

# VanEck®

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## VanEck MSCI International Value ETF (ASX: VLUE)

### Q1 2024 Update



### Fund summary

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VanEck MSCI International Value ETF (VLUE) gives investors a diversified portfolio of 250 international developed market large- and mid-cap companies, with high value scores as calculated by MSCI at each rebalance. VLUE aims to provide investment returns before fees and other costs which track the performance of the Index.

VLUE tracks the MSCI World ex Australia Enhanced Value Top 250 Select Index. The index measures the performance of 250 international large- and mid-cap companies selected from the MSCI World ex Australia Index with high value scores relative to their peers at rebalance.

### Quarterly summary

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- VLUE returned 11.67% for the quarter ended 31 March 2024, underperforming the MSCI World ex Australia Index by 2.39%.
- All sectors were strong for VLUE as Financials (+20.37%) and Consumer Discretionary (+23.64%) were the best performers.

## 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 VLU E inception (p.a.)
Price Return (%)	4.98	11.67	14.13	18.79	9.52	-	10.52
Income Return (%)	0.00	0.00	0.00	3.86	2.18	-	2.15
<b>Total Return (%)</b>	<b>4.98</b>	<b>11.67</b>	<b>14.13</b>	<b>22.65</b>	<b>11.70</b>	<b>-</b>	<b>12.67</b>
MSCI World ex Australia Index (%)	3.02	14.06	20.11	28.72	14.43	14.09	15.67

Source: VanEck.

The tables above show past performance of the ETF from 8 March 2021. Index performance shown prior to 15 February 2021 ("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 MSCI World ex Australia Index ("MSCI World ex Aus") is shown for comparison purposes as it is the widely recognised benchmark used to measure the performance of developed market large- and mid-cap companies, weighted by market capitalisation. VLU E's index measures the performance of 250 companies selected from MSCI World ex Aus based on MSCI value scores, weighted by market cap x value score at rebalance. Consequently VLU E's index has fewer companies and different country and industry allocations than MSCI World ex Aus.

### Key benefits

**The world's highest quality companies:** Access a portfolio of international companies that are selected for their high value score relative to sector peers as measured by MSCI based on: (i) price to book value; (ii) price to forward earnings; and (iii) enterprise value to cash flow from operations.

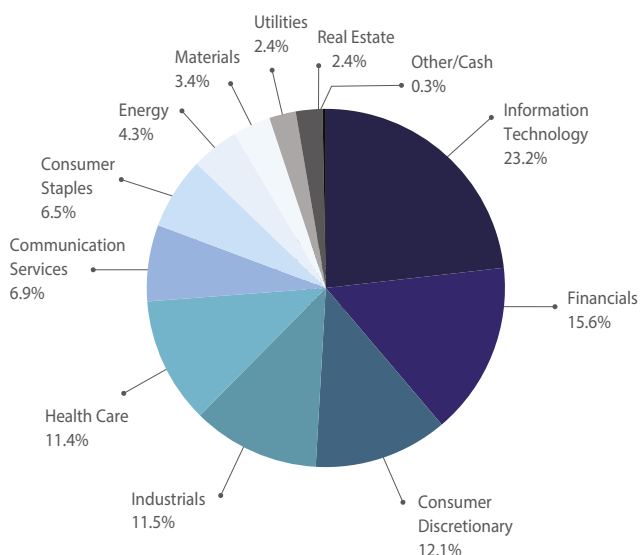
**Long term focus, capturing value across the market cycle:** The index is designed to capture a high level of exposure to value while minimising unintended and unwanted sector bets.

**Diversified across countries, sectors and companies:** Offering investors a portfolio of 250 companies across a range of geographies, sectors and economies.

### 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 and tracking an index. See the [PDS](#) for details.

### Sector breakdown



Source: VanEck, as at 31 March 2024.

### Fundamentals

Constituents (#)	250
Return on equity (%)	12.64
Price/Earnings (x)	11.45
Dividend yield (%)	3.35
Price/Book (x)	1.21
Price/Sales (x)	0.77

Source: VanEck, as at 31 March 2024.

## VanEck MSCI International Value ETF: Top and bottom performers

Top contributors	Active weight (%)	Contribution to relative performance (%)	Sector	Commentary
Apple Inc	-4.61	1.02	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	-0.93	0.48	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.
Toyota Motor Corp	1.81	1.81	Consumer Discretionary	Toyota's share price hit a record high during February after its earnings upgrade the prior day based on expectations their solid hybrid lineups may benefit from cooling interest in electric vehicles. Toyota's strong financial performance in the third quarter was helped by robust demand for gasoline-electric hybrid vehicles.

Bottom performers	Active weight (%)	Contribution to relative performance (%)	Sector	Commentary
NVIDIA Corporation	-2.90	-1.57	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.
Intel Corporation	3.41	-0.85	Information Technology	Intel shares fell as much as 10% during January after the company issued a soft first quarter outlook that lagged analyst forecasts, citing weakness in several of its subsidiaries and the company's programmable chip unit.
Meta Platforms Inc Class A	-1.62	-0.39	Communication Services	Meta's shares surged more than 20% in February after the company reported a tripling in fourth-quarter profit and issued its first-ever dividend. This result came as it reduced headcount by 22% in 2023 and unveiled plans for a \$50 billion share buyback.

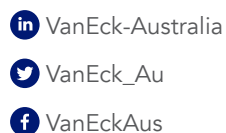
## Outlook

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- 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 the trimming of rate cut forecasts could see equity market volatility increase.
- Markets are grappling with a 'higher for longer' environment with sustained rates and inflation. This is typically when value companies outperform such as the Great Inflation period of the 1970s which was spurred on after a similar period of cheap money.
- Value companies are considered 'short duration', valuations are tied to current and near terms earnings, where earnings are typically linked to inflation. This means interest rate surprises on the upside typically have less of an impact relative to growth companies where valuations are tied to the prospect of long-term future earnings.
- The price to earnings differential between growth and value companies remain high. A potential mean reversion, supported by a prolonged period of higher rates could favour value companies.

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