

VanEck ETF IQ Scorecard

July 2019

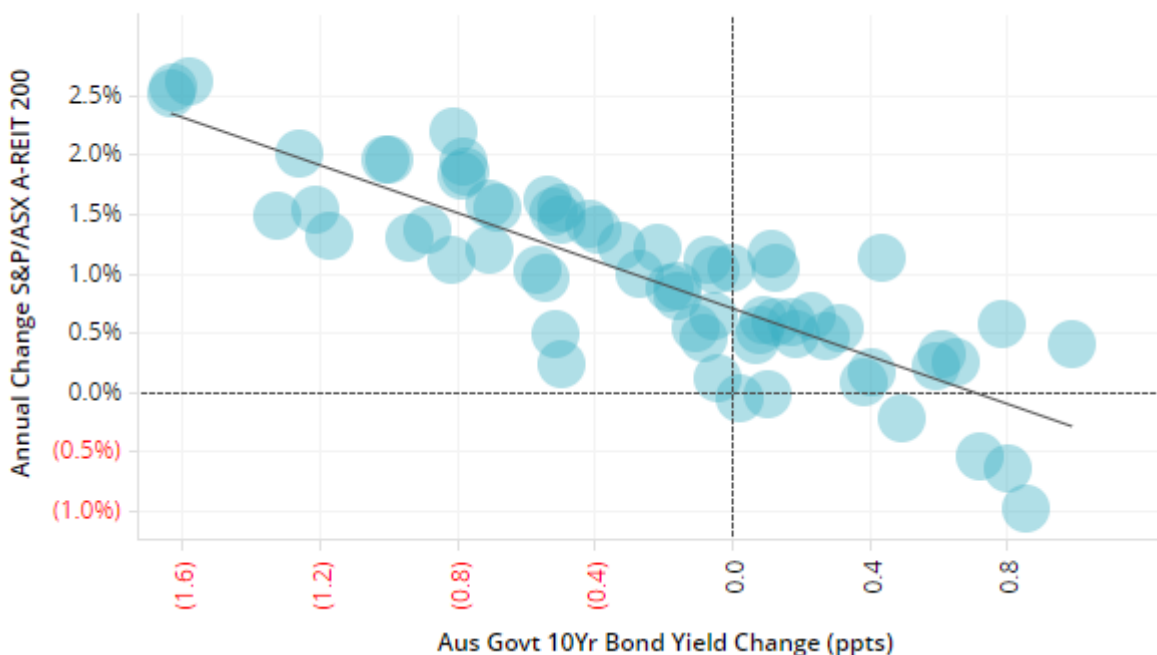
Highlights

- The Australian ETP industry experienced record net flows of \$1,556.2m, the highest monthly level this year, a substantial increase from \$780.2m last month.
- The ETP industry grew 33.6% to \$53bn over the 12 months to 31 July.
- International equity ETPs attracted \$499.0m in new flows, ahead of Australian equity ETPs at \$293.3m.
- Australian fixed income ETPs were in demand, drawing \$370.8m, as investors sought more defensive asset allocations given falling official interest rates and fears of a global slowdown.
- The top performing ETP on the ASX in July was once again GDX as gold stocks rallied.
- Market cap weighted ETPs were boosted by net flows of \$1.0bn, while smart beta ETFs attracted \$251.4m and active ETPs \$210.6m.
- The S&P/ASX 200 Index returned 2.94%, while the MSCI World ex Australia Index in AUD terms rose 2.31%.
- The Bloomberg AusBond Composite Index returned 0.95% and Bloomberg Barclays Global Aggregate Bond \$A Hedged Index rose 0.69% as bonds rallied over the month.
- Gold rose 2.87% in AUD terms.

Chart of the month: A-REIT ETFs rally hard as bond yields fall

A-REIT ETFs have rallied this year, delivering strong performances, in line with a fall in Australia's 10-year government bond yield. That has seen the A-REITS sector outperform the ASX 200. The chart below shows that for every 1% fall in the 10-year government bond yield, the S&P/ASX 200's value rises 1.0%. Movements in the ASX 200 A-REIT index have been negatively correlated with movements in the Australian Government 10 year bond yield since 2014. A-REITs are seen as an alternative source of reliable income, so are being sought by investors as interest rates fall to record lows, or near record lows, levels.

A-REIT Annual Change vs Australia 10Yr Bond Yield (Jan 2014 to Jul 2019)



Source: Bloomberg, VanEck

VanEck ETF IQ Scorecard

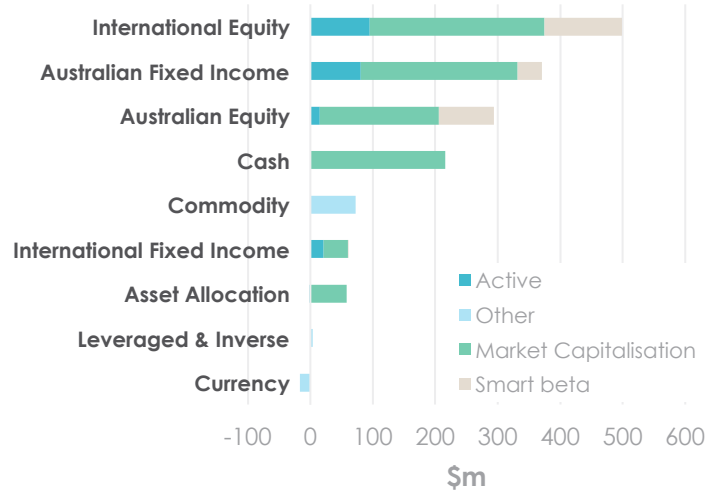
International equity ETPs attract most flows

International equity ETPs attracted net flows of \$499m in July, compared to flows of \$293.3m for Australian equities. Over the 12 months to 31 July, international equity ETPs saw net flows of \$3.3bn, easily outstripping the \$2.4bn that flowed into Australian equity ETPs, which drew \$293.3m in net flows in July, amidst rallying share markets.

Australian fixed income ETPs were popular, attracting \$370.8m in net flows in July, or 28% of the \$2.2bn flows over the past 12 months, almost the same as Australian equities ETPs at \$2.4bn, reflecting more defensive portfolio positioning given fears of a global economic slowdown. Cash ETPs were also popular, attracting \$215.8m in flows in July.

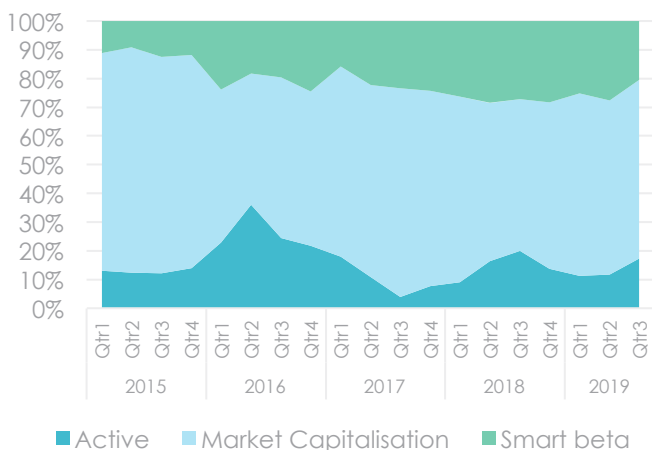
A rate cut by the RBA in July, benign inflation and a trend of global monetary easing pushed bond yields lower. The yield on 10-year Australian government bond fell another 12 basis points in July to 1.2%, bringing the YTD fall in the yield to more than 110bps.

Monthly flows



Source: VanEck, ASX, Bloomberg

Quarterly flows by strategy



Source: VanEck, ASX, Bloomberg

Flows by strategy

Smart beta ETFs attracted monthly net flows of \$251.4m, compared to \$1.0bn flowing to market cap ETFs and \$210.6m to active ETPs.

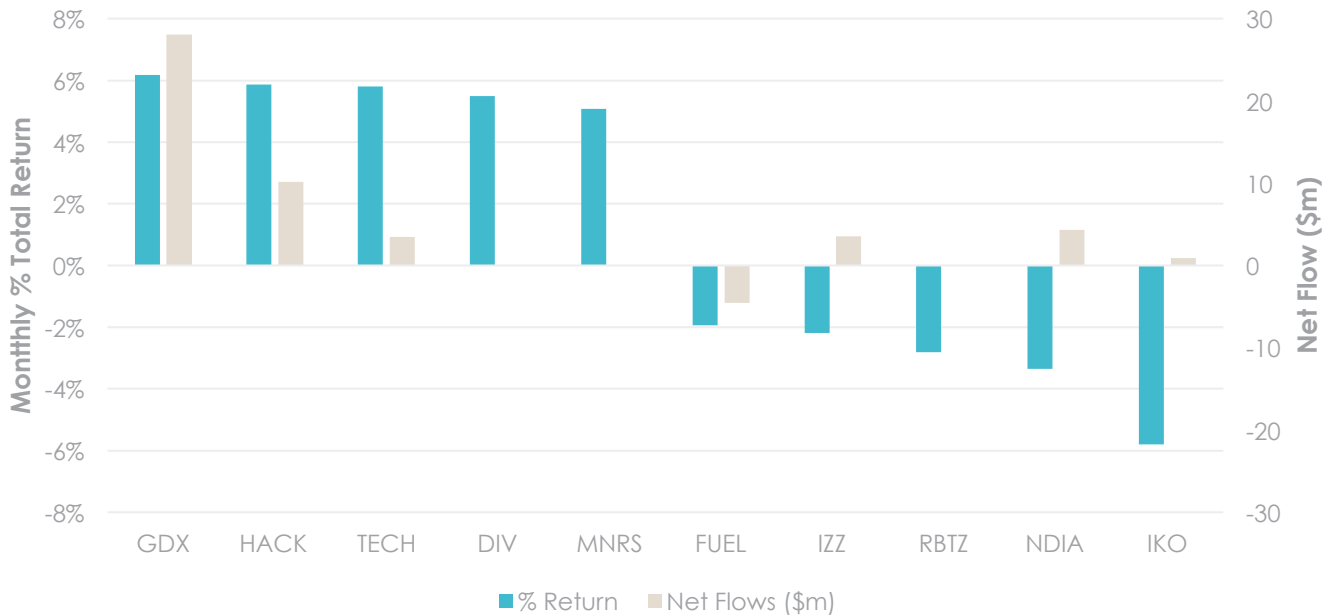
VanEck's AUM jumped 72% from a year earlier to \$3.2bn, once again the greatest annual AUM growth rate of any ETF provider, as investors pour funds into smart beta ETFs, seeking targeted investment outcomes. Vanguard followed at FUM growth of 43% to \$16.5bn.

Active ETPs still represent a small part of the market, as the chart shows. Smart beta ETFs are attracting greater flows due to lower management costs and greater transparency of their structure and holdings.

VanEck ETF IQ Scorecard

Top and bottom ETF performers with net flows

Reflecting a flight to safer assets and a stronger gold price, GDX was once again the top performing ETF in July. With the US-China trade war flaring up again and equity market volatility back with a vengeance, gold is rallying hard as investors bet the US Fed will lower interest rates again this year to offset a recession. Reflecting their leverage to the gold price, gold mining stocks have risen more than gold, with the VanEck Vectors Gold Miners ETF (GDX) returning 6.17% in July and 36.37% over the year to 31 July 2019, well above the gain for the precious metal of 3.15% in July and 26.11% over the year to 31 July 2019. With all the focus on data breaches in local and international press, HACK was a strong performer providing investment in global cybersecurity companies.



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 funds 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.

VanEck ETF IQ Scorecard

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							
VanEck Australian Equal Weight ETF	MVW	4 Mar 14	3.49%	12.76%	11.56%	11.15%	11.56%
VanEck Australian Banks ETF	MVB	14 Oct 13	1.54%	7.31%	10.21%	6.00%	7.84%
VanEck Australian Resources ETF	MVR	14 Oct 13	3.42%	18.43%	21.63%	10.54%	10.41%
VanEck MSCI Australian Sustainable Equity ETF	GRNV	27 Apr 16	3.09%	16.69%	6.52%		7.67%
AREITs							
VanEck Australian Property ETF	MVA	14 Oct 13	3.08%	28.42%	10.18%	14.60%	15.39%
Australian equity - small and mid caps							
VanEck S&P/ASX MidCap ETF	MVE	14 Oct 13	4.81%	6.72%	10.20%	2.85%	2.12%
VanEck Small Companies Masters ETF	MVS	26 May 15	4.35%	9.04%	8.73%		8.86%
International equity - developed markets							
VanEck MSCI World ex Australia Quality ETF	QUAL	29 Oct 14	3.48%	17.30%	16.36%		16.49%
VanEck MSCI World ex Australia Quality (Hedged) ETF	QHAI	21 Mar 19	2.16%				5.43%
VanEck Morningstar Wide Moat ETF	MOAT	24 Apr 12	4.80%	19.91%	18.27%	18.96%	21.06%
VanEck Gold Miners ETF	GDX	16 May 06	6.17%	36.27%	-0.66%	7.47%	-1.56%
International equity - ESG							
VanEck MSCI International Sustainable Equity ETF	ESGI	6 Mar 18	1.36%	6.88%			10.13%
International equity - infrastructure & property							
VanEck FTSE Global Infrastructure (Hedged) ETF	IFRA	29 Apr 16	0.19%	13.02%	9.06%		10.56%
VanEck Vectors FTSE International Property (Hedged) ETF	REIT	29 Mar 19	1.30%				1.18%
Emerging market equity							
VanEck MSCI Multifactor Emerging Markets Equity ETF	EMKT	10 Apr 18	1.38%	0.28%			-3.48%
VanEck ChinaAMC CSI 300 ETF	CETF	13 Oct 10	1.44%	16.63%	8.89%	15.07%	6.36%
VanEck China New Economy ETF	CNEW	8 Nov 18	0.78%				30.40%
Australian Fixed Income							
VanEck Australian Corporate Bond Plus ETF	PLUS	9 May 17	1.36%	10.77%			6.83%
VanEck Australian Floating Rate ETF	FLOT	5 Jul 17	0.44%	3.10%			2.81%

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 funds 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.

IMPORTANT NOTICE: Issued by VanEck Investments Limited ABN 22 146 596 116 AFSL 416755 ('VanEck'). This is general advice about financial products only and not personal financial advice. It does not take into account any person's individual objectives, financial situation or needs. Before making an investment decision, you should read the relevant PDS and with the assistance of a financial adviser consider if it is appropriate for your circumstances. PDSs are available at www.vaneck.com.au or by calling 1300 68 38 37. No member of VanEck group of companies gives any guarantee or assurance as to the repayment of capital, the payment of income, the performance, or any particular rate of return of any funds. Past performance is not a reliable indicator of future performance.

Australian domiciled ETFs: VanEck is the responsible entity and issuer of units in the Australian domiciled VanEck Vectors ETFs traded on ASX under codes CNEW, EMKT, ESGI, FDIV, FLOT, IFRA, MVA, MVB, MVE, MVR, MVS, MVW, PLUS, QHAI, QUAL and REIT.

United States domiciled ETFs: VanEck Vectors ETF Trust ARBN 604 339 808 (the 'Trust') is the issuer of shares in the US domiciled VanEck Vectors ETFs ('US Funds') which trade on ASX under codes CETF, GDX and MOAT. The Trust and the US Funds are regulated by US laws that differ from Australian laws. Trading in the US Funds' shares on ASX will be settled by CHESS Depository Interests ('CDIs') that are also issued by the Trust. The Trust is organised in the State of Delaware, US. Liability of investors is limited. Van Eck Associates Corporation based in New York serves as the investment advisor to the US ETFs. VanEck, on behalf of the Trust, is the authorised intermediary for the offering of CDIs over the US Funds' shares and issuer in respect of the CDIs and corresponding US Fund shares traded on ASX. Investing in international markets has specific risks that are in addition to the typical risks associated with investing in the Australian market. These include currency/foreign exchange fluctuations, ASX trading time differences and changes in foreign regulatory and tax regulations.