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VanEck's smart beta ETFs receive Zenith recommended ratings

Sydney, 21 October 2016 – VanEck today announced that research house Zenith Partners has awarded a 'Recommended' rating to its VanEck Vectors Australian Equal Weight ETF (ASX:MVW) and VanEck Vectors MSCI World ex Australia Quality ETF (ASX:QUAL).

Arian Neiron, Managing Director VanEck Australia, said, "We are delighted to receive a 'Recommended' rating from Zenith for two of our smart beta ETFs. The ratings are a testament to each funds' ability to achieve its target investment objective. MVW provides investors with unique exposure to the Australian share market by providing an equal weight approach. QUAL provides exposure to quality international equities identified by three key fundamental factors: high return on equity; stable year-on-year earnings growth; and low financial leverage," Mr Neiron said.

According to Zenith, "The equal weight methodology employed by MVW creates balanced exposure, removing all biases to stocks by weight of market cap," the report said. "Given the inherent concentrations in the Australian equities market, Zenith believes that exposure to an index which uses a simple mechanism to re-weight capitalisation exposure will find appeal to those seeking compromise between cost and diversification," the report said.

"Australian equities have not been able to hide from current market volatility. Now, more than ever, an appropriately diversified Australian equity portfolio can stand out from the crowd. MVW has outperformed the S&P/ASX 200 by 9.73% over the past twelve months returning 19.03% compared to the S&P/ASX 200's 9.30%¹, confirming that an equal weight approach is an effective strategy to achieve broad exposure to the Australian share market. Impressively, MVW has now received positive ratings from all major research houses," Mr Neiron said.

According to Zenith, "QUAL seeks to track the MSCI World ex Australia Quality Index. The Index is predicated on screening in stocks with demonstrated quality factors." "Zenith believes QUAL may be used as either a 'core' or satellite' exposure," the report said, "QUAL is best suited to investors with low conviction in active management who seek a cost effective solution," Zenith said.

"There has been a heightened sense of market uncertainty in response to rising speculation about whether the US Federal Reserve will raise rates and if so, what the potential ramification will be to US economic growth and global growth generally. QUAL invests in 300 quality international companies with high ROE, stable earnings and strong balance sheets. These companies are not reliant on excessive financial leverage and can better withstand bouts of heightened volatility. QUAL provides investors with access to a quality international strategy that is well suited to current market conditions," Mr Neiron said.

Zenith outlines in both reports, "VanEck benefits from access to the broader investment team, infrastructure and risk management systems and resources of the US based operations. Zenith views the backing of the US operations for the Australian business as a strong positive, adding to the solid capabilities of the Australian operation."

¹Performance is at 31 August 2016. Source Morningstar.

Fund	ASX code	Features	Management Cost
VanEck Vectors Australian Equal Weight ETF	MVW	<ul style="list-style-type: none"> Identifies the largest most liquid ASX-listed companies across all sectors Weights all constituents equally reducing concentration risk True diversification across securities and market sectors Greater exposure to smaller companies with potential growth opportunities rather than larger companies typical of most Australian equities portfolios The only fund of its kind in Australia 	0.35% p.a.
VanEck Vectors MSCI World ex-Australia Quality ETF	QUAL	<ul style="list-style-type: none"> Invests directly in quality international companies selected by MSCI on the basis of three quality factors: <ol style="list-style-type: none"> high return on equity stable annual earnings growth; and low financial leverage Exposure to 300 quality international companies in a single trade on the ASX Offers greater opportunities in technology and health care than local markets Based on an MSCI index 	0.40% p.a.

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QUAL is indexed to a MSCI index. QUAL is not sponsored, endorsed, or promoted by MSCI, and MSCI bears no liability with respect to QUAL or the MSCI Index. The PDS contains a more detailed description of the limited relationship MSCI has with VanEck and QUAL.

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About VanEck

Founded in 1955, VanEck was among the first asset managers helping investors achieve greater diversification through global investing. Today we are recognised for being a pioneer in global markets and for drawing on our experience to offer innovative solutions. We offer these solutions to individual investors and institutions, including endowments, foundations, pension plans and private banks.

VanEck is one of the world's largest exchange traded product issuers. In Australia our range of ETFs offer investors intelligently designed investment strategies that take advantage of targeted market opportunities.

With offices in key financial centres and regions including New York, Sydney, Shanghai, Frankfurt, Madrid and Zurich, VanEck offers investors broad investment reach with deep experience.

Further information about VanEck is available at vaneck.com.au

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