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### **VanEck's Australian Equal Weight ETF receives Lonsec Highly Recommended<sup>Index</sup> Rating**

**Sydney, 20 September 2017** – VanEck today announced that Lonsec has awarded a 'Highly Recommended<sup>Index</sup>' rating for its VanEck Vectors Australian Equal Weight ETF (ASX code: MVW). The rating confirms that Lonsec has strong conviction that the ETF can generate risk-adjusted returns in line with relevant objectives.

According to Lonsec, "the equal weighting methodology acts to give investors greater stock and industry diversification to the Australian equity market which is otherwise dominated by the financials (in particular, the 'Big Four' banks) and resources sectors."

Arian Neiron, Managing Director VanEck Australia, said: "We are delighted that MVW has received a 'Highly Recommended<sup>Index</sup>' rating from Lonsec. This is a testament to the compelling equal weight approach as an alternative beta strategy and the investment by VanEck in developing this approach.

"MVW is VanEck Australia's most popular ETF, in part because it has demonstrated outperformance with passive fees. MVW has attracted more than \$310 million in funds under management (FUM), pushing VanEck total FUM to over \$1 billion across its 14 ASX-listed ETFs," said Neiron.

MVW has outperformed the S&P/ASX 200 by an average of 4.23% per annum in each of the last three years and 4.26% per annum since inception in March 2014.

"In August 2017 alone, MVW returned 1.53%, while the S&P/ASX 200 returned just 0.71%, dragged down by Telstra, the Commonwealth Bank and Westpac. MVW is relatively underweight these stocks, which helped to boost its overall performance," said Mr Neiron.

"Given its strong track record of outperformance, financial advisers, brokers and their clients are employing MVW to replace active managers who charge a lot more for benchmark-like performance. We're also seeing a lot of interest from institutional investors such as superannuation funds who are looking at smart beta approaches and are consolidating their active-manager line-up," said Mr Neiron.

Lonsec said MVW "is suited to investors wishing to retain a core Australian equities exposure but seeking to reduce the inherent sector biases of the market-cap weighted S&P/ASX 200 Index ...". Lonsec believes the equal weighting methodology adopted by the Fund has merit in offering retail investors an efficient means to gain a more diversified exposure to the large- and mid-cap sectors of the Australian equity market."

Mr Neiron said a number of academic and commercial studies have concluded that equal weighting as an index approach achieves a superior total return outcome<sup>1</sup>. The reasons identified for this

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<sup>1</sup> CSIRO and Monash Superannuation Research Cluster support equal weighting [here](#)  
London University's Cass Business school's findings are [here](#)  
EDHEC Risk Institute findings are [here](#)  
These all support our own research [here](#)

outperformance include a higher relative exposure to smaller stocks, which have greater potential for growth than large stocks as well as a value bias or bias to less expensive stocks.

“Equal weighting also requires an inherent contrarian trading strategy. Each quarter MVW is rebalanced to match the index it tracks, the MVIS Australia Equal Weight Index. All stocks are ‘reset’ to be equally weighted. This process involves an inherent contrarian trading strategy as MVW sells stocks that have risen above the average since last rebalance and buys stocks that have fallen below the average since the last rebalance, also giving it a value bias,” said Neiron.

**ENDS**

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VanEck is one of the world's largest exchange traded product issuers. In Australia our range of ETFs (exchange traded funds) offer investors intelligently designed investment strategies that take advantage of targeted market opportunities. With offices in key financial centres and regions including New York, Sydney, Shanghai, Frankfurt, Madrid and Zurich, VanEck offers investors broad investment reach with deep experience.

Further information about VanEck is available at [vaneck.com.au](http://vaneck.com.au)

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