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## **Australian ETP Market Set to End Year on Record High**

**Sydney, 14 November 2017** – Australia's exchange-traded product (ETP) market is set to finish the year's end with a projected \$35 billion in assets as it continues its trajectory of steep growth with investors flocking to low-cost exchange traded funds (ETFs).

ETP assets ended October at a record high of \$33.22 billion, compared to \$23.95 billion in October 2016, representing growth of 39%. Year-to-date (YTD) flows to 30 October 2017 hit \$6.087 billion, just short of a record of \$6.091 billion in 2015, according to data from VanEck and the Australian Securities Exchange (ASX). ETFs make up the majority of ETPs.

"Investors are using ETPs to access markets offshore and broaden their portfolios, as well as take advantage of smart beta ETFs, which offer targeted investment outcomes and wealth-building strategies. Of the 131 listed ETFs, 41 are now smart beta, or almost one in three.

"In terms of asset classes, international equity ETPs have been the most popular, with \$2.66 billion in YTD flows, compared to \$1.95 billion for Australian equity ETPs. Compared to previous years, dedicated European and emerging market equity ETPs have been popular, as investors chase value and performance in those markets. However, broad based international ETFs are still getting the lion's share of flows into international equity ETPs," said Neiron.

"In terms of Australian equity, where local investors have one of the highest domestic biases in the world, smart beta has been shining with flows to the VanEck Vectors Australian Equal Weight ETF (ASX: MVW) totalling \$148 million YTD. Investors and their advisers continue to replace actively managed funds with MVW as their core Australian equities position due to its low cost and outperformance; MVW has outperformed the S&P/ASX 200 Index by 2.07% so far this year and by 4.04% p.a. over the past three years," said Neiron.

"Fixed Income ETPs have also been popular, with flows of \$450 million over the YTD and cash ETPs have separately attracted \$468 million. October saw the launch of the Vanguard Global Aggregate Bond Index (Hedged) ETF (ASX: VBND) and there have been several Australian fixed income ETPs launched this year,



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including the VanEck Vectors Australian Corporate Bond Plus ETF (ASX: PLUS) and VanEck Vectors Australian Floating Rate ETF (ASX: FLOT), adding to VanEck's strengthening stable of 14 ETFs.

“This year we have seen eight new ETFs launched and two active exchange traded managed funds (ETMFs). Reflecting geopolitical risks, we've also seen a trend towards gold bullion ETFs, with tensions between North Korea and the US causing some investors to move into the safety of gold assets.”

“Based on this sharp trajectory of growth, we expect the ETP industry will grow to between \$70 billion-\$80 billion dollar within five years,” said Neiron.

ENDS

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