



BetaShares

Exchange Traded Funds

BETASHARES AUSTRALIAN ETF REVIEW

MONTH ENDING OCTOBER 2018



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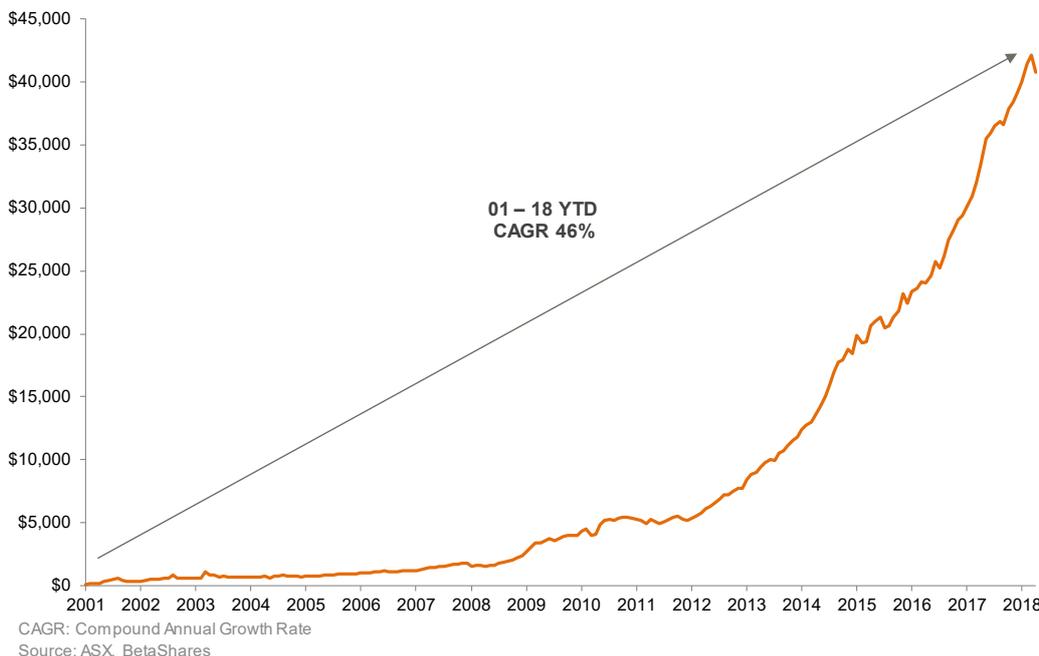
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AUSTRALIAN EXCHANGE TRADED FUND INDUSTRY: SUMMARY OCTOBER 2018

LOOK BEYOND THE HEADLINES & RECORD TRADING VALUE!

- Dramatic sharemarket falls caused the Australian ETF industry to fall in value, declining 3.2% (\$1.3B) to end the month at **\$40.8B**
- That said, observers of the industry need to look beyond the headline AuM figure which was caused entirely by asset value depreciation
- Net flows into the industry were, in fact, positive, with the industry taking in ~**\$760m** of new money
- Perhaps even more strikingly, the industry recorded its **highest ever trading value** in the month of October, with \$3.9B of exchange traded products traded (previous record \$3.7B in November 2017).
- It appears as though, much like the more mature and developed U.S. ETF industry, Australian investors are also utilising the liquidity benefits of ETFs during times of market volatility, with ETFs being effective and easy ways to express investment views in such times.
- Product development continued with 2 new products launched including BetaShares Global Income Leaders ETF (ASX: INCM) and a Global Infrastructure ETF from Vanguard.
- For the first time in the year to date, Australian equities products received the highest amount of flows at a product level, although the result was swayed by large institutional flows into several broad market Australian equities products, including our A200 ETF.
- Net outflows at a category level came from the Short funds, with investors likely taking profits as the products rallied as markets fell
- Given both global and Australian sharemarket declines the top performing products were the three products in the BetaShares Bear Suite – with the U.S. Equities Strong Bear Hedge Fund (ASX: BBUS) and Australian Equities Strong Bear Hedge Fund (ASX: BBOZ) producing a 17.5% return and 15.6% return respectively.

AUSTRALIAN ETP MARKET CAP: JULY 2001 – OCTOBER 2018



MARKET CAP

- ASX Exchange Traded Funds Market Cap: **\$40.8B**
- Market cap decline for month: **-3.2%, -\$1,342M**
- Market cap growth for last 12 months: **22%, +\$7.3B**

NEW MONEY

- New unit growth for month (units outstanding by number): **+1.5%**
- Net new money for month (units outstanding by \$ value): **+\$758.9 M**

PRODUCTS

- 243 Exchange Traded Products trading on the ASX – **2 new products launched on the ASX**
- New products include [BetaShares Global Income Leaders ETF \(ASX: INCM\)](#) and a global infrastructure ETF from Vanguard.

TRADING VALUE

- Trading value **+36%** for the month to reach a **record all-time high** for the month

PERFORMANCE

- Given the market declines the top performing products were the BetaShares Bear Suite – namely [BetaShares U.S. Equities Strong Bear Hedge Fund \(ASX:BBUS\)](#) which produced a 17.5% monthly return, [BetaShares Australian Equities Strong Bear Hedge Fund \(ASX: BBOZ\)](#) (15.6% return) and the [BetaShares Australian Equities Bear Hedge Fund \(ASX: BEAR\)](#) (6.7%)

TOP 10 PRODUCTS: OCTOBER 2018

By Market Cap

Ticker	Product	Issuer	Market Cap (this month)	Rank Movement
STW AU Equity	SPDR S&P/ASX 200 Fund	State Street	\$3,442,790,000	-
VAS AU Equity	Vanguard Australian Shares Index ETF	Vanguard	\$2,878,040,000	+1
IVV AU Equity	iShares S&P 500	iShares	\$2,793,197,075	-1
IOO AU Equity	iShares S&P Global 100	iShares	\$1,467,580,023	-
VTS AU Equity	Vanguard US Total Market Shares Index ETF	Vanguard	\$1,392,100,000	-
AAA AU Equity	Betashares Australian High Interest Cash ETF	BetaShares	\$1,304,010,000	+2
VEU AU Equity	Vanguard All-World ex-US Shares Index ETF	Vanguard	\$1,223,930,000	-1
VGS AU Equity	Vanguard MSCI Index International Shares ETF	Vanguard	\$1,201,990,000	-1
MGE AU Equity	Magellan Global Equities Fund (Mgd Fund)	Magellan	\$1,149,890,000	+1
IOZ AU Equity	iShares Core S&P/ASX 200 ETF	iShares	\$1,141,090,000	-1

Other products with > \$500m AUM: VAP, VHY, VAF, IEU, IAF, Gold, MVW, IEM, SLF, IXJ,

By Average Daily Trading Value (20 days)

Ticker	Product	Issuer	ADTV 20 days	Rank Movement
VAS AU Equity	Vanguard Australian Shares Index ETF	Vanguard	\$17,191,129	-
STW AU Equity	SPDR S&P/ASX 200 Fund	State Street	\$12,954,025	+1
AAA AU Equity	Betashares Australian High Interest Cash ETF	BetaShares	\$11,963,768	-1
IVV AU Equity	iShares S&P 500	iShares	\$7,307,630	-
A200 AU Equity	BetaShares Australia 200 ETF	BetaShares	\$5,410,891	+35
VGS AU Equity	Vanguard MSCI Index International Shares ETF	Vanguard	\$4,594,430	-1
BBOZ AU Equity	BetaShares Australian Equities Strong Bear Hedge	BetaShares	\$4,291,499	+21
NDQ AU Equity	BetaShares Nasdaq 100 ETF	BetaShares	\$4,248,230	+8
IOZ AU Equity	iShares Core S&P/ASX 200 ETF	iShares	\$4,137,226	-3
VTS AU Equity	Vanguard US Total Market Shares Index ETF	Vanguard	\$4,084,452	-2

Top 10 Creations (by \$) - Month

Ticker	Product	Creation Value
VAS AU Equity	Vanguard Australian Shares Index ETF	\$171,422,680
A200 AU Equity	BetaShares Australia 200 ETF	\$80,262,417
AAA AU Equity	Betashares Australian High Interest Cash ETF	\$73,269,446
VGS AU Equity	Vanguard MSCI Index International Shares ETF	\$37,472,590
MVW AU Equity	Market Vectors Australia Equal Weight	\$33,699,600
STW AU Equity	SPDR S&P/ASX 200 Fund	\$33,201,190
IOZ AU Equity	iShares Core S&P/ASX 200 ETF	\$28,436,058
GEAR AU Equity	BetaShares Geared Australian Equity Fund	\$27,882,447
QPON AU Equity	BetaShares Australian Senior Bank Floating Rate	\$24,539,904
VEU AU Equity	Vanguard All-World ex-US Shares Index ETF	\$20,390,327

Top 10 Redemptions (by \$) - Month

Ticker	Product	Redemption Value
IVV AU Equity	iShares S&P 500	(\$33,065,176)
QRE AU Equity	BetaShares S&P/ASX 200 Resources ETF	(\$29,707,500)
IJR AU Equity	iShares S&P SmallCap 600	(\$24,007,814)
USD AU Equity	BetaShares US Dollar ETF	(\$21,539,385)
BBOZ AU Equity	BetaShares Australian Equities Strong Bear Hedge	(\$21,334,320)
YMAX AU Equity	BetaShares Equity Yield Maximiser Fund	(\$15,024,394)
IEU AU Equity	iShares S&P Europe 350	(\$9,805,708)
BEAR AU Equity	BetaShares Australian Equities Bear Hedge Fund	(\$8,463,300)
HVST AU Equity	BetaShares Australian Dividend Harvester	(\$7,376,217)
NDQ AU Equity	BetaShares Nasdaq 100 ETF	(\$6,871,960)

Top Performing Products – October 2018

Ticker	Product Name	Performance (%)
BBUS	BetaShares US Equities Strong Bear Hedge Fund	17.5%
BBOZ	BetaShares Australian Equities Strong Bear Hedge Fund	15.6%
BEAR	BetaShares Australian Equities Bear Hedge Fund	6.6%
PMGOLD	Perth Mint Gold	4.5%
GOLD	ETFS Physical Gold	4.4%

Top 5 Category Inflows (by \$) – October 2018

Broad Category	Inflow Value
Australian Equities	\$369,994,465
International Equities	\$164,805,747
Fixed Income	\$125,969,365
Cash	\$85,508,001
Commodities	\$24,491,560

Top Category Outflows (by \$) – October 2018

Broad Category	Outflow Value
Short	(\$33,429,420)
Currency	(\$21,708,550)

Top 5 Sub-Category Inflows by (\$) – October 2018

Sub-Category	Inflow Value
Australian Equities - Broad	\$350,477,658
International Equities - Developed World	\$138,315,282
Australian Bonds	\$117,325,329
Cash	\$85,508,001
Australian Equities - Geared	\$27,882,447

Top 5 Sub-Category Outflows by (\$) – October 2018

Sub-Category	Outflow Value
Australian Equities - Resources Sector	(\$31,532,185)
Australian Equities - Short	(\$29,797,620)
International Equities - US	(\$22,559,085)
Currency	(\$21,708,550)
Australian Equities - High Yield	(\$8,698,563)