



BetaShares

Exchange Traded Funds

BETASHARES AUSTRALIAN ETF REVIEW

MONTH ENDING AUGUST 2020



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AUSTRALIAN EXCHANGE TRADED FUND INDUSTRY: SUMMARY AUGUST 2020

ETF INDUSTRY CROSSES THE \$70B MILESTONE AS SHAREMARKETS RALLY

- The Australian ETF industry has extended its strong growth run, exceeding the \$70B milestone for the first time
- Given this milestone, we thought it opportune to examine the **relative growth of the ETF industry vs. the much more established LIC** (Listed Investment Company) industry. As the chart below illustrates, while the Australian ETF industry has grown since its inception in 2001 at a rapid rate of **45%** compound annual growth rate, the almost 100 year-old LIC/LIT industry has, in the same period, grown at a far less rapid rate of 11% p.a. Since exceeding the size of the LIC industry in January 2019, the Australian ETF industry has grown to be ~\$25B larger in size as at end August
- Indeed, given the banning of sales commissions for distribution of LICs, which came into effect in May 2020, we would expect the LIC industry to continue to grow sluggishly, with an increasing number of investors preferring the open-ended nature of the ETF structure. In this regard, it's notable we have seen just recently the first proposal to convert a closed-ended LIC into an ETF, a trend we expect to continue to grow over time.

Australian ETF and LIC/LIT Assets Under Management: July 2001 to August 2020 (A\$B)



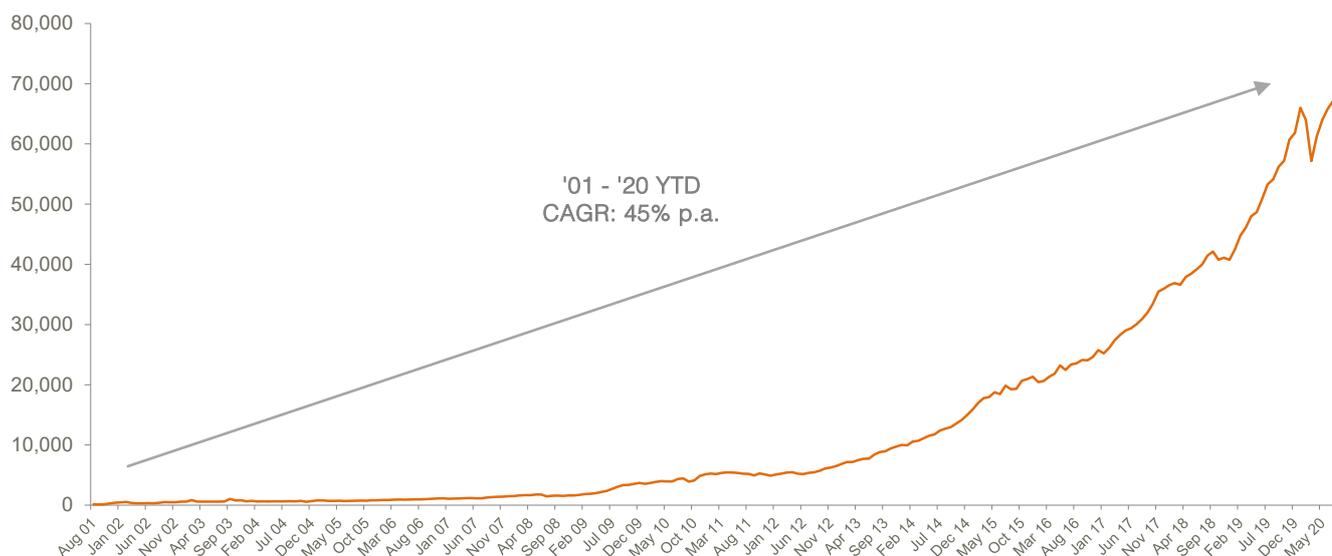
Source: BetaShares, ASX, Chi-X

- The Australian ETF industry closed the month of August at **\$70.7B**, an **all-time end of month high**
- Industry FuM grew by **\$3.6B** (a 5.3% month-on-month increase) which was the **3rd largest \$ monthly increase on record**
- Industry growth over the last 12 months has been **31%**, representing absolute growth of **\$16.6B** over this period.
- With both the local and Australian sharemarkets rising over the month of August, industry growth came approximately 50% from market movements, 50% from net new money which totalled **\$1.7B**.
- Trading value remained stable month on month with a total value of **\$6.5B** traded on the ASX.
- After a flurry on new product launches in recent months, this month we saw only 1 new product start trading - an ESG-light product launched by State Street.
- Best performance this month came from US technology exposures as well as [Geared US Equity exposures](#). Notably the Australian Technology ETF ([ATEC](#)) was a Top 5 performer and recorded a 13.2% return for the month.
- Flows were robust across a number of asset class categories this month, with **international equities exposures** dominating (\$722m net flows). Investors however continued to diversify their portfolios away

from equities with ~\$370m into **fixed income** products and ~\$200m into both **cash** and **commodities** ETFs (largely **gold products**)

- Outflows were limited to **US Dollar products** even as the US dollar fell in value v. the AUD, with investors apparently concerned that continued AUD strength is possible.
- The number one product for flows for August was the **Australian High Interest Cash ETF**, which, in an ultra-low interest rate environment continues to provide an attractive return above the RBA cash rate for investors.

AUSTRALIAN ETP MARKET CAP: AUGUST 2001 – AUGUST 2020



CAGR: Compound Annual Growth Rate. Source: ASX, Chi-X, BetaShares

MARKET CAP

- Australian Exchange Traded Funds Market Cap: **\$70.7B¹** - all time end of month high
- Market cap increase for month: **5.3%, \$3.6B, 3rd largest \$ increase of all time**
- Market cap growth for last 12 months: **31%, + \$16.6B**

NEW MONEY

- Net new money for month (units outstanding by \$ value): **+\$1.7B**

PRODUCTS

- 243 Exchange Traded Products trading on the ASX & Chi-X with 1 new product launching this month, a ESG-light product launched by State Street. 2 single bond products matured in the month.

TRADING VALUE

- ASX ETF Trading value held up vs the previous month with total value traded of \$6.5B, just 2% less than the previous month.

PERFORMANCE

- Best performance this month came US technology exposures as well as **Geared US Equity exposures**. Notably the Australian Technology ETF (**ATEC**) was a Top 5 performer.

¹ Includes total FuM for ETFs trading on both ASX & Chi-X

TOP 10 PRODUCTS: AUGUST 2020

By Market Cap

Ticker	Product	Issuer	Market Cap	Rank Movement
VAS	Vanguard Australian Shares Index ETF	Vanguard	\$5,833,093,884	
STW	SPDR S&P/ASX 200	State Street	\$3,704,403,017	
IVV	iShares S&P 500 ETF	iShares	\$3,346,230,280	
AAA	Betashares Australian High Interest Cash ETF	BetaShares	\$2,336,442,458	
VGS	Vanguard MSCI Index International Shares ETF	Vanguard	\$2,279,237,869	
IOZ	iShares Core S&P/ASX 200 ETF	iShares	\$2,131,986,402	+1
GOLD	ETFS Physical Gold	ETF Securities	\$2,107,683,609	-1
VTS	Vanguard US Total Market Shares Index ETF	Vanguard	\$1,939,459,614	
IOO	iShares Global 100 ETF	iShares	\$1,874,848,264	
MGE	Magellan Global Equities Fund (Managed Fund)	Magellan	\$1,743,930,828	

Other products with > \$1B AUM: IAF, MVW, NDQ, QUAL, VAF, VAP, VEU, VGAD, VHY

Average Daily Trading Value (by \$) - Month

Ticker	Product	Issuer	ADTV	Rank Movement
AAA	Betashares Australian High Interest Cash ETF	BetaShares	\$29,725,326	+1
BBOZ	BetaShares Australian Strong Bear (Hedge Fund)	BetaShares	\$27,600,180	-1
GOLD	ETFS Physical Gold	ETF Securities	\$15,705,253	+3
VAS	Vanguard Australian Shares Index ETF	Vanguard	\$15,210,611	-1
IOZ	iShares Core S&P/ASX 200 ETF	iShares	\$12,345,682	+2
BBUS	BetaShares US Equities Strong Bear Currency Hedged (Hedge Fund)	BetaShares	\$10,815,137	-1
STW	SPDR S&P/ASX 200	State Street	\$9,736,968	-3
GEAR	BetaShares Geared Australian Equity Fund (Hedge Fund)	BetaShares	\$8,625,655	
NDQ	BetaShares NASDAQ 100 ETF	BetaShares	\$6,737,749	
VGS	Vanguard MSCI Index International Shares ETF	Vanguard	\$5,991,761	+3

Top 10 Inflows (by \$) - Month

Ticker	Product	Inflow Value
AAA	Betashares Australian High Interest Cash ETF	\$200,910,822
GOLD	ETFS Physical Gold	\$111,560,752
NDQ	BetaShares NASDAQ 100 ETF	\$78,908,307
VAS	Vanguard Australian Shares Index ETF	\$77,364,739
MVW	VanEck Vectors Australian Equal Weight ETF	\$76,766,002
IAF	iShares Core Composite Bond ETF	\$69,595,599
VGS	Vanguard MSCI Index International Shares ETF	\$59,185,570
HBRD	BetaShares Active Australian Hybrids Fund	\$56,385,068
QUAL	VanEck Vectors MSCI World Ex-Australia Quality ETF	\$54,100,027
HETH	BetaShares Global Sustainability Leaders ETF - Currency Hedged	\$43,623,829

Bottom 10 Inflows (by \$) - Month

Ticker	Product	Inflow Value
A200	Betashares Australia 200 ETF	-\$70,387,309
USD	BetaShares U.S Dollar ETF	-\$67,735,234
OOO	BetaShares Crude Oil Index ETF-Currency Hedged (Synthetic)	-\$11,943,666
EEU	BetaShares Euro ETF	-\$11,592,601
QOZ	BetaShares FTSE RAFI Australia 200 ETF	-\$10,787,781
ISEC	iShares Enhanced Cash ETF	-\$9,040,407
VAP	Vanguard Australian Property Securities Index ETF	-\$8,572,449
MVB	VanEck Vectors Australian Bank ETF	-\$5,793,609
GEAR	BetaShares Geared Australian Equity Fund (Hedge Fund)	-\$5,200,566
PIXX	Platinum International Fund (Quoted Managed Hedge Fund)	-\$4,927,218

ETF ISSUER FLOWS – YTD 2020

Provider	Inflow Value	% Industry
BetaShares	\$3,606,335,115	32.1%
Vanguard	\$3,224,039,886	28.7%
VanEck	\$1,149,522,066	10.2%
ETF Securities	\$929,943,758	8.3%
iShares	\$760,826,116	6.8%
State Street	\$471,136,332	4.2%
Magellan	\$354,287,343	3.2%
Gold Corporation	\$245,407,134	2.2%
Russell	\$145,406,600	1.3%
Fidante	\$110,977,127	1.0%
Morningstar	\$81,800,531	0.7%
Switzer	\$40,554,299	0.4%
Fidelity	\$36,686,774	0.3%
Airlie	\$30,846,624	0.3%
Montgomery	\$28,067,837	0.2%
Perennial	\$11,488,978	0.1%
ACBC	\$4,312,432	0.0%
Kapstream	\$2,339,699	0.0%
Janus Henderson	\$1,003,073	0.0%
Antipodes	-\$683,767	0.0%
Investsmart	-\$1,844,059	0.0%
Schroder	-\$4,999,047	0.0%
K2 Global	-\$5,387,083	0.0%
Platinum	-\$46,123,142	-0.4%

Top Performing Products – August 2020

Ticker	Product Name	Performance (%)
LNAS	ETFS Ultra Long Nasdaq 100 Hedge Fund	26.5%
FANG	ETFS FANG+ ETF	17.5%
GGUS	BetaShares Geared US Equity Fund Currency Hedged (Hedge Fund)	14.6%
ATEC	BetaShares S&P/ASX Australian Technology ETF	13.2%
KSM	K2 Australian Small Cap Fund (Hedge Fund)	11.5%

Top 5 Category Inflows (by \$) – August 2020

Broad Category	Inflow Value
International Equities	\$722,208,857
Fixed Income	\$367,232,015
Cash	\$208,414,985
Commodities	\$187,614,011
Australian Equities	\$181,104,769

Top Category Outflows (by \$) – August 2020

Broad Category	Outflow Value
Currency	-\$80,215,586

Top 5 Sub-Category Inflows by (\$) – August 2020

Sub-Category	Inflow Value
Australian Bonds	\$297,832,585
International Equities - Developed World	\$242,528,414
International Equities - Sector	\$223,785,466
Cash	\$208,414,985
Gold	\$171,774,547

Top Sub-Category Outflows by (\$) – August 2020

Sub-Category	Outflow Value
Currency	-\$80,215,586
Oil	-\$11,943,666
Australian Equities - Geared	-\$5,200,566
Australian Equities - High Yield	-\$2,881,275