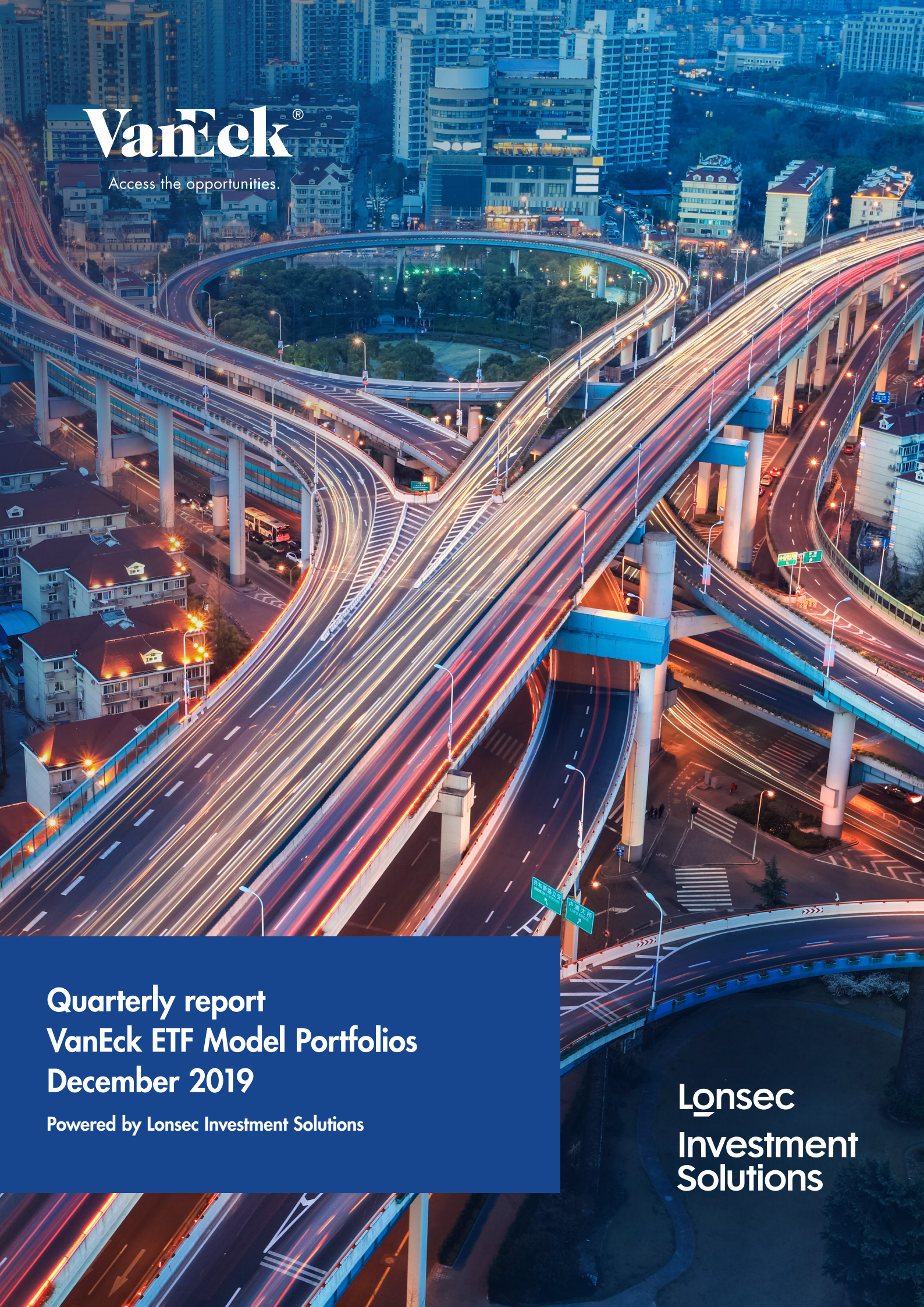

Quarterly report
VanEck ETF Model Portfolios
December 2019

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Overview December quarter

The S&P/ASX 300 TR Index gained only 0.7% over the quarter, dragged down by a selloff in December, ending 2019 on a sour note for what was otherwise a stellar year for Australian equities, posting a calender year gain of 23.8%. The health care sector gained 13.6% over the quarter and 44.9% over the year, driven by impressive earnings growth from big names such as CSL and Resmed. In contrast, financials struggled, falling 6.3% in the December quarter and returning 13.6% over 2019 as the fallout from the Royal Commission and further bad press put the sector out of favour.

Globally, equity markets marched higher during the quarter, supported by the combination of synchronised central bank policy easing and hopes of an economic recovery. Investors anticipated the successful negotiation of a 'phase one' trade deal between the US and China, which helped ease some geopolitical uncertainty. The MSCI World ex-Australia NR Index (AUD) rose 4.3% over the quarter to end 2019 up 28.0%. The MSCI Emerging Markets NR Index (AUD) gained 7.3% over the quarter and 18.6% over 2019.

House prices rose 4.0% nationally in the December quarter, although they remain 3.1% below peak levels. House prices in Melbourne and Sydney rose 5.3% in 2019 according to CoreLogic data. In terms of listed property, the S&P/ASX 300 A-REIT TR Index fell 0.7% over the quarter, with falls from GPT Group, Abacus and Cromwell. Over the year the index posted a gain of 19.6%.

After lowering the cash rate in October to a record low 0.75%, the RBA has held fire heading into 2020 as property prices showed further signs of growth and retail sales appeared to pick up in November. After falling through most of 2019, yields picked up in the December quarter, with the Australian 10-year Treasury yield rising from 1.02% to 1.37%. The AusBond Composite Index fell 1.3% over the quarter to end 2019 up 7.3% over the year.

December 2019 quarterly portfolio performance

Period returns for periods ending 31 December 2019

Period	Balanced	Growth	High Growth
3 Months	1.35	2.32	3.38
6 Months	4.67	6.16	7.68
1 Year	18.79	23.49	28.34
3 Years	9.77	11.76	13.78
5 Years	-	-	-

Source: Lonsec

Past performance is not a reliable indicator of future performance. The Model Portfolios are notional portfolios. Model Portfolio performance is calculated after management fees and before taxes.

Performance contributors and detractors for three months to 31 December 2019

ETF	ASX Code	Balanced	Growth	High Growth
VanEck Vectors Australian Equal Weight ETF	MVW	0.37%	0.52%	0.66%
VanEck Vectors MSCI World ex Australia Quality ETF	QUAL	1.25%	1.73%	2.22%
Vanguard MSCI Index International Shares ETF	VGS	0.34%	0.47%	0.64%
SPDR Dow Jones Global Real Estate ETF	DJRE	-0.09%	-0.12%	-0.12%
VanEck Vectors Australian Property ETF	MVA	-0.05%	-0.05%	-0.05%
VanEck Vectors FTSE Global Infrastructure (Hedged) ETF	IFRA	0.05%	0.05%	0.05%
iShares Core Composite Bond ETF	IAF	-0.27%	-0.14%	-
Vanguard International Fixed Interest Index ETF (Hedged)	VIF	-0.24%	-0.13%	-

Source: Lonsec

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Performance contributors and detractors for twelve months to 31 December 2019

ETF	ASX Code	Balanced	Growth	High Growth
VanEck Vectors Australian Equal Weight ETF	MVW	5.59%	7.78%	9.97%
VanEck Vectors MSCI World ex Australia Quality ETF	QUAL	6.44%	8.95%	11.45%
Vanguard MSCI Index International Shares ETF	VGS	2.25%	3.09%	4.22%
SPDR Dow Jones Global Real Estate ETF	DJRE	0.63%	0.84%	0.84%
VanEck Vectors Australian Property ETF	MVA	1.09%	1.09%	1.09%
VanEck Vectors FTSE Global Infrastructure (Hedged) ETF	IFRA	0.72%	0.72%	0.72%
iShares Core Composite Bond ETF	IAF	1.42%	0.71%	-
Vanguard International Fixed Interest Index ETF (Hedged)	VIF	0.91%	0.49%	-

Source: Lonsec

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ETF performance

Period returns for periods ending 31 December 2019

ETF	ASX Code	3 Months	6 Months	1 Year	3 Years	5 Years
VanEck Vectors Australian Equal Weight ETF	MVW	1.61%	4.26%	24.32%	11.10%	11.27%
VanEck Vectors MSCI World ex Australia Quality ETF	QUAL	6.93%	13.07%	35.78%	18.22%	15.07%
Vanguard MSCI Index International Shares ETF	VGS	4.27%	9.11%	28.11%	13.85%	12.29%
SPDR Dow Jones Global Real Estate ETF	DJRE	-2.97%	5.78%	20.89%	7.36%	7.64%
VanEck Vectors Australian Property ETF	MVA	-1.05%	0.52%	21.83%	11.72%	12.56%
VanEck Vectors FTSE Global Infrastructure (Hedged) ETF	IFRA	1.54%	4.99%	23.94%	11.61%	–
iShares Core Composite Bond ETF	IAF	-1.37%	0.56%	7.09%	4.96%	4.00%
Vanguard International Fixed Interest Index ETF (Hedged)	VIF	-1.59%	1.03%	6.08%	3.71%	–

Source: Lonsec

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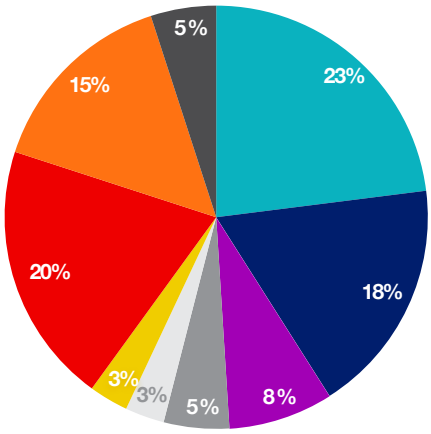
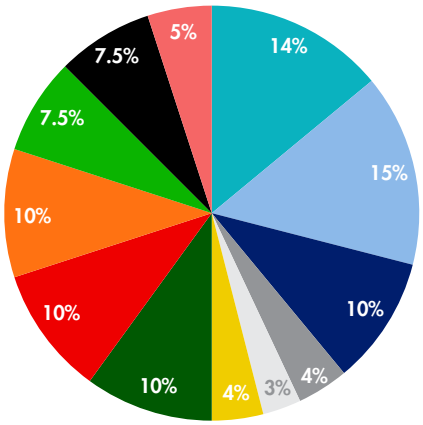
VanEck ETF Model Portfolios

Balanced



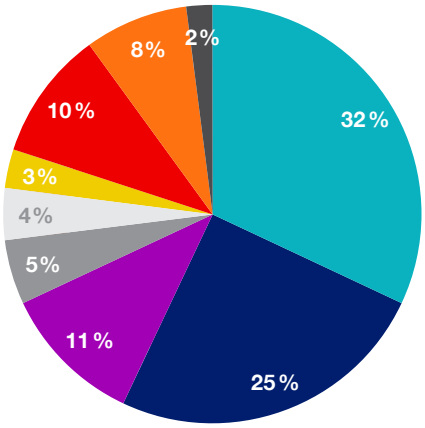
Management cost^: **0.28% p.a.**

Balance - Income



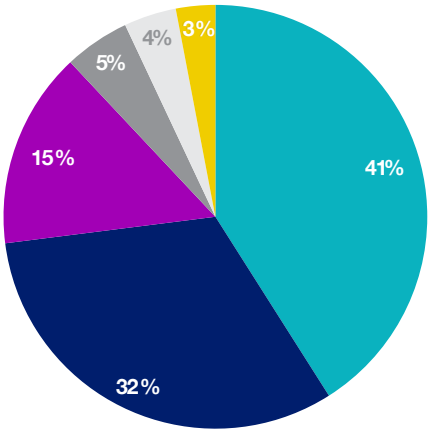
Management cost^: **0.31% p.a.**

Growth



Management cost^: **0.32% p.a.**

High Growth



Management cost^: **0.35% p.a.**

MVW	VanEck Vectors Australian Equal Weight	**MVA**	VanEck Vectors Australian Property scETF
VHY	Vanguard Australian Shares High Yield ETF	**REIT**	VanEck Vectors FTSE International Property (Hedged) EFT
QUAL	VanEck Vectors MSCI World Ex Australia Quality ETF	**IFRA**	VanEck Vectors FTSE Global Infrastructure (Hedged) ETF
VGS	Vanguard MSCI Index InternationalShares ETF	**WDIV**	SPDR S&P Global Dividend Fund
IAF	iShares Composite Bond Index ETF	**PLUS**	VanEck Vectors Australian Corporate Bond Plus ETF
VIF	Vanguard International Fixed Interest Index (Hedged) ETF	**IHCB**	iShares Core Global Corporate Bond (AUD Hedged) ETF
CASH	Generic cash (RBA cash rate)	**BILL**	iShares Core Cash ETF

Management costs are estimates as of 31 December 2019 calculated as a weighted average of the management costs disclosed in the product disclosure statements for the underlying ETFs in the model portfolio*.

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