index	0.22%
Emerging Income Opportunities Active ETF (Managed Fund)	EBND	50% JPM EMBI Global Diversified Hedged AUD and 50% JPM GBI-EM Global Diversified	0.95%
Capital Securities		**Index/Benchmark**	
Global Capital Securities Active ETF (Managed Fund)	GCAP	RBA Cash Rate + 3% per annum	0.59%

Alternative opportunities

VanEck ETF	ASX code	Index	Management fees (p.a.)*
Alternatives			
Global Listed Private Equity ETF	GPEQ	LPX50 Index	0.65%
Global Carbon Credits ETF (Synthetic)	XCO2	ICE Global Carbon Futures Index	0.45%
Gold Bullion ETF	NUGG	Tracks the price of gold	0.25%

*Other fees and costs apply. Please see the respective PDS.

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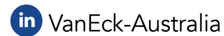

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