

The VanEck logo is displayed in a white, serif font against a dark blue background. The background of the entire top section is a satellite-style image of Earth, showing the curvature of the planet and city lights at night.

Access the opportunities.

MOAT

VanEck Morningstar Wide Moat ETF (ASX: MOAT)

Q1 2024 Update

Fund summary

VanEck Morningstar Wide Moat ETF (MOAT) gives investors exposure to a diversified portfolio of attractively priced US companies with sustainable competitive advantages according to Morningstar's equity research team. MOAT aims to provide investment returns before fees and other costs which track the performance of the Index.

MOAT tracks the Morningstar® Wide Moat Focus NR AUD Index™. The index is a rules-based, equal-weighted index intended to offer exposure to attractively priced companies with sustainable competitive advantages according to Morningstar's equity research team.

Quarterly summary

- MOAT returned 10.77% for the quarter ended 31 March 2024, underperforming the S&P500 by 4.74%.
- Magnificent 7 have grown to nearly 1/3 of the S&P500 which remains an underweight in MOAT.
- The Index slightly increased its value exposure and continued underweight to growth/tech in the recent rebalance.
- The Index continues to have a notable underweight to growthy tech and consumer discretionary stocks and an overweight to value-oriented industrials, health care, financials and materials.

Quarter end performance as at 31 March 2024

	1 month	3 months	6 months	1 year	3 years (p.a.)	5 years (p.a.)	Since MOAT inception (p.a.)
Price Return (%)	3.32	10.77	18.18	17.32	12.92	14.78	14.25
Income Return (%)	0.00	0.00	0.00	8.46	3.02	2.38	2.15
Total Return (%)	3.32	10.77	18.18	25.78	15.94	17.16	16.40
S&P 500 Index (%)	2.99	15.51	21.87	32.71	16.85	16.44	14.52

Source: VanEck.

The table above shows past performance of the ETF from 26 June 2015. Index performance shown prior to its launch date is simulated based on the current Index methodology. Results are calculated to the last business day of the month and assume immediate reinvestment of distributions. ETF results are net of management fees and costs, but before brokerage fees or bid/ask spreads incurred when investors buy/sell on the ASX. Returns for periods longer than one year are annualised. Past performance is not a reliable indicator of current or future performance which may be lower or higher.

The S&P 500 is shown for comparison purposes as it is the widely recognised benchmark used to measure the performance of the broad US equities market. It includes the 500 largest US listed companies, weighted by market capitalisation. MOAT's index measures the performance of 40 to 80 US companies with a Morningstar Economic Moat Rating™ of "Wide". MOAT's index has fewer securities and different industry allocations than the S&P 500.

Key benefits

High conviction Wide Moat US equity strategy: A focus on quality U.S. companies Morningstar believes possess sustainable competitive advantages, or "wide economic moats™".

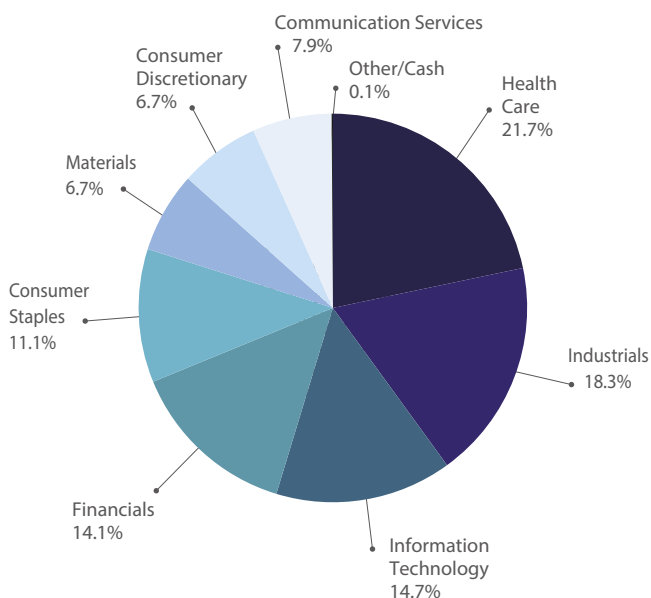
Attractive Valuations: Targets companies trading at attractive prices relative to Morningstar's estimate of fair value.

Morningstar's Core Equity Research: Fuelled by Morningstar's rigorous equity research process.

Key risks

An investment in the ETF carries risks associated with: ASX trading time differences, financial markets generally, individual company management, industry sectors, foreign currency, country or sector concentration, political, regulatory and tax risks, fund operations, liquidity and tracking an index. See the [PDS](#) for details.

Sector breakdown



Source: VanEck, as at 31 March 2024.

Fundamentals

Constituents (#)	55
Return on equity (%)	18.53
Price/Earnings (x)	25.56
Dividend yield (%)	1.82
Price/Book (x)	3.27
Price/Sales (x)	2.99

Source: VanEck, as at 31 March 2024.

VanEck Morningstar Wide Moat ETF: Top and bottom performers

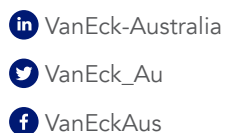
Top performers	Active weight (%)	Contribution to relative performance (%)	Sector	Commentary
Apple, Inc	-6.37	1.52	Information Technology	Apple's share price slipped during the first quarter of the year primarily due to its December-quarter results that topped Wall Street estimates, with strength in iPhone sales but lower than expected growth in services. Apple also reported a worrisome decline in its China business where it faces competition in the smartphone market, resulting in decline in China sales by 16%.
Tesla, Inc	-1.31	0.70	Consumer Discretionary	Following a strong 2023, Tesla's shares fell during the quarter. Much of the sell-off appears to have been spurred by negative sales data out of China, the world's top EV market. The China Passenger Car Association also showed that Tesla shipped 60,365 vehicles from its Shanghai-based factory in February which is down 16% from January shipments and the lowest number of shipments in more than two years.
Walt Disney Company	2.04	0.43	Communication Services	Walt Disney's share price rallied towards the best first quarter since 2000 following a positive earnings report in early February that showed improving profitability in the company's parks and streaming businesses.
Bottom performers	Active weight (%)	Contribution to relative performance (%)	Sector	Commentary
NVIDIA Corporation	-4.21	-2.23	Information Technology	NVIDIA has continued its remarkable run, showcasing a staggering 90.5% surge in its share price during the first quarter of the year. The surge reflects investors' confidence in the company's strategic positioning, robust financial performance and pivotal role in shaping transformative technologies like AI, gaming and data centre solutions.
MarketAxess Holdings, Inc	2.22	-1.01	Financials	The company reported financial results for the fourth quarter and full year ended 31 December 2023, towards the end of January. The results showed a decrease in both earnings and revenue which led to the share price plunging 17% in one day.
Etsy, Inc	1.97	-0.41	Consumer Discretionary	Shares of online marketplace Etsy fell as much as 10.5% during the quarter after the company reported fourth-quarter results that missed analysts' EPS estimates. While revenue came in ahead, topline growth continued to decelerate. In addition, user acquisition growth slowed, with the total number of active buyers on the platform declining YoY and falling below analysts' expectations for the quarter. Some of the headwinds observed during the quarter include: 1) Pressure on consumer discretionary product spending, 2) Softness in the Home & Living category 3) Highly competitive retail environment focused on deep discounting. Overall, this was a weaker quarter for the company.

Outlook

- While the market has pared back its expectations for central bank cuts this year, we think it is still a touch too optimistic. Inflation is elevated and trimming of rate cut forecasts could see equity market volatility increase.
- MOAT has increased its value tilt over the last quarter and its exposure to defensive sectors increased slightly, driven by valuations. Value exposure is overweight the S&P 500 by 12% while growth exposure a 17% underweight. Value companies are well positioned for economic headwinds going forward as they are resilient to prolonged elevated inflation and interest rates with their valuations more tied to current and near term expected earnings.
- Companies with strong pricing power (economic moats) should be best positioned in this above trend inflation environment. Businesses with economic moats have the ability to pass on higher production costs to consumers while maintaining healthy business margins.

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