

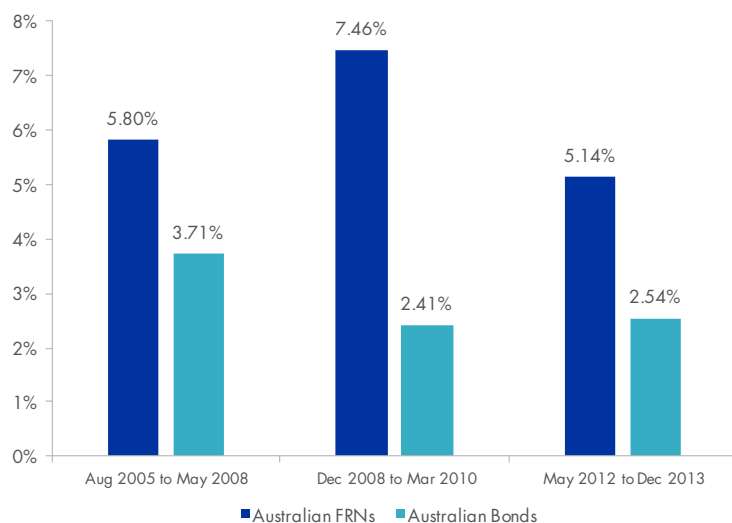
### Potential to enhance income and protect against rising interest rates

*Floating rate notes offer three key benefits:*

- **Potential protection against rising rates** – concerns about rising rates have prompted many investors to consider moving out of longer-duration bonds. Floating rate note coupons are designed to move in parallel with short-term interest rates, which helps you keep up when short term rates rise.
- **Potentially attractive yield** – FLOT is designed to offer a yield with a small increase in risk, in an easy to access ETF.
- **Short term, high quality credit** – conservative investors often invest in short term bonds for exposure to investment grade credit. FLOT offers access to a portfolio of short term investment grade bonds in a single trade on ASX.

*The Australian FRN benchmark has outperformed in recent rising rate environments.*

**Annualised return over the last three periods when the market anticipated rate rises\***



\*Please note Australian FRNs will tend to under perform Australian Bonds when the market anticipates rate falls.

Source: VanEck, Bloomberg. Rising-rate environment refers to periods of anticipated rate rises as measured by movement in bond prices. You cannot invest in an index. Past performance is not a reliable indicator of future performance. Benchmarks used for calculation: Australian FRNs - Bloomberg AusBond Credit FRN 0+ Yr Index, Australian Bonds – Bloomberg AusBond Composite 0+ Yr Index.

#### FLOT offers:

A diversified exposure to floating rate notes that are investment grade quality.

#### What are floating rate notes?

A floating rate note (FRN) is a bond that pays a coupon (interest) linked to a variable benchmark interest rate. Unlike fixed rate bonds where income is fixed, income of a FRN varies with changes in the benchmark.

- **The variable benchmark** – In Australia most FRNs pay income set at a margin over the bank bill swap rate (BBSW)
- **The variable coupons** – Rather than pay fixed coupons like traditional bonds, FRNs coupons are reset periodically to move in parallel with the bank bill swap rate.

#### Australian FRN benchmark

Bloomberg AusBond Credit FRN 0+ YR Index*	
# Bonds	245
# Issuers	78
Average Credit Rating	AA-
Average Modified Duration	0.13

Source: VanEck, Bloomberg, as at 31 May 2020

\* To be included in the index a FRN must have a published Investment Grade Credit Rating from at least one of S&P, Moody's or Fitch a minimum outstanding face value of \$100 million and a minimum of 1 month to maturity.

**Key Risks:** An investment in the Fund carries risks associated with: bond markets generally, interest rate movements, issuer default, credit ratings, fund operations, liquidity and tracking an index. See the PDS for details.

**INVESTMENT OBJECTIVE:** The VanEck Australian Floating Rate ETF (FLOT) invests in a diversified portfolio of Australian dollar denominated floating rate notes with the aim of providing investment returns (before management costs) that closely track the returns of the Index.

**INDEX DESCRIPTION:** The Bloomberg AusBond Credit FRN 0+ Yr Index is a market value weighted index comprising floating rate notes that are of Investment grade quality. The index typically includes bonds issued by corporate entities such as the four largest banks in Australia, foreign banks, other lending institutions and Australian listed property trusts (A-REITs).

ASX code	FLOT
Commencement date	7 July 2017
Management cost	0.22% p.a.
Index	Bloomberg AusBond Credit FRN 0+Yr Index
Distribution frequency	Monthly

## Contact us

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