

VanEck launches 20th ETF with another first for Australia

Sydney, 30 October 2019 – VanEck today launched its 20th ETF on the Australian Securities Exchange, the VanEck Vectors Australian Subordinated Debt ETF (ASX: SUBD). Australian investors now have access to an asset class which is poised to become an important part of the domestic bond universe.

SUBD gives investors access to the Tier 2 Capital asset market, which is expected to exceed \$50 billion over the next four years as the big four banks implement APRA's new regulations that require them to double their Tier 2 Capital.

SUBD is the only ETF of its kind and is listed on the Australian Securities Exchange. The ETF only invests in investment grade subordinated debt. It tracks the purposefully designed iBoxx AUD Investment Grade Subordinated Debt Index (SUBD Index) published by leading credit index provider IHS Markit. It offers investors regular monthly income and relative defence against financial market volatility compared to shares. Subordinated bonds are considered less risky than shares because if an issuer becomes insolvent, bond holders are repaid in priority to shareholders.

SUBD also offers investors the potential for higher returns than cash, term deposits and traditional bonds, with a relative increase in risk which should be considered in the context of the main issuers of subordinated bonds being Australia's big four banks.

Arian Neiron, VanEck Managing Director and Head of Asia Pacific, said: "As interest rates continue to hover at unprecedented low levels and with three rate cuts this year and another one anticipated, investors are being starved of 'risk-free' income from traditional sources such as government bonds and deposits. Australian investors are therefore going up the risk curve to higher yielding assets, such as subordinated bonds. As at 30 September the SUBD Index is yielding 2.4%, which is much higher than the average interest rate of 1.3% on 12-month bank term deposits available in September."

"There is recognition in the financial community that investors may benefit from moving up the risk spectrum to higher-yielding investment grade bonds as interest rates hover at historical low levels, with no increase in interest rates expected for years to come," said Neiron.

ENDS



Access the opportunities.

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ABOUT VANECK

VanEck is one of the world's largest issuers of ETFs (Exchange Traded Funds), managing in excess of \$50 billion globally for individual and institutional investors. Founded in New York in 1955, VanEck is a pioneer in international investing and in gold funds, launching the first gold equities fund and the first gold ETF in the US.

In Australia, VanEck is the fastest growing ETF provider in the country and a leader in 'smart beta' investment strategies. We have 19 ETFs on ASX that focus on delivering superior performance through beyond-the-usual approaches and providing access to asset classes typically unavailable to Australian investors.

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