



**BetaShares**

Exchange Traded Funds

# **BETASHARES AUSTRALIAN ETF REVIEW**

**MONTH ENDING MAY 2019**



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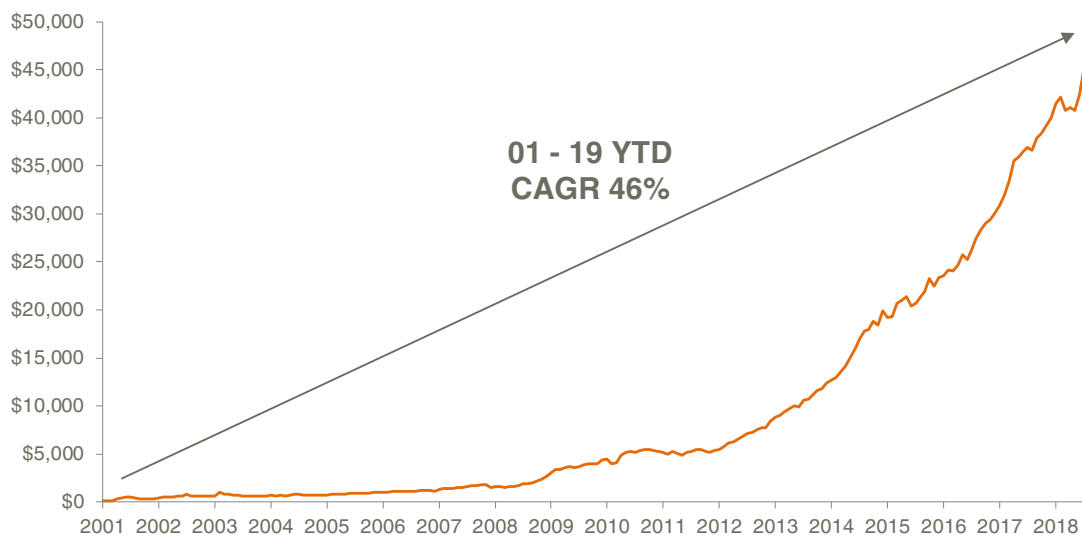
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## AUSTRALIAN EXCHANGE TRADED FUND INDUSTRY: SUMMARY MAY 2019

### INDUSTRY RECEIVES ANOTHER \$1B OF NET FLOWS AS IT INCHES TOWARDS \$50B

- Falling U.S. equities slowed the rise of the industry this month, with 100% of growth coming from net inflows this month
- That said, the industry once again eked out a **fresh record high** as it inches towards the milestone \$50B mark.
- The industry ended May at a record **\$48.7B** with a monthly market cap increase of 1.4% (+\$670m)
- As mentioned above, all of the industry's growth came from net new money into the industry, which was strong at **\$990m**
- 1 new product was launched this month – an Active ETF of small cap Australian shares. We also saw 3 single bond products mature, with this particular range of products appearing not renewing itself as fast as it once did
- In terms of category demand, it was Australian shares and bonds that received the highest amount of flows – both categories receiving ~\$250m of net flows.
- As we've discussed before, Fixed Income products have received significantly more attention this year than ever before as investors continue to exhibit caution on the equities market. Year to date, Fixed Income is the number one category for flows in the industry, marginally beating out the ever-popular International Equities category
- The [BetaShares Australian High Interest Cash ETF \(ASX: AAA\)](#) was once again the #1 product for net inflows this month - with ~\$157m of new money added.
- With escalating of tensions in the China-USA Trade wars, the U.S. markets dropped significantly – which led to strong performance in [BetaShares U.S. Equities Strong Bear Hedge Fund \(ASX: BBUS\)](#) - with ~16% monthly return this was the month's top performing fund. The second best performer was soft commodities, with [BetaShares Agriculture ETF- Currency Hedged \(ASX: QAG\)](#) returning ~8% for the month.
- Net outflows at a category and sub-category level were limited to Gold exposures, which may be as a result of profit taking by investors.

## AUSTRALIAN ETP MARKET CAP: JULY 2001 – MAY 2019



CAGR: Compound Annual Growth Rate  
Source: ASX, BetaShares

## MARKET CAP

- ASX Exchange Traded Funds Market Cap: **\$48.7B – New industry record**
- Market cap increase for month: **1.4%, +\$670M**
- Market cap growth for last 12 months: **27%, + \$10.2B**

## NEW MONEY

- New unit growth for month (units outstanding by number): **+1.4%**
- Net new money for month (units outstanding by \$ value): **+\$989m**

## PRODUCTS

- 241 Exchange Traded Products trading on the ASX – 1 new Active ETF launched (Australian Small Caps) and 3 single bond products reached maturity

## TRADING VALUE

- Trading value increased significantly (42%) to reach an all-time high in monthly trading, and the first time we've seen more than \$4B of ETFs traded in a single month

## PERFORMANCE

- With the U.S. markets falling sharply the best performing product this month was the [BetaShares U.S. Equities Strong Bear Hedge Fund \(ASX: BBUS\)](#) with ~16% monthly return. We also saw strong performance in commodities, with [BetaShares Agriculture ETF- Currency Hedged \(ASX: QAG\)](#) returning ~8% for the month.

## TOP 10 PRODUCTS: MAY 2019

### By Market Cap

Ticker	Product	Issuer	Market Cap (this month)	Rank Movement
STW AU Equity	SPDR S&P/ASX 200 Fund	State Street	\$3,794,040,000	-
VAS AU Equity	Vanguard Australian Shares Index ETF	Vanguard	\$3,607,390,000	-
IVV AU Equity	iShares S&P 500	iShares	\$2,971,040,000	-
AAA AU Equity	Betashares Australian High Interest Cash ETF	BetaShares	\$1,576,400,000	+3
IOO AU Equity	iShares S&P Global 100	iShares	\$1,543,450,000	-1
VGS AU Equity	Vanguard MSCI Index International Shares ETF	Vanguard	\$1,538,400,000	-1
VTS AU Equity	Vanguard US Total Market Shares Index ETF	Vanguard	\$1,467,320,000	-1
MGE AU Equity	Magellan Global Equities Fund (Mgd Fund)	Magellan	\$1,309,960,000	-
VAP AU Equity	Vanguard Australian Property Securities Index ETF	Vanguard	\$1,287,930,000	+1
VEU AU Equity	Vanguard All-World ex-US Shares Index ETF	Vanguard	\$1,287,620,000	-1

Other products with > \$1000m AUM: IOZ, VHY,

### By Average Daily Trading Value (20 days)

Ticker	Product	Issuer	ADTV 20 days	Rank Movement
AAA AU Equity	Betashares Australian High Interest Cash ETF	BetaShares	\$20,085,534	+1
STW AU Equity	SPDR S&P/ASX 200 Fund	State Street	\$15,878,919	-1
VAS AU Equity	Vanguard Australian Shares Index ETF	Vanguard	\$9,427,640	-
IVV AU Equity	iShares S&P 500	iShares	\$6,717,410	+1
IOZ AU Equity	iShares Core S&P/ASX 200 ETF	iShares	\$5,534,838	+1
A200 AU Equity	BetaShares Australia 200 ETF	BetaShares	\$5,018,986	+5
QPON AU Equity	BetaShares Australian Senior Bank Floating Rate Bond ETF	BetaShares	\$4,871,257	+9
BBOZ AU Equity	BetaShares Australian Equities Strong Bear Hedge Fund	BetaShares	\$4,256,198	-1
VGS AU Equity	Vanguard MSCI Index International Shares ETF	Vanguard	\$4,150,849	-5
VAP AU Equity	Vanguard Australian Property Securities Index ETF	Vanguard	\$3,796,567	+5

### Top 10 Creations (by \$) - Month

Ticker	Product	Creation Value
AAA AU Equity	Betashares Australian High Interest Cash ETF	\$157,529,989
VAS AU Equity	Vanguard Australian Shares Index ETF	\$63,319,386
VAP AU Equity	Vanguard Australian Property Securities Index ETF	\$49,296,800
MVW AU Equity	Market Vectors Australia Equal Weight	\$49,166,535
VAF AU Equity	Vanguard Australian Fixed Interest ETF	\$48,504,720
QFN AU Equity	BetaShares S&P/ASX 200 Financials-x-A-REIT ETF	\$47,360,200
VGS AU Equity	Vanguard MSCI Index International Shares ETF	\$39,187,829
VGB AU Equity	Vanguard Australian Government Bond Index ETF	\$38,963,175
STW AU Equity	SPDR S&P/ASX 200 Fund	\$38,706,005
IAF AU Equity	iShares UBS Composite Bond Index Fund	\$37,059,693

### Top 10 Redemptions (by \$) - Month

Ticker	Product	Redemption Value
Gold AU Equity	ETFS Physical Gold	(\$25,225,534)
USD AU Equity	BetaShares US Dollar ETF	(\$24,433,763)
FLOT AU Equity	VanEck Vectors Australian Floating Rate Note ETF	(\$21,125,748)
IEM AU Equity	iShares MSCI Emerging Markets	(\$19,844,563)
ILB AU EQUITY	iShares UBS Government Inflation Index Fund	(\$11,272,230)
IEU AU Equity	iShares S&P Europe 350	(\$8,236,483)
IJH AU Equity	iShares S&P MidCap 400	(\$6,251,462)
KSM AU Equity	K2 Australian Small Cap Fund	(\$4,019,274)
IVE AU Equity	iShares MSCI EAFE	(\$3,538,659)
SFY AU Equity	SPDR S&P/ASX 50 Fund	(\$2,935,295)

### Top Performing Products – May 2019

Ticker	Product Name	Performance (%)
BBUS	BetaShares US Equities Strong Bear Hedge Fund	15.8%
QAG	BetaShares Agriculture ETF - Currency Hedged	8.4%
GDX	Market Vectors Gold Miners ETF	4.8%
YANK	BetaShares Strong USD Hedge Fund	4.0%
FDIV	Van Eck Vectors S&P Franked Dividend	3.9%

### Top 5 Category Inflows (by \$) – May 2019

Broad Category	Inflow Value
Australian Equities	\$257,890,171
Fixed Income	\$253,402,804
International Equities	\$211,594,092
Cash	\$180,616,603
Australian Listed Property	\$72,616,810

### Top Category Outflows (by \$) – May 2019

Broad Category	Outflow Value
Commodities	(\$25,225,534)
Currency	(\$25,180,231)

### Top 5 Sub-Category Inflows by (\$) – May 2019

Sub-Category	Inflow Value
Australian Equities - Broad	\$193,882,894
Australian Bonds	\$190,999,000
Cash	\$180,616,603
International Equities - Developed World	\$133,956,380
Australian Listed Property	\$72,616,810

### Top 5 Sub-Category Outflows by (\$) – May 2019

Sub-Category	Outflow Value
Gold	(\$25,225,534)
Currency	(\$25,180,231)
International Equities - Europe	(\$6,696,968)
Australian Equities - Large Cap	(\$2,935,295)
Australian Equities - Small Cap	(\$1,067,506)