

# VanEck ETF IQ Scorecard

April 2019

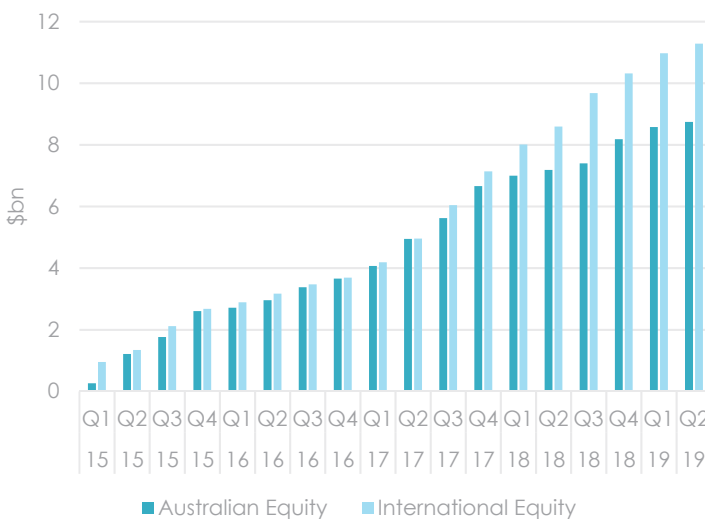
## Highlights

- The Australian ETP industry experienced net flows of \$889.4m, the highest level of any month so far this year.
- The ETP industry grew 27% to \$47.7bn over the 12 months to 30 April, and 30% p.a. over two years.
- International equity ETPs attracted net flows of \$312.4m, well ahead of Australian equities at \$169.8m.
- Australian fixed interest ETPs were popular given market volatility, attracting \$279.9m, 31% of all ETP net flows.
- ETFs make up around 90% of total ETP assets under management (AUM).
- Smart beta ETFs attracted monthly net flows of \$186.2m, 21% of ETP net inflows.
- The S&P/ASX 200 Index returned 2.37%, while the MSCI World ex Australia Index in AUD terms increased 4.56%. The MSCI Emerging Markets Index returned 2.77% in AUD terms.
- The Bloomberg AusBond Composite Index returned 0.28% and Bloomberg Barclays Global Aggregate Bond \$A Hedged Index remained flat.
- Oil returned 6.98% while gold bullion fell 0.03% in AUD terms.

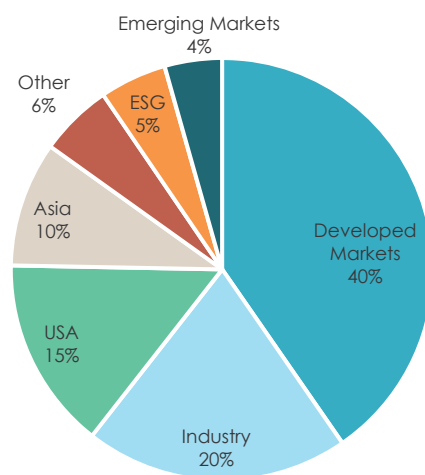
## Chart of the month: ETP Investors increasing their investment allocations to international equity

The graph below shows that the gap between international equity and Australian equity ETP exposures is widening. Investors are increasingly using ETPs to invest in offshore developed markets and quickly growing industries such as technology, which features heavily in the US equity market. The lower Australian dollar compared to two years ago and the underperformance of the Australian equity market has added to the momentum for investors to allocate greater proportions of their portfolios to offshore assets.

Cumulative net flows since 2015



Net flows YTD



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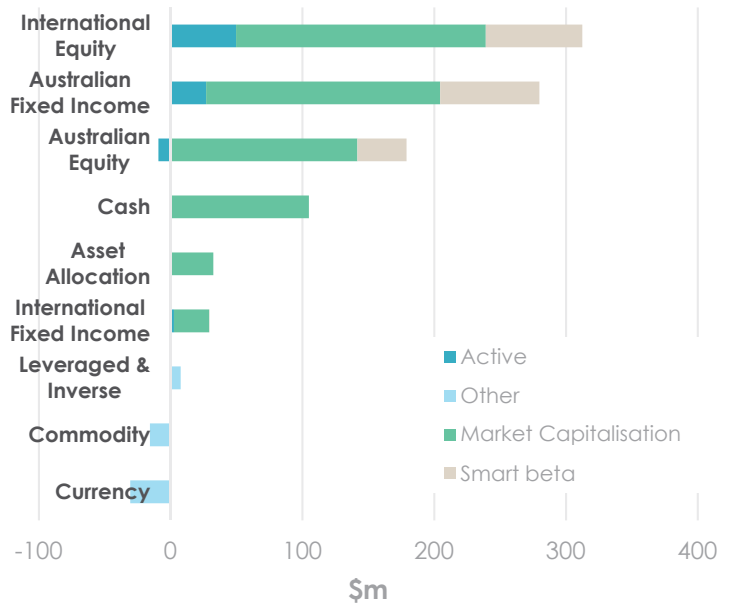
## International equity ETPs dominate flows

As our charts of the month suggest, international equity ETPs attracted the greatest net flows in April at \$312.4m, compared to inflows of \$169.8m for Australian equities.

Over the 12 months to 30 April, international equity ETPs saw net flows of \$3.1bn, with AUM of \$21.4bn, up 29% from the same period in 2018. That outstripped the \$1.7bn that flowed to Australian equity ETPs, with AUM of \$17.2bn, up 17% from a year ago.

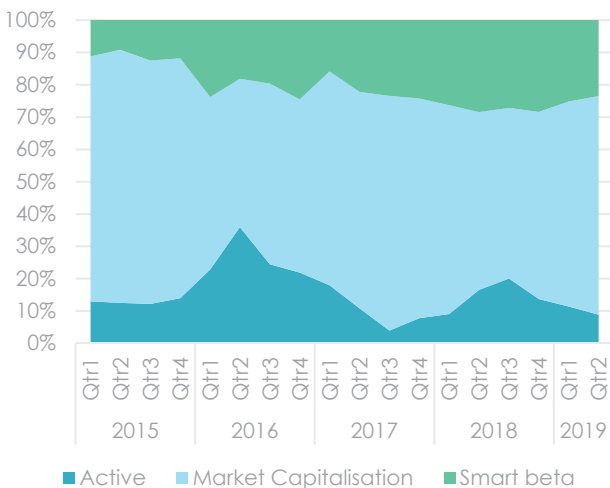
Australian fixed interest ETPs continue to be popular. They attracted \$279.9m in net flows in April, or 31% of all ETP net flows. AUM of \$4.2bn was up 67% from a year ago, reflecting more defensive portfolio positioning given ongoing equity market volatility and fears of an economic slowdown, which has seen Australian government bond yields fall sharply. Flows to international fixed income grew \$29.6m in April, with AUM of \$603.7bn up 43% from a year ago.

## Monthly flows



Source: VanEck, ASX, Bloomberg

## Quarterly Net Flows By Strategy



Source: VanEck, ASX, Bloomberg

## Flows by strategy

Flows to smart beta ETFs in April attracted around 21% of all ETP inflows at \$186.2m, compared to \$673.0m flowing to market cap ETFs and \$68.9m to active ETPs.

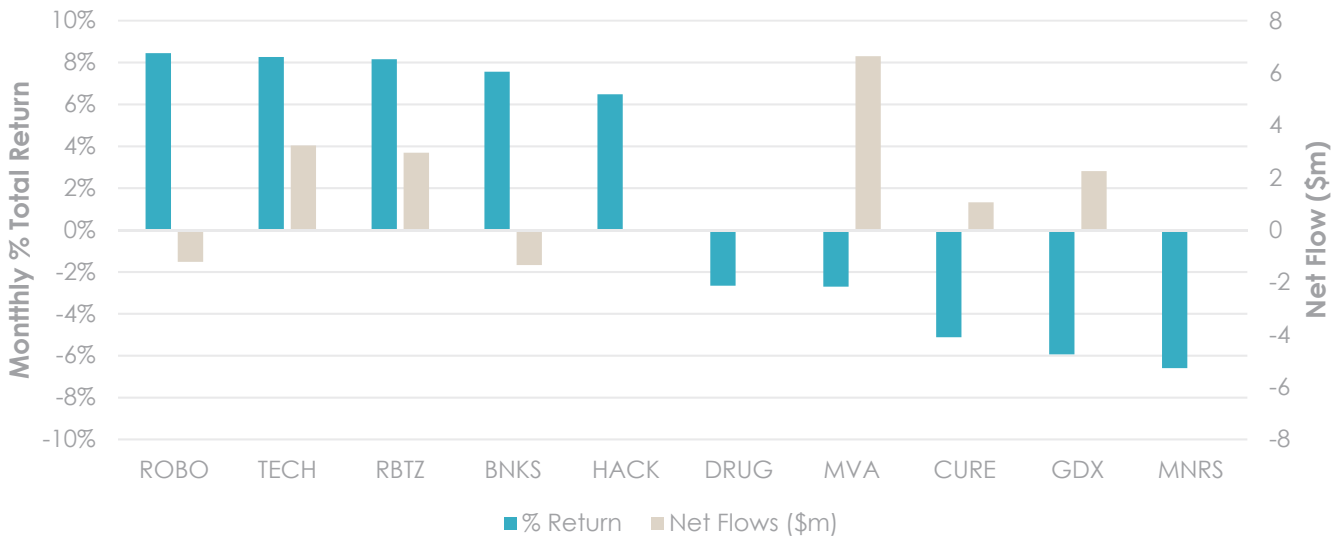
Smart beta ETFs have steadily gained market share as investors chase more targeted investment outcomes and true diversification. Reflecting this, VanEck's FUM jumped 61% from a year earlier to \$2.7bn in April, once again the greatest annual FUM growth rate of any ETF provider. VanEck's equal weight ETF MVW attracted \$242m in net flows over the 12 months to 30 April, the fifth highest of any ETP.

Post the Hayne Royal Commission, the market share of active ETPs has fallen in recent quarters, reflecting intense competition from index tracking ETFs, including smart beta strategies, which are successfully attracting investors due to lower management costs and the greater transparency of their structure and holdings.

# VanEck ETF IQ Scorecard

## Top and bottom ETF performers with net flows

Reflecting the appeal of the technology sector due to strong returns, ROBO, TECH, RBTZ and HACK were the top performing ETFs in April, with BNKS also appearing in the list of top performers. TECH, RBTZ and MVA also attracted a high level of net flows, with investors gravitating to listed property trusts as they are seen as a good source of income as government bond yields fall. GDV too attracted a high level of net flows with gold seen as a safe haven in more volatile equity markets.



Source: VanEck, ASX, Bloomberg. 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.

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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.
<b>Australian equity</b>							
VanEck Australian Equal Weight ETF	MVW	4 Mar 14	2.67%	9.14%	11.68%	10.55%	10.51%
VanEck Australian Banks ETF	MVB	14 Oct 13	4.06%	7.30%	9.83%	5.07%	6.73%
VanEck Australian Resources ETF	MVR	14 Oct 13	-1.81%	9.06%	20.49%	8.74%	8.73%
VanEck S&P/ASX Franked Dividend ETF	FDIV	27 Apr 16	2.20%	11.75%	4.24%		4.85%
<b>AREITs</b>							
VanEck Australian Property ETF	MVA	14 Oct 13	-2.70%	25.08%	10.89%	14.12%	14.05%
<b>Australian equity - small and mid caps</b>							
VanEck S&P/ASX MidCap 50 ETF	MVE	14 Oct 13	2.94%	3.58%	14.73%	2.53%	1.03%
VanEck Small Companies Masters ETF	MVS	26 May 15	5.67%	9.24%	11.10%		8.63%
<b>International equity - developed markets</b>							
VanEck MSCI World ex Australia Quality ETF	QUAL	29 Oct 14	4.48%	21.24%	16.87%		16.43%
VanEck MSCI World ex Australia Quality (Hedged) ETF	QHAL	21 Mar 19	3.73%				3.42%
VanEck Morningstar Wide Moat ETF	MOAT	24 Apr 12	5.57%	26.73%	19.39%	18.46%	21.27%
VanEck Gold Miners ETF	GDX	16 May 06	-5.94%	1.16%	-3.58%	3.27%	-3.60%
<b>International equity - ESG</b>							
VanEck MSCI International Sustainable Equity ETF	ESGI	6 Mar 18	4.82%	7.06%			9.79%
<b>International equity - infrastructure &amp; property</b>							
VanEck FTSE Global Infrastructure (Hedged) ETF	IFRA	29 Apr 16	1.05%	15.33%	10.48%		10.47%
VanEck Vectors FTSE International Property (Hedged) ETF	REIT	29 Mar 19	-0.61%				-0.61%
<b>Emerging market equity</b>							
VanEck MSCI Multifactor Emerging Markets Equity ETF	EMKT	10 Apr 18	1.82%	-5.59%			-4.63%
VanEck ChinaAMC CSI 300 ETF	CETF	13 Oct 10	1.90%	6.25%	10.21%	18.08%	6.76%
VanEck China New Economy ETF	CNEW	8 Nov 18	-1.68%				34.46%
<b>Australian Fixed Income</b>							
VanEck Australian Corporate Bond Plus ETF	PLUS	9 May 17	0.64%	7.56%			5.62%
VanEck Australian Floating Rate ETF	FLOT	5 Jul 17	0.33%	2.83%			2.73%

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 and inception dates go to [www.vaneck.com.au](http://www.vaneck.com.au).

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