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Quarterly report VanEck ETF Model Portfolios June 2019

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Overview June quarter

The S&P/ASX200 index was trading down prior to the Reserve Bank of Australia cut rate of 25bps (to a record low 1.25%), which boosted the market back into positive territory to the end of June. Upward momentum was also assisted by positive expectations of a trade resolution to come out of the G20 in Japan at the backend of June. All but one GICS sector finished the quarter in the green; Telcos topped the index and traded +13.2% higher, followed by Healthcare and Financials names, the latter helped by Scott Morrison's election victory, (+9.4% and +8.1% respectively). Energy was the biggest laggard, losing 0.6% over the quarter and Utilities were only up 1.4%.

It proved to be another volatile quarter as the Trump Administration in Washington turned-up the temperature in the simmering trade war with China. The market had some wobbles, particularly as US Tech investors digested the latest plot twist from Washington. Nevertheless, markets finished ahead for the June quarter (MSCI ACWI +4.88% and S&P500 +5.43%, all returns in Australian dollars).

Chinese equities meanwhile were under pressure. The US trade actions are taking a toll and there is reporting of US corporates rejigging their supply chains to avoid the tariffs on Chinese goods. Vietnam, is emerging as an early winner. China also faced domestic headwinds with protestors in Hong Kong chaffing at closer integration with the Chinese state.

The June quarter 2019 was another positive period for the Australian property securities. Australian listed property pulled back in April, then recovered well in May and June 2019 as the outlook for lower interest rates gained the ascendancy. Global infrastructure securities outperformed global equities but global property securities lagged for the June 2019 quarter after a strong March 2019 quarter.

As widely predicted the RBA cut rates in June by 25bps, followed by another cut in early July. The cash rate now sits at an historical low of 1% in mid July. The rhetoric of the RBA has also changed moving toward a more conciliatory tone signalling there is still some room for further action, if required. The global economy looks less rosy than it did three months ago with cracks appearing over the past year growing wider. In the US the market is now predicting the Fed will cut rates sooner rather than later.

June 2019 quarterly portfolio performance

Period returns for periods ending 30 June 2019

Period	Balanced	Growth	High Growth
3 Months	4.38	5.05	5.72
6 Months	13.48	16.33	19.19
1 Year	11.68	12.82	13.84
3 Years	9.29	11.43	13.65
5 Years	-	-	-

Source: Lonsec

Past performance is not a reliable indicator of future performance. The Model Portfolios are notional portfolios. Model Portfolio performance is calculated after management fees and before taxes.

Performance contributors and detractors for three months to 30 June 2019

ETF	ASX Code	Balanced	Growth	High Growth
VanEck Vectors Australian Equal Weight ETF	MVW	1.63%	2.27%	2.90%
VanEck Vectors MSCI World ex Australia Quality ETF	QUAL	0.89%	1.24%	1.58%
Vanguard MSCI Index International Shares ETF	VGS	0.42%	0.58%	0.79%
SPDR Dow Jones Global Real Estate ETF	DJRE	0.05%	0.06%	0.06%
VanEck Vectors Australian Property ETF	MVA	0.22%	0.22%	0.22%
VanEck Vectors FTSE Global Infrastructure (Hedged) ETF	IFRA	0.11%	0.11%	0.11%
iShares Core Composite Bond ETF	IAF	0.60%	0.30%	
Vanguard International Fixed Interest Index ETF (Hedged)	VIF	0.39%	0.21%	

Source: Lonsac

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Performance contributors and detractors for twelve months to 30 June 2019

ETF	ASX Code	Balanced	Growth	High Growth
VanEck Vectors Australian Equal Weight ETF	MVW	2.50%	3.48%	4.46%
VanEck Vectors MSCI World ex Australia Quality ETF	QUAL	2.93%	4.08%	5.22%
Vanguard MSCI Index International Shares ETF	VGS	0.97%	1.33%	1.81%
SPDR Dow Jones Global Real Estate ETF	DJRE	0.35%	0.46%	0.46%
VanEck Vectors Australian Property ETF	MVA	1.33%	1.33%	1.33%
VanEck Vectors FTSE Global Infrastructure (Hedged) ETF	IFRA	0.44%	0.44%	0.44%
iShares Core Composite Bond ETF	IAF	1.88%	0.94%	-
Vanguard International Fixed Interest Index ETF (Hedged)	VIF	1.02%	0.55%	-

Source: Lonsac

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ETF performance

Period returns for periods ending 30 June 2019

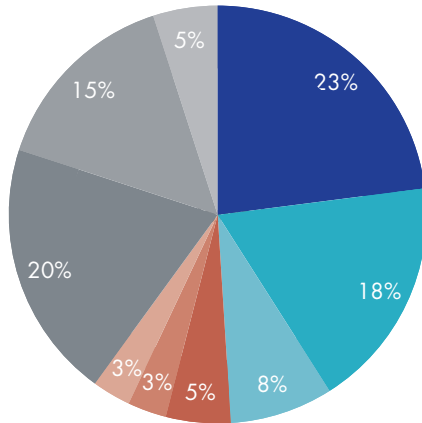
ETF	ASX Code	3 Months	6 Months	1 Year	3 Years	5 Years
VanEck Vectors Australian Equal Weight ETF	MVW	7.08%	19.23%	10.89%	12.87%	11.52%
VanEck Vectors MSCI World ex Australia Quality ETF	QUAL	4.94%	20.08%	16.3%	16.01%	-
Vanguard MSCI Index International Shares ETF	VGS	5.25%	17.4%	12.08%	14.09%	-
SPDR Dow Jones Global Real Estate ETF	DJRE	1.53%	14.29%	11.61%	4.54%	10.37%
VanEck Vectors Australian Property ETF	MVA	4.42%	21.2%	26.6%	11.12%	14.97%
VanEck Vectors FTSE Global Infrastructure (Hedged) ETF	IFRA	3.7%	18.06%	14.76%	9.68%	-
iShares Core Composite Bond ETF	IAF	3.01%	6.49%	9.38%	4.05%	4.89%
Vanguard International Fixed Interest Index ETF (Hedged)	VIF	2.58%	4.99%	6.83%	2.55%	-

Source: Lonsac

Past performance is not a reliable indicator of future performance.

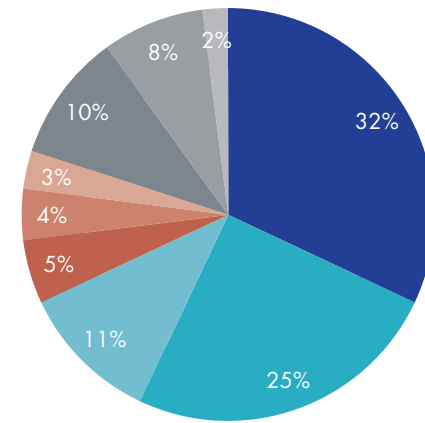
VanEck ETF Model Portfolios -

Balanced



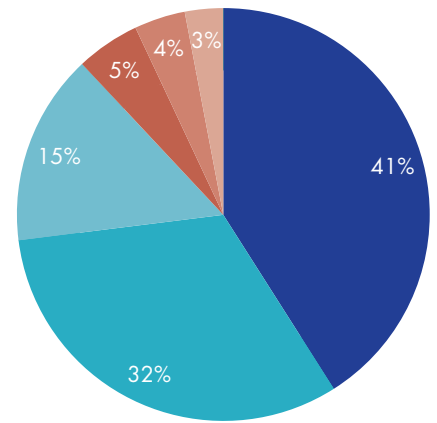
Management cost[^]: **0.29% p.a.**

Growth



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

High Growth



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

MVW VanEck Vectors Australian Equal Weight ETF

MVA VanEck Vectors Australian Property ETF

IAF iShares Composite Bond Index ETF

QUAL VanEck Vectors MSCI World ex Australia Quality ETF

DJRE SPDR Dow Jones Global Real Estate ETF

VIF Vanguard International Fixed Interest Index (Hedged) ETF

VGS Vanguard MSCI Index International Shares ETF

IFRA VanEck Vectors FTSE Global Infrastructure (Hedged) ETF

CASH Generic cash (RBA cash rate)

Management costs are estimates as of 30 June 2019 calculated as a weighted average of the management costs disclosed in the product disclosure statements for the underlying ETFs in the model portfolio*.

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