MOAT VanEck Morningstar® Wide Moat ETF

MHOT VanEck Morningstar® Wide Moat (AUD Hedged) ETF

MOAT INVESTING:

Finding companies with sustainable competitive advantages

Finding Economic Moats™

The term "Economic Moat" describes a company's ability to maintain its competitive advantages and defend its long-term profitability. Morningstar has identified five sources of sustainable competitive advantages, as shown below.

Sources of Moats	Description
Switching costs	Switching costs give a company pricing power by locking customers into its unique ecosystem. Beyond the expense of moving, they can also be measured by the effort, time, and psychological toll of switching to a competitor.
Intangible assets	Though not always easy to quantify, intangible assets may include brand recognition, patents, and regulatory licenses. They may prevent competitors from duplicating products or allow a company to charge premium pricing.
Network effect	A network effect is present when the value of a product or service grows as its user base expands. Each additional customer increases the product's or service's value exponentially.
Cost advantage	Companies that are able to produce products or services at lower costs than competitors are often able to sell at the same price as competition and gather excess profit, or have the option to undercut competition.
Efficient scale	In a market limited in size, potential new competitors have little incentive to enter because doing so would lower the industry's returns below the cost of capital.

The Moat Investing Philosophy

Moat investing has long been a basic tenet of long-term investors. Companies' Moats are expected to allow them to fend off competition and maintain profitability into the future.

By applying a consistent, forward-looking process to identifying companies with sustainable competitive advantages, Morningstar turns the moat investing philosophy into an actionable investment strategy.

Morningstar assigns each company it analyses an Economic Moat Rating of 'wide', 'narrow' or 'none'. Companies assigned a wide moat rating are those in which Morningstar has very high confidence that excess returns will remain for 10 years, with excess returns more likely than not to remain for at least 20 years. Companies with a narrow moat rating are those Morningstar believes are more likely than not to achieve normalised excess returns for at least the next 10 years. A firm with either no sustainable competitive advantage or one that Morningstar thinks will quickly dissipate is assigned a moat rating of 'none'.

A robust team, a resilient process

Morningstar's equity research team of more than 100 analysts covers roughly 1,500 companies globally. More than 200 asset managers and 75,000 financial advisors rely on Morningstar's research. The research process underlying the Moat investing philosophy includes:

1. **Conduct fundamental analysis**
2. **Assign Economic Moat rating**
3. **Assess company valuation**
4. **Determine fair value estimate**
5. **Identify moat companies with attractive valuations.**

VanEck's Moat Investing Suite

VanEck has partnered with Morningstar to leverage its forward-looking Moat investing philosophy across US equities.

- Exposure to companies Morningstar believes possess sustainable competitive advantages
- Fueled by Morningstar's forward-looking, rigorous equity research process
- Active management for passive fees.

MOAT and MHOT offer

High conviction Wide Moat US equity strategy: A focus on quality US companies Morningstar believes possess sustainable competitive advantages, or "Wide Economic Moats™".

Attractive valuations: Targets companies trading at attractive prices relative to Morningstar's estimate of fair value.

Morningstar's core equity research: Fuelled by Morningstar's rigorous equity research process.

MHOT is Australian dollar currency Hedged

ASX code	MOAT	MHOT
Commencement date	26 June 2015	7 November 2023
Management cost	0.49% p.a.*	0.52% p.a.*
Index	Morningstar® Wide Moat Focus NR AUD Index™	Morningstar® Wide Moat Focus NR AUD Hedged Index™
Number of holdings	From 40 to 80	From 40 to 80
Key risks:	An investment in the ETF carries risks associated with: financial markets generally, ASX trading time differences, individual company management, industry sectors, foreign currency, country or sector concentration, political, regulatory and tax risks, fund operations and tracking an index. See the PDS and TMD for details.	

*Other fees and costs may apply. See PDS for details.

For more information Visit vaneck.com.au/moat-investing

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