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Quarterly report VanEck ETF Model Portfolios December 2018

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Overview December quarter

The S&P/ASX 300 Accumulation Index declined -8.4% over the quarter, with the energy, consumer discretionary, and IT sectors leading the declines; while traditional defensive sectors of real estate and utilities outperformed, reflecting the sharp declines in bond yields in December. The index returned -3.0% over calendar 2018, the weakest performance since 2011. Most economic indicators have remained stable but the fall in house prices, together with tighter lending conditions and waning consumer sentiment, are likely to exert further downwards pressure on the segment over 2019. This is likely to have a knock-on effect to other sectors, particularly discretionary retail.

Global equities posted sharp declines in the quarter, falling -10.4% on persistent concerns over global trade tensions and slowing economic growth. US equities declined materially on fears over economic momentum and slower earnings growth, with the S&P500 index falling -13.5%. A standoff between the White House and Congress over illegal immigration has created additional uncertainty, resulting in a partial shutdown of some government departments. European equities also declined, with data continuing to point to slowing momentum in the Eurozone economy. The FTSE All-Share and sterling fell in response to political noise and impasse around Brexit.

Australian and global bond yields fell on safe-haven demand as equity markets endured a sell-off. Domestic fixed income markets returned 2.2% over the quarter and global fixed interest returned 1.7%. The Australian 10-year bond yields fell 31bps, ending the year at 2.33% and the US 10-year Treasury yields fell from 3.06% to 2.68%. The RBA continues to maintain its monetary policy stance while the Federal Reserve lowered its guidance from three to two rate hikes after December.

December 2018 quarterly portfolio performance

Period returns for periods ending 31 December 2018

Period	Balanced	Growth	High Growth
3 Months	-4.67%	-7.08%	-9.55%
6 Months	-1.59%	-3.02%	-4.49%
1 Year	1.68%	0.98%	0.21%
3 Years	-	-	-
5 Years	-	-	-

Source: Lonsec

Performance contributors and detractors for three months to 31 December 2018

ETF	ASX Code	Balanced	Growth	High Growth
VanEck Vectors Australian Equal Weight ETF	MVW	-2.27%	-3.16%	-4.05%
VanEck Vectors MSCI World ex Australia Quality ETF	QUAL	-2.04%	-2.84%	-3.63%
Vanguard MSCI Index International Shares ETF	VGS	-0.89%	-1.22%	-1.66%
SPDR Dow Jones Global Real Estate ETF	DJRE	-0.11%	-0.14%	-0.14%
VanEck Vectors Australian Property ETF	MVA	0.03%	0.03%	0.03%
VanEck Vectors FTSE Global Infrastructure (Hedged) ETF	IFRA	-0.08%	-0.08%	-0.08%
iShares Core Composite Bond ETF	IAF	0.44%	0.22%	
Vanguard International Fixed Interest Index ETF (Hedged)	VIF	0.34%	0.18%	

Source: Lonsec

Past performance is not a reliable indicator of future performance. The Model Portfolios are notional portfolios. Model Portfolio performance is calculated after fees and other costs incurred in the funds but before taxes.

Performance contributors and detractors for twelve months to 31 December 2018

ETF	ASX Code	Balanced	Growth	High Growth
VanEck Vectors Australian Equal Weight ETF	MVW	-1.04%	-1.45%	-1.85%
VanEck Vectors MSCI World ex Australia Quality ETF	QUAL	0.79%	1.10%	1.40%
Vanguard MSCI Index International Shares ETF	VGS	0.13%	0.17%	0.24%
SPDR Dow Jones Global Real Estate ETF	DJRE	0.09%	0.12%	0.12%
VanEck Vectors Australian Property ETF	MVA	0.33%	0.33%	0.33%
VanEck Vectors FTSE Global Infrastructure (Hedged) ETF	IFRA	-0.06%	-0.06%	-0.06%
iShares Core Composite Bond ETF	IAF	0.87%	0.44%	-
Vanguard International Fixed Interest Index ETF (Hedged)	VIF	0.38%	0.20%	-

Source: Lonsec

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ETF performance

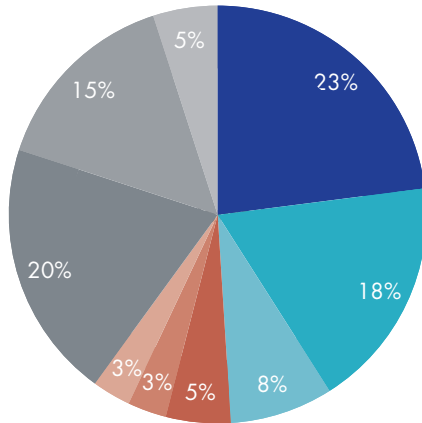
Period returns for periods ending 31 December 2018

ETF	ASX Code	3 Months	6 Months	1 Year	3 Years	5 Years
VanEck Vectors Australian Equal Weight ETF	MVW	-9.89%	-7.00%	-4.52%	9.25%	-
VanEck Vectors MSCI World ex Australia Quality ETF	QUAL	-11.34%	-3.14%	4.39%	8.58%	-
Vanguard MSCI Index International Shares ETF	VGS	-11.07%	-4.54%	1.58%	7.57%	-
SPDR Dow Jones Global Real Estate ETF	DJRE	-3.59%	-2.34%	3.12%	1.95%	9.05%
VanEck Vectors Australian Property ETF	MVA	0.60%	4.45%	6.69%	9.26%	13.19%
VanEck Vectors FTSE Global Infrastructure (Hedged) ETF	IFRA	-2.77%	-2.80%	-2.12%	-	-
iShares Core Composite Bond ETF	IAF	2.21%	2.71%	4.36%	3.52%	4.49%
Vanguard International Fixed Interest Index ETF (Hedged)	VIF	2.27%	1.75%	2.52%	3.36%	-

Source: Lonsec

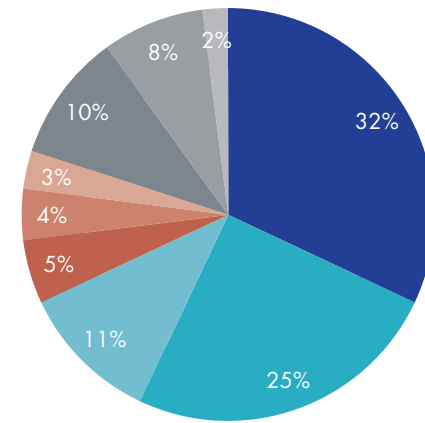
VanEck ETF Model Portfolios -

Balanced



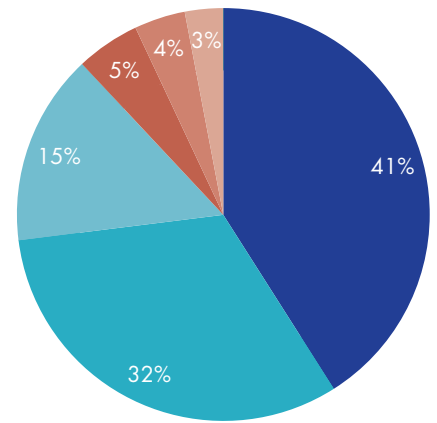
Management cost[^]: **0.29% p.a.**

Growth



Management cost[^]: **0.32% p.a.**

High Growth



Management cost[^]: **0.35% p.a.**

MVW VanEck Vectors Australian Equal Weight ETF

QUAL VanEck Vectors MSCI World ex Australia Quality ETF

VGS Vanguard MSCI Index International Shares ETF

MVA VanEck Vectors Australian Property ETF

DJRE SPDR Dow Jones Global Real Estate ETF

IFRA VanEck Vectors FTSE Global Infrastructure (Hedged) ETF

IAF iShares Composite Bond Index ETF

VIF Vanguard International Fixed Interest Index (Hedged) ETF

CASH Generic cash (RBA cash rate)

[^]Management costs are estimates as of 31 December 2018 calculated as a weighted average of the fees and other costs incurred in the funds as disclosed in the product disclosure statements for the underlying ETFs in the model portfolio*.

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