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Smart beta to become mainstream investment choice

Sydney, 9 August 2016 – Smart beta investing will become more prevalent in portfolios and most believe it will outperform active strategies according to VanEck's survey of Australian financial advisers and brokers on smart beta investing.

The new survey found over 90% of financial professionals would consider investing in smart beta strategies in the future and 89% believe smart beta strategies will outperform or perform in line with active strategies.

While awareness of smart beta investing is high, only 37% of financial professionals are currently using smart beta strategies in their portfolios. Almost two thirds surveyed cited not knowing enough about smart beta strategies as a reason for not investing.

Arian Neiron, Managing Director, VanEck Australia said, "The findings of the survey show that smart beta is moving from the periphery to a mainstream investment option. It is likely that smart beta strategies will become more prevalent in portfolios in the future however there is still a need for more education to ensure advisers and clients have adequate information to confidently invest in smart beta strategies."

The survey found outperformance, ease of trading and diversification are the most important motivations to begin investing in smart beta strategies.

Almost three quarters of surveyed respondents who already invest in smart beta strategies use at least two or three smart beta strategies across equal weighted, factor/multi-factor and dividend focused strategies. 100% of advisers or brokers who currently use smart beta are satisfied with it. Most respondents use smart beta strategies for Australian equity and international equity exposure.

"Globally, smart beta is the fastest growing segment of the asset management industry. At the forefront of this growth are smart beta ETFs which offer the best aspects of both active and passive management by tracking indices that are designed to deliver a specific investment outcome within defined rules, while retaining transparency, liquidity and ease of trading.

"Over the past five years the number of smart beta ETFs listed on the ASX has increased from 5 to 29. In 2011 there was \$250 million invested in smart beta strategies that predominately focused on equity income. Today there are a number of different smart beta strategies which total in excess of \$2.1 billion in assets confirming the incredible growth of smart beta investing in Australia," Mr Neiron said.

"As part of VanEck's ongoing education program with CPD accreditation in ETFs and smart beta we are excited to announce the launch today of our [smart beta education microsite](#) providing investors direct access to information to better understand smart beta opportunities," Mr Neiron said.

About VanEck Smart Beta Survey

VanEck conducted Australia's inaugural smart beta survey in June 2016 to understand the opinions of financial professionals and brokers working in an advisory capacity in Australia. The survey was completed by over 120 Australian-based financial professionals. The majority of respondents in this survey work for independent financial services firms (54%); larger organisations owned by a bank or wealth manager (24%); broking firms (11%) and almost 90% of respondents have worked in financial services for over 20+ years. Over 80% of survey respondents use ETFs.

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.

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