



BetaShares

Exchange Traded Funds

Media release

BetaShares Half Year 2017 Australian ETF Review: *Industry adds \$3.6B in six months and sets new record FUM at \$29.4B*

SYDNEY, 13 July 2017: Strong net inflows in the first half of 2017 raised the Australian exchange traded fund (ETF) industry by 14% (or \$3.6B), to end the half year on a new record of \$29.4 billion in funds under management (FUM), according to the *BetaShares Australian ETF Review – Half Year 2017*.

In the six months to June, net new money accounted for \$2.8 billion (or 77%) of the industry's growth, with the rest of the gains coming from net asset value appreciation.

Trading value levels also reached record highs during this period, with an increase of 10% compared to the previous half.

Passive index funds captured 74% of this new money, while 20% came from 'smart beta' funds, with financial advisers, in particular, driving growth of these funds.

Flows by issuer were concentrated in the first half of 2017. Approximately 70% of the industry's net inflows were captured by BetaShares (#1), Vanguard (#2) and State Street (#3).

BetaShares Managing Director, Alex Vynokur, said: "It's been a very strong half for the Australian ETF industry, reflecting increased demand from investors and their advisers across a diverse range of ASX-traded vehicles. If this strong trajectory continues, we are setting the scene for a record year of asset growth".

Australian Equities grow in popularity

In contrast with previous years, Australian Equities funds took in the largest amount of flows (\$1B), while the International Equities category followed at \$915 million. Fixed Income also continued to receive good flows, with an intake of \$400 million during the first half of the year.

"Fixed income is an area which we expect to continue to grow, as investors seek to create balanced portfolios using ETFs," said Mr Vynokur.

"Such growth is expected to be supported by the increased product choice now available across both fixed and floating rate bonds," he added.

At a category level, Asian Equities (Broad Asia and Korea) and Geared US Equities were the top performers. In the six months to June, there was no broad category that recorded net outflows.

Product development plateaus as industry matures

Product development has remained relatively slow this year compared to previous periods. A total of 14 new products were launched in 1H17, which contrasts with 23 products launched in 2H16.

Betashares Capital Ltd ABN 78 139 566 868

AFS Licence 341 181

Level 11, 50 Margaret Street Sydney NSW 2000 Australia

Telephone +61 2 9290 6888 Facsimile +61 2 9262 4950

www.betashares.com.au

“Compared to recent years, we have seen a slower pace of product development, which reflects the increased maturity of the sector. However, we expect this level to increase as new products are released to market in the second half of the year,” Mr Vynokur added.

“Given the growth of the industry to date, we maintain the forecast we made at the end of last year and expect total industry FUM at end 2017 to be in the range of \$32-\$35B,” said Mr Vynokur.

Trading volume reached new all-time record in June

Despite the decline in net asset value in June, the Australian ETF industry added \$342 million (1.2%) in FUM. New money inflows totalled \$695 million during this period.

Trading value increased 30% month on month, setting a new, all-time record of \$3.2B traded in June.

Product development was strong this month with six new launches including our BetaShares Australian Bank Senior Floating Rate Bond ETF (ASX: QPON), the first floating rate bond ETF available on the ASX. Additional products were launched in the Cash/enhanced cash space and single bond exposures.

BetaShares Strong Australian Dollar Fund (hedge fund) (ASX: AUUDS) and BetaShares Global Banks ETF – Currency Hedged (ASX: BNKS) were the best performing products for the month.

A copy of the *BetaShares Australian ETF Review – Half Year 2017* is attached.

Media enquiries:

Eric Robledo
Honner
eric@honner.com.au
+612 8248 3739 / +61 448 036 225

Alex Vynokur
BetaShares
alex.vynokur@betashares.com.au
+61 2 9290 6888

About BetaShares

BetaShares Capital Ltd ("BetaShares") is a leading Australian manager of exchange traded products ("ETPs") which are traded on the Australian Securities Exchange. BetaShares offers a range of ETPs which cover Australian equities, cash, currencies, commodities and alternative strategies. BetaShares currently has approximately \$4.5 billion in assets under management.

BetaShares is a member of the Mirae Asset Global Investments Group, one of Asia's largest asset management firms. Mirae currently manages approximately US\$100B.

BetaShares provides the following Funds to Australian investors:

Product Series	Product	Ticker
Cash & Fixed Income ETFs	Australian Bank Senior Floating Rate Bond ETF	QPON
	Australian High Interest Cash ETF	AAA
Commodity ETFs	Agriculture ETF – Currency Hedged (Synthetic)	QAG
	Commodities Basket ETF – Currency Hedged (Synthetic).	QCB
	Crude Oil Index ETF – Currency Hedged (Synthetic)	OOO
	Gold Bullion ETF – Currency Hedged	QAU

Currency ETFs	British Pound ETF	POU
	Euro ETF	EEU
	U.S. Dollar ETF	USD
	Strong U.S. Dollar Fund (hedge fund)	YANK
	Strong Australian Dollar Fund (hedge fund)	AUDS
Equities ETFs	FTSE RAFI Australia 200 ETF	QOZ
	Financials Sector ETF	QFN
	Resources Sector ETF	QRE
	Australian Ex-20 Portfolio Diversifier ETF	EX20
	Australian Small Companies Select Fund (managed fund)	SMLL
Equity Income Funds	Australian Dividend Harvester Fund (managed fund)	HVST
	Equity Yield Maximiser Fund (managed fund)	YMAX
Geared Funds	Geared Australian Equity Fund (hedge fund)	GEAR
	Geared US Equity Fund – Currency Hedged (hedge fund)	GGUS
International Funds	FTSE RAFI U.S. 1000 ETF	QUS
	Global Agriculture ETF – Currency Hedged	FOOD
	Global Banks ETF – Currency Hedged	BNKS
	Global Cybersecurity ETF	HACK
	Global Energy Companies ETF – Currency Hedged	FUEL
	Global Gold Miners ETF – Currency Hedged	MNRS
	Global Healthcare ETF – Currency Hedged	DRUG
	Global Sustainability Leaders ETF	ETHI
	NASDAQ 100 ETF	NDQ
	S&P 500 Yield Maximiser Fund (managed fund)	UMAX
	WisdomTree Europe ETF – Currency Hedged	HEUR
WisdomTree Japan ETF – Currency Hedged	HJPN	
Managed Risk Funds	Managed Risk Australian Share Fund (managed fund)	AUST
	Managed Risk Global Share Fund (managed fund)	WRLD
Short Funds	Australian Equities Bear Hedge Fund	BEAR
	Australian Equities Strong Bear Hedge Fund	BBOZ
	US Equities Strong Bear Hedge Fund – Currency Hedged	BBUS
Active	AMP Capital Dynamic Markets Fund (Hedge Fund)	DMKT
	AMP Capital Global Infrastructure Securities Fund (Unhedged) (Managed Fund)	GLIN
	AMP Capital Global Property Securities Fund (Unhedged) (Managed Fund)	RENT

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