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Gold ETFs shine as investors rush to safety

Sydney, 7 July 2016 – Australia’s exchange traded product (ETP) industry experienced negative (-A\$54m) outflows of funds in June for first time this year according to ASX monthly ETP data, reflecting investors’ risk aversion. Despite this, the industry attracted a total of A\$1.2 billion for the 6 months to 30 June 2016 (YTD) reaching A\$22.4 billion, showing that Australia’s ETP industry is continuing to grow.

Arian Neiron, Managing Director, VanEck Australia said, “Investors are feeling the fall out of Brexit this month and this is reflected in June’s monthly ETP flows. Investors generally moved away from investing in broad based Australian equities and are instead shifting into safe haven assets like gold,” he said.

Gold bullion and gold miners ETFs attracted A\$33 million YTD and \$19 million in June which reflects investors’ appetite for the safe haven asset. VanEck Vectors Gold Miners ETF (ASX:GDX) was the highest performing ETF this year returning 19.4% in June, 94.7% YTD and 65.91% for the 12 months to 30 June 2016.

“The gold price surged to its highest level in two years today to \$US1,368 per ounce indicating that it could be at the beginning of a new bull market. Gold thrives on financial risks and investors are generally feeling uncertain about the world economy. It isn’t just Brexit, but investors are generally feeling cautious because the Fed is unable to normalise interest rates, there is an anticipated RBA rate cut on the horizon, most likely in August, and there are many geo-political risks in the northern hemisphere. All these factors are further supporting investment into gold as a currency hedge and as a way to protect their wealth,” Neiron said.

“Overall, Australia’s ETP industry continues to grow with product launches and investor interest in smart beta and active exchange traded managed funds being a key driver of growth,” Neiron said.

ENDS

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