

VanEck ETF IQ Scorecard

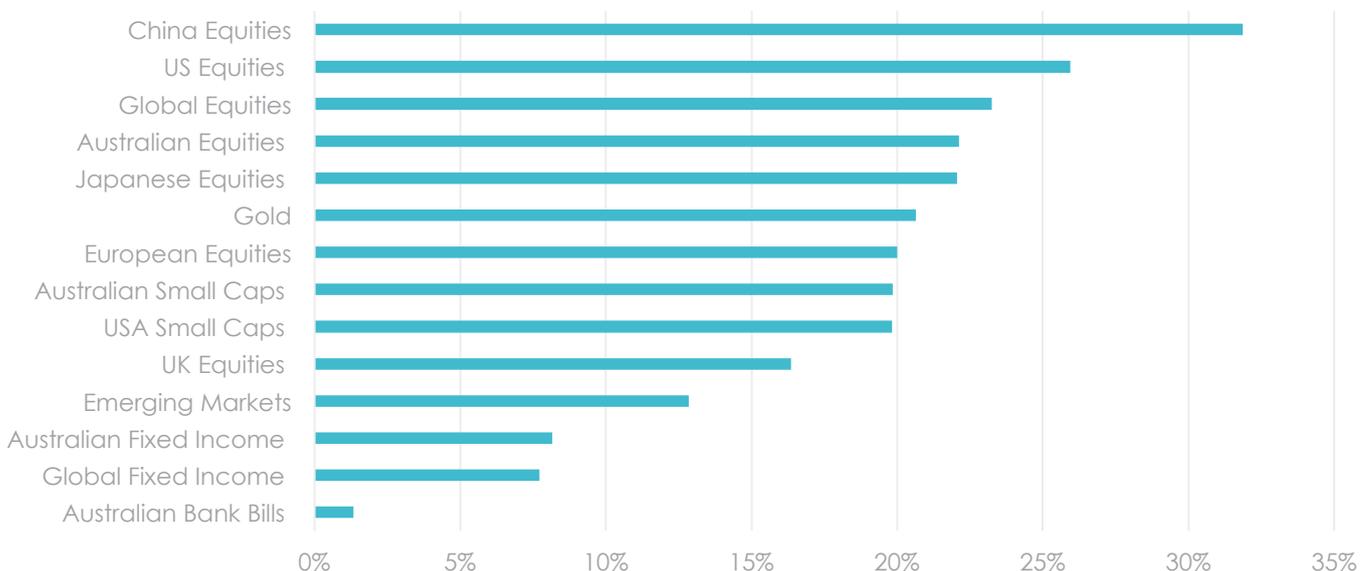
October 2019

Highlights

- The Australian ETP industry experienced net flows of \$1.22bn in October.
- International equity ETPs attracted the greatest net monthly flows of \$408.7m, ahead of Australian equities at \$315.6m.
- Australian fixed interest ETPs were popular, attracting \$284.6m after several strong months of growth.
- Over the 12 months to 31 October 2019, the ETP industry grew 41% to \$56.9bn, achieving very rapid growth.
- International equity ETPs account for the lion's share of ETP FUM, at \$24.1 billion, compared to \$20.0 billion for Australian equity ETPs.
- ETFs make up around 90% of total ETP assets under management (AUM).
- The S&P/ASX 200 Index fell 0.35% in October, while the MSCI World ex Australia Index in AUD terms rose 0.41%. The S&P 500 inched forward 0.09% in AUD terms.
- The Bloomberg AusBond Composite Index fell 0.49% and Bloomberg Barclays Global Aggregate Bond \$A Hedged dropped 0.28% in October.
- Oil fell 1.8% while gold bullion rose 0.59% in AUD terms.

Chinese equities power ahead

It has been a strong year for equity markets despite the volatility. The China equity market, as measured by the benchmark CSI 300 Index, has easily led the gains. Mainland A-shares could keep rallying given the ongoing rapid expansion and modernisation of the Chinese economy, as well as a possible US-China trade deal emerging in the near term. US equities and global equities have surged ahead for that reason too, helped on by lower interest rates. Australian and Japanese equities have performed strongly too. Still, investors have opted for some defence, with returns on Gold coming ahead of Australian small caps, European and emerging market equities. VanEck Vectors China CSI 300 ETF (ASX: CETF) and the VanEck Vectors China New Economy ETF (ASX: CNEW) are the only ETFs listed on the ASX offering Australian investors access to Chinese A-shares.



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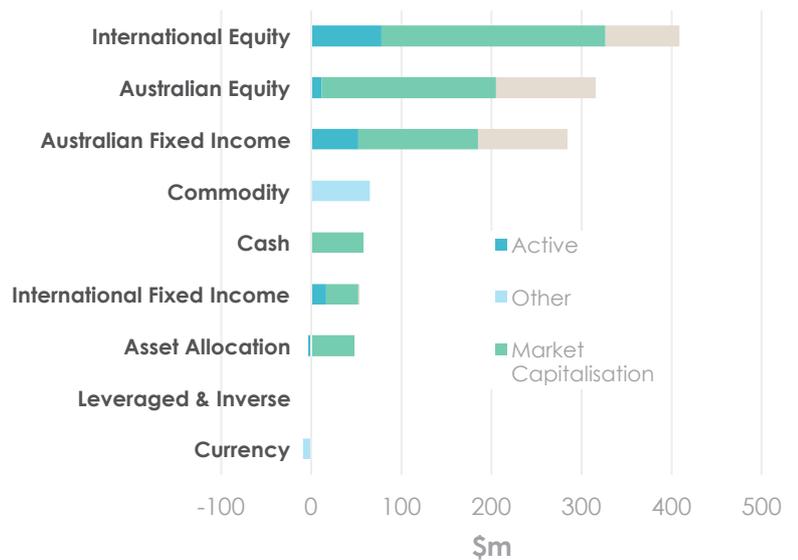
International equity ETPs dominate flows

International equity ETPs attracted the greatest net flows in October at \$408.7m, compared to inflows of \$315.6m for Australian equities. Australian fixed income drew net flows of \$284.6m.

Over the 12 months to 31 October, international equity ETPs led net inflows at \$3.3bn, outstripping the \$3.0bn that flowed to Australian equity ETPs. Australian fixed income ETPs attracted \$2.7bn in net flows, while international fixed income ETPs drew \$524.9m. Cash ETPs attracted \$905.7m in net flows. Despite strong equity market gains, investors are adding defensive positions to their portfolios given this year's market volatility.

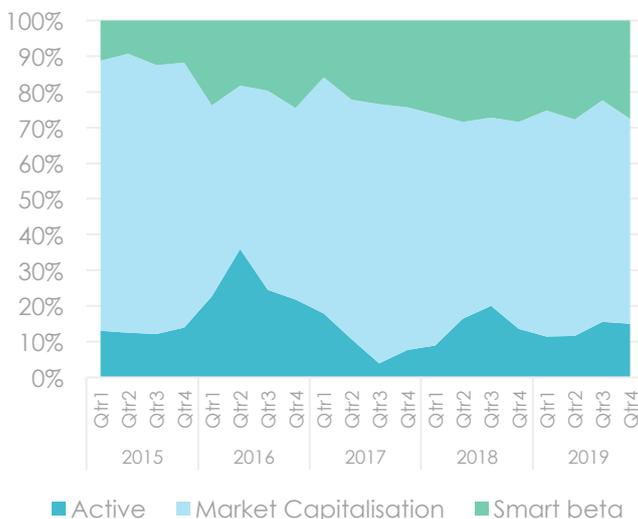
Investors remain nervous about the trade tensions between the US-China and slowing global growth. Equity markets have made strong gains but the late stage nature of the cycle is causing many to question whether it will end in the near or medium term. This has pushed money into cash and fixed income ETPs. Having said that, renewed signs of a settling of US-China trade tensions has pushed money back into equities, especially Chinese and US equities.

Monthly flows



Source: VanEck, ASX, Bloomberg

Quarterly flows by strategy



Flows by strategy

Flows to smart beta ETFs in October 2019 attracted close to one quarter of all ETP inflows at \$292.7m, compared to the \$717.3bn flowing to market cap ETFs and \$155.6m to active ETPs.

The chart to the left reveals that active ETPs have lost market share since 2016 as investors chase more targeted investment outcomes and portfolio diversification through smart beta ETFs. VanEck's FUM jumped 69% from a year earlier to \$3.5bn in October, the greatest annual FUM growth rate of any ETF provider. Investors are favouring smart beta ETFs over unlisted managed funds and active ETPs due to lower management costs, greater transparency of holdings and, very often, outperformance.

Source: VanEck, ASX, Bloomberg

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VanEck Vectors ETF Performance	ASX code	Inception Date	1 Mth %	1 Yr % p.a.	3 Yrs % p.a.	5 Yrs % p.a.	Inception %p.a.
Australian equity							
Australian Equal Weight ETF	MVW	4 Mar 14	0.46%	18.26%	13.15%	10.96%	10.94%
Australian Banks ETF	MVB	14 Oct 13	-3.47%	16.01%	8.71%	5.82%	7.33%
Australian Resources ETF	MVR	14 Oct 13	-1.10%	18.34%	19.34%	11.50%	9.13%
MSCI Australian Sustainable Equity ETF	GRNV	27 Apr 16	0.92%	21.79%	9.52%		6.65%
AREITs							
Australian Property ETF	MVA	14 Oct 13	1.56%	29.51%	15.57%	14.18%	14.73%
Australian equity - small and mid caps							
S&P/ASX MidCap 50 ETF	MVE	14 Oct 13	-0.35%	10.79%	11.52%	7.16%	1.70%
Small Companies Masters ETF	MVS	26 May 15	-0.91%	15.07%	9.73%		7.90%
International equity - developed markets							
MSCI World ex Australia Quality ETF	QUAL	29 Oct 14	1.30%	20.63%	19.02%	15.71%	16.35%
MSCI World ex Australia Quality (Hedged) ETF	QHAL	21 Mar 19	2.79%				8.18%
Morningstar® Wide Moat ETF	MOAT	24 Apr 12	1.93%	24.16%	21.78%	17.90%	21.15%
Gold Miners ETF	GDX	16 May 06	2.33%	53.64%	8.63%	16.14%	-1.17%
International equity - ESG							
MSCI International Sustainable Equity ETF	ESGI	6 Mar 18	1.84%	16.80%			12.12%
International equity - infrastructure & property							
FTSE Global Infrastructure (Hedged) ETF	IFRA	29 Apr 16	-0.20%	20.01%	11.08%		10.70%
Vectors FTSE International Property (Hedged) ETF	REIT	29 Mar 19	1.68%				8.58%
Emerging market equity							
MSCI Multifactor Emerging Markets Equity ETF	EMKT	10 Apr 18	2.40%	14.33%			-1.34%
China CSI 300 ETF	CETF	13 Oct 10	0.89%	26.48%	8.22%	11.96%	6.13%
China New Economy ETF	CNEW	8 Nov 18	0.41%	33.19%			33.33%
Australian Fixed Income							
Australian Corporate Bond Plus ETF	PLUS	9 May 17	-0.38%	10.08%			6.33%
Australian Floating Rate ETF	FLOT	5 Jul 17	0.12%	2.58%			2.58%

Source: VanEck. Returns are calculated on the last day of the month and assume reinvestment of dividends and are net of fees and other costs incurred in the fund but do not take into account broker fees and bid/ask spreads incurred when investing on ASX or any taxes payable by the investor. Past performance is not a reliable indicator of future performance. For more information including up to date performance data, go to www.vaneck.com.au.

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