



# BETASHARES AUSTRALIAN ETF REVIEW

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**HALF YEAR REVIEW 2016  
& JUNE 2016**

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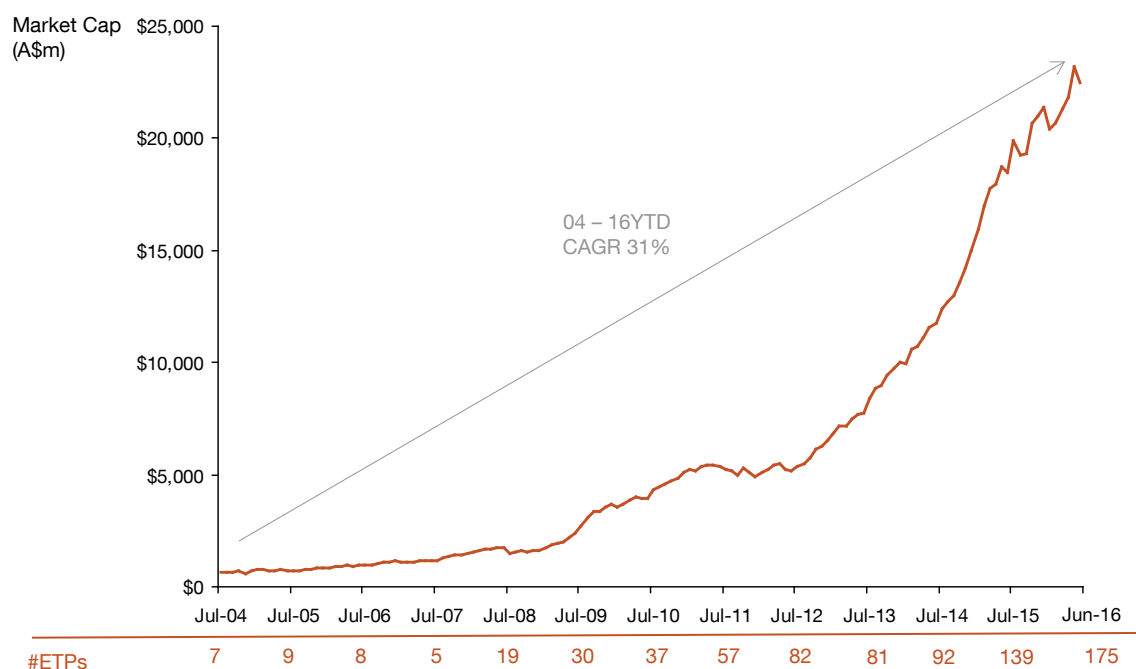
## AUSTRALIAN EXCHANGE TRADED FUND INDUSTRY: HALF YEAR REVIEW 2016

### INDUSTRY GROWTH CONTINUES IN A CHALLENGING FIRST HALF

- Australia's exchange traded fund industry continued to grow in the first half of 2016, albeit at a slower pace than usual
  - The industry ended the financial year at **\$22.5B**, slightly below the record \$23.2B recorded in May.
  - Market capitalisation for the industry **grew ~5%** for the half, adding **\$1.1B** to the industry
  - Unit growth was ~15% for the 6 months, as investors continued to support ETFs, adding **~\$1.4B of net new money** to the industry.
  - This essentially means that all the industry's growth this half has come from structural growth, with asset price declines actually being a net negative on the industry as a whole
  - The first half of 2016 was a much slower month for the industry than the 6 months before that, and as a result, over the last twelve months (as opposed to last 6 months), the industry's growth has been a much stronger **21.8%**, with market capitalisation growing **\$4.0B**.
  - Product development was relatively strong, with **16 new products** being launched this year so far, including the third manager of active exchange traded managed funds
  - In addition, 10 products were closed as industry maturation continues
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- From the perspective of investment categories, investors were particularly drawn to international equities, with >\$440m of net inflows into these products over the period.
  - At a category level, total outflows for the period were muted, with only 1 category experiencing net outflows ("Style" Sector ~\$47m).
  - The best performance for the half came from Gold exposures (both gold miners and physical gold bullion)
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- In our year end 2015 report, we forecast the industry to be ~\$28-\$30b by December 2016 – based on the half year performance to date, and possibility of range bound equity markets, we would expect the end year result to be at the lower end of the range, and more likely closer to \$26b. Market conditions will be a significant factor in this result but we would expect continued strong structural growth for the industry (i.e. unit growth).
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- We continue to expect a significant number of new products to join the market in the second half of the year, in what will be another strong year for new product launches

## MARKET SIZE AND GROWTH: HALF YEAR 2016

### Australian ETP Market Cap: July 2004 – June 2016 (A\$m)



CAGR: Compound Annual Growth Rate  
Source: ASX, BetaShares

## MARKET CAP

- ASX Exchange Traded Funds Market Cap: **\$22.5B**
- Market cap growth for half year: **5.2%,+ \$1.1B**
- Market cap growth for last twelve months: **21.8%, +\$4.0B**

## NEW MONEY

- New unit growth for half year (units outstanding by number): **14.6%**
- Net new money for half year (units outstanding by \$ value): **+\$1.4B**

## PRODUCTS

- 175 Exchange Traded Products trading on the ASX
- 16 new products launched in the half year, 10 closures

## TRADING VALUE

- Decrease in trading value (11%) compared to previous half year period

## PERFORMANCE

- Gold exposures (physical gold bullion & gold miners) the strongest performers for the half

## TOP 10 PRODUCTS: HALF YEAR 2016

### By Market Cap

Ticker	Product	Issuer	Market Cap (this month)	Rank Movement
STW AU Equity	SPDR S&P/ASX 200 Fund	State Street	\$2,917,550,000	-
IVV AU Equity	iShares S&P 500	iShares	\$1,895,410,000	-
VAS AU Equity	Vanguard Australian Shares Index ETF	Vanguard	\$1,515,090,000	-
IOO AU Equity	iShares S&P Global 100	iShares	\$1,011,680,000	-
AAA AU Equity	Betashares Australian High Interest Cash ETF	BetaShares	\$890,848,000	-
VTS AU Equity	Vanguard US Total Market Shares Index ETF	Vanguard	\$812,092,000	-
SLF AU Equity	SPDR S&P/ASX 200 Listed Property Fund	State Street	\$663,084,000	-
VAP AU Equity	Vanguard Australian Property Securities Index ETF	Vanguard	\$650,667,000	+2
VHY AU Equity	Vanguard Australian Shares High Yield ETF	Vanguard	\$637,610,000	-1
VEU AU Equity	Vanguard All-World ex-US Shares Index ETF	Vanguard	\$606,587,000	-1

Other products with > \$300m AUM: IEU, MGE, USD, Gold, IOZ, SFY, IXJ, VAF, IEM, IAF, YMAX, ILC,

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

Ticker	Product	Creation Value
VAS AU Equity	Vanguard Australian Shares Index ETF	\$284,163,180
MGE AU Equity	Magellan Global Equities Fund (Mgd Fund)	\$126,873,831
VGS AU Equity	Vanguard MSCI World Index	\$115,492,620
VAP AU Equity	Vanguard Australian Property Securities Index ETF	\$114,294,033
AAA AU Equity	Betashares Australian High Interest Cash ETF	\$98,564,743
VAF AU Equity	Vanguard Australian Fixed Interest ETF	\$97,650,457
BBOZ AU Equity	BetaShares Australian Equities Strong Bear Hedge Fun	\$77,150,929
HVST AU Equity	BetaShares Australian Dividend Harvester	\$75,459,370
VEU AU Equity	Vanguard All-World ex-US Shares Index ETF	\$62,751,750
UBA AU EQUITY	UBS IQ MSCI Australia ETF	\$56,683,340

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

Ticker	Product	Redemption Value
STW AU Equity	SPDR S&P/ASX 200 Fund	(\$248,344,629)
RGB AU Equity	Russell Australian Government Bond ETF	(\$112,759,650)
IVV AU Equity	iShares S&P 500	(\$80,147,735)
ETF AU EQUITY	UBS IQ Research Preferred Australian Share Fund	(\$47,433,471)
RSM AU Equity	Russell Australian Semi-Government Bond ETF	(\$37,474,727)
WXOZ AU Equity	SPDR S&P World Ex Australia Fund	(\$18,466,496)
SLF AU Equity	SPDR S&P/ASX 200 Listed Property Fund	(\$13,935,429)
SFY AU Equity	SPDR S&P/ASX 50 Fund	(\$13,661,640)
GEAR AU Equity	BetaShares Geared Australian Equity Fund	(\$11,318,100)
IZZ AU Equity	iShares FTSE/Xinhua China 25	(\$10,135,025)

### Top 5 Category Inflows (by \$) - YTD

Category	Inflow Value
International Equities - Developed	\$239,722,364
Aus. Equities - Broad	\$199,392,684
International Equities - Global	\$198,424,594
Aus. High Yield	\$139,092,540
Short	\$130,153,571

### Top Category Outflows (by \$) - YTD

Category	Outflow Value
Style	(\$47,120,271)

### By Average Daily Trading Value (6 months)

Ticker	Product	Issuer	ADTV 20 days
STW AU Equity	SPDR S&P/ASX 200 Fund	State Street	\$11,404,290
VAS AU Equity	Vanguard Australian Shares Index ETF	Vanguard	\$7,983,132
AAA AU Equity	Betashares Australian High Interest Cash ETF	BetaShares	\$6,631,391
IVV AU Equity	iShares S&P 500	iShares	\$5,627,320
USD AU Equity	BetaShares US Dollar ETF	BetaShares	\$4,096,001
BBOZ AU Equity	BetaShares Australian Equities Strong Bear Hedge Fund	BetaShares	\$3,726,995
IOZ AU Equity	iShares MSCI Australia 200	iShares	\$2,385,609
IEU AU Equity	iShares S&P Europe 350	iShares	\$2,220,891
MGE AU Equity	Magellan Global Equities Fund	Magellan	\$1,719,845
GEAR AU Equity	BetaShares Australian Equity Fund	BetaShares	\$1,653,699

### Top Performing Products – Half Year

Ticker	Product Name	Performance (%)
GDX	VanEck Vectors Gold Miners ETF	97.4%
MVE	VanEck Vectors Emerging Resources ETF	36.0%
ETPMAG	ETFS Physical Silver	29.5%
QAU	BetaShares Gold Bullion ETF – A\$ Hedged	23.7%
PMGOLD	Perth Mint Gold	21.9%

## AUSTRALIAN EXCHANGE TRADED FUND INDUSTRY: MONTH OF JUNE 2016

### INDUSTRY HAS A RARE DIP AS VOLATILITY REIGNS SUPREME

- In a month which had it all (Brexit, Aussie Election, Taylor Swift visits Australia (ok that was July but we're just soo excited #hashtag!!)) the industry's growth stalled and total assets dipped
- June 2016 was the first time the industry did not grow (whether in market cap or structurally) since I have been writing this report – more a reflection of the month that was rather than anything lasting for the industry
- Product development continued with 3 new products launched this month
- Inflows were highest in international equities exposures this month, followed by strong inflows into the BetaShares U.S. Dollar ETF as investors retreated to safe haven assets
- Largest outflows came in Australian Fixed Income and Broad Australian equities (although we suspect both those outflows were the result of single institutional trades rather than broader market selling)

#### MARKET CAP & NEW MONEY

- Market cap growth for month: **-3.2%**, **-\$317.1m**
- New unit growth for month (units outstanding by number): **-0.2%**
- Net new money (units outstanding by \$ value): **+\$26.8m**
- 3 new products launched this month, all of which were launched by BetaShares, and included the first two actively managed products launched under the new BetaShares/AMP Capital alliance, the AMP Capital Global Infrastructure Securities Fund (Unhedged) (Managed Fund) (**GLIN**) and the AMP Capital Global Property Securities Fund (Unhedged) (Managed Fund) (**RENT**). We also launched the first in a series of global sector ETFs, the BetaShares Global Energy Companies ETF – Currency Hedged (**FUEL**)

#### TRADING VALUE

- Trading value decreased 29% month on month

#### PERFORMANCE

- Gold exposures the best performers for the month

## TOP 10 PRODUCTS: JUNE 2016

By Average Daily Trading Value (20 days)

Ticker	Product	Issuer	ADTV 20 days	Rank Movement
STW AU Equity	SPDR S&P/ASX 200 Fund	State Street	\$16,441,900	-
VAS AU Equity	Vanguard Australian Shares Index ETF	Vanguard	\$13,553,170	+1
IOZ AU Equity	iShares MSCI Australia 200	iShares	\$8,687,498	+13
IVV AU Equity	iShares S&P 500	iShares	\$5,607,199	-
USD AU Equity	BetaShares US Dollar ETF	BetaShares	\$5,370,339	-
AAA AU Equity	Betashares Australian High Interest Cash ETF	BetaShares	\$5,084,018	-4
VGS AU Equity	Vanguard MSCI World Index	Vanguard	\$4,802,140	+18
BBOZ AU Equity	BetaShares Australian Equities Strong Bear Hedge Fund	BetaShares	\$4,706,365	-2
RGB AU Equity	Russell Australian Government Bond ETF	Russell	\$4,179,271	+91
IEU AU Equity	iShares S&P Europe 350	iShares	\$3,675,471	-3

Top 10 Creations (by \$) - Month

Ticker	Product	Creation Value
VGS AU Equity	Vanguard MSCI World Index	\$78,504,142
USD AU Equity	BetaShares US Dollar ETF	\$46,895,855
VAP AU Equity	Vanguard Australian Property Securities Index ETF	\$43,568,252
HVST AU Equity	BetaShares Australian Dividend Harvester	\$23,392,700
VAS AU Equity	Vanguard Australian Shares Index ETF	\$20,042,760
VAF AU Equity	Vanguard Australian Fixed Interest ETF	\$18,781,422
GDX AU Equity	Market Vectors Gold Miners ETF	\$18,059,187
POU AU Equity	BetaShares British Pound ETF	\$15,597,415
Gold AU Equity	ETFS Physical Gold	\$13,108,889
RARI AU Equity	Russell Australian Responsible Index	\$10,381,230

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

Ticker	Product	Redemption Value
IOZ AU Equity	iShares MSCI Australia 200	(\$137,351,513)
RGB AU Equity	Russell Australian Government Bond ETF	(\$83,951,120)
RSM AU Equity	Russell Australian Semi-Government Bond ETF	(\$70,844,780)
AAA AU Equity	Betashares Australian High Interest Cash ETF	(\$47,471,974)
IJP AU Equity	iShares MSCI Japan	(\$9,977,599)
IEU AU Equity	iShares S&P Europe 350	(\$9,114,338)
VHY AU Equity	Vanguard Australian Shares High Yield ETF	(\$8,975,776)
SLF AU Equity	SPDR S&P/ASX 200 Listed Property Fund	(\$4,008,180)
GEAR AU Equity	BetaShares Geared Australian Equity Fund	(\$3,511,180)
IZZ AU Equity	iShares FTSE/Xinhua China 25	(\$3,326,748)

### Top 5 Category Inflows (by \$) - Month

Category	Inflow Value
International Equities - Developed	\$95,580,604
Currency	\$65,016,920
A-REIT Sector	\$39,560,072
Aus. High Yield	\$19,147,989
Resources Sector	\$18,795,647

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

Category	Outflow Value
Aus. Fixed Income	(\$112,434,660)
Aus. Equities - Broad	(\$100,801,833)
Cash	(\$47,471,974)
International Equities - Emerging Markets	(\$3,326,748)

### Top Performing Products – Month

Ticker	Product Name	Performance
GDGX	VanEck Gold Miners ETF	19.4%
ETPMAG	ETFS Physical Silver	11.2%
QAU	BetaShares Gold Bullion ETF – Currency Hedged	8.7%
MVE	VanEck Vectors Emerging Resources	8.3%
BBOZ	BetaShares Australian Equities Strong Bear HF	7.2%