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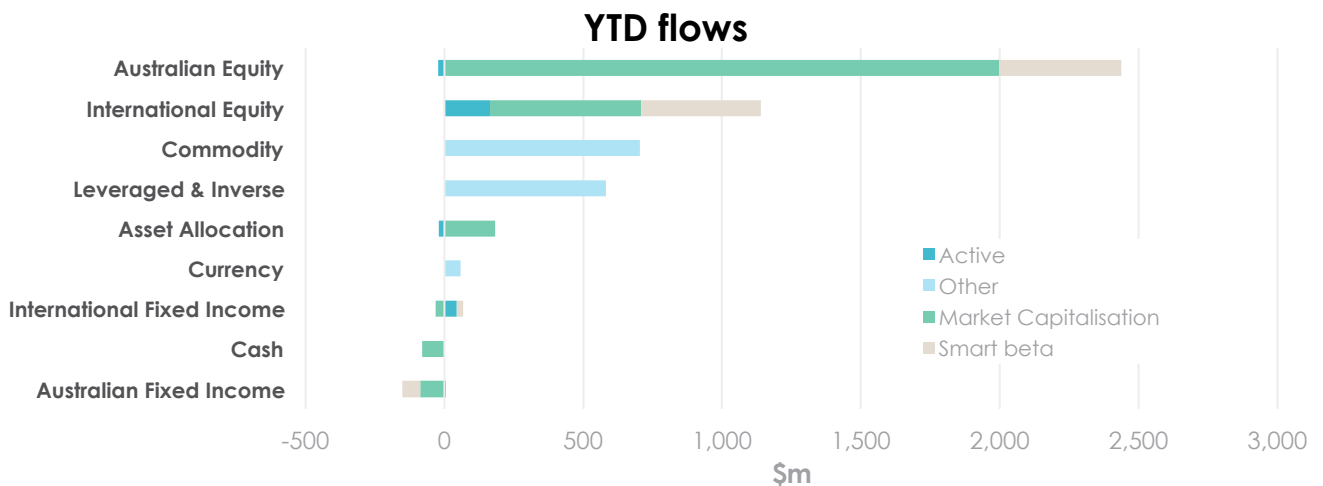
## Australian ETP industry passes COVID-19 Test

**Sydney, 14 May 2020** – The Australian exchange traded product (ETP) industry experienced robust inflows in April of \$1.07 billion, with over half of that investment directed at Australian equities following strong inflows over the first quarter. Smart beta strategies too have also proved popular as investors seek targeted investment outcomes to strengthen their portfolios.

April flows into Australian equity ETPs totalled \$612.6 million while the S&P/ASX 200 Index rallied 8.78%. That followed a splurge of \$1.03 billion on domestic equity ETPs in March. Over the 12 months to 30 April, assets under management (AUM) in the Australian ETP market rose 28% to \$61.06 billion. Exchange traded funds (ETF) assets make up almost 90% of the ETP industry.

**Arian Neiron, VanEck Managing Director and Head of Asia Pacific, said:** “The recent market correction has opened up great opportunities for investors to buy ETFs at lower prices. The healthy inflows illustrate the appeal of ETFs in enabling investors to achieve strategic asset allocations, especially through smart beta ETFs, which have attracted almost one-fifth of ETP inflows this year, or \$830.6 million,” said Neiron.

“Australian equities too are very popular, attracting \$2.42 billion in net flows over the year to 30 April, or around half of all ETP flows. Australian equities have been oversold and local investors and even US hedge funds are looking at oversold assets in this region,” Neiron said.



Source: VanEck, ASX

Investors also sought the relative safety of gold given high levels of financial market volatility and fears of a global recession with the gold price posting strong gains in April. Flows into commodity ETPs totalled \$211.1 million in April, with most of that going into gold ETPs. The VanEck Vectors Gold Miners ETF gained 67.84% in value, reflecting the strong demand.



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The Australian dollar's volatility has also pushed investors into currency hedged ETFs, though unhedged ETFs remain popular too. "As we saw in March, when markets correct, the falling Australian dollar lifts returns from unhedged international investments, providing a downside buffer," said Neiron.

"Over the year to 30 April, returns from VanEck's unhedged ETFs, VanEck Vectors MSCI World ex Australia Quality ETF and VanEck Vectors China New Economy ETF were 15.02% and 18.92%, respectively, highlighting the appeal of having some unhedged exposure to international shares in your portfolio, even when markets correct.

"Now that Australian dollar has recovered a little, we are also seeing greater flows into hedged international equity ETFs such as VanEck Vectors MSCI World ex Australia Quality (Hedged) ETF as investors seek some defence against a rising Australian dollar eating into returns from offshore shares."

Reflecting the appeal of smart beta strategies, VanEck's funds under management grew 51% over the year to 30 April 2020, with much of the flow going into its smart beta ETFs.

"Increasingly investors are seeking targeted investment outcomes through smart beta strategies, in addition to or as a substitute for funds which track market capitalisation indices," said Neiron.

"Healthy inflows into the ETP market highlight the durability of ETFs during volatile times. ETFs have worked well and as intended, as investment products offering investors the ability to quickly and effectively adjust and build their portfolios.

"As ETFs are traded on the ASX, investors can easily buy and sell the exact amount they need. Compared to unlisted managed funds, ETFs are transparent, generally more liquid and lower cost, which will likely propel their popularity with Australians who still have huge amounts of cash to invest, whether through their superannuation or directly as retail investors."

**ENDS**

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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 21 exchange traded funds 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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