VanEck

Access the opportunities.

VanEck ViewPoint™

A pinch of optimism

June 2021

A review of the events of the past couple of years reads like the plagues in the Book of Exodus. Beyond COVID, bushfires ravaged Australia in early 2020 and just six months later four million acres were destroyed in California. These devastating fires doubled the previous bushfire destruction record set two years earlier. The 2020 hurricane season also broke many records including most named storms, 30, and it was also the fifth consecutive season that a Category 5 storm formed, which was another record. Floods have ravaged China, India, and Indonesia. Droughts continue to hit many regions, including Taiwan, a major producer of silicon chips which are highly dependent on water for production.

There has been the plagues (locusts in Asia, East Africa, India and the Middle East, mice in Australia), volcanic eruptions (Philippines and the Democratic Republic of the Congo), explosions (Lebanon), the January 6 insurrection, and more recently the escalation of tension in the Middle East. All of these upheavals impact demand and supply.

So how has the market responded to any one of these potentially devastating events? With optimism. Valuations continue to hit new highs. During the quarter the ASX hit all-time highs. It is not just stock prices breaking records, so too are debt levels. It's looking more and more likely Biden's multi-trillion dollar budget boost will be rolled out. In addition, central banks have maintained their commitment to low rates, despite evidence of rapid economic expansion.

It's important to remember the economy is still recovering from a deflationary shock and the largest accumulation of debt since the GFC continues to create a drag on productivity. This scenario, the text books tell us, would lead to a low growth economy. Instead the economy is growing faster than expected, technology facilitates transactions and demand is outweighing supply especially in industries that have experienced supply disruption. This all leads to inflation and the data is pointing upward. Employment numbers are also 'strong'. But there are disconnects. Employers are having trouble filling jobs but those looking for work cannot find roles.

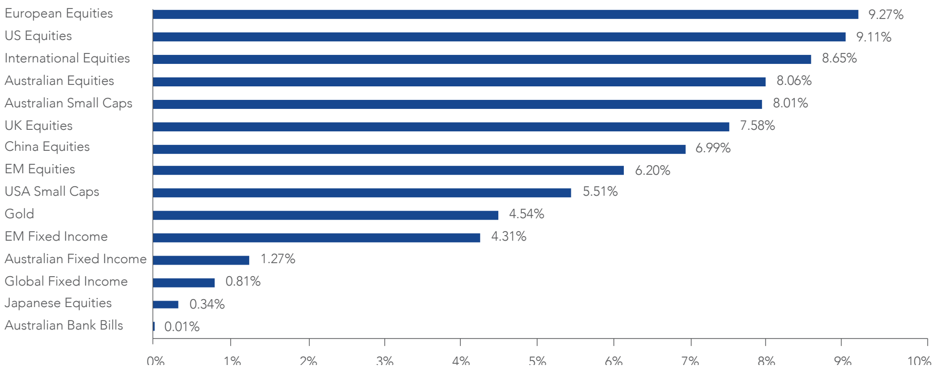
None of this has really halted the wall of money and the accommodative policies of developed market authorities.

The 'reflation' narrative that started into 2021 has continued to play out through the second quarter. This quarter sectors representative of the value trade, performed well. For example, Australian consumer discretionary and global real estate were among the best performing sectors. European equities also performed well during the quarter.

What was interesting this quarter was the downward movement of long-term bond yields after the Fed Chair Jerome Powell warned against reading too much into its dot-plot graph indicating there could be two rate rises in 2023, by saying the projections need to be taken with a "big grain of salt." The market obliged, with a pinch of optimism.

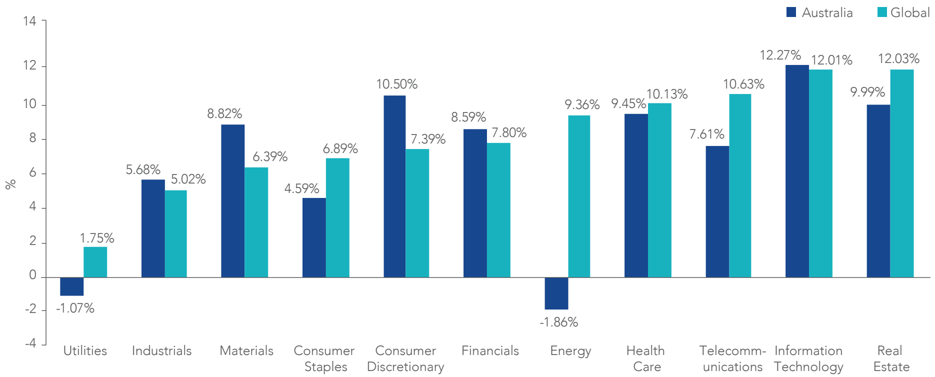
"Optimism is normal, but some fortunate people are more optimistic than the rest of us" – Daniel Kahneman

Chart 1: Index returns in the June 2021 quarter



Source: Bloomberg, 1 April 2021 to 29 June 2021, returns in Australian dollars. European Equities is MSCI Europe Index, US Equities is S&P 500 Index, International Equities is MSCI World ex Australia Index, Australian Equities is S&P/ASX 200 Accumulation Index, Australian Small Caps is S&P/ASX Small Ordinaries Index, UK Equities is FTSE 100 Index, China equities is CSI 300 Index, USA Small Caps is Russell 2000 Index, Gold is Gold Spot US$/oz, EM Equities is MSCI Emerging Markets Index, EM Fixed Income is 50% J.P. Morgan Emerging Market Bond Index Global Diversified Hedged AUD and 50% J.P. Morgan Government Bond-Emerging Market Index Global Diversified, , Australian Fixed Income is Bloomberg AusBond Composite 0+ yrs Index, Global Fixed Income is Bloomberg Global Aggregate Bond Hedged AUD Index, Japanese Equities is Nikkei 225 Index, Australian Bank Bills is Bloomberg AusBond Bank Bill Index.

Chart 2: Global and Australian equity sectors June 2021 quarterly performance



1. Source: Bloomberg, 1 April 2021 to 29 June 2021, returns in Australian dollars. Utilities is MSCI World Utilities Index / S&P/ASX 200 Utilities Index, Industrials is MSCI World Industrials Index / S&P/ASX 200 Industrials Index, Materials is MSCI World Materials Index / S&P/ASX 200 Materials Index, Consumer Staples is MSCI World Consumer Staples Index / S&P/ASX 200 Consumer Staples Index, Consumer Discretionary is MSCI World Consumer Discretionary Index / S&P/ASX 200 Consumer Discretionary Index, Financials is MSCI World Financials Index / S&P/ASX 200 Financials Index, Energy is MSCI World Energy Index / S&P/ASX 200 Energy Index, Healthcare is MSCI World Heath care Index / S&P/ASX200 Heath care Index, Telecommunications is MSCI World Telecommunications Index / S&P/ASX 200 Telecommunications Index, Information Technology is MSCI World Information Technology Index / S&P/ASX 200 Information Technology Index, Real Estate is MSCI World REIT Index / S&P/ASX 200 AREIT Index.

The era of 'inflacency'

In the 1970s economies around the world, governments and investment markets were all ravaged by a strange new phenomenon, inflation and growth stagnation were occurring at the same time. Economists and investors were so stumped they invented a new word: Stagflation.

Stagflation still haunts markets, long after its demise. We think there is a new word that can capture what is happening around the world.

Inflacency.

Inflacency is where inflation meets complacency – and it sums up the attitude of many market participants and policy makers.

Markets have been complacent for some time, shrugging off bad data and risks with asset price rises. Over most of the past quarter it seems markets have become even more complacent. The US inflation data overshot expectations by a long way, Core CPI overshot market expectations by an annualised 4% over the quarter.

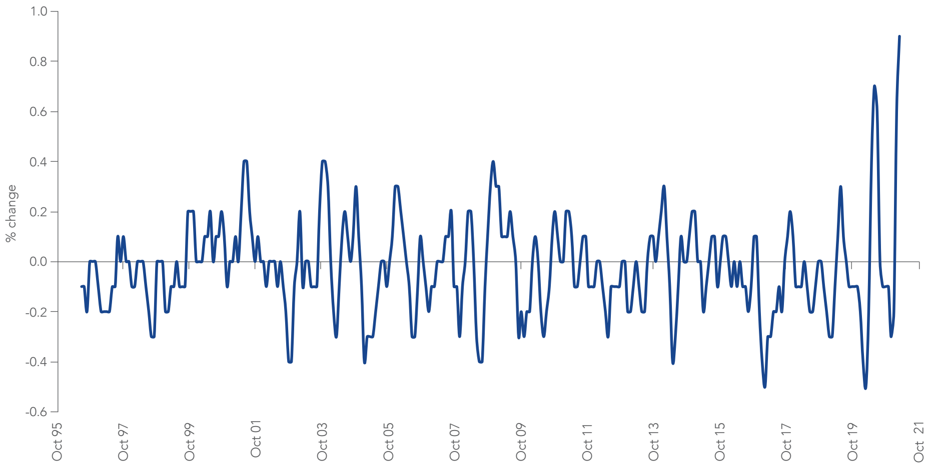
That bond markets shrugged this off is unprecedented. And this is but one example of where inflation meets complacency.

Much of the commentary around inflation has involved whether it is transitory or real. Some commentary questioned the calculation methodology. Either way, markets have shrugged off inflation concerns and most asset prices have continued to rise.

We turn to central banks for guidance.

Chart 3: Biggest ever miss on Core CPI

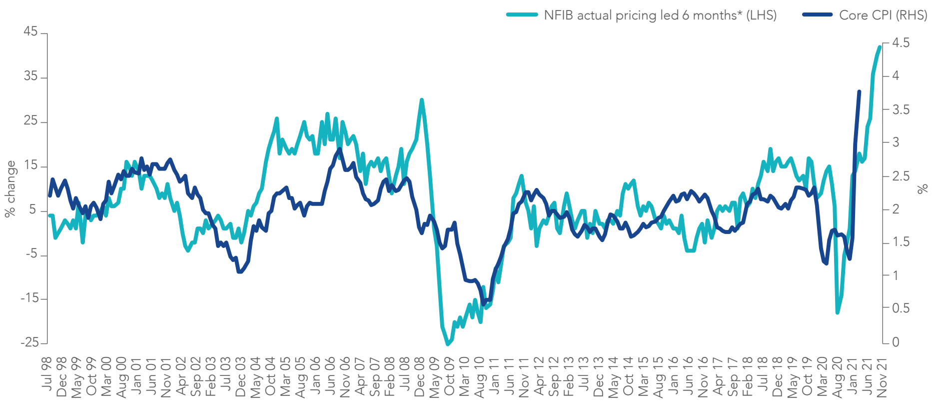
Difference between actual CPI release and median survey result



Source: Bloomberg. Up to most recent in lation data is May 2021.

Chart 4: Inflation is getting hard to ignore

National Federation of Independent Business (NFIB) pricing vs Core CPI



Source: NFIB, Bloomberg. Data to 31 May 2021.
*Actual except last observation = planned.

Don't fight the Fed – but watch inflation

Of course, bond markets aren't the only ones in denial, the Fed has been forced to revise up their CPI projection for the year by a full percentage point in just three months. Magically though, CPI in 2022 reverts almost entirely to their previous forecast, with no policy action until the following year.

Investors should always bear in mind that the world is serially correlated, when reality diverges from expectations, the chances are it will continue to diverge in the same direction. This means that the forward guidance of policy makers should be treated with suspicion because it will stay the same, until it doesn't.

We are not saying that markets and the Fed haven't realised that inflation has picked up – it is a visible fact that it has. But the dominant paradigm remains that inflation is related to reopening bottlenecks and hence will prove to be "transitory". The reason for scare quotes from central bankers recognising this is that nobody seems to be sure how long this transition will be.

The transitory thesis is that there is still excess capacity in the US and global economy, meaning that the inflation surge will pass. This may be right. The issue is the onus of proof and the balance of probabilities.

High inflation is here and it is being accompanied by above trend growth through 2021. It should be up to those in the transitory camp, including the Fed, to make the case that inflation will drop back to the Fed's comfort zone.

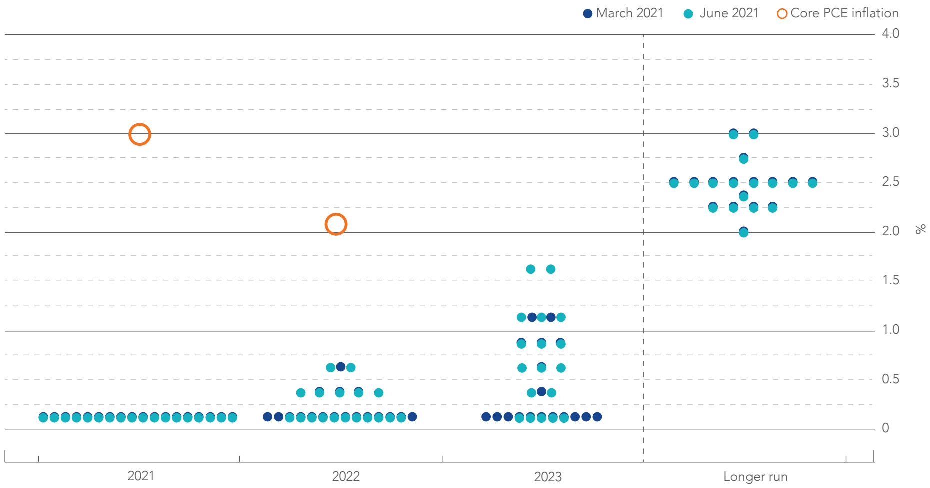
Asset prices should reflect that risk rather than be skating at highs.

Chairman Powell might be doing his best to soothe markets (the aforementioned "grain of salt") but investors should ask themselves, if price and wage data keep rolling out like the last quarter then how much longer can the Fed sit on its view?

2023 will start to look like a long, long way away. Expect rate hikes next year, though the mountain of US corporate debt might make it a short and sharp hiking cycle.

Chart 5: The Fed dot plots depend on its 2% core PCE inflation projection

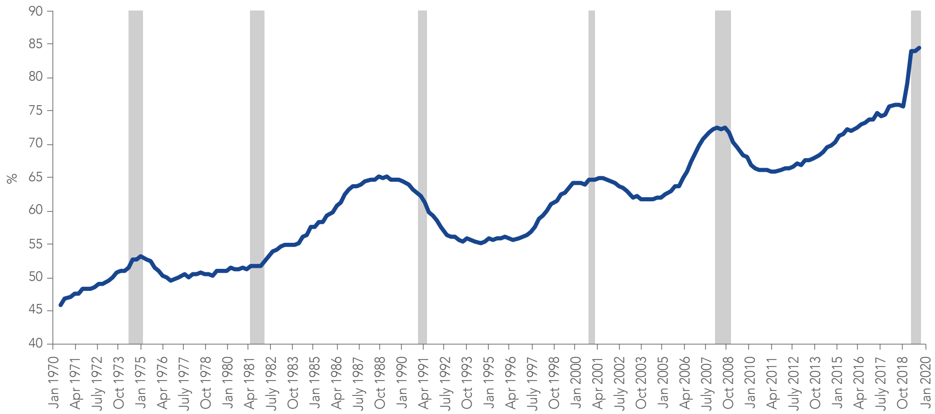
FOMC participants' assessment of appropriate monetary policy: Midpoint of target range or target level for the federal funds rate



Source: Federal Reserve Monetary Policy Files 16 June 2021.

Chart 6: It might be a short and sharp hiking cycle with debt so high

US Corporate Debt to GDP (recessions marked)



Source: Federal Reserve Bank of St. Louis.

A transitory scorecard

Let's see where we are in regards to a transition by looking at transitory effects – and, more importantly, when they might abate. Also, just as importantly, where investors may benefit when they do.

As vaccination rates rise, so will spending. US consumers are sitting on a pile of savings and we're likely to see a spending acceleration as re-openings proceed. Reopening effects are already visible in some prices such as hotels and travel but seem unlikely to abate in coming months.

Freight and some input price surges look to be transitory. Commodity prices appear to have peaked, helped by weather and Chinese braking – more on that below. Freight dislocations and charges will likely last all year and may even pick up further in the next few months from already-record highs. Component shortages and busted supply chains could be with us throughout this year – notably semi-conductors, which impacts scores of products.

Global vaccine distribution unevenness will also impact. Most developed nations are getting well along on vaccine distributions and so will be opening – and spending – well ahead of many of the least developed countries. In turn, this will exacerbate and prolong trade imbalances and input difficulties.

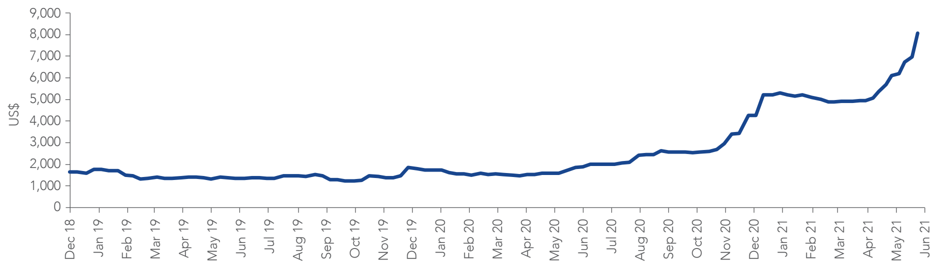
The hopes of those in the transitory camp are pinned on labour market slack. They may be right. But the COVID dislocation is a once-in-a-hundred-year event (there seem to be a lot of them these days). There are massive sectoral shifts occurring and, at the moment, labour markets are not at all behaving as if there is slack.

Businesses are claiming record levels of difficulty hiring. And quit rates (voluntary job leavers – a measure of how confident workers are of finding a better job) are soaring. Anecdotally, near term wage pressures are rising, average hourly earnings data show early signs of upturn, too.

Surveys also show a rising proportion of businesses are planning to pass on higher costs as price rises. If employers are desperate to hire and push wages up, and in turn pass this on as higher prices, then it's hard to see that this inflation is transitory.

Chart 7: It's costing more and more to ship goods

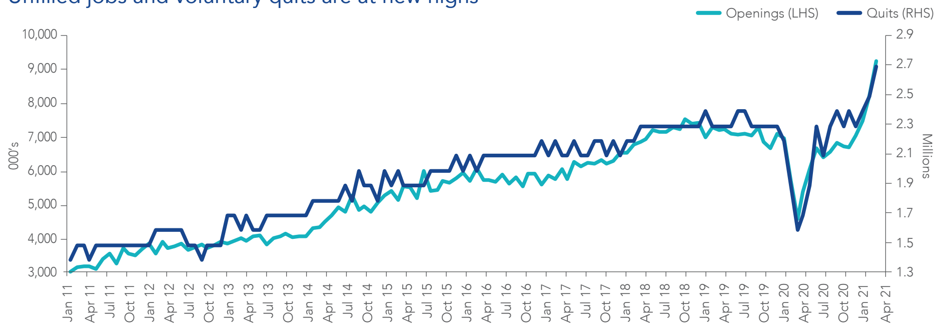
World Container Index US dollars per 40 foot container



Source: Bloomberg. Data to 25 June 2021.

Chart 8: Workers are looking for a better job

Unfilled jobs and voluntary quits are at new highs



Source: Bloomberg. Data to 30 April 2021.

Chart 9: The cost of labour is soaring

NFIB jobs hard to fill leads wages growth

Source: NFIB, National Bureau of Economic Research. Data to 31 May 2021.

A cyclical scorecard

Where will we be when this year's fiscal surge has passed and the economy moves back to a more sedate growth path?

Let's do some simple maths.

First, most people would accept that the US economy was at or near full employment – an unemployment rate of 3.5% and wage growth picking up – when COVID struck.

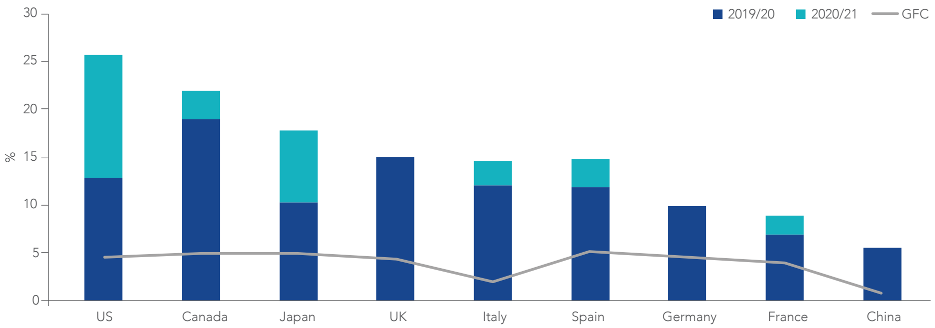
A year later, GDP had fallen about 2.5%. With potential GDP estimated by the Congressional Budget Office to be growing at around 1.7% a year, that suggests an output gap of a little over 4% of GDP (roughly US$900 billion nominal dollars) or around a third the size of the fiscal boost provided by the first two fiscal packages!

In other words, unless fiscal multipliers (how many dollars of GDP growth are generated per dollar of fiscal support) are unfeasibly low, the fiscal boost far exceeds the output gap. Plausible estimates of multipliers for the two packages range from 0.3 (low enough to just balance the growth books) to 2 (more than enough to blow the economy sky high).

So when "transitory" finishes transiting, the chances are the US will be looking at a significant negative output gap – that is, cyclical inflationary pressures. Even if the assumption that the Phillips Curve – the relationship between labour market tightness and wages/inflation – is pretty flat holds true, an economy with full employment will still see upward, not downward, wage and price pressure. Why should inflation slow under such a scenario?

Chart 10: This debt is unprecedented

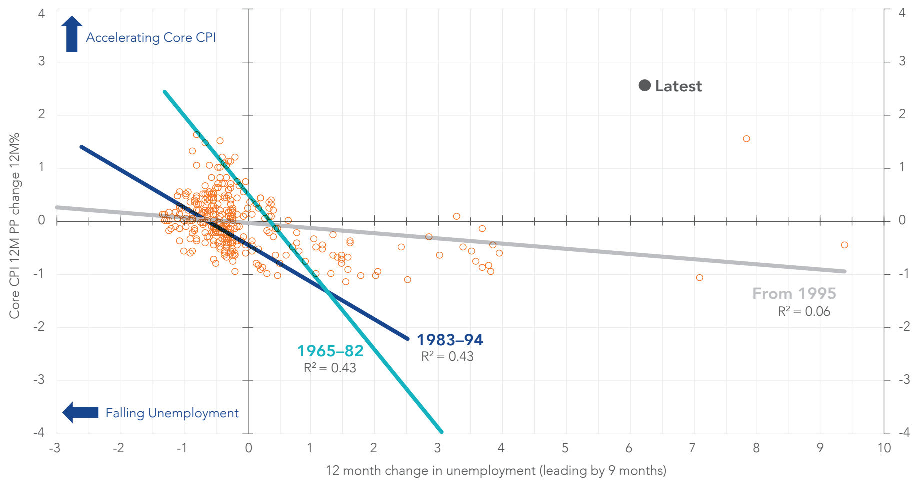
Fiscal stimulus as a percentage of GDP



Source: IMF.

Chart 11: Will inflation slow down?

US unemployment change and change in core CPI*



Source: Bureau of Labor Statistics.

*12 month change in unemployment rate leading by 9 months versus the 12 month point change in core CPI 12 month %. Data for 1970s and 1980 are not shown.

A secular scorecard

Finally, secular pressures will continue to work below the surface.

The fracturing of global supply chains will not be fully unwound. Geopolitical clashes are still intensifying, at least with China, and businesses have learnt (many the hard way) that global just-in-time inventory management is a major business risk.

Ageing populations will also constrain global labour supply. Some proportion of recent decades' deflationary pressures came from adding more (cheap) labour supply to the world economy. But now labour supply growth, both cheap and expensive, is slowing, or outright contracting.

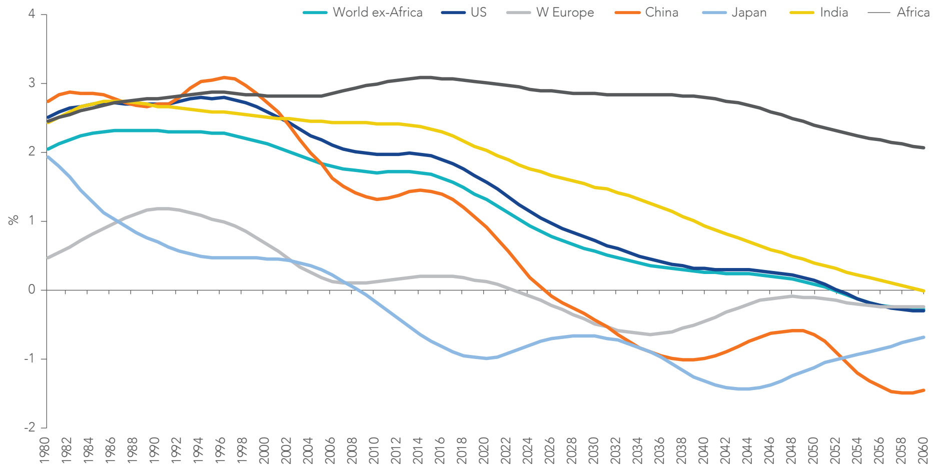
Do not discount the acceleration of decarbonisation either. It is adding to production costs. The chart on the right shows a proxy for impact (carbon emission futures price).

One offset to an overcooked US economy is less stimulus from China. China has been leaning into the global recovery evidenced by China credit growth which became obvious over the past quarter. While we have noted this in the past, we were not prepared for the reaction of Chinese authorities that jawboned and threatened commodity markets, which has so far, thankfully, proven pointless.

A more hawkish Fed will presumably suit China, reducing tensions between the exchange rate and tightening domestic financial settings.

Chart 12: Labour supply growth is an inflationary pressure

Working age population (annualised growth rate)



Source: United Nations, Department of Economic and Social Affairs.

Chart 13: Another cost to production

Carbon emissions futures price

Source: Bloomberg.

Weighing China's fundamentals and policy priorities

The renminbi was the third best performing emerging market currency in the past 12 months, buoyed by China's trailblazing status in the post-pandemic recovery and policy normalisation (which equal higher real and nominal rates), wider external surpluses, and larger inflows on the back of the global index inclusion. Support from some of these factors will weaken in the coming months (narrowing growth and interest rate differentials, smaller external surpluses), but the fundamental case for the stronger renminbi is still intact – and authorities understand this. But they also understand that the predictability of the "one-way" FX trade can lead to bubbles and imbalances. Hence, the recent policy fine-tuning measures to encourage larger outflows and introduce more "spontaneity" on the currency market – but no more sharp policy turns for now.

China's policies and fundamentals were put to the test during the pandemic – often with surprising results. China was the only major economy that did not contract in 2020 – despite implementing a smaller stimulus (as percentage of GDP) than most developed markets. China's policy mix also looked "smarter" in many respects – opting for the targeted stimulus instead of unleashing a non-discriminating wall of liquidity and relying on state-owned enterprises to kick-start the recovery. As a result – and in addition to the speedy recovery – China managed to gain global market share, boost its external surplus, attract more investments, and make some geopolitical gains via the vaccine diplomacy.

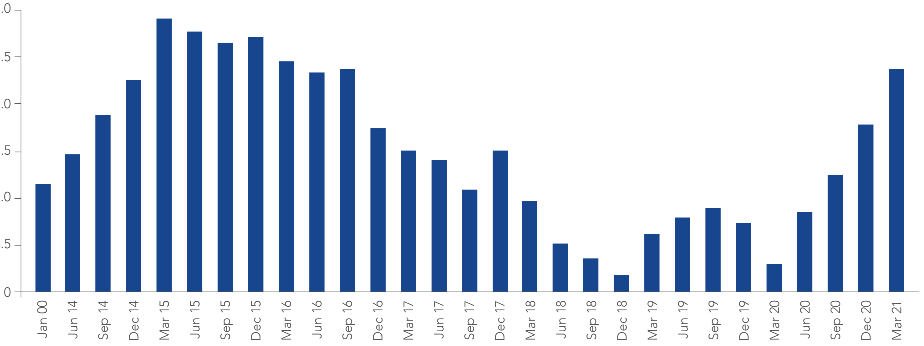
With the post-pandemic peak recovery already behind us, the focus is likely to shift to issues that are more structural in nature.

There are two sides to the rebalancing story in China – domestic and external. Domestically, the main challenge is that services' contribution to GDP growth remains well below the pre-COVID levels. China's administered doses/population ratio (~56%) is still below the developed market average (~74%), but vaccinations are rising, which should help to mitigate the situation going forward. The weak labour market conditions and tighter credit availability, however, are major headwinds. Externally, China's exports (and exporters) would have to adjust to changes in demand as the rest of the world reopens, which can reduce net exports' contribution to growth – together with China's trade and current account surpluses.

China had already started policy normalisation, which means that large-scale financial support is out. What's "in" is financial stability. Still, rising corporate defaults – including SOEs – suggest that authorities feel comfortable enough to stir things a bit and see how far they can push to address the moral hazard issue. Corporate defaults and tighter regulations (including green and environmental) might be associated with higher credit risks, but they can also be a sign of a more mature system that does not want to coddle individual economic agents forever.

Chart 14: Passing the policy test

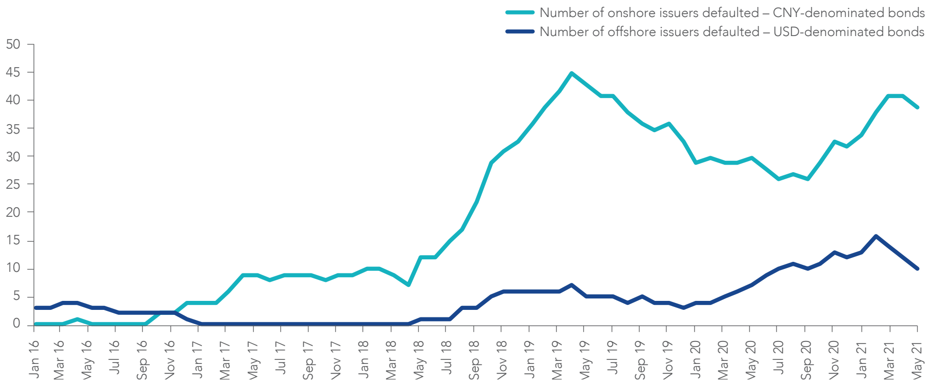
China's current account balance, % GDP



Source: Bloomberg.

Chart 15: Exhibiting a more mature system

China – Number of corporate defaults



Source: Bloomberg.

A promising outlook for emerging markets

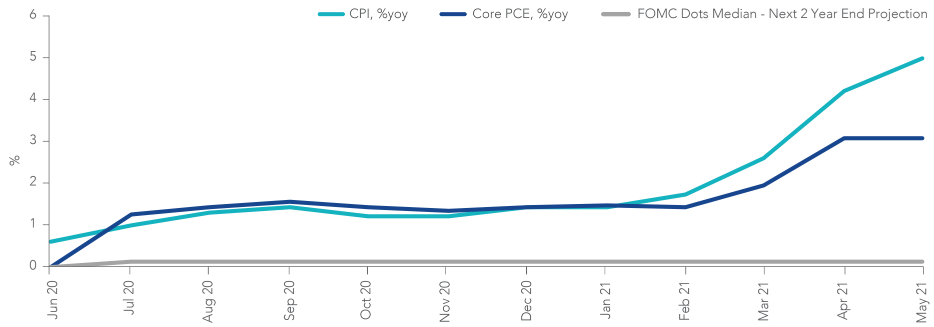
We remain confident in our global reflation view in emerging markets. The US stimulus and infrastructure spending bills are still under-appreciated, in our view. Last quarter we flagged US stimulus would face only superficial opposition, and that the infrastructure bill would follow quickly. The stimulus bill was passed, after just a 24-hour delay by a Democrat "hawk". And we think something similar is happening with the infrastructure bill currently in play.

The Fed has made it clear it is not about to tighten. Fed tightenings are what historically trigger recessions. This time, though, the Fed is targeting employment rates in specific cohorts, so the framework for forbearance is being established. Chart 16 shows that even rising headline and Core CPI are not getting the market to price Fed action. Note that the rise in inflation means that US real interest rates are declining, further boosting growth.

Whereas many emerging markets are already pricing in tightening. A number of key emerging markets central banks have already begun the interest rate normalisation process, and the market is beginning to price in hikes. We've noted our attraction to China, partially due to their early moves to tighten, but we now have Brazil, Poland, Hungary, Czech, Chile, Colombia, and others moving in that direction. Chart 17 shows emerging markets policy rates pre-COVID, currently, and as priced in three years.

Chart 16: Higher inflation, not rates

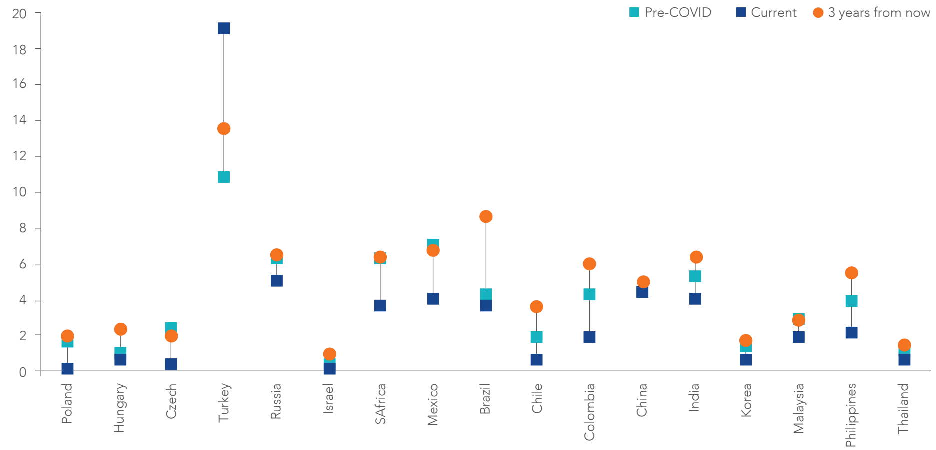
US inflation and the Fed's 2-year "dots"



Source: Bloomberg, VanEck.

Chart 17: Emerging markets rates on the move

Emerging markets policy rates – past, present and future (%)



Source: Bloomberg, VanEck.

Emerging markets' currencies look poised to strengthen

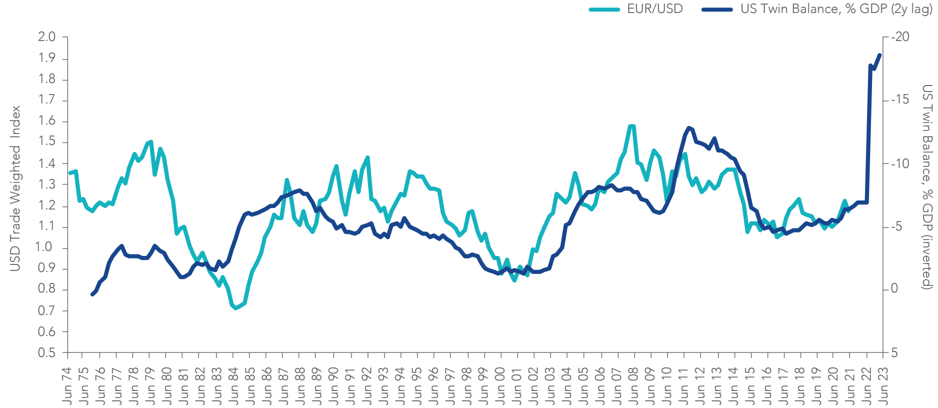
The key asset price implication of reflation is stronger emerging markets currencies. And, that realisation is just dawning. Emerging markets' currencies (EMFX) has lagged the commodity price rally, so EMFX is potentially positioned to rally just to catch up. Moreover, investor sentiment got so bearish that it looks set to chase a nascent and more obvious rally in emerging markets risk. A picture speaks louder than words, here, too. Chart 18 shows the US "twin deficits" (the current account deficit plus the fiscal deficit) against USD/EUR. It shows that the US dollar is under significant downward pressure as a result of this policy. In the past, we showed the twin deficit against EMFX, and it made a similar point. Given that we have a positive outlook on some euro-based EMFX (such as Czech, Poland, Hungary), we thought we'd adjust the chart. And because EMFX lagging commodity prices is a good encapsulation of our view, we created the chart of commodity prices and EMFX as Chart 19.

Emerging markets debt normally does well during reflationary environments like the current one. During the last two reflations ('04–07, and '15–'19), emerging markets local and hard-currency did very well. Emerging markets local was up 60% and hard was up 30% in the first reflation, and emerging markets local and hard were up around 30% each in the second reflation. Investment grade bonds turned in much lower returns of just above 10% for those periods.

Many emerging markets economies are about to undergo the same "reopening trade" we are seeing in developed economies. But they are starting these recoveries with external positions that are strong. Another supportive argument for EMFX.

Chart 18: US stimulus should hit US dollar

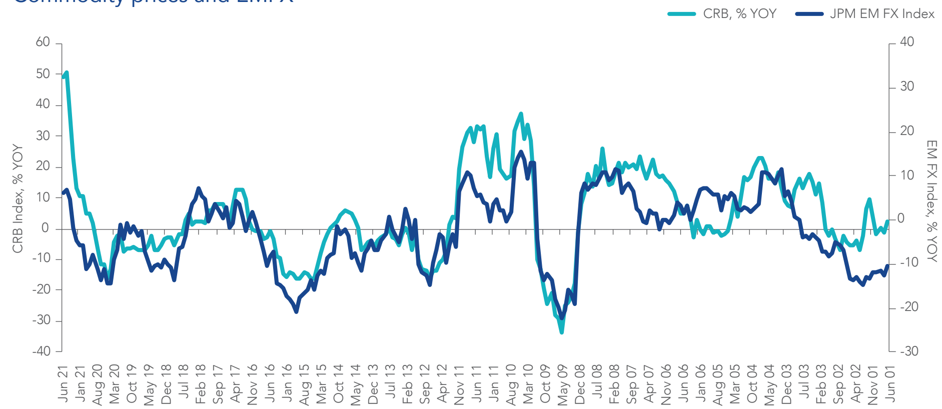
EUR/USD and US Twin Deficits



Source: Bloomberg, VanEck.

Chart 19: Commodities up, EMFX is just starting

Commodity prices and EMFX



Source: Bloomberg, VanEck.

This isn't a 1970s commodity replay

Prices today are rising across a broader range of commodities, from oil to metals, lumber and agricultural commodities. Producers are less willing to commit capital to increase production in this cycle, while the transition to a green economy is beginning to lift demand and/or costs to levels that may require prices to rise further. Many CEOs from manufacturing to consumer goods companies speak of rising costs and/or expectations to raise prices this year and next.

In addition to commodities, here are other areas that suggest higher inflation could become more permanent.

M2 money supply – the measurement of money supply including cash and checking deposits, as well as savings deposits, money market securities, mutual funds and other time deposits – is growing in the 20-30% range, twice the rate of peak money growth in the 1970s.

The housing shortage appears to be a systemic, lasting problem caused by the scarcity of land, over-regulation, and a shortage of labour.

The offshoring of cheap labour driven mainly by the industrialisation of China has stalled and globalisation may be reversing.

Job openings surged in March to a record high, yet April nonfarm payrolls rose at just 27% of expectations. Many employers are having trouble finding qualified workers.

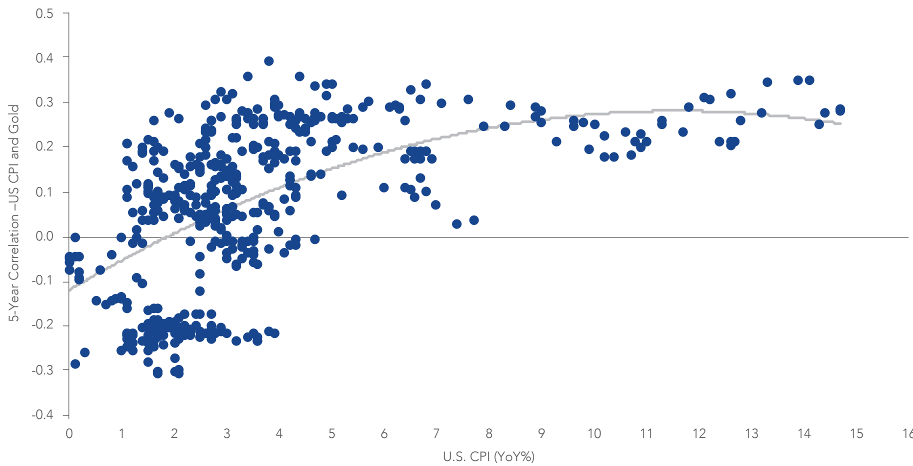
The PCE rose 3.1% in April, its fastest pace since 1992. The Fed raised rates to quell the inflation of the 1970s, at the cost of a severe recession in 1981. Back then, the debt/GDP ratio was around 25%. Now, with a debt/GDP of around 100%, a similar rise in rates would likely increase debt service costs to ruinous levels. Heavy debt loads tend to dampen economic activity. While former Fed Chair Paul Volker courageously faced a formidable challenge then, whoever is appointed Fed Chairman in February may face an impossible challenge that might lead to reluctance to do anything that causes economic or social hardship.

This is the first time in over 30 years that inflation has become a credible risk. While we won't know until 2022 whether the recent rise is a temporary aberration of the pandemic, it is not too early to think about possible changes in spending patterns and investing.

Gold reacts to inflation when it becomes excessive and/or out of control. Chart 20 shows that below an annual CPI change of 3%, there is no correlation between gold and the CPI. The correlation turns mostly positive above 3%, and above 4%, a more linear trend is established. In May, in which gold went back above US$1,900, prices may have crossed a higher threshold if inflation is indeed here to stay.

Chart 20: Gold highly correlated with inflation above 3%

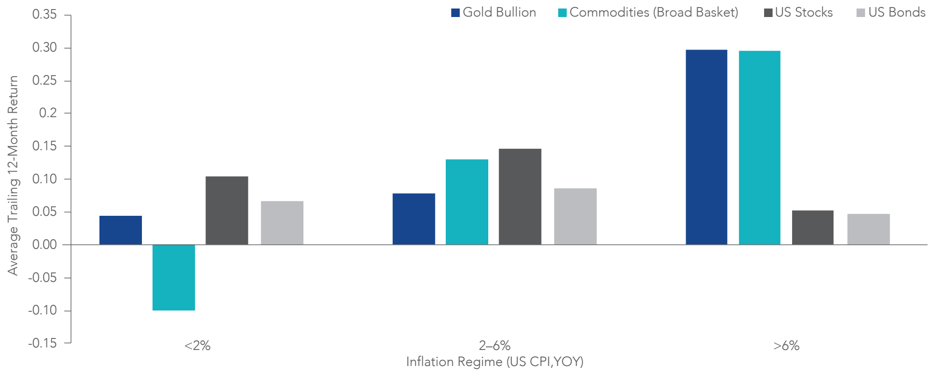
Correlation between gold and CPI



Source: VanEck, Scotiabank. Data as of April 2021.

Chart 21: Gold may thrive when inflation heats up

Gold vs other asset classes in various inflation regimes



Source: VanEck, Bloomberg, Morningstar. Data as of December 2020. "Commodities (Broad Basket)" represented by the Bloomberg Commodity Index TR; "U.S. Equities" represented by the S&P 500 TR; "U.S. Bonds" represented by the Bloomberg Barclays US Aggregate Bond Index TR from 1976 to 2020, the Bloomberg Barclays US Government/Credit Index TR from 1973 to 1976, and a blend of Morningstar's U.S. Long-Term Government Bond, U.S. Intermediate Government Bond, and U.S. Long-Term Corporate Bond Indices from 1970 to 1973.

The Australia story

The Australian economy has bounced well, with a dilatory vaccination campaign offset by impressive virus suppression thanks to closed borders. Ironically, the closed borders are boosting the balance of payments and some sectors of the domestic economy. In normal times, Australians spend about three times as much travelling overseas as overseas tourists spend here.

On the other hand, the lack of overseas population inflow is agitating businesses struggling to attract labour. These are often low-skilled and low-paid jobs. With unemployment now back to pre-COVID levels, it will be interesting to see how labour markets develop.

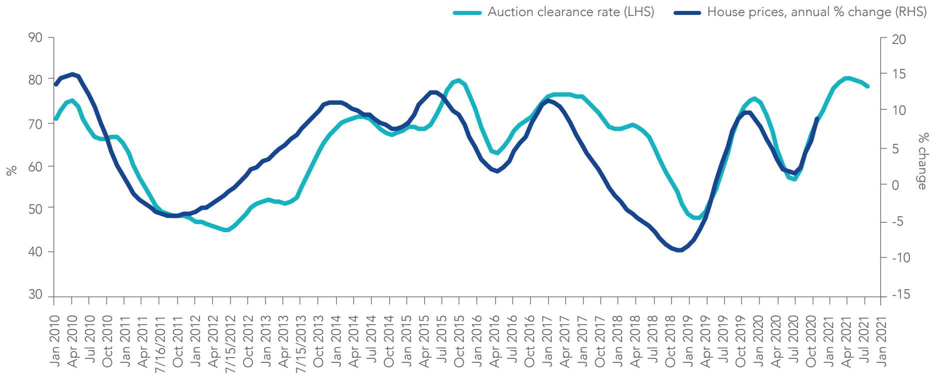
Alongside forced savings, fiscal largesse and rock bottom interest rates have, unsurprisingly, triggered another whopping housing bubble. The RBA continues to publicly proclaim themselves comfortable but it's hard to believe they would be so positive in private.

Either way, they've done nothing publicly to hose it down. Indeed, they've gone the other way, claiming loan quality is fine so there's nothing to see here. Disregarding loan quality is a micro issue, while macro distortions deserve a macro prudential response.

What's most worrying is if the Fed is the engine, the RBA is the caboose. Like the Fed, the RBA has been calm and projected medium term smooth sailing. That will be until it isn't. The RBA has a track record of sitting on a view, then turning suddenly over two months. Investors should be cognisant of this.

Chart 22: House prices still have further to go!

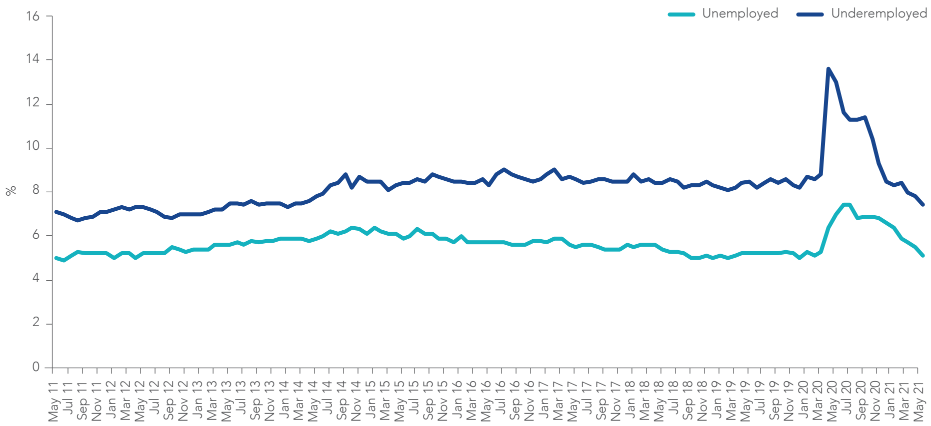
Annual house price changes and auction clearances leading by 9 months



Source: CoreLogic.

Chart 23: Businesses are struggling to attract labour

Unemployed back to recent lows, underemployed back to 2014 levels



Source: ABS.

There is no precedent

With everything that is going on, including the most recent lock downs, investors are faced with new issues daily. Indeed these are unprecedented times.

Bond yields still look too low for an economy that's heading back to full employment: 5-year real treasury rates in 5 years' time (ie well beyond the expected normalisation phase) are still sitting at zero. This seems implausible, hence the setback should unwind and the medium-term trend reassert itself.

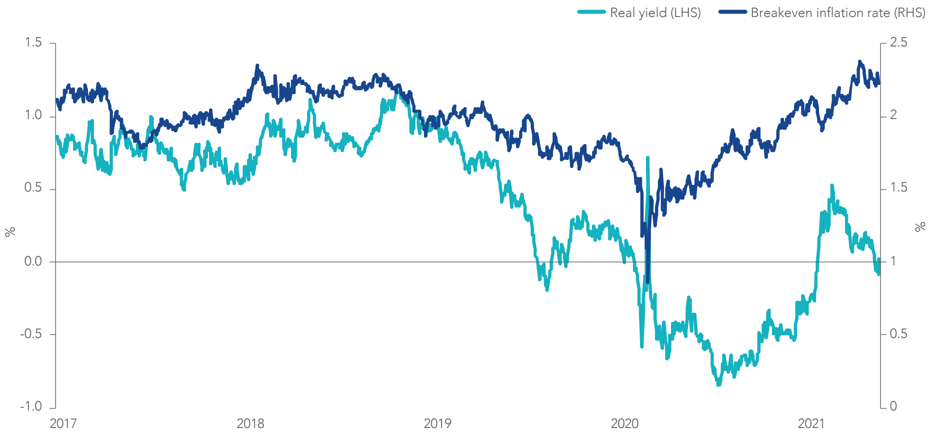
The Fed starting to wake from its slumber should see a pro US dollar stance vindicated, on the other hand, the sign of a tightening cycle ahead should start to temper equity valuations.

At the same time US markets may look (more) toppy, the positive surprise might be Europe, the eternal bridesmaid. It may start to make a comeback.

Delayed vaccinations and stimulus are starting now to hit the mark. Growth surprises in Europe are mounting while at the same time, US growth growth surprises are narrowing. A strong economic upswing will benefit European equities more and the proportion of value stocks in Europe is higher than in the US.

Chart 24: Yields are still too low

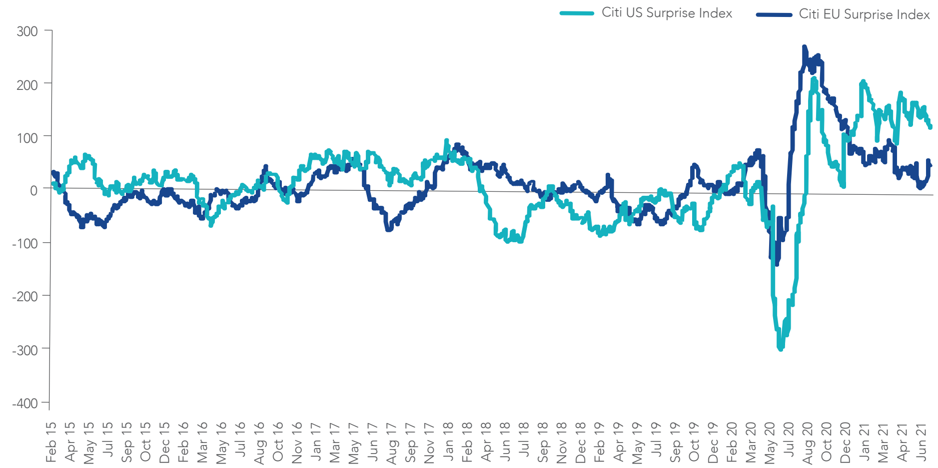
5-year, 5-year forward US real yield and breakeven inflation



Source: Federal Reserve Bank of St. Louis.

Chart 25: Is it time for the bridesmaid to become the bride?

Europe keeps surprising positively as US fades



Source: Bloomberg.

VanEck's range of Exchange Traded Funds on ASX

Name	ASX code	Index	Management costs (% p.a.)*
Australian Broad Based			
Australian Equal Weight ETF	**MVW**	MVIS™ Australia Equal Weight Index	0.35%
Australian Sector			
Australian Banks ETF	**MVB**	MVIS™ Australia Banks Index	0.28%
Australian Property ETF	**MVA**	MVIS™ Australia A-REITs Index	0.35%
Australian Resources ETF	**MVR**	MVIS™ Australia Resources Index	0.35%
Australian Small and Mid Companies			
Small Companies Masters ETF	**MVS**	MVIS Small-Cap Dividend Payers Index	0.49%
S&P/ASX MidCap ETF	**MVE**	S&P/ASX MidCap 50 Index	0.45%
Australian Equity Income			
Morningstar Australian Moat Income ETF	**DVDY**	Morningstar® Australia Dividend Yield Focus Index™	0.35%
Sustainable Investing			
MSCI International Sustainable Equity ETF	**ESGI**	MSCI World ex Australia ex Fossil Fuel Select SRI and Low Carbon Capped Index	0.55%
MSCI Australian Sustainable Equity ETF	**GRNV**	MSCI Australia IMI Select SRI Screened Index	0.35%
International			
FTSE China A50 ETF	**CETF**	FTSE China A50 Index	0.60%
China New Economy ETF	**CNEW**	CSI MarketGrader China New Economy Index	0.95%
MSCI Multifactor Emerging Markets Equity ETF	**EMKT**	MSCI Emerging Markets Diversified Multiple-Factor Index (AUD)	0.69%
Morningstar Wide Moat ETF	**MOAT**	Morningstar® Wide Moat Focus Index™	0.49%
Morningstar World ex Australia Wide Moat ETF	**GOAT**	Morningstar® Developed Markets ex Australia Wide Moat Focus Index™	0.55%
MSCI World ex Australia Quality ETF	**QUAL**	MSCI World ex Australia Quality Index	0.40%
MSCI World ex Australia Quality (Hedged) ETF	**QHAL**	MSCI World ex Australia Quality 100% Hedged to AUD Index	0.43%
MSCI International Value ETF	**VLUE**	MSCI World ex Australia Enhanced Value Top 250 Select Index	0.40%
MSCI International Small Companies Quality ETF	**QSML**	MSCI World ex Australia Small Cap Quality 150 Index	0.59%
Global Sector			
FTSE Global Infrastructure (Hedged) ETF	**IFRA**	FTSE Developed Core Infrastructure 50/50 Hedged into AUD Index	0.52%
FTSE International Property (Hedged) ETF	**REIT**	FTSE EPRA Nareit Developed ex Australia Rental Index AUD Hedged	0.43%
Gold Miners ETF	**GDX**	NYSE Arca® Gold Miners Index™	0.53%
Global Healthcare Leaders ETF	**HLTH**	MarketGrader Developed Markets (ex-Australia) Health Care AUD Index	0.45%
Australian Fixed Income			
Australian Corporate Bond Plus ETF	**PLUS**	iBoxx AUD Corporates Yield Plus Mid Price Index	0.32%
Australian Floating Rate ETF	**FLOT**	Bloomberg AusBond Credit FRN 0+Yr Index	0.22%
Australian Subordinated Debt ETF	**SUBD**	iBoxx AUD Investment Grade Subordinated Debt Mid Price Index	0.29%
Thematic			
Video Gaming and eSports ETF	**ESPO**	MVIS™ Global Video Gaming and eSports Index (AUD)	0.55%
Global Clean Energy ETF	**CLNE**	S&P Global Clean Energy Select Index	0.65%
Global Income			
VanEck Emerging Income Opportunities Active ETF (Managed Fund)	**EBND**	50% J.P. Morgan Emerging Market Bond Index Global Diversified Hedged AUD and 50% J.P. Morgan Government Bond-Emerging Market Index Global Diversified	0.95%

*Other fees and costs apply. Please see the respective PDS.

Contact us

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

VanEck-Australia
VanEck_Au
VanEckAus
VanEckAustralia

Important notice