VanEck®

Access the opportunities.

OCTOBER 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 October 2026

	1 month (%)	3 months (%)	6 months (%)	YTD (%)	1 year (%)	Since ALFA inception (% p.a.)
Total Return	**-0.80**	**1.55**	**-1.76**	**7.32**	**0.33**	**6.96**
Benchmark	1.38	0.45	4.60	5.16	3.69	6.94
Difference	**-2.18**	**+1.10**	**-6.36**	**+2.16**	**-3.36**	**+0.02**

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	$36.6m

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

Source: VanEck, as at 31 October 2026.

Australian markets commentary

Australian equities rose in October, with the S&P/ASX 200 returning 1.38%, as investors moved towards defensive sectors. The S&P/ASX 200's limited direct exposure to the AI theme helped it outperform as doubts over AI spending hit technology stocks globally.

Conflict in the Middle East continued to push oil prices higher, with Brent crude rising 13.6% over the month to settle at a six-month high of US$117.64 a barrel. Annual headline inflation rose to 4.3% in September from 4.0%, led by fuel, electricity and new home prices. Trimmed mean inflation rose to 3.6%, up from 3.5% in August, while the quarterly trimmed mean rose 1.0% in the September quarter, above the RBA's 0.8% projection.

Utilities was the strongest sector, gaining 9.3%, followed by Financials at 6.9% and Health Care at 6.3%. Commonwealth Bank rose 10.4% and the general insurers also rallied strongly. CSL gained 9.0% as its rebound continued.

Materials was the weakest sector, returning -7.8%. Copper fell to five-week lows, and Fortescue fell as its stand-off with China's state-backed iron ore buyer deepened. Gold slipped below US$4,000 an ounce late in the month, and lithium carbonate prices fell nearly 20% over the month. Information Technology also fell.

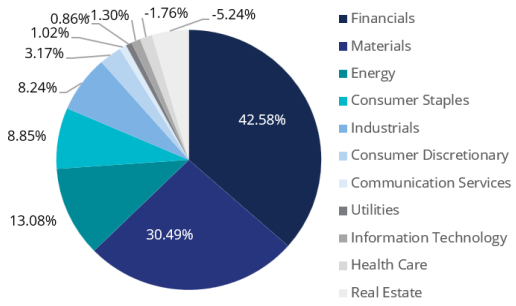
Portfolio performance update

In October, the VanEck Australian Long Short Complex ETF (ASX: ALFA) returned -0.80%, underperforming the S&P/ASX 200 by 2.18% as the benchmark rose 1.38%.

Financials was the largest active contributor, adding around 0.46% through overweight positions including QBE, Insurance Australia Group, Challenger and ASX Limited. However, underweight positions in the major banks, led by Commonwealth Bank weighed.

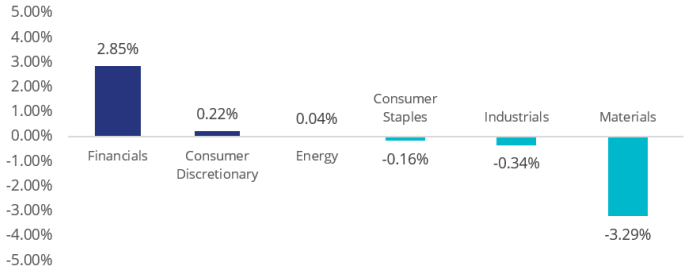
Materials was the largest active detractor, costing around 1.30%. The overweight position and holdings in lithium, iron ore, gold and diversified miners weighed on returns. Industrials detracted around 0.53%, largely through holdings in construction and engineering contractors including NRW Holdings, SRG Global and Southern Cross Electrical Engineering. Health Care cost around 0.39%, as the underweight position weighed on returns while the sector rose. Energy detracted around 0.14%. Gains in Woodside and Santos were offset by falls in refiners Ampol and Viva Energy, which retreated from mid-October highs as progress in US-Iran talks raised the prospect of refining margins falling from elevated levels.

GICS sector summary



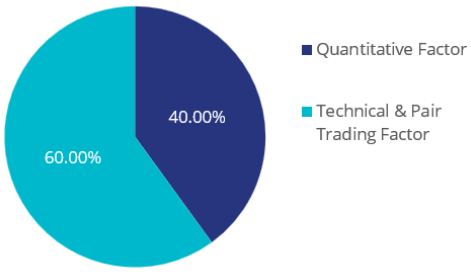
Source: VanEck, as at 31 October 2026.

GICS level 1 contribution (top 3/bottom 3)



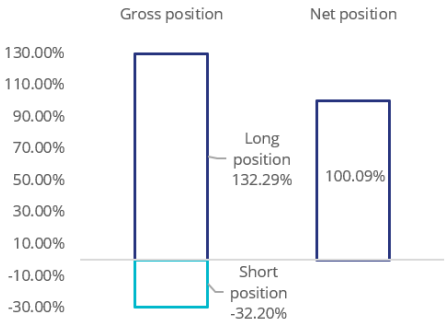
Source: VanEck, as at 31 October 2026.

Strategy breakdown



Source: VanEck, as at 31 October 2026.

Market exposure



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

Performance drivers for the month

Key stock contributors for the month:

QBE Insurance Group Limited (Long, +27bps). QBE returned 12.1%. QBE is a global general insurer and reinsurer operating across North America, Australia Pacific and international markets. The shares climbed as investors sought defensive exposure during the AI-driven sell-off, ahead of QBE's November trading update. In its result for the first half of 2026, adjusted net profit after tax was US$1,033 million and gross written premium was US$15.14 billion, up 6% excluding currency effects. Adjusted return on equity was 17.7% and the combined operating ratio was 92.8%.

Challenger Limited (Long, +21bps). Challenger returned 18.3%. Challenger runs retirement income and investment management businesses, including an APRA-regulated life insurer. The largest move came on 19 October. Its largest shareholder, TAL Dai-ichi Life Australia, proposed to acquire the 79.5% it does not own at A$11.80 per share, and the board said the price was not at a recommendable level. In the same week, Challenger reported strong first quarter FY27 trading. Total sales rose 52% to A$4.4 billion and annuity sales rose 72% to a record A$2.8 billion.

Key stock detractors for the month.

PLS Group Limited (Long, -57bps). PLS Group fell 28% for the month. PLS is Australia's largest independent lithium producer, operating the Pilgangoora project in Western Australia. The decline reflected the commodity rather than company specific news. Lithium carbonate prices fell 17% in the first half of September and sat 34% below their mid-May highs, as higher production across the industry moved the market towards oversupply, and Chinese lithium futures fell more than 14% over three days to 11 September. The sell-off came despite a record FY26 result, which saw a reported more than doubling in company revenue and a 17% increase in production levels. The company's forward guidance was also indicative of further increases to production levels in FY27.

South32 Ltd (Long, -31bps). South32 returned -14.2%. South32 is a diversified miner with copper exposure through Sierra Gorda in Chile, silver, lead and zinc from Cannington in Queensland, and manganese operations in Australia and South Africa. Its September quarter report maintained FY27 production guidance across its operations, with payable copper equivalent production at Sierra Gorda up 11% on higher planned copper grades. The shares instead fell with the broader materials sector as metals prices weakened. South32's FY26 underlying EBITDA rose 28% to US$2.462 billion, with the margin expanding to 31.0% from 26.3%.

Portfolio positioning and outlook

Looking ahead, we think there is a strong case for sectors with inflation linked revenue streams and quality at a reasonable price (QARP) companies to outperform over the coming months.

Trimmed mean inflation remains above 3%, with persistent price pressures across housing, food, transport and services. The 4.75% award wage increase from July could drive further upside surprises, while the lack of a clear off ramp between US and Iran could keep oil prices elevated. Despite five RBA rate hikes this year, inflation is unlikely to return to the 2–3% target band until 2028.

To capitalise, we like oil refiners including Ampol and Viva Energy as falling refined product inventories could sustain elevated crack spreads, the difference between refined product prices and crude oil costs, supporting profit margins. Additionally, we like the broader energy sector and utilities as revenue is inflation linked and demand is inelastic.

Consumer discretionary could continue to be out of favour. Several missed sales estimates during the August earnings update and interest rates at an 18-year high only adds further pressure to household budgets.

For quality at a reasonable price within financials, we like Australia's general insurers over the banks. General insurers have pricing power and operating margins have also increased in recent years. On average, they offer a 40% higher return on equity and trade at 25% lower valuations than the banks, based on 12-month forward price-to-earnings ratios.

Australia's banks have recorded a considerable decline in new mortgage demand following rate hikes and the federal government's proposed changes to negative gearing and capital gains tax. NAB also reported an uptick in credit impairments in its November earnings update and its CEO warned of potential further weakness ahead, with its share price falling 5.37% following the announcement.

Contact us

vaneck.com.au
info@vaneck.com.au
+61 2 8038 3300

VanEck-Australia
VanEck_Au
VanEckAus

Important notice:

VanEck Investments Limited (ACN 146 596 116 AFSL 416755) (VanEck) is the issuer and responsible entity of all VanEck exchange traded funds (Funds) listed on the ASX. This is general information, not personal financial advice and does not take into account any person's financial objectives, situation or needs. The product disclosure statement (PDS) and the target market determination (TMD) for all Funds are available at vaneck.com.au. You should consider whether or not an investment in any Fund is appropriate for you. Investments in a Fund involve risks associated with financial markets. These risks vary depending on a Fund's investment objective. Refer to the applicable PDS and TMD for more details on risks. Investment returns and capital are not guaranteed.

© 2026 VanEck Investments Limited. All rights reserved.