VanEck®

Access the opportunities.

VanEck Australian Equal Weight ETF

(ASX: MVW)

Q1 2024 Update

Fund summary

VanEck Australian Equal Weight ETF (MVW) gives investors exposure to a diversified portfolio of ASX-listed securities. MVW aims to provide investment returns before fees and other costs which track the performance of the Index.

MVW tracks the MVIS Australia Equal Weight Index. The index is a pure-play rules-based index that combines benchmark with blue-chip characteristics by tracking the performance of the largest and most liquid ASX-listed companies across all sectors, including offshore companies which generate at least 50% of their revenues or assets from the Australian market. Companies in the Index are weighted equally.

Quarterly summary

- MVW returned 5.37% for the quarter ended 31 March 2024, outperforming the S&P/ASX 200 Index by 0.04%.
- From a sector perspective, Information Technology (+24.36%), Real Estate (+15.32%) and Consumer Discretionary (+12.88%) were the best performing sectors on the ASX 200 for the quarter while the laggards were Materials (-6.20%), Communication Services (+1.13%) and Consumer Staples (+1.92%).

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 MVW inception (p.a.)
Price Return (%)	3.03	5.37	10.14	10.25	6.37	5.31	6.35
Income Return (%)	0.00	0.00	2.06	4.14	3.62	3.66	3.20
Total Return (%)	**3.03**	**5.37**	**12.20**	**14.39**	**9.99**	**8.97**	**9.55**
S&P/ASX 200 Index (%)	3.27	5.33	14.17	14.45	9.62	9.15	8.22

Source: VanEck.
The table above shows past performance of the ETF from 4 March 2014. Index performance shown prior to 29 November 2013 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/ASX 200 Index is shown for comparison purposes as it is the widely recognised benchmark used to measure the performance of the broad Australian equities market. It includes the 200 largest ASX-listed companies, weighted by market capitalisation. MVW's index measures the performance of the largest and most liquid ASX-listed companies, weighted equally at rebalance. MVW's index has fewer companies and different industry allocations than the S&P/ASX 200.

Key benefits

Core Australian equity strategy: An award winning Australian equity strategy backed by significant research investing in the largest and most liquid Australian listed companies.

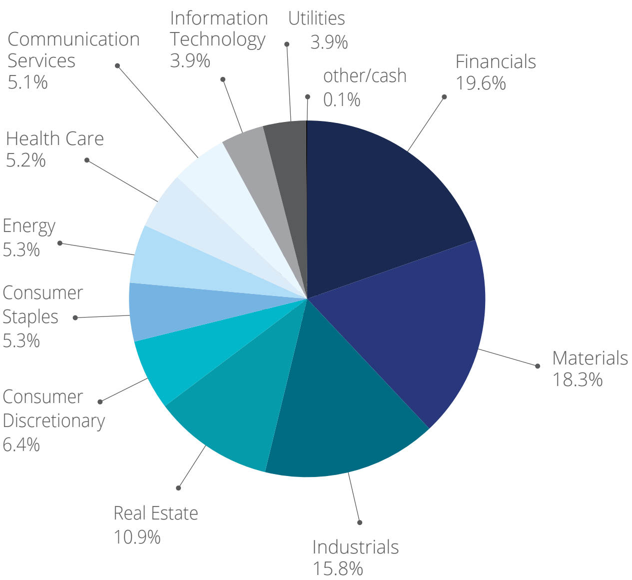
Diversification across companies and sectors: A portfolio which offers true diversification by equally weighting across companies and reducing sector concentration.

Outperformance potential: Equally weighting has been proven to produce long-term outperformance compared to a market capitalisation approach.

Key risks

An investment in the ETF carries risks associated with: financial markets generally, individual company management, industry sectors, fund operations and tracking an index. See the PDS for details.

Sector breakdown



Source: VanEck, as at 31 March 2024.

Fundamentals

Constituents (#)	76
Return on equity (%)	12.50
Price/Earnings (x)	18.28
Dividend yield (%)	3.54
Price/Book (x)	1.87
Price/Sales (x)	1.62

Source: VanEck, as at 31 March 2024.

VanEck Australian Equal Weight ETF: Top and bottom performers

Top performers	Active weight (%)	Contribution to relative performance (%)	Sector	Commentary
BHP Group	-8.99	1.52	Materials	BHP's shares tumbled during the quarter especially in January after releasing its second quarter update. According to the release, iron ore production came in 4% higher quarter on quarter at 65.8Mt, bringing its half-year production to 129Mt. This was well short of market expectation of 72.5Mt.
Altium	1.18	0.37	Information Technology	Charter Hall Group's share price rebounded strongly in Q4 2023 after performing poorly for the most of the year. The company's financials came under focus during the quarter which showed it was trading significantly under fair value, healthy earnings growth forecast for 2024 and a reliable dividend yield of 3.7%.
Reece Limited	1.25	0.26	Industrials	Reece's share price rose during February following the release of the company's half-year results. For the six months ended 31 December 2023, Reece reported a 2.5% increase in sales to $4,537 million and adjusted EBITDA was up 8% for the half. Furthermore, statutory net profit after tax was up 20% to $224 million, while adjusted net profit after tax increased 6%.

Bottom performers	Active weight (%)	Contribution to relative performance (%)	Sector	Commentary
Arcadium Lithium	0.96	-0.61	Materials	Arcadium's share price was hurt by anxieties about falling lithium prices and its ability to grow the volume of productions. Furthermore, they posted a 54% drop in fourth-quarter profit, posting net income of $37.7 million compared to $82.7 million in the year-ago quarter.
IGO Limited	1.00	-0.32	Materials	IGO's share price tumbled during the quarter in response to the release of its quarterly update in January. According to the release, the company reported underlying EBITDA of $153 million or the quarter which is a substantial 58% quarter on quarter.
Commonwealth Bank of Australia	-7.19	-0.30	Financials	CBA's share price continued its upward trajectory from a strong final quarter of 2023 which was driven by the bank's very strong first quarter update results, released in mid-November. Among the highlights, CBA reported a very strong operating income of $6.8 billion.

Source: VanEck, as at 31 March 2024.

Outlook

- Market expectations for RBA cash rate cuts in the second half of 2024 are premature, we think. Although headline inflation has been on the decline, the pace is likely to slow. A key driver of this is the stickiness of rental inflation, that is a result of increased migration and constrained housing supply which have led to a structural headwind thus limiting the efficacy of monetary policy.
- A 'higher rates for longer' environment will put a further strain on household budgets and could see mortgage delinquencies rise, adversely affecting bank stocks. MVW is underweight banks relative to the broad-based S&P/ASX 200 index, which could provide a catalyst for outperformance.
- While we anticipate a slowdown in economic activity this year, Australia's migration surge increases the chance of a soft landing.
- The squeeze on household budgets will likely weigh on retail sales, particularly consumer discretionary stocks. MVW is overweight consumer staples and neutral consumer discretionary relative to S&P/ASX 200, thus highlighting another tailwind for potential outperformance.

Contact us

vaneck.com.au
info@vaneck.com.au
+61 2 8038 3300

VanEck-Australia
VanEck_Au
VanEckAus