VanEck

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MAY 2026

VanEck Australian Long Short Complex ETF

ASX Code: ALFA

Investment objective

ALFA aims to outperform the Benchmark over the medium to long term after fees and other costs.

Benchmark

Benchmark is S&P/ASX 200 Accumulation Index.

Performance as at 31 May 2026

	1 month (%)	3 months (%)	6 months (%)	1 year (%)	Since ALFA inception (% p.a.)
Total Return	**3.74**	**1.09**	**14.4**	**11.55**	**13.68**
Benchmark	1.15	-4.03	3.01	6.89	6.52
Difference	**+2.59**	**+5.12**	**+11.39**	**+4.66**	**+7.16**

Benchmark is S&P/ASX 200 Accumulation Index.

The table above shows past performance of the Fund from 21 January 2025. Results are calculated to the last business day of the month and assume immediate reinvestment of distributions. Fund results are net of management fees and costs, but before brokerage fees or bid/ask spreads incurred when investors buy/sell on the ASX. Returns for periods longer than one year are annualised. Past performance is not indicative of current or future performance which may be lower or higher. Benchmark information has been obtained from sources believed to be reliable but VanEck does not warrant its completeness or accuracy.

Key benefits

High conviction long short strategy: Unconstrained high conviction Australian equity portfolio that targets long and short positions.

Active systematic approach: A dynamic quantitative stock selection approach utilising sophisticated computations and programmed learning designed to be agnostic of market cycle and style rotations.

Outperformance potential: Alternate Australian equity strategy that aims to deliver excess return over the medium to long-term.

Key risks

The Fund is considered to have a higher investment risk than a comparable fund that does not engage in short selling and leverage. An investment in the Fund carries risks associated with: short selling risk, leverage risk, prime broker risk, counterparties risk, concentration risk, operational risk and material portfolio information risk. See the PDS and TMD for details.

Key information

Inception date	21 January 2025
Benchmark	S&P/ASX 200 Accumulation Index
Market exposure	Maximum: 150% long / 50% short; Net exposure: 90-100%
Average Holdings	15 to 50 long/0 to 25 short
Management fee	0.39% p.a.*
Performance fee	20% of the Fund's return above the Benchmark, subject to a high watermark
Total net assets	$33.14m

*Other costs may apply. Please refer to the PDS.

Source: VanEck, as at 31 May 2026.

Australian markets commentary

Australian equities posted modest gains in May, with the S&P/ASX 200 returning +1.15%. Progress on a US-Iran peace deal and higher than expected unemployment rate print saw rate hike expectations dial back, supporting market optimism, with mid and small caps outperforming.

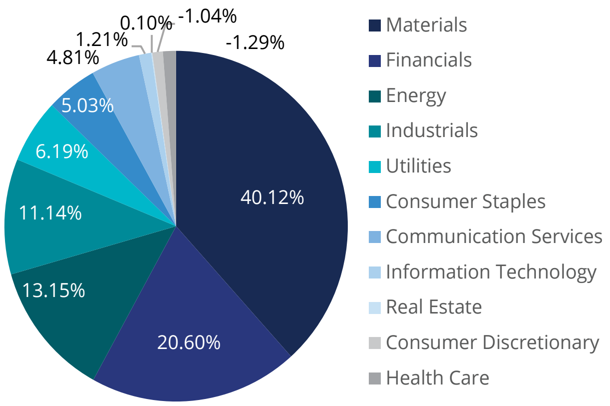
Materials was the standout sector, returning 10.51% on the back of strength in industrial metals, with copper reaching a record high. Fall in government bond yields contributed to consumer discretionary and real estate returning 4.74% and 2.46% respectively.

Health Care was the worst performer, falling 9.15% for the month with largest weight CSL downgrading it's profit outlook, weighing negatively on sentiment. This extended the sector's year-to-date decline to over 31%. Energy dropped 5.88% as crude oil prices retreated following easing supply disruption concerns, while utilities fell 7.64%.

Portfolio performance update

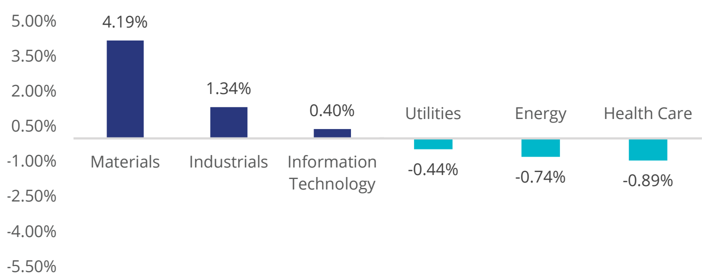
In May, the VanEck Australian Long Short Complex ETF (ASX: ALFA) returned +3.74% (after fees), outperforming the S&P/ASX 200 by 2.59%. Year-to-date, ALFA has returned +13.31%, ahead of the benchmark by 11.62%. Materials was the largest sector contributor, adding 1.40% of relative return through overweight positions to names including South32 and IGO as commodity prices firmed. Industrials contributed a further 1.14% and Financials 1.05%, with both sectors benefiting from a combination of stock selection and active positioning. Partially offsetting these gains, energy was the heaviest drag detracting 0.57% from relative performance as several holdings fell, while Health Care also detracted.

GICS sector summary



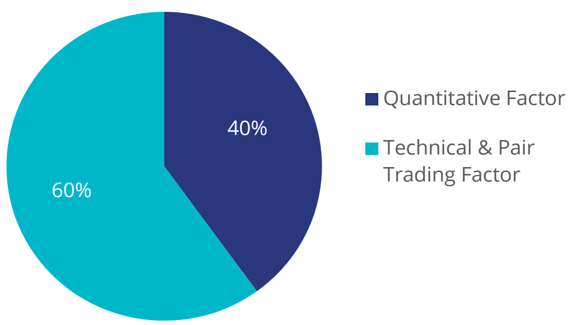
Source: VanEck, as at 31 May 2026.

GICS level 1 contribution (top 3/bottom 3)



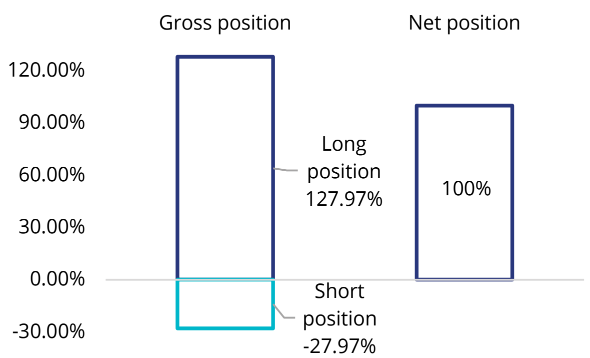
Source: VanEck, as at 31 May 2026.

Strategy breakdown



Source: VanEck, as at 31 May 2026.

Market exposure



Source: VanEck, as at 31 May 2026. Net equity exposure is the total long equity position minus the total short equity position.

Performance drivers for May

Key stock contributors for the month:

South32 Limited (Long, +54bps). South32 contributed 54 basis points over the month, with its shares rising alongside firmer commodity prices and improving sentiment toward miners. Its appeal lies in its breadth with exposures to alumina, aluminium, manganese, copper, zinc and silver across one portfolio. This gives South32 balanced exposure to the metals that underpin construction, electrification and the energy transition rather than dependence on a single commodity price. The standout in May was a positive update on the Hermosa development, which lifted reserves and mine life and underlined the growth optionality management is building in copper and zinc.

IGO Limited (Long, +51bps). IGO was a key contributor during the month, adding 51 basis points as its shares rallied strongly on the continued recovery in lithium prices. The company is an Australian clean-energy metals miner with exposure across lithium, nickel and copper, and has kept a tight grip on costs to keep generating cash and strengthen its balance sheet through the recent downturn. As lithium prices have now climbed off their lows, supported by recovering Chinese cathode demand and tightening supply, that improvement has fed through to higher realised prices, stronger margins and improving cash generation for IGO.

Key stock detractors for the month:

Woodside Energy Group Limited (Long, -47bps). Woodside was the portfolio's largest detractor over the month, detracting around 47 basis points as energy names gave back ground on softer oil prices. As Australia's largest oil and gas producer, with LNG and crude operations spanning Australia, the US Gulf and beyond, Woodside's earnings move closely with the commodity cycle, so the pullback in oil flowed through to the share price. Year-to-date the position has been a meaningful contributor and continues to screen well on free cash flow yield and capital discipline, and the structural tailwind from Asian LNG demand growth remains intact.

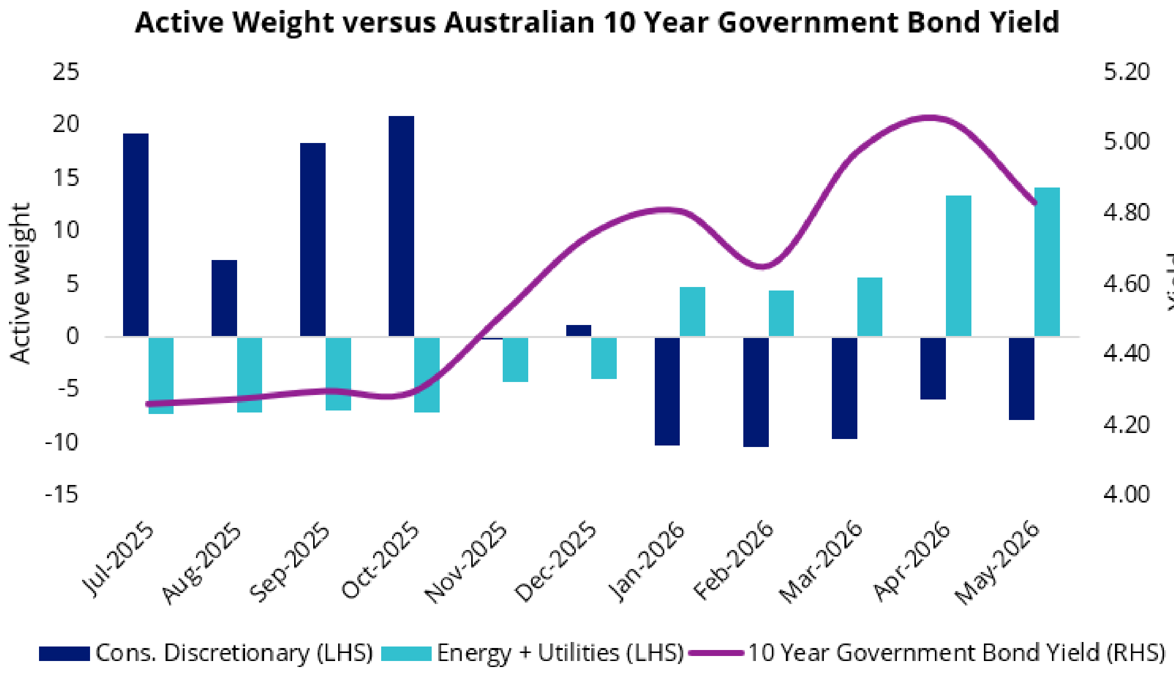
APA Group (Long, -9bps). APA detracted modestly, trimming around 9 basis points as the shares eased back from near their highs during the month. The company owns and operates the backbone of Australia's energy infrastructure, most notably a vast gas transmission pipeline network, generating the long-dated, largely contracted and inflation-linked cash flows that underpin its appeal as a defensive income holding. As an interest-rate-sensitive, yield-focused name its price can drift with bond markets, and we read the month's give-back as routine consolidation after a strong run rather than anything fundamental.

Portfolio positioning and outlook

Since ALFA's launch in January to October 2025, we were consistently overweight consumer discretionary relative to the S&P/ASX 200. Key macroeconomic signals include the three RBA rate cuts and the acceleration in retail sales and economic growth. Top long holdings during this period included JB HiFi, Temple & Webster and car retailer Eagers Automotive. These performed well and contributed positively to performance.

However, as Australian inflation started printing higher than expected, with energy rebates rolled off and services inflation remaining elevated, markets started pricing in rate hikes in 2026. This saw the 10 Year Australian Government Bond yield start increasing late in the year, by 80 basis points to 5%. With the prospect of higher rates squeezing household budgets and growth, this prompted us to shift consumer discretionary to a neutral, and then underweight position, and increase the number of shorts.

On the flip side, as the outlook of the RBA hiking rates firmed, we went from underweight to overweight sectors with inflation linked revenue streams and stronger pricing power. This included energy and utilities.



Source: VanEck, Bloomberg, July 2025 to May 2026.

We continue to hold the view that companies with pricing power, high cash flow and quality balance sheets are best placed to outperform this year. This is reflected through overweight positions to select industrials, utilities, energy and materials, which have served the portfolio well.

Continued tensions between the US and Iran have increased the risk of a stagflationary environment emerging, particularly as higher oil prices add to already elevated inflationary pressures in Australia. This backdrop will likely see the RBA cash rate on hold over the next few months, as it assesses the flow-on effects from the recent three hikes.

Prolonged restrictive monetary policy and elevated inflation is likely to weigh on economic growth and household consumption. This environment typically favours companies with strong pricing power, as they are better positioned to pass through higher input costs and protect margins. The market has recognised this recently, contributing to outperformance.

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