



**BetaShares**

Exchange Traded Funds

# **BETASHARES AUSTRALIAN ETF REVIEW**

**MONTH ENDING JULY 2020**



**Ilan Israelstam**  
Head of Strategy and Marketing, BetaShares

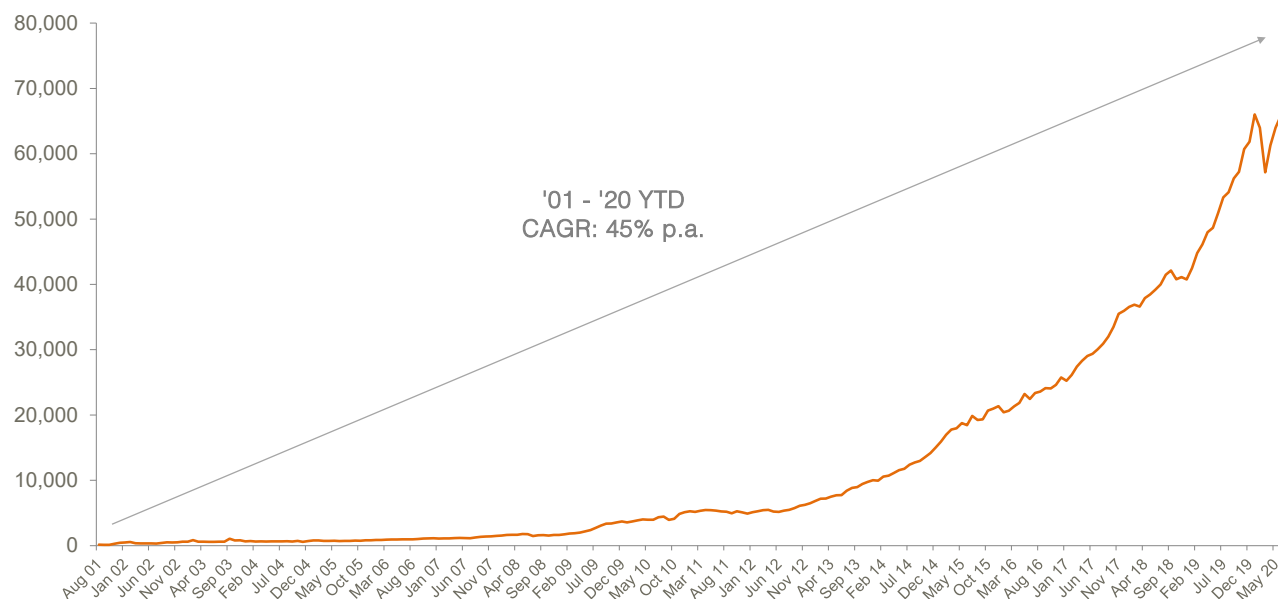
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## AUSTRALIAN EXCHANGE TRADED FUND INDUSTRY: SUMMARY JULY 2020

### INDUSTRY SNAPS BACK TO ALL-TIME HIGHS AS TOP 2 ISSUERS EXTEND THEIR LEAD

- In a mirror-image of global stockmarkets, the Australian ETF industry has regained its previous peak some 6 months since market volatility began in earnest back in February.
- The Australian ETF industry closed the month of July at **\$67.2B**, an **all-time end of month high**, eclipsing the previous record from January of \$66B
- Industry FuM grew by **\$1.3B** (a 2.0% month-on-month increase) with industry growth over the last 12 months of **26%**, representing absolute growth of **\$13.8B** over this period.
- With global sharemarkets flat during the month, essentially all of the industry growth this month derived from **net new money** (as opposed to market movements) which totalled **\$1.2B**.
- Trading value remained relatively high in July, albeit dropping back on recent record months. Total value was down ~20% with a total of **\$6.6B** traded on the ASX.
- Product development activity continued strongly, with **5 new products** launched in the month, including two currency hedged versions of BetaShares global funds, [BetaShares Global Sustainability Leaders ETF – Currency Hedged \(ASX: HETH\)](#) and [BetaShares Nasdaq 100 ETF – Currency Hedged \(ASX: HNDQ\)](#). We also saw a new issuer enter the market via the Chi-X exchange with Janus Henderson launching an income-oriented diversified fixed income product.
- Best performance this month came from precious metals, particularly gold and silver, along with gold miners. Given the accompanying rise in the AUD, performance in these exposures was best in currency hedged form via [MNRS](#) (Gold Miners, +18.6%) and [QAU](#) (Gold Bullion, +11.1%).
- With 7 months of the year completed, this month we examine **ETF issuer flows** which, for the year to date, have become **highly concentrated** to the top 2 issuers. Combined, the **#1 issuer (BetaShares)** and **#2 issuer (Vanguard)** have received **>60%** of all industry flows, with both receiving >3x the flows of their closest competitor. Notably, BetaShares had 9 of the top 10 products for net inflows this month and, at **\$730m** in monthly flows, has, for the second month in a row, broken the all-time monthly net flow record in the industry.
- While the start of the year saw the highest level of flows into Australian Equities exposures, this month was notable for having net **outflows** in this category (-\$192m). Instead, we saw a return to more defensive allocations – with **Australian Bonds** and **Gold** receiving the highest amount of net flows at a sub-category level. To the extent money went into equities, this was particularly in the [technology sector](#).
- It was also notable that we saw **2 ethical ETFs** in the top 10 products for flows this month, with [ETHI](#) and [FAIR](#) receiving ~\$140m in flows between them.

## AUSTRALIAN ETP MARKET CAP: JULY 2001 – JULY 2020



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

## MARKET CAP

- Australian Exchange Traded Funds Market Cap: **\$67.2B<sup>1</sup> - all time end of month high**
- Market cap increase for month: **2.0%, \$1.3B**
- Market cap growth for last 12 months: **26%, + \$13.8B**

## NEW MONEY

- Net new money for month (units outstanding by \$ value): **+\$1.2B**

## PRODUCTS

- 244 Exchange Traded Products trading on the ASX & Chi-X – 5 new products launched including two new currency hedged versions of BetaShares global funds, [BetaShares Global Sustainability Leaders ETF – Currency Hedged \(ASX: HETH\)](#) and [BetaShares Nasdaq 100 ETF – Currency Hedged \(ASX: HNDQ\)](#). We also saw a new issuer enter the market via the Chi-X exchange with Janus Henderson launching an income oriented diversified fixed income product. 4 single bond products matured in the month.

## TRADING VALUE

- ASX ETF Trading value remained relatively high, albeit dropping back on recent record months. Total value traded was \$6.6B, which was ~20% less than previous months value.

## PERFORMANCE

- Best performance this month came from precious metals, particularly gold and silver, along with gold miners. Given the accompanying rise in the AUD, performance in these exposures was best in currency hedged form via [MNRS](#) (Gold Miners) and [QAU](#) (Gold Bullion).

<sup>1</sup> Includes total FuM for ETFs trading on both ASX & Chi-X



## TOP 10 PRODUCTS: JULY 2020

### By Market Cap

| Ticker | Product                                      | Issuer         | Market Cap      |
|--------|--|----------------|-----------------|
| VAS    | Vanguard Australian Shares Index ETF         | Vanguard       | \$5,588,590,628 |
| STW    | SPDR S&P/ASX 200                             | State Street   | \$3,614,722,294 |
| IVV    | iShares S&P 500 ETF                          | iShares        | \$3,146,498,002 |
| AAA    | Betashares Australian High Interest Cash ETF | BetaShares     | \$2,135,472,170 |
| VGS    | Vanguard MSCI Index International Shares ETF | Vanguard       | \$2,111,819,956 |
| GOLD   | ETFS Physical Gold                           | ETF Securities | \$2,044,652,722 |
| IOZ    | iShares Core S&P/ASX 200 ETF                 | iShares        | \$2,042,277,271 |
| VTI    | Vanguard US Total Market Shares Index ETF    | Vanguard       | \$1,824,950,348 |
| IOO    | iShares S&P Global 100 ETF                   | iShares        | \$1,760,543,571 |
| MGE    | Magellan Global Equities Fund (Managed Fund) | Magellan       | \$1,668,329,484 |

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

### Average Daily Trading Value (by \$) - Month

| Ticker | Product   | Issuer         | ADTV         |
|--------|---|----------------|--------------|
| BBOZ   | BetaShares Australian Strong Bear (Hedge Fund)                  | BetaShares     | \$34,810,174 |
| AAA    | Betashares Australian High Interest Cash ETF                    | BetaShares     | \$16,438,505 |
| VAS    | Vanguard Australian Shares Index ETF                            | Vanguard       | \$16,333,409 |
| STW    | SPDR S&P/ASX 200  | State Street   | \$13,665,261 |
| BBUS   | BetaShares US Equities Strong Bear Currency Hedged (Hedge Fund) | BetaShares     | \$12,838,178 |
| GOLD   | ETFS Physical Gold  | ETF Securities | \$11,755,778 |
| IOZ    | iShares Core S&P/ASX 200 ETF                                    | iShares        | \$9,227,090  |
| GEAR   | BetaShares Geared Australian Equity Fund (Hedge Fund)           | BetaShares     | \$8,452,649  |
| NDQ    | BetaShares NASDAQ 100 ETF                                       | BetaShares     | \$6,169,626  |
| A200   | Betashares Australia 200 ETF                                    | BetaShares     | \$5,427,018  |

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

| Ticker | Product  | Inflow Value  |
|--------|--|---------------|
| AAA    | Betashares Australian High Interest Cash ETF     | \$166,339,353 |
| GOLD   | ETFS Physical Gold                               | \$131,383,792 |
| ETHI   | BetaShares Global Sustainability Leaders ETF     | \$96,238,280  |
| NDQ    | BetaShares NASDAQ 100 ETF                        | \$73,462,949  |
| BBOZ   | BetaShares Australian Strong Bear (Hedge Fund)   | \$64,391,904  |
| FAIR   | BetaShares Australian Sustainability Leaders ETF | \$41,835,626  |
| QAU    | BetaShares Gold Bullion ETF (AU\$ Hedged)        | \$38,702,203  |
| HBRD   | BetaShares Active Australian Hybrids Fund        | \$35,743,065  |
| ASIA   | BetaShares Asia Technology Tigers ETF            | \$33,330,536  |
| HACK   | BetaShares Global Cybersecurity ETF              | \$32,380,037  |

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

| Ticker | Product   | Inflow Value   |
|--------|---|----------------|
| IOZ    | iShares Core S&P/ASX 200 ETF                                  | -\$159,012,777 |
| STW    | SPDR S&P/ASX 200  | -\$131,102,480 |
| IVV    | iShares S&P 500 ETF   | -\$24,351,488  |
| OOO    | BetaShares Crude Oil Index ETF-Currency Hedged (Synthetic)    | -\$21,311,402  |
| BILL   | iShares Core Cash ETF   | -\$18,045,820  |
| IHVV   | iShares S&P 500 AUD Hedged ETF                                | -\$13,466,281  |
| QFN    | BetaShares S&P/ASX 200 Financials Sector ETF                  | -\$13,285,220  |
| GEAR   | BetaShares Geared Australian Equity Fund (Hedge Fund)         | -\$8,325,536   |
| GGUS   | BetaShares Geared US Equity Fund Currency Hedged (Hedge Fund) | -\$7,186,160   |
| IEU    | iShares S&P Europe ETF  | -\$6,755,422   |

## ETF ISSUER FLOWS – YTD 2020

| Provider         | Inflow Value    | % Industry |
|------------------|-----------------|------------|
| BetaShares       | \$3,110,415,803 | 32.5%      |
| Vanguard         | \$2,889,778,094 | 30.2%      |
| VanEck           | \$905,089,507   | 9.5%       |
| ETF Securities   | \$750,688,134   | 7.8%       |
| iShares          | \$539,325,105   | 5.6%       |
| State Street     | \$447,343,842   | 4.7%       |
| Magellan         | \$306,168,172   | 3.2%       |
| Gold Corporation | \$215,023,827   | 2.2%       |
| Russell          | \$126,529,824   | 1.3%       |
| Fidante          | \$81,408,461    | 0.9%       |
| Morningstar      | \$79,106,515    | 0.8%       |
| Fidelity         | \$32,219,515    | 0.3%       |
| Magellan         | \$29,033,475    | 0.3%       |
| Montgomery       | \$27,766,235    | 0.3%       |
| Switzer          | \$22,928,247    | 0.2%       |
| Perennial        | \$11,265,346    | 0.1%       |
| Kapstream        | \$2,339,699     | 0.0%       |
| Janus Henderson  | \$500,561       | 0.0%       |
| ACBC             | \$167,198       | 0.0%       |
| Antipodes        | -\$616,173      | 0.0%       |
| Investsmart      | -\$1,530,097    | 0.0%       |
| K2 Global        | -\$5,387,083    | -0.1%      |
| Schroder         | -\$5,582,033    | -0.1%      |
| Platinum         | -\$41,753,698   | -0.4%      |

### Top Performing Products – July 2020

| Ticker | Product Name  | Performance (%) |
|--------|---|-----------------|
| ETPMAG | ETFS Physical Silver  | 29.4%           |
| MNRS   | BetaShares Global Gold Miners ETF - Currency Hedged           | 18.6%           |
| GGUS   | BetaShares Geared US Equity Fund Currency Hedged (Hedge Fund) | 13.2%           |
| GDX    | VanEck Vectors Gold Miners ETF                                | 12.9%           |
| QAU    | BetaShares Gold Bullion ETF (AU\$ Hedged)                     | 11.1%           |

### Top 5 Category Inflows (by \$) – July 2020

| Broad Category         | Inflow Value  |
|------------------------|---------------|
| International Equities | \$547,081,145 |
| Fixed Income           | \$306,890,280 |
| Commodities            | \$202,053,534 |
| Cash                   | \$151,469,470 |
| Short                  | \$95,477,350  |

### Top Category Outflows (by \$) – July 2020

| Broad Category      | Outflow Value  |
|---------------------|----------------|
| Australian Equities | -\$192,848,419 |

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

| Sub-Category                             | Inflow Value  |
|--|---------------|
| Australian Bonds                         | \$240,703,838 |
| Gold                                     | \$202,412,522 |
| International Equities - Sector          | \$168,091,458 |
| International Equities - Developed World | \$164,335,717 |
| Cash                                     | \$151,469,470 |

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

| Sub-Category                     | Inflow Value   |
|----------------------------------|----------------|
| Australian Equities - Broad      | -\$246,893,703 |
| Oil                              | -\$21,311,402  |
| Australian Equities - High Yield | -\$12,972,370  |
| Australian Equities - Geared     | -\$8,325,536   |
| International Equities - Geared  | -\$7,066,191   |