

The VanEck logo is displayed in a white serif font against a dark background. The letters 'VanEck' are prominent, with a registered trademark symbol (®) to the upper right of the 'k'.

# VanEck<sup>®</sup>

Access the opportunities.

The QSML logo consists of the letters 'QSML' in a white sans-serif font, centered within a dark blue rectangular box.

QSML

The background of the top section is a composite image. It features a pair of hands cupping a glowing, fiery Earth from space. The Earth is shown with bright orange and yellow highlights over the continents, set against a dark, starry cosmic background. The hands are positioned at the bottom, with fingers gently supporting the planet.

## VanEck MSCI International Small Companies Quality ETF (ASX: QSML)

**Q1 2025 Update**

### Fund summary

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VanEck MSCI International Small Companies Quality ETF (QSML) gives investors a diversified portfolio of 150 international developed market small-cap quality growth securities. QSML aims to provide investment returns before fees and other costs which track the performance of the Index.

QSML tracks the MSCI World ex Australia Small Cap Quality 150 Index. The index measures the performance of the 150 international quality small-cap growth companies selected from the MSCI World ex Australia Small Cap Index at rebalance.

### Quarterly summary

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- QSML returned -4.36% for the quarter ended 31 March 2025, outperforming the MSCI World ex Australia Small Cap Index by 0.09%
- Exposure to the Industrials sector was the largest detractor to performance while the fund's Health Care stocks performed favourably.

## Quarter end performance as at 31 March 2025

	1 month	3 months	6 months	1 year	3 years (p.a.)	5 years (p.a.)	Since QSML inception (p.a.)
Price Return (%)	-3.22	-4.36	2.95	-2.63	12.57	-	9.67
Income Return (%)	0.00	0.00	0.00	3.29	1.94	-	1.46
<b>Total Return (%)</b>	<b>-3.22</b>	<b>-4.36</b>	<b>2.95</b>	<b>0.66</b>	<b>14.51</b>	<b>-</b>	<b>11.13</b>
MSCI World ex Australia Small Cap Index (%)	-4.00	-4.45	4.72	4.71	8.34	13.03	6.72

Source: VanEck.

The table above shows past performance of the ETF from 8 March 2021. Index performance shown prior to 15 February 2021 ("Launch Date") 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 MSCI World ex Australia Small Cap Index ("MSCI World ex Aus") is shown for comparison purposes as it is the widely recognised benchmark used to measure the performance of developed market large- and mid-cap companies, weighted by market capitalisation. QSML's index measures the performance of 150 companies selected from MSCI World ex Aus based on MSCI quality scores, weighted by market cap x quality score at rebalance. Consequently QSML's index has fewer companies and different country and industry allocations than MSCI World ex Aus.

### Key benefits

#### 150 of the world's highest quality small companies:

Access a diversified portfolio containing some of the world's highest quality small companies based on three key fundamentals: (i) high return on equity; (ii) earnings stability; and (iii) low financial leverage.

#### Outperformance potential in growing companies:

Investments focusing on quality small companies have delivered outperformance over the long term relative to other global small companies benchmarks and also relative to large- and mid-cap benchmarks.

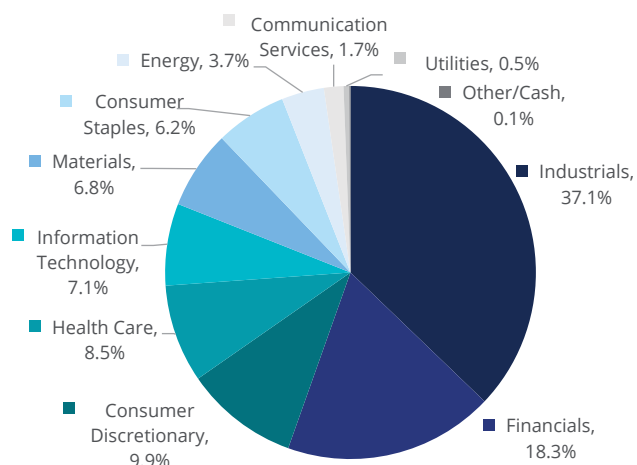
#### Diversified across countries, sectors and companies:

Offering investors a portfolio of 150 companies across a range of geographies, sectors and economies.

### Key risks

An investment in the ETF carries risks associated with: ASX trading time differences, financial markets generally, individual company management, industry sectors, foreign currency, country or sector concentration, political, regulatory and tax risks, fund operations, liquidity and tracking an index. See the [PDS](#) for details.

### Sector breakdown



### Fundamentals

Constituents (#)	147
Return on equity (%)	23.14
Price/Earnings (x)	18.29
Dividend yield (%)	1.22
Price/Book (x)	3.16
Price/Sales (x)	2.15

## VanEck MSCI International Small Companies Quality ETF: Top and bottom performers

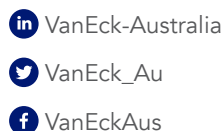
Top performers	Active weight (%)	Contribution to relative performance (%)	Sector	Commentary
Corcept Therapeutics Incorporated.	0.54	0.60	Health Care	Shares in Corcept Therapeutics soared over 120% for the quarter after the company reported trial results for their cancer treatment. The results showed a 30% reduction in disease progression risk with increased survival time for patients. The company also reported strong revenue growth, marking a 40% increase compared to the prior calendar year.
Sprouts Farmers Market, Inc.	1.06	0.22	Consumer Staples	Sprouts Farmers Market is a U.S. based grocery store chain focusing on fresh and organic foods. The company stock rose 14% during the quarter after reporting an earnings beat and providing an improved guidance on sales. Sprouts' success can be attributed to improved operational efficiencies which saw a 99% on-time delivery rate and a reduction in debt levels.
Royal Gold, Inc.	0.71	0.18	Materials	Royal Gold holds interest in over 180 mining properties around the world with many of them currently producing gold. The company's share price benefited as the price of gold surged to record highs and surpassing US \$3,000 per ounce driven by escalating geopolitical tensions and increased investor demand for safe-haven assets.
Bottom performers	Active weight (%)	Contribution to relative performance (%)	Sector	Commentary
Comfort Systems USA, Inc.	1.46	-0.31	Industrials	Comfort Systems USA provides contracting services focused primarily on heating, ventilation and air conditioning for large commercial buildings. The stock price reach an all time high in January and has since declined due to sentiment around the construction and engineering sectors making it the largest detractor to QSML's performance.
e.l.f. Beauty, Inc.	0.38	-0.25	Consumer Staples	e.l.f. Beauty is an American cosmetics company that sells affordable makeup and skincare products. The share price fell nearly 50% during the quarter after the company reported weaker than expected sales. The impact of tariffs implemented by the U.S. Government has also influenced investor confidence in the company as majority of their products are manufactured in China.
AAON, Inc.	0.70	-0.24	Industrials	AAON specialises in designing and manufacturing heating, ventilation and air conditioning equipment. The company's share price fell during the quarter after reporting a significant earnings miss. Negative sentiment around the construction and engineering sectors also impacted the share price.

## Outlook

- A 'flight to quality' could surface this year given the uncertainty surrounding how the escalating tariff wars could impact economic growth and inflation. Quality companies typically outperform during periods of heightened market volatility and notably outperformed during the 2018-19 US China trade war period.
- Manufacturing activity may stall as companies look to reposition supply chains to navigate tariffs. This could result in an economic slowdown or contraction, which due to quality's defensive characteristics is typically an environment where the factor outperforms.
- Company debt serviceability could become increasingly scrutinised as higher interest rates strain balance sheets in a slowing economic environment. Consequently, there could be increased demand for quality companies with lower financial leverage and more stable historical earnings growth.
- Focusing on company fundamentals offers the potential to harness additional alpha. The percentage of unprofitable small caps has steadily increased, making them more susceptible to share price corrections.
- Should market sentiment turn more positive, small caps may outperform large caps.
- Valuations are compelling, with global small-cap valuations relative to large caps near 25-year lows across various multiples.

## Contact us

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



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