



VanEck®

Access the opportunities.

Quarterly Report VanEck ETF Model Portfolios June 2018

Powered by Lonsec Investment Solutions

Lonsec
Investment
Solutions

Overview June quarter

The Australian equity market rallied in the June 2018 quarter, rising by 8.4% (as measured by the S&P/ASX 300 Accumulation Index). This contributed to a healthy 12-month return of 13.2% for the financial year 2018 (FY18). Energy and Resources sectors had particularly strong quarters up 19.8% and 16.0% respectively as the recovery in commodity and oil prices led to the market pricing in substantially improved earnings outlooks.

US equities were positive during the June quarter with the S&P 500 delivering 7.4% (with the return buoyed by Australian dollar weakness). In June, the US Federal Reserve Bank raised the cash rate by 25 basis points to between 1.75% and 2%, the seventh-rate increase since the onset of the global financial crisis. European markets rose over the quarter, with the MSCI Europe NR AUD Index up 2.9%. Emerging markets struggled, posting a decline of 4.5% during the June quarter driven largely by trade war concerns.

The previously 'beaten up' A-REIT sector revived, with the S&P/ASX 300 A-REIT Index gaining 9.8% for the quarter, leading to a much healthier return of 13.2% for FY18. A-REITs had previously been adversely impacted due to market concerns about the inflationary outlook in the US and the likely impact on bond yields.

Domestic fixed income markets rose over the June quarter, up 0.8% (as measured by the Bloomberg AusBond Composite 0+ Year Index AUD). A similar global benchmark (Bloomberg Barclays Global Aggregate TR Index) produced 0.9% over the corresponding period. The quarter end returns masked volatility returning to the bond markets with US 10-year bond yields retesting highs and reaching 2.95% during the quarter, before settling towards the mid 2.80% level. Global investment grade credit spreads also widened a touch over the quarter, in step with the volatility observed in the equity markets.

June 2018 quarterly portfolio performance

Returns for periods ending 30 June 2018

Period	Balanced	Growth	High Growth
3 Months	4.16%	5.33%	6.48%
6 Months	3.33%	4.12%	4.92%
1 Year	9.37%	11.89%	14.52%
3 Years	-	-	-
5 Years	-	-	-

Source: Lonsec

Performance contributors and detractors for three months to 30 June 2018

ETF	ASX Code	Balanced	Growth	High Growth
VanEck Vectors Australian Equal Weight ETF	MVW	1.51%	2.10%	2.69%
VanEck Vectors MSCI World ex Australia Quality ETF	QUAL	1.05%	1.46%	1.87%
Vanguard MSCI Index International Shares ETF	VGS	0.45%	0.62%	0.84%
SPDR Dow Jones Global Real Estate ETF	DJRE	0.28%	0.37%	0.37%
VanEck Vectors Australian Property ETF	MVA	0.51%	0.51%	0.51%
VanEck Vectors FTSE Global Infrastructure (Hedged) ETF	IFRA	0.18%	0.18%	0.18%
iShares Core Composite Bond ETF	IAF	0.15%	0.08%	
Vanguard International Fixed Interest Index ETF (Hedged)	VIF	0.03%	0.02%	

Source: Lonsec

Past performance is not a reliable indicator of future performance. The Model Portfolios are notional portfolios. Model Portfolio performance is calculated after management fees and before taxes.

Performance contributors and detractors for twelve months to 30 June 2018

ETF	ASX Code	Balanced	Growth	High Growth
VanEck Vectors Australian Equal Weight ETF	MVW	2.96%	4.12%	5.27%
VanEck Vectors MSCI World ex Australia Quality ETF	QUAL	3.27%	4.54%	5.81%
Vanguard MSCI Index International Shares ETF	VGS	1.23%	1.70%	2.31%
SPDR Dow Jones Global Real Estate ETF	DJRE	0.24%	0.32%	0.32%
VanEck Vectors Australian Property ETF	MVA	0.61%	0.61%	0.61%
VanEck Vectors FTSE Global Infrastructure (Hedged) ETF	IFRA	0.12%	0.12%	0.12%
iShares Core Composite Bond ETF	IAF	0.58%	0.29%	-
Vanguard International Fixed Interest Index ETF (Hedged)	VIF	0.33%	0.18%	-

Source: Lonsec

Past performance is not a reliable indicator of future performance. The Model Portfolios are notional portfolios. Model Portfolio performance is calculated after management fees and before taxes.

ETF performance

Returns for periods ending 30 June 2018

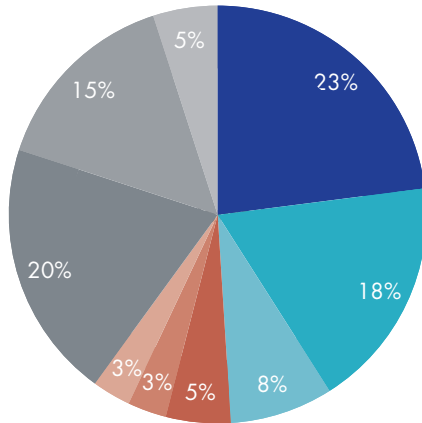
ETF	ASX Code	3 Months	6 Months	1 Year	3 Years	5 Years
VanEck Vectors Australian Equal Weight ETF	MVW	6.57%	2.67%	12.86%	12.58%	-
VanEck Vectors MSCI World ex Australia Quality ETF	QUAL	5.85%	7.78%	18.17%	12.19%	-
Vanguard MSCI Index International Shares ETF	VGS	5.62%	6.41%	15.43%	10.05%	-
SPDR Dow Jones Global Real Estate ETF	DJRE	9.24%	5.6%	7.9%	5.89%	-
VanEck Vectors Australian Property ETF	MVA	10.15%	2.14%	12.29%	9.96%	-
VanEck Vectors FTSE Global Infrastructure (Hedged) ETF	IFRA	6.03%	0.7%	3.94%	-	-
iShares Core Composite Bond ETF	IAF	0.77%	1.61%	2.89%	3.25%	4.22%
Vanguard International Fixed Interest Index ETF (Hedged)	VIF	0.21%	0.76%	2.23%	-	-

Source: Lonsec

Past performance is not a reliable indicator of future performance.

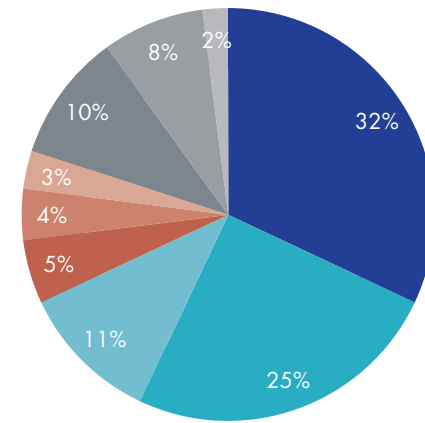
VanEck ETF Model Portfolios

Balanced



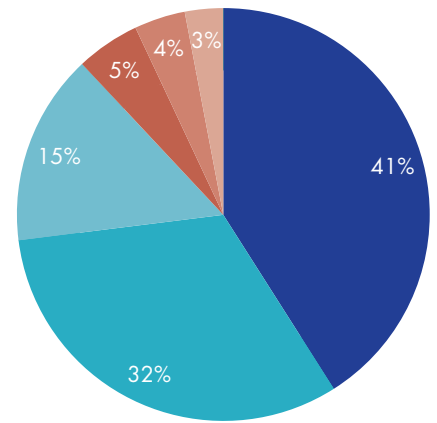
Management cost[^]: **0.29% p.a.**

Growth



Management cost[^]: **0.32% p.a.**

High Growth



Management cost[^]: **0.35% p.a.**

MVW VanEck Vectors Australian Equal Weight ETF

QUAL VanEck Vectors MSCI World ex Australia Quality ETF

VGS Vanguard MSCI Index International Shares ETF

MVA VanEck Vectors Australian Property ETF

DJRE SPDR Dow Jones Global Real Estate ETF

IFRA VanEck Vectors FTSE Global Infrastructure (Hedged) ETF

IAF iShares Composite Bond Index ETF

VIF Vanguard International Fixed Interest Index (Hedged) ETF

CASH Generic cash (RBA cash rate)

Management costs are estimates as of 30 June 2018 calculated as a weighted average of the management costs disclosed in the product disclosure statements for the underlying ETFs in the model portfolio.

Contact us

vaneck.com.au

02 8038 3300

 **Follow us**

 **@vaneck_au**

Important notice:

Issued by VanEck Investments Limited ABN 22 146 596 116 AFSL 416755 ('VanEck'). VanEck is the responsible entity and issuer of units in the VanEck Vectors ETFs traded on ASX under codes IFRA, MVA, MVW and QUAL. This is general information only and not financial advice. It does not take into account any person's individual objectives, financial situation or needs. Before making an investment decision, you should read the relevant PDS and with the assistance of a financial adviser consider if it is appropriate for your circumstances.

VanEck PDSs are available at www.vaneck.com.au or by calling 1300 68 38 37. PDSs of other issuers' ETFs are available from their websites.

No member of VanEck group of companies gives any guarantee or assurance as to the repayment of capital, the payment of income, the performance, or any particular rate of return of any funds. Past performance is not a reliable indicator of future performance.

IMPORTANT NOTICE: This information is provided by Lonsec Investment Solutions Pty Ltd ABN: 95 608 837 583, a Corporate Authorised Representative (CAR 1236821) (LIS) of Lonsec Research Pty Ltd ABN 11 151 658 561 AFSL421445 (Lonsec Research). LIS creates the model portfolios it distributes using the investment research provided by Lonsec Research but LIS has not had any involvement in the investment research process for Lonsec Research. LIS and Lonsec Research are owned by Lonsec Fiscal Holdings Pty Ltd ABN: 41 151 235 406. Please read the following before making any investment decision about any financial product mentioned in this document.

Disclosure as at the date of publication: Lonsec Fiscal group companies receive fees and other benefits. Lonsec Research Pty Ltd ABN: 11 151 658 561 AFSL: 421445 receives fees from fund managers or product issuers for researching their financial product(s) using comprehensive and objective criteria. Lonsec Research receives subscriptions for providing research content to subscribers and fees for providing investment consulting advice to clients, which includes model portfolios, approved product lists and other advice. The fees are not linked to the financial product rating outcome or the inclusion of financial products in model portfolios, or in approved product lists.

Warnings: Past performance is not a reliable indicator of future performance. Any express or implied rating or advice presented in this information is limited to "General Advice" (as defined in the Corporations Act 2001 (Cth)) and based solely on consideration of the investment merits of the financial product(s) alone, without taking into account the investment objectives, financial situation and particular needs ('financial circumstances') of any particular person. Before making an investment decision based on the rating(s) or advice, the reader must consider whether it is personally appropriate in light of his or her financial circumstances, or should seek independent financial advice on its appropriateness. If our advice relates to the acquisition or possible acquisition of particular financial product(s), the reader should obtain and consider the Investment Statement or Product Disclosure Statement for each financial product before making any decision about whether to acquire a financial product.

Disclaimer: This information is for the exclusive use of the person to whom it is provided by Lonsec Research and must not be used or relied upon by any other person. No representation, warranty or undertaking is given or made in relation to the accuracy or completeness of the information, which is drawn from public information not verified by Lonsec Research. Financial conclusions, ratings and advice are reasonably held at the time of completion but subject to change without notice. Lonsec Research assumes no obligation to update this information following publication. Except for any liability which cannot be excluded, LIS and Lonsec Research, its directors, officers, employees and agents disclaim all liability for any error or inaccuracy in, misstatement or omission from, this information or any loss or damage suffered by the reader or any other person as a consequence of relying upon it.