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MVA

VanEck Australian Property ETF
(ASX: MVA)

Q1 2024 Update

Fund summary

VanEck Australian Property ETF (MVA) gives investors exposure to a diversified portfolio of ASX-listed securities with the aim of providing investment returns before fees and other costs that closely track the returns of the Index.

MVA tracks the MVIS Australia A-REITs Index. The index is a pure-play rules-based Australian sector index, designed to capture the performance of the property sector of the Australian economy. The Index tracks the performance of the largest and most liquid ASX-listed Real Estate Investment Trusts (A-REITs).

Quarterly summary

- MVA returned 10.26% for the quarter ended 31 March 2024.
- Every sector performed strongly led by Industrial REITs, with the sector contributing 3.52% to the portfolio return.

Quarter end performance as at 31 March 2024

	1 month	3 months	6 months	1 year	3 years (p.a.)	5 years (p.a.)	Since MVA inception (p.a.)
Price Return (%)	7.91	10.26	22.99	16.12	2.49	-0.63	4.40
Income Return (%)	0.00	0.00	3.11	6.18	5.08	4.73	5.18
Total Return (%)	**7.91**	**10.26**	**26.10**	**22.30**	**7.57**	**4.10**	**9.58**
S&P/ASX 200 A-REIT Index (%)	9.70	16.75	36.08	36.58	11.44	6.45	10.06

Source: VanEck.
The table above shows past performance of the ETF from 14 October 2013. Index performance shown prior to 21 December 2012 is simulated based on the current Index methodology. Results are calculated to the last business day of the month and assume immediate reinvestment of distributions. ETF results are net of management fees and costs, 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 current or future performance which may be lower or higher.

The S&P/ASX 200 A-REIT Index is shown for comparison purposes as it is the widely recognised benchmark used to measure the performance of the largest A-REITs in Australia, from the S&P/ASX 200, weighted by market capitalisation. MVA's index measures the performance of the largest and most liquid ASX-listed A-REITs, with a maximum

Key benefits

Australian Real Estate Investment Trusts (A-REITs): Invest in a diversified portfolio of A-REITs providing exposure to commercial, retail, office, specialised and industrial property in a single trade on ASX.

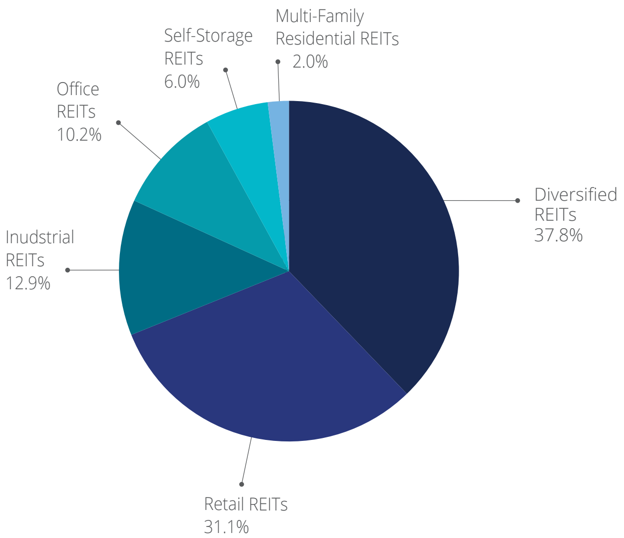
Efficient access to property investing with low entry costs: Liquid form of "bricks & mortar" with low capital commitment compared to buying real estate directly.

Relatively high and stable yields: A-REITs generally pay more dependable and higher distribution than other Australian listed companies.

Key risks

An investment in the ETF carries risks associated with: financial markets generally, individual company management, industry sectors, stock and sector concentration, fund operations and tracking an index. See the PDS for details.

Sector breakdown



Source: VanEck, as at 31 March 2024.

Fundamentals

Constituents (#)	17
Return on equity (%)	1.48
Price/Earnings (x)	44.63
Dividend yield (%)	4.66
Price/Book (x)	1.02
Price/Sales (x)	7.63

Source: VanEck, as at 31 March 2024.

VanEck Australian Property ETF: Top and bottom performers

Top performers	Contribution to return (%)	Sector	Commentary
Goodman Group	3.25	Diversified REITs	Goodman Group's share price surged to a record high in February after it upgraded both its full-year earnings guidance the size of its data centre development pipeline as part of a better-than-expected half-year results update.
Scentre Group	1.68	Retail REITs	Scentre Group released its results for the full-year 2023 with funds from operations of $1,094.2m, up 5.2% on the previous year. Distributions were $860.6 million which was also up 5.4% and above guidance.
Mirvac Group	1.89	Diversified REITs	Mirvac Group released its results for the half-year 2024 which showed revenue being up 51% from 1H 2023. The company also flagged that it is well positioned to capitalise on a market recovery spurred by potential cuts in interest rates.

Bottom performer	Contribution to return (%)	Sector	Commentary
GPT Group	-0.10	Diversified REITs	GPT Group's share price was hurt by an $819 million write-down against its property portfolio with the company recording a full-year 2023 statutory loss of $240 million. Funds from operations fell 3.2% as higher debt costs chewed into its income.

Source: VanEck, as at 31 March 2024.

Outlook

- Market expectations for RBA cash rate cuts in the second half of 2024 are premature, we think. Although headline inflation has been on the decline, the pace is likely to slow. A key driver of this is the stickiness of rental inflation, that is a result of increased migration and constrained housing supply which have led to a structural headwind thus limiting the efficacy of monetary policy.
- The A-REIT sector is well positioned to benefit from an elevated inflation environment as commercial leases typically exhibit inflation-linked annual increases in rents.
- Further, interest repayments remain low, with many loan arrangements locked-in during the era of low rates.
- Office REITs are offering good value for investors with shares trading approximately 30% below book value on average. Markets have priced in headwinds facing the subsector and any hint of upside earnings surprise could see significant share price appreciation. Listed office occupancy rates are above 90% despite companies consolidating office space. MVA is overweight office REITs relative to the S&P/ASX 300 REIT index.

Contact us

vaneck.com.au
info@vaneck.com.au
+61 2 8038 3300

VanEck-Australia
VanEck_Au
VanEckAus