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## VanEck's Australian Floating Rate ETF (FLOT) Receives Lonsec Recommended <sup>Index</sup> Rating

**Sydney, 28 August 2017** – VanEck today announced that Lonsec has awarded a 'Recommended <sup>Index</sup>' rating for its VanEck Vectors Australian Floating Rate ETF (ASX code: FLOT). The rating confirms that Lonsec has strong conviction that the ETF can generate risk-adjusted returns in line with relevant objectives.

Launched on the ASX in July 2017, FLOT offers investors exposure to a diversified portfolio of Australian floating rate notes (FRNs). FLOT tracks the market benchmark for Australian FRNs, the Bloomberg AusBond Credit FRN 0+ Yr Index.

FLOT "offers investors an inexpensive and efficient way to position themselves to preserve capital in a rising interest rate environment," Lonsec said in an initial review of the Fund.

"The Fund may be considered beneficial for investors seeking a bond exposure but who are concerned about the adverse impact of rising rates on fixed rate investments," Lonsec said.

Arian Neiron, Managing Director VanEck Australia, said: "We are delighted that FLOT has received a 'Recommended <sup>Index</sup>' rating from Lonsec. FLOT can be effectively used as an enhancement for cash to improve returns. The ETF has a running yield of 2.67% and it pays distributions four times a year, offering investors a defensive income solution.

"As an ETF, FLOT also comes with the benefits of being cost effective, liquid and transparent," Neiron said.

A FRN is a bond that pays a variable coupon linked to an interest-rate benchmark, usually the bank bill swap rate (BBSW). FRNs are generally investment grade debt which provide investors with returns above cash and short dated term deposit rates. The one-year return on the Bloomberg AusBond Credit FRN 0+ Yr Index is 3.37%<sup>1</sup>.

Lonsec also noted that FLOT offers duration risk protection in a rising rate environment," said Neiron. The modified duration of FLOT is just 0.14, compared to a modified duration of the Australian benchmark for bonds, the Bloomberg AusBond Composite 0+ Years Index, of 5.06.

"Blending FLOT with your current fixed income manager can significantly reduce duration or interest rate risk associated with fixed rate bonds significantly," said Neiron.

**ENDS**

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<sup>1</sup> As at 23 August 2017.

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This information is general in nature and not financial advice. It does not take into account any person's individual objectives, financial situation or needs. Before making an investment decision investors should read the product disclosure statement and with the assistance of a financial adviser consider if it is appropriate for their circumstances. A copy of the PDS is expected to be available from the commencement of the prescribed exposure period on 20 June 2017 at [www.vaneck.com.au](http://www.vaneck.com.au) or by calling 1300 68 38 37. The PDS is subject to review by ASIC and therefore subject to change.

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