



**BetaShares**

Exchange Traded Funds

# **BETASHARES AUSTRALIAN ETF REVIEW**

**MONTH ENDING MARCH 2020**



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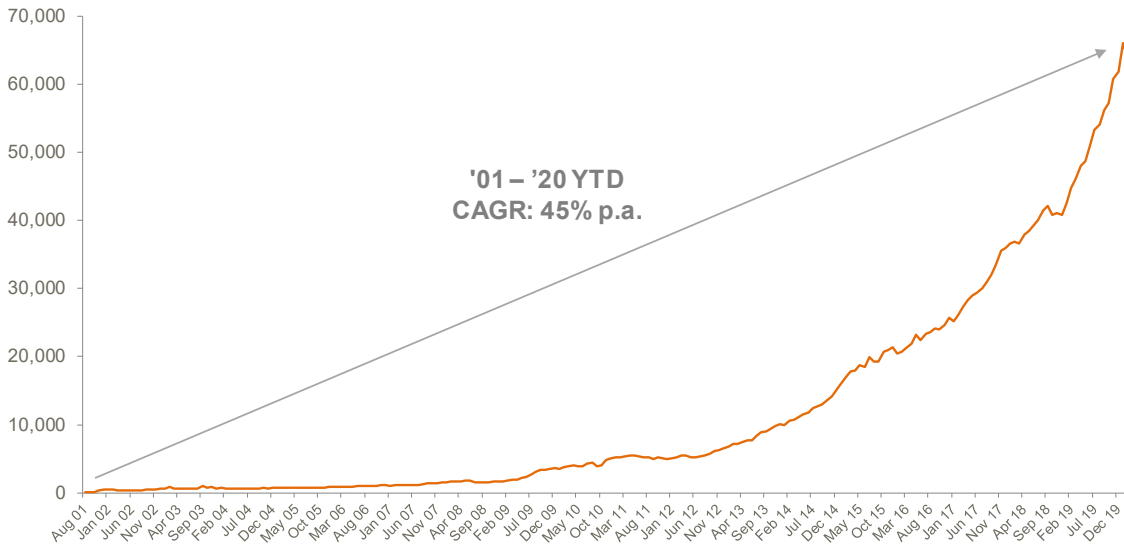
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## AUSTRALIAN EXCHANGE TRADED FUND INDUSTRY: SUMMARY MARCH 2020

### INVESTORS TURN TO ETFs AS VOLATILITY REIGNS SUPREME

- The Australian ETF industry suffered a second consecutive month of falling FuM as sharemarkets tumbled during some of the most intense volatility experienced in recent history.
- Industry FuM fell by **\$6.8B** (-10.6% MoM decline) to end March at **\$57.2B**. This represents the **largest monthly FuM decline** in dollar terms on record as well as **biggest % monthly fall since the global financial crisis**
- Industry growth over the last 12 months has been **24%**, with absolute growth of **\$11.1B** over this period.
- Notwithstanding the volatility and market declines however, it is notable that **inflows into ETFs remained positive**, mirroring what we have seen in more developed ETF industries such as the US and Canada. Those who are regular readers of this Review will note that this was also the case in February, where asset values fell but overall inflows again remained positive. The industry had positive net inflows in March of **\$522M**.
- Without question, however, the most notable feature of the month was the **exponential growth in trading**, with Australian investors turning to the liquidity of ETFs to express their investment views like never before. ASX ETF trading value **reached an all-time high of ~\$18B**, a number that is **2.5x** the previous monthly record of \$7.2B recorded only a month before. We saw particularly heavy trading in our [Australian Strong Bear Hedge Fund \(ASX: BBOZ\)](#) which was the number one most traded product in March, trading ~\$2B in value for the month.
- 2 new products was launched during the month, including [BetaShares S&P/ASX Australian Technology Sector ETF \(ASX: ATEC\)](#) and a FANG ETF. We also saw the closure of an ETF by iShares (ITW, their Taiwan ETF)
- The volatility and market declines saw investors heavily **rotate into broad Australian equities** products (which received ~\$1.1B of net inflows) with the large broad market Australian shares products all receiving significant inflows. By comparison, **fixed income and cash exposures were sold down significantly** with \$770m and \$376m of outflows respectively. Interestingly, and for the first time since their launch, March additionally saw robust inflows into **hedged international products** with investors seemingly believing that the strength we have seen in the US\$ may be finally reaching its plateau.
- Given dramatic market declines the top 3 products for performance were the BetaShares Bear Suite of Funds, which all rose sharply in March – more specifically [BBOZ](#) (+33%), [BBUS](#) (+22%) and [BEAR](#) (+17%)

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



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

### MARKET CAP

- Australian Exchange Traded Funds Market Cap: **\$57.2B**
- Market cap decrease for month: **-10.6%, -\$6.8B – biggest % monthly fall since the GFC, largest \$ value fall on record**
- Market cap growth for last 12 months: **24%, + \$11.1B**

### NEW MONEY

- New unit growth for month (units outstanding by number): **+2.8%**
- Net new money for month (units outstanding by \$ value): **+\$522M**

### PRODUCTS

- 251 Exchange Traded Products trading on the ASX & Chi-X – 2 new products launched this month, including [BetaShares S&P/ASX Australian Technology Sector ETF \(ASX: ATEC\)](#) and a FANG ETF
- 1 ETF closure, with iShares closing their Taiwan ETF (ITW) and 5 single bond products matured

### TRADING VALUE

- ASX ETF Trading value grew exponentially – growing **~150%** v. the month before **to reach an all-time record month of trading - \$17.8B. This number is 2.5x the previous monthly record (\$7.2b)**

### PERFORMANCE

- Given market declines top 3 products for performance were the BetaShares Bear Suite of Funds, namely [BBOZ](#) (+33%), [BBUS](#) (+22%) and [BEAR](#) (+17%)

## TOP 10 PRODUCTS: MARCH 2020

### By Market Cap

Ticker	Product	Issuer	Market Cap (this month)	Rank Movement
VAS AU Equity	Vanguard Australian Shares Index ETF	Vanguard	\$3,681,330,000	-
STW AU Equity	SPDR S&P/ASX 200	State Street	\$3,094,580,000	-
IVV AU Equity	iShares S&P 500 ETF	iShares	\$3,029,760,000	-
VGS AU Equity	Vanguard MSCI Index International Shares ETF	Vanguard	\$2,047,860,000	-
AAA AU Equity	Betashares Australian High Interest Cash ETF	BetaShares	\$1,682,880,000	+1
IOO AU Equity	iShares S&P Global 100 ETF	iShares	\$1,680,990,000	+2
Gold AU Equity	ETFs Physical Gold	ETF Securities	\$1,640,220,000	+4
MGE AU Equity	Magellan Global Equities Fund (Managed Fund)	Magellan	\$1,635,260,000	+1
IOZ AU Equity	iShares Core S&P/ASX 200 ETF	iShares	\$1,582,180,000	-4
VTS AU Equity	Vanguard US Total Market Shares Index ETF	Vanguard	\$1,508,550,000	-

Other products with > \$1000m AUM: VAF, VEU, VAP, IAF, VHY,

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

Ticker	Product	Issuer	ADTV 20 days	Rank Movement
BBOZ AU Equity	BetaShares Australia Strong Bear Hedge Fund	BetaShares	\$92,996,334	+6
VAS AU Equity	Vanguard Australian Shares Index ETF	Vanguard	\$72,060,940	-1
STW AU Equity	SPDR S&P/ASX 200	State Street	\$63,314,568	+1
IOZ AU Equity	iShares Core S&P/ASX 200 ETF	iShares	\$46,662,179	-2
AAA AU Equity	Betashares Australian High Interest Cash ETF	BetaShares	\$40,330,531	-2
BBUS AU Equity	BetaShares U.S. Equity Strong Bear Hedge Fund	BetaShares	\$30,925,217	+16
Gold AU Equity	ETFs Physical Gold	ETF Securities	\$29,269,672	-1
IVV AU Equity	iShares S&P 500 ETF	iShares	\$24,543,033	-
A200 AU Equity	Betashares Australia 200 ETF	BetaShares	\$24,485,615	-4
GEAR AU Equity	BetaShares Geared Australian Equity Fund (Hedge Fund)	BetaShares	\$23,895,599	+14

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

Ticker	Product	Creation Value
VAS AU Equity	Vanguard Australian Shares Index ETF	\$567,550,116
STW AU Equity	SPDR S&P/ASX 200	\$290,849,940
Gold AU Equity	ETFs Physical Gold	\$132,137,225
VGAD AU Equity	Vanguard MSCI Index International Shares (Hedged) ETF	\$120,064,628
A200 AU Equity	Betashares Australia 200 ETF	\$115,160,235
IHVV AU Equity	iShares S&P 500 AUD Hedged ETF	\$113,529,780
BBOZ AU Equity	BetaShares Australia Strong Bear Hedge Fund	\$93,197,330
FUEL AU Equity	BetaShares Global Energy Companies ETF - Currency Hedged	\$71,764,000
BBUS AU Equity	BetaShares U.S. Equity Strong Bear Hedge Fund	\$67,430,640
GEAR AU Equity	BetaShares Geared Australian Equity Fund (Hedge Fund)	\$66,969,514

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

Ticker	Product	Redemption Value
AAA AU Equity	Betashares Australian High Interest Cash ETF	(\$256,867,161)
IHEB AU Equity	iShares J.P.Morgan USD Emerging Markets Bond (AUD Hedged) ET	(\$202,544,142)
IVV AU Equity	iShares S&P 500 ETF	(\$162,181,953)
BILL AU EQUITY	iShares Core Cash ETF	(\$129,587,600)
VACF AU Equity	Vanguard Australian Corporate Fixed Interest Index ETF	(\$79,619,582)
IOZ AU Equity	iShares Core S&P/ASX 200 ETF	(\$73,446,120)
QPON AU Equity	BetaShares Australian Bank Senior Floating Rate Bond ETF	(\$72,082,764)
IAF AU Equity	iShares Core Composite Bond ETF	(\$67,455,005)
CRED AU Equity	BetaShares Australian Investment Grade Bond ETF	(\$58,035,424)
FLOT AU Equity	VanEck Vectors Australian Floating Rate ETF	(\$52,011,202)

### Top Performing Products – March 2020

Ticker	Product Name	Performance (%)
BBOZ	BetaShares Australian Strong Bear Hedge Fund	33.1%
BBUS	BetaShares US Equities Strong Bear Hedge Fund-Currency Hedged	22.6%
BEAR	BetaShares Australian Equities Bear (Hedge Fund)	16.9%
YANK	BetaShares Strong US Dollar Fund (Hedge Fund)	8.4%
ZUSD	ETFS Enhanced USD Cash ETF	5.4%

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

Broad Category	Inflow Value
Australian Equities	\$1,116,032,018
Commodities	\$271,348,377
Short	\$203,042,480
Currency	\$58,389,283
Multi-Asset	\$33,129,288

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

Broad Category	Outflow Value
Fixed Income	(\$770,202,503)
Cash	(\$376,211,197)
International Equities	(\$35,365,061)

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

Sub-Category	Inflow Value
Australian Equities - Broad	\$913,334,695
Gold	\$213,034,264
Australian Equities - Short	\$135,611,840
International Equities - Developed World	\$89,800,445
US Equities - Short	\$67,430,640

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

Sub-Category	Outflow Value
Australian Bonds	(\$535,102,824)
Cash	(\$376,211,197)
Global Bonds	(\$235,099,680)
International Equities - US	(\$75,171,960)
International Equities - Asia	(\$40,366,426)