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Media Contacts

Nicki Bourlioufas
Director, Spot On Content & PR
nicki@spotoncpr.com
+61 411 786 933

Brad Livingstone-Foggo
Head of Marketing
bfoggo@vaneck.com
+61 2 8038 3321
+61 422 794 035

VanEck to launch Australia's first smart beta Emerging Markets ETF (ASX: EMKT)

Sydney, 19 March 2018 - VanEck will launch the first smart beta emerging markets ETF on the Australian Securities Exchange which will trade under the code 'EMKT'. The VanEck Vectors MSCI Multifactor Emerging Markets Equity ETF will provide investors with exposure to a diversified portfolio of emerging markets companies.

EMKT will track the MSCI Emerging Markets Diversified Multiple-Factor Index (AUD). The index filters the MSCI EM universe based on four factors: Quality, Value, Momentum and Low Size. The result is an index, diversified across countries and sectors which has historically outperformed the benchmark MSCI Emerging Markets Index, while retaining a similar risk profile.

Arian Neiron, VanEck Managing Director and Head of Asia Pacific, said: "The VanEck Vectors MSCI Multifactor Emerging Markets Equity ETF will offer emerging market equity exposure for passive fees. Many emerging markets are growing quickly and Australian investors will soon be able to access this opportunity through 'EMKT', VanEck's latest smart beta ETF.

"Each of MSCI's single factor indices for emerging markets have all outperformed the MSCI Emerging Markets Index over a 15-year period. Combining four factors in one ETF will give diversification and potential performance benefits and eliminate the need for factor timing," said Neiron.

"To date, Australian investors have had limited access to emerging markets, mostly relying on unlisted active managers. EMKT will have the low cost, transparency and liquidity benefits of an ETF. The index EMKT tracks is a rules-based smart beta strategy that has a strong history of outperformance compared to the benchmark MSCI Emerging Markets Index. To the end of February it has outperformed over 1, 3, 5, 10 and 15 year time periods."

Long-term trends favour emerging markets. Compared to developed markets, EM include countries whose economies are growing faster. The rise of the local middle class consumer in EM is driving demand in education, entertainment, technology, healthcare and travel. EM offer opportunities for higher growth in



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these sectors compared to developed markets where growth is more mature. EM also have localised entrepreneurial enterprises servicing much larger populations with some very exciting success stories.

“Many people have invested in well-known technology companies such as Apple and Google. However, EM countries have the likes of Alibaba and Tencent, which have growth profiles far more appealing than their developed market counterparts yet many investors don’t have exposure to these companies and getting it isn’t easy,” said Neiron.

“Tencent has an astonishing growth rate of 750% in five years, or 53% annualised, and its global presence in social media and advertising is quickly expanding beyond China into the US and Europe. EMKT will include Tencent.

“Korea’s Samsung, already a global brand, accounts for many electrical products in many Australian homes, yet is rarely represented in Australian investment portfolios. EMKT will also include Samsung,” said Neiron.

“Australian equities, which account for a tiny proportion of global equity markets, are dominated by miners and banks. EMKT offers greater geographic, sector and company diversification, which will help diversify local investors’ portfolios into sectors such as technology, which will account for around one quarter of the EMKT portfolio. This will also help insulate investors against a potential slowdown in the Australian economy, which is growing below trend and well below EM growth rates,” said Neiron.

The MSCI Emerging Markets Diversified Multiple-Factor Index includes large and mid-cap stocks across 24 Emerging Markets countries. The index aims to maximise exposure to the four factors of Value, Momentum, Quality and Low Size while maintaining a risk profile similar to that of the underlying parent index.

Fund	ASX code	Features	Management Costs
VanEck Vectors MSCI Multifactor Emerging Markets Equity ETF	EMKT	<ul style="list-style-type: none">Tracks the MSCI Emerging Markets Diversified Multiple-Factor Index (AUD).The Index filters the MSCI Emerging Market (AEM) universe based on four factors: Quality, Value, Momentum and Low SizeAll the benefits of ETFs including:<ul style="list-style-type: none">Simple trading on the ASXLiquidTransparent daily holdingsCost effective	0.69% p.a.

General information only

This information is prepared in good faith by VanEck Investments Limited ABN 22 146 596 116 AFSL 416755 (‘VanEck’) as the responsible entity and issuer of the VanEck Vectors MSCI Multifactor Emerging Markets Equity ETF ARSN 623 953 631 (‘the Fund’). Units in the Fund are not currently available. The Fund has been registered with ASIC and VanEck has lodged an application with ASX for units in the Fund to be admitted to trading status on ASX.

This information is general in nature and not financial advice. It does not take into account any person’s individual objectives, financial situation or needs. Before making an investment decision investors should read the product disclosure statement and with the assistance



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of a financial adviser consider if it is appropriate for their circumstances. A copy of the PDS is available from <https://www.vaneck.com.au/library/regulatory-documents/>

The Fund will be exposed to the risks associated with overseas investment. These include changes in foreign exchange control regulations, application of foreign tax legislation including confiscatory taxation and withholding taxes, changes in government administration and economic monetary policy, appropriation, changed circumstances in dealings between nations, lack of uniform accounting and auditing standards, potential difficulties in enforcing contractual obligations and extended settlement periods.

The Fund is subject to investment risk, including possible loss of capital invested. Past performance is not a reliable indicator of future performance. No member of the VanEck group guarantees the repayment of capital, the payment of income, performance, or any particular rate of return from the Fund.

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

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.

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 and vaneck.com.au