

VanEck ETF IQ Scorecard

May 2019

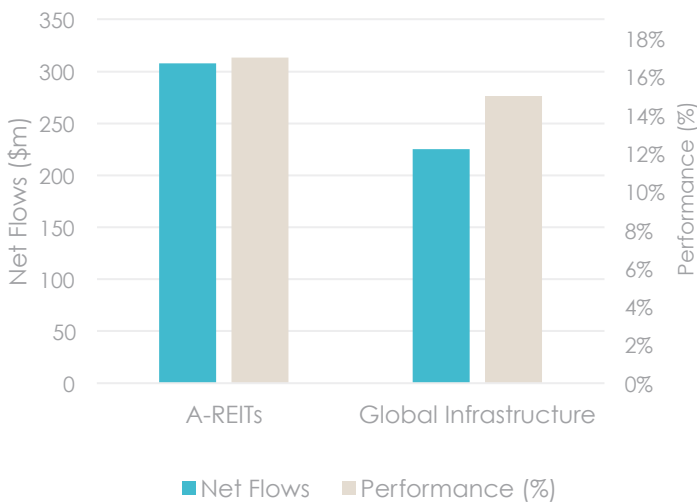
Highlights

- The Australian ETP industry experienced net flows of \$1,128.4m, the highest monthly level this year.
- The ETP industry grew 27% to \$48.3bn over the 12 months to 31 May, and 29% p.a. over two years.
- Australian equity ETP attracted \$339.7m in net flows in May, ahead of international equity ETPs at \$235.9m.
- Australian fixed income ETPs were also popular, attracting \$249.8m, as investors sought more defensive assets.
- Gold bullion rose 3.38% in AUD terms while the top performing ETP on the ASX in May was GDV as gold stocks rallied.
- ETFs make up around 90% of total ETP assets under management (AUM).
- Market cap weighted ETPs were boosted by net flows of \$827.0 million, while smart beta ETPs attracted \$228.0m.
- The S&P/ASX 200 Index returned 1.71%, while the MSCI World ex Australia Index in AUD terms fell 4.43%. The MSCI Emerging Markets Index decreased 5.66% in AUD terms.
- The Bloomberg AusBond Composite Index returned 1.70% and Bloomberg Barclays Global Aggregate Bond \$A Hedged Index rose 1.38% as bonds rallied over the month.
- Oil dropped 14.85%.

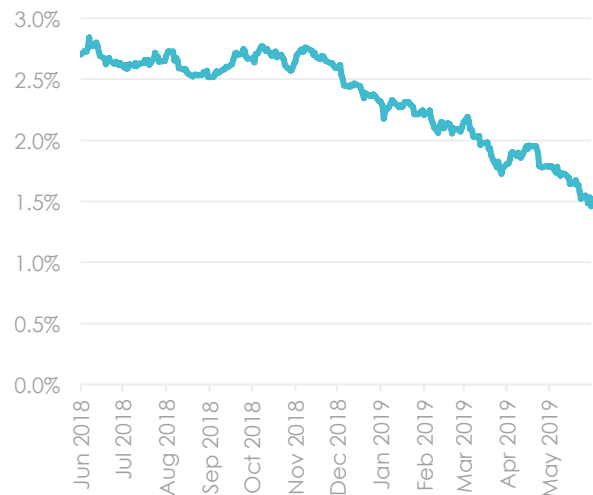
Chart of the month: Investors increase allocations to REITs

The graph below shows the net flows and returns on Australian REITs and global infrastructure ETFs. A-REITs have attracted most of the flows, as well as outperforming their international REIT counterparts, in line with a fall in Australia's 10-year government bond yield to an historical low of 1.46%. The top performing ETF over the 12 months to 31 May 2019 was MVA, returning 24.58%, with investors attracted by high rental income.

Global Infrastructure & A-REITs 1 year total ETF net flows & performance



10 year Australian government bond yield



Source: VanEck, ASX, Bloomberg, ASX 200 A-REIT Index and FTSE Developed Core Infrastructure 50/50 Hedged in AUD Index.

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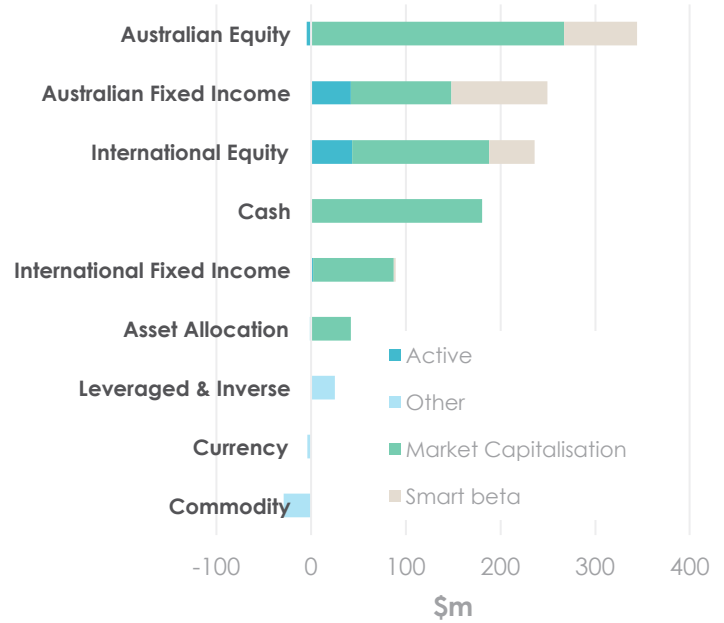
Australian equity ETPs attract most flows

Investors flocked to Australian equity ETPs in May, with the greatest net flows of \$339.7m, compared to inflows of \$235.9m for international equities, reversing a trend evident in recent months of international equity ETPs attracting the most investment.

However, over the 12 months to 31 May, international equity ETPs saw net flows of \$3.2bn, with AUM of \$20.9bn, up 24% from the same period in 2018. That easily outstripped the \$2.1bn that flowed to Australian equity ETPs, with AUM of \$17.8bn, up 20% from a year ago.

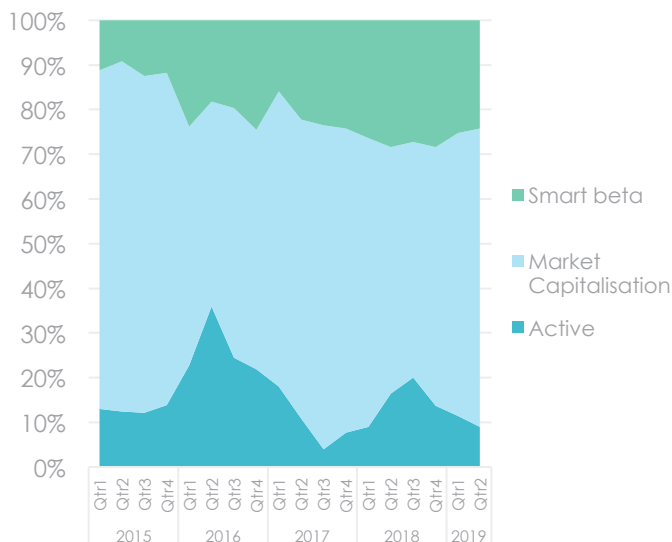
Australian fixed income ETPs were popular. They attracted \$249.8m in net flows in May. AUM of \$4.5bn was up 74% from a year ago, reflecting more defensive portfolio positioning given fears of a global economic slowdown, which has pushed government bond yields down sharply. Flows to international fixed income grew \$89.2m in May, with AUM of \$698.6m up 65% from a year ago.

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 \$228.0m, compared to \$827.0m flowing to market cap ETFs and \$81.1m to active ETFs.

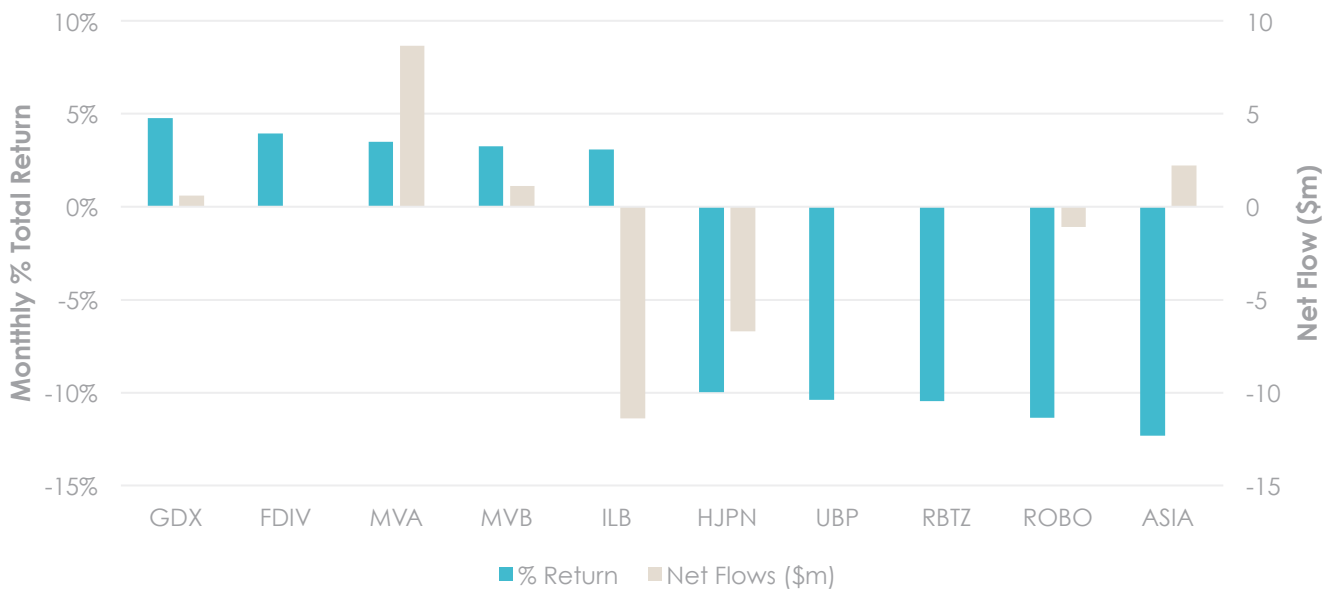
Smart beta ETFs have steadily gained market share as investors chase more targeted investment outcomes and true diversification. Reflecting this, VanEck's AUM jumped 59% from a year earlier to \$2.8bn, once again the greatest annual AUM growth rate of any ETF provider.

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

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Top and bottom ETF performers with net flows

Reflecting a flight to safer assets and a rising gold price in AUD terms, GDX was the top performing ETF in May, returning 4.77%. MVA too rallied with a continuing fall in government bond yields while FDIV and MVB rebounded following the re-election of the Coalition government at the May federal election. With that outcome and the Australian franked dividend scheme intact, FDIV rallied as did bank shares.



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.

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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	4 Mar 14	0.96%	9.85%	10.97%	10.62%	10.53%
VanEck Australian Banks ETF	MVB	14 Oct 13	3.25%	9.87%	8.48%	5.51%	7.23%
VanEck Australian Resources ETF	MVR	14 Oct 13	2.31%	11.28%	22.41%	9.62%	9.04%
VanEck S&P/ASX Franked Dividend ETF	FDIV	27 Apr 16	3.93%	15.91%	5.33%		6.03%
AREITs							
VanEck Australian Property ETF	MVA	14 Oct 13	3.49%	24.58%	11.08%	14.76%	14.52%
Australian equity - small and mid caps							
VanEck S&P/ASX MidCap 50 ETF	MVE	14 Oct 13	-0.64%	2.80%	14.37%	2.73%	0.89%
VanEck Small Companies Masters ETF	MVS	26 May 15	-2.34%	2.98%	8.97%		7.80%
International equity - developed markets							
VanEck MSCI World ex Australia Quality ETF	QUAL	29 Oct 14	-4.52%	13.22%	12.66%		14.94%
VanEck MSCI World ex Australia Quality (Hedged) ETF	QHAL	21 Mar 19	-5.99%				-2.78%
VanEck Morningstar Wide Moat ETF	MOAT	24 Apr 12	-6.56%	17.28%	13.72%	16.65%	19.84%
VanEck Gold Miners ETF	GDX	16 May 06	4.77%	6.03%	0.44%	5.86%	-3.23%
International equity - ESG							
VanEck MSCI International Sustainable Equity ETF	ESGI	6 Mar 18	-3.94%	4.77%			5.59%
International equity - infrastructure & property							
VanEck FTSE Global Infrastructure (Hedged) ETF	IFRA	29 Apr 16	-0.55%	14.40%	9.85%		9.98%
VanEck Vectors FTSE International Property (Hedged) ETF	REIT	29 Mar 19	0.16%				-0.45%
Emerging market equity							
VanEck MSCI Multifactor Emerging Markets Equity ETF	EMKT	10 Apr 18	-5.62%	-10.16%			-9.03%
VanEck ChinaAMC CSI 300 ETF	CETF	13 Oct 10	-8.49%	-2.18%	5.47%	16.04%	5.60%
VanEck China New Economy ETF	CNEW	8 Nov 18	-7.44%				24.47%
Australian Fixed Income							
VanEck Australian Corporate Bond Plus ETF	PLUS	9 May 17	1.44%	8.56%			6.12%
VanEck Australian Floating Rate ETF	FLOT	5 Jul 17	0.16%	2.84%			2.70%

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.

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