

Invest internationally. Invest in quality

There are a number of reasons to include international equities in your portfolio:

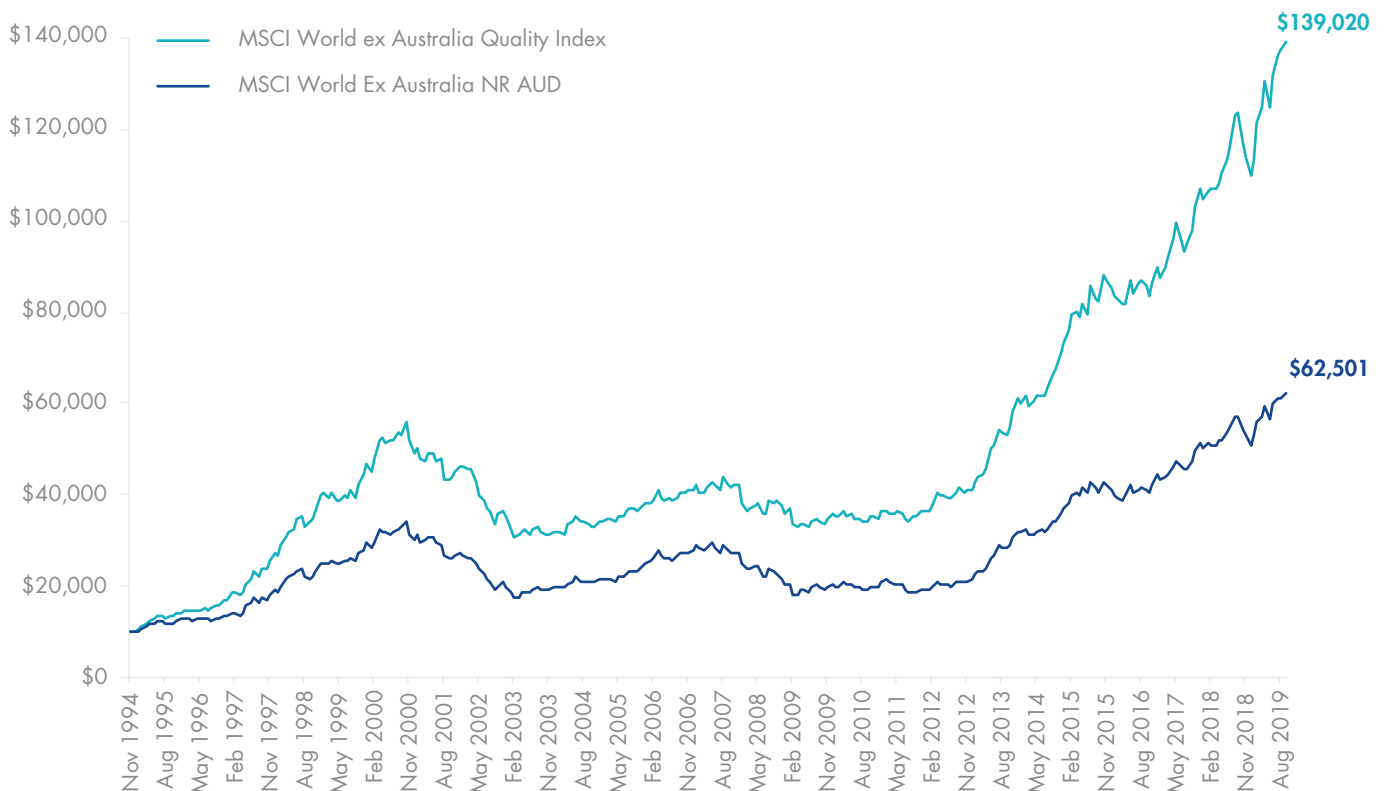
- geographic diversification – the Australian stock market only represents around 3% of global stock markets;
- better sector diversification – Australia is dominated by resources and financials with limited opportunities in technology and health care; and
- exposure to different economic cycles.

VanEck Vectors MSCI World ex Australia Quality ETF (ASX code: QUAL) is a diversified portfolio of high quality, international companies selected on the basis of three key quality fundamentals:

1. high return on equity;
2. stable year-on-year earnings growth; and
3. low financial leverage.

QUAL is an ETF (exchange traded fund) that trades on ASX and gives investors exposure to a portfolio of 300 high quality international equities in a single trade. QUAL tracks the MSCI World ex Australia Quality Index by investing directly in the companies in the QUAL Index.

Growth of \$10,000: MSCI World ex Australia Quality Index vs MSCI World ex Australia Index



Source: Morningstar Direct, as at 30 September 2019

The above graph is a hypothetical comparison of performance of a \$10,000 investment in the QUAL Index and the parent index. Results are calculated to the last business day of the month and assume immediate reinvestment of all dividends and exclude costs associated with investing in QUAL. You can not invest directly in an index. Past performance of the QUAL Index is not a reliable indicator of future performance of QUAL.

Index risk and return characteristics (30 November 1994 to 30 September 2019)

	Annualised Std Dev (%) ¹			Sharpe Ratio ^{1, 2}		
	3 Yr	5 Yr	10 Yr	3 Yr	5 Yr	10 Yr
MSCI World ex Australia Quality Index (\$A)	11.18	11.42	10.48	1.52	1.37	1.25
MSCI World ex Australia Index (\$A)	10.03	10.67	10.30	1.45	1.20	1.00

¹Based on monthly net returns data. Returns for periods longer than one year are annualised. ²Based on BBA LIBOR 1M

Source: MSCI.

Performance and risk results in the table above are calculated to the last business day of the month and assume immediate reinvestment of all dividends and exclude costs of investing in QUAL. You can not invest directly in an index. Past performance of the QUAL Index is not a reliable indicator of future performance of QUAL.

ETF Performance as at 30 September 2019

	1 Month (%)	3 Months (%)	YTD (%)	1 Year (%)	3 Years (% p.a.)	Since Inception (% p.a.)
QUAL	1.12	5.55	26.98	12.61	17.44	16.35
MSCI World ex Australia Index	2.01	4.65	22.75	9.13	15.01	13.81
Difference	-0.89	+0.90	+4.23	+3.48	+2.43	+2.54

Inception date is 29 October 2014.

The tables above show past performance of QUAL and of the MSCI World ex Australia Index. Results are calculated to the last business day of the month and assume immediate reinvestment of distributions. QUAL results are net of management costs and expenses, but before brokerage fees or bid/ask spreads incurred when investors buy/sell on the ASX. Returns for periods longer than one year are annualised. Past performance is not a reliable indicator of future performance.

Top 10 Country Allocations as at 30 September 2019

Country	QUAL Index	MSCI World ex Australia Index
USA	75.50%	64.60%
United Kingdom	5.74%	5.60%
Switzerland	5.26%	3.22%
Japan	2.83%	8.41%
France	1.99%	3.89%
Netherlands	1.72%	1.36%
Denmark	1.64%	0.60%
Germany	1.33%	2.93%
Canada	1.13%	3.57%
Sweden	0.60%	0.88%

Index Characteristics as at 30 September 2019

Sectors	QUAL Index	MSCI World ex Australia Index
Financial-x-Property Trusts	3.02	15.15
Energy	--	5.17
Utilities	--	3.62
Property Trusts	0.42	3.29
Materials	1.77	4.10
Consumer Discretionary	10.24	10.66
Industrials	10.86	11.23
Telecommunication Services	10.78	8.57
Consumer Staples	12.40	8.88
Health Care	16.22	12.49
Information Technology	34.26	16.85
Grand Total	100%	100%

Top 25 Holdings as at 30 September 2019




	Country	Sector	Weight (%)	Active Weight (%)
Apple	USA	Information Technology	5.70%	3.10%
Microsoft	USA	Information Technology	5.20%	2.70%
Facebook	USA	Communication Services	3.30%	2.30%
Johnson & Johnson	USA	Health Care	2.80%	1.90%
Visa	USA	Information Technology	2.70%	2.00%
Alphabet	USA	Communication Services	2.60%	1.60%
Alphabet	USA	Communication Services	2.40%	1.50%
Mastercard	USA	Information Technology	2.40%	1.80%
Nestle	Switzerland	Consumer Staples	2.20%	1.40%
Procter & Gable	USA	Consumer Staples	2.20%	1.50%
Roche Holding	Switzerland	Health Care	2.10%	1.60%
Intel	USA	Information Technology	1.90%	1.40%
Cisco Systems	USA	Information Technology	1.80%	1.30%
Disney (Walt)	USA	Communication Services	1.70%	1.10%
Pepsico	USA	Consumer Staples	1.50%	1.00%
Unitedhealth	USA	Health Care	1.50%	1.00%
Pfizer	USA	Health Care	1.40%	1.00%
Nike	USA	Consumer Discretionary	1.30%	1.00%
Oracle	USA	Information Technology	1.30%	0.90%
Texas Instruments	USA	Information Technology	1.30%	1.00%
Accenture	USA	Information Technology	1.20%	0.90%
Adobe	USA	Information Technology	1.10%	0.80%
Costco Wholesale	USA	Consumer Staples	1.00%	0.70%
Novo Nordisk	Denmark	Health Care	1.00%	0.80%
Nvidia	USA	Information Technology	1.00%	0.70%

* Active weight is relative to MSCI World ex Australia Index

Source: MSCI

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Important notice:

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