

VanEck ETF IQ Scorecard

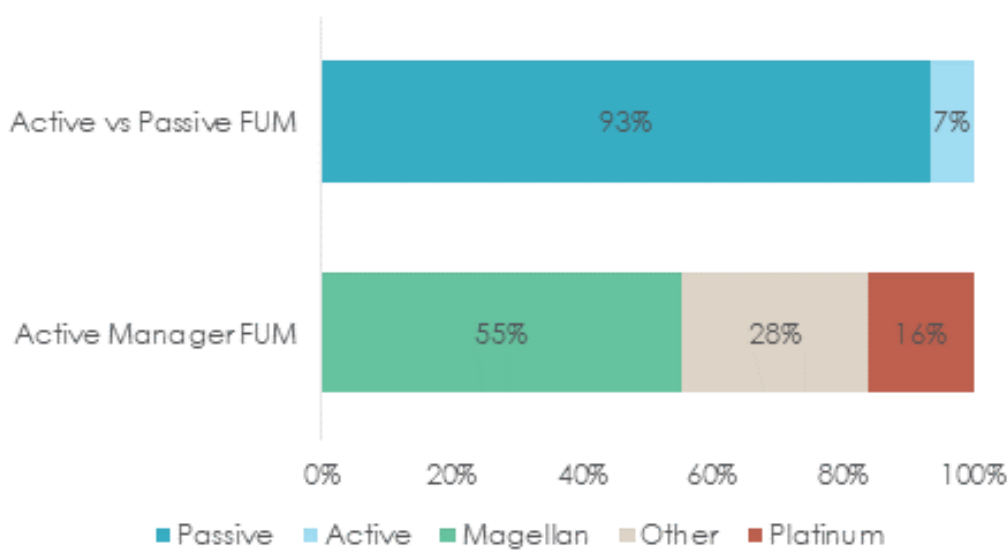
March 2019

Highlights

- The Australian ETP industry experienced net inflows of \$760.0m in March 2019.
- The ETP industry grew 26% to \$45.8bn over the 12 months to 31 March, and 30% p.a. over two years.
- ETFs make up around 90% of total ETP assets under management (AUM).
- Australian equities ETPs attracted the greatest net inflows at \$280.0m ahead of international equities at \$196.2m.
- International equities ETPs were the most popular over the 12 months to 31 March, with \$3.0bn in net inflows, almost double the \$1.6bn that flowed to Australian equities.
- Smart beta ETFs are gaining in popularity for equities and fixed income asset allocations, with net inflows of \$127.6m for the month.
- The S&P/ASX 200 Index rose 0.73%, while the MSCI World ex Australia Index increased 1.49% and the MSCI Emerging Markets Index rose 0.87% - both in AUD terms.
- The benchmark China A-shares index, the CSI 300, returned 5.28% in AUD terms over the month.
- The Bloomberg AusBond Composite Index and Bloomberg Barclays Global Aggregate Bond \$A Hedged Index returned 1.82% and 1.74%, respectively.
- Oil rose 5.13% while gold bullion fell 1.62% in AUD terms.

Chart of the month: Active ETPs

The chart below reveals that the active ETP segment is small, accounting for just 7% of the total ETP market, versus passive ETPs which hold 93%. The active ETP sector is dominated by Magellan with 55% market share. The fund manager has the advantage of being the first mover. Not to be confused with index tracking ETFs, active ETPs attempt to outperform a benchmark. Flows to active ETPs have dropped back in recent quarters, giving way to ETFs, which continue to attract strong flows (see chart on p 2).



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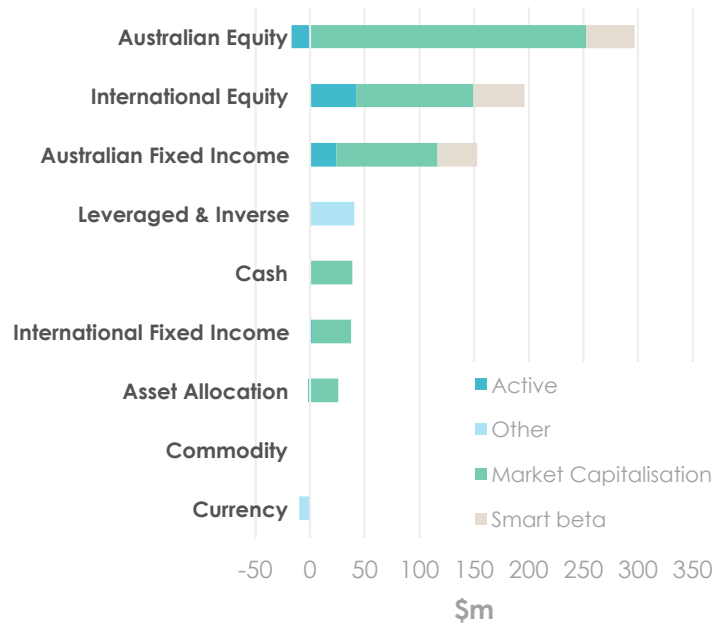
Australian equities ETPs attract greatest flows

Australian equities ETPs attracted the greatest flows in March at \$280.0m, compared to inflows of \$196.2m for international equities.

Over the 12 months to 31 March, international equities ETPs saw net flows of \$3.0bn, with AUM of \$20.3bn up 28% from the same period in 2018. That outstripped the \$1.6bn that flowed to Australian equities ETPs, with AUM of \$16.9bn up 19% from a year ago.

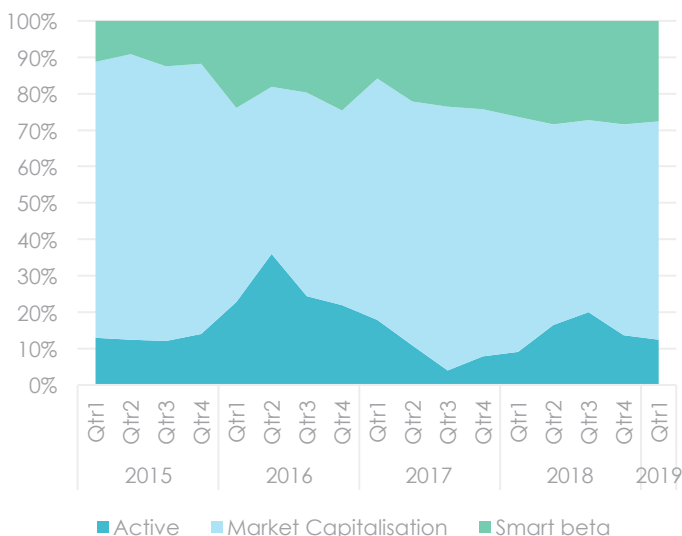
Australian fixed interest ETPs attracted \$152.7m in flows in March, or 20% of all ETP flows. AUM of \$4.0bn was up 59% from a year ago, reflecting more defensive portfolio positioning given investors' fears of a global economic slowdown, which has pushed government bond yields lower. Flows to international fixed income grew \$37.6m over March, with AUM of \$574.5bn up 36% from a year earlier.

Monthly flows



Source: VanEck, ASX, Bloomberg

Quarterly Net Flows By Strategy



Source: VanEck, ASX, Bloomberg

Flows by strategy

Flows to smart beta ETFs in March attracted around 17% of all ETP inflows at \$127.6m, compared to \$551.7m flowing to market cap ETFs and \$49.7m to active ETPs.

Smart beta ETFs have steadily gained market share since 2017, taking flows away from market cap ETFs as investors are increasingly seeking more targeted investment outcomes and better diversification. Reflecting this, VanEck's FUM jumped 61% from a year earlier to \$2.6bn in March, the greatest annual FUM growth rate of any ETF provider.

Market share of active ETPs has diminished slightly in recent quarters, reflecting intense competition from ETFs, which are successfully attracting investors due to lower management costs and transparency of structure and holdings.

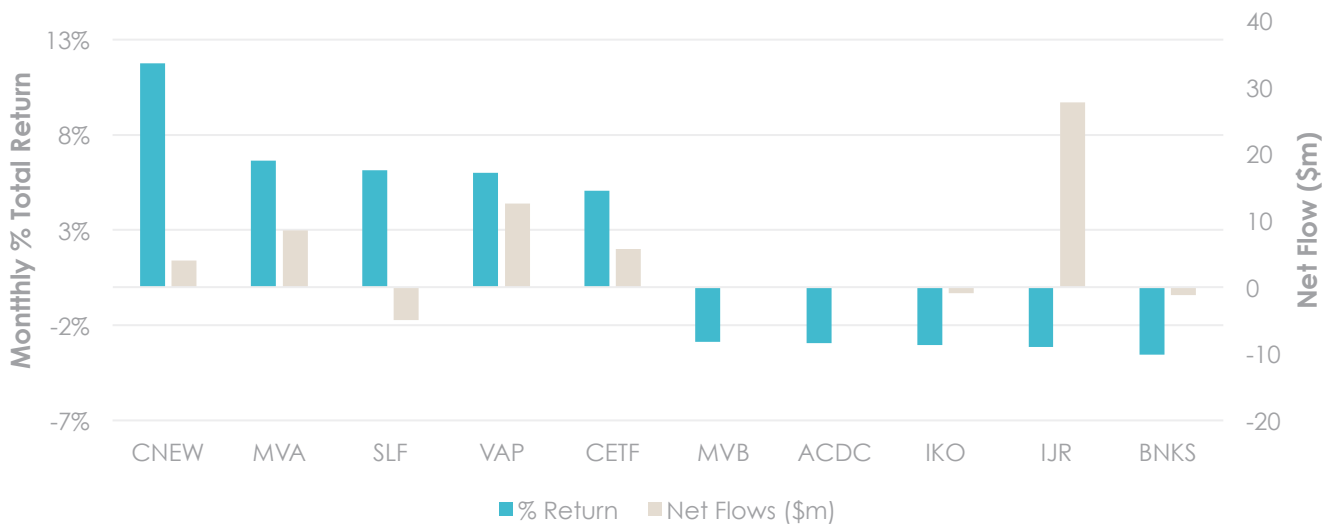
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Top and bottom five ETF performers with monthly net flows

The VanEck smart beta ETFs, CNEW and MVA, performed best in March of all ETPs, followed by SLF, VAP and CETF. The CSI MarketGrader China New Economy Index, which underpins CNEW, was up 11.9% over March in AUD terms and 36.9% YTD. China A-shares have jumped this year, outstripping gains in other share markets. The benchmark China A-shares index, the CSI 300 Index, which underpins CETF, was up 30.8% in AUD terms over the year to 31 March after rising 5.3% for the month.

The strong outperformance of China A-shares against other major markets could continue this year if US-China trade tensions ease further and given China's economy is growing faster than developed economies. The Chinese government too is supporting the economy through various stimulus measures.

The strong performance of MVA, SLF and VAP is linked to rising values for listed property trusts, which have been gaining as government bond yields fall on growth concerns. Listed property is seen by investors as an effective bond proxy, delivering income, as well as strong capital gains in recent times.



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 tax. 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.
Australian equity							
VanEck Australian Equal Weight ETF	MVW	6 Mar 14	0.56%	10.33%	11.92%	10.29%	10.11%
VanEck Australian Banks ETF	MVB	14 Oct 13	-2.89%	4.31%	8.74%	4.54%	6.06%
VanEck Australian Resources ETF	MVR	14 Oct 13	-0.04%	21.70%	25.14%	9.49%	9.23%
VanEck S&P/ASX Franked Dividend ETF	FDIV	2 May 16	0.85%	13.40%			4.21%
AREITs							
VanEck Australian Property ETF	MVA	14 Oct 13	6.63%	33.51%	12.81%	15.99%	14.85%
Australian equity - small and mid caps							
VanEck S&P/ASX MidCap 50 ETF	MVE	14 Oct 13	0.02%	3.48%	18.40%	1.70%	0.51%
VanEck Small Companies Masters ETF	MVS	19 May 15	-1.18%	6.46%	9.98%		7.27%
International equity - developed markets							
VanEck MSCI World ex Australia Quality ETF	QUAL	29 Oct 14	3.15%	17.33%	15.18%		15.61%
VanEck Morningstar Wide Moot ETF	MOAT	26 Jun 15	0.09%	23.71%	19.55%	17.46%	20.60%
VanEck Gold Miners ETF	GDX	26 Jun 15	0.92%	10.84%	7.22%	5.03%	-3.16%
International equity - Sustainable/Ethical							
VanEck MSCI International Sustainable Equity ETF	ESGI	6 Mar 18	0.26%	5.69%			5.82%
Global Infrastructure							
VanEck FTSE Global Infrastructure (Hedged) ETF	IFRA	3 May 16	3.33%	17.33%			10.39%
Emerging market equity							
VanEck MSCI Multifactor Emerging Markets Equity ETF	EMKT	12 Apr 18	0.07%				-6.57%
VanEck ChinaAMC CSI 300 ETF	CETF	26 Jun 15	5.05%	0.45%	8.83%	17.62%	6.59%
VanEck China New Economy ETF	CNEW	8 Nov 18	11.75%				36.77%
Australian Fixed Income							
VanEck Australian Corporate Bond Plus ETF	PLUS	2 May 17	1.83%	6.57%			5.51%
VanEck Australian Floating Rate ETF	FLOT	7 Jul 17	0.38%	2.73%			2.67%

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