

**VanEck Bentham Global Capital Securities Active
ETF (Managed Fund)
(ASX Code: GCAP)**

ARSN 649 884 631

Interim report

For the half-year ended 31 December 2022

VanEck Bentham Global Capital Securities Active ETF (Managed Fund) (ASX Code: GCAP)

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These financial statements cover the VanEck Bentham Global Capital Securities Active ETF (Managed Fund) as an individual entity.

The Responsible Entity of the VanEck Bentham Global Capital Securities Active ETF (Managed Fund) is VanEck Investments Limited (ACN 146 596 116) (AFSL 416755). The Responsible Entity's registered office is:

VanEck Investments Limited
Level 47, Suite 2
25 Martin Place,
Sydney, NSW, Australia, 2000

Directors' report

The Directors of VanEck Investments Limited (ACN 146 596 116), the Responsible Entity of VanEck Bentham Global Capital Securities Active ETF (Managed Fund) (the "Fund"), present their report together with the financial statements of the Fund for the half-year ended 31 December 2022.

Fund information

The Fund is an Australian registered managed investment scheme.

The Responsible Entity's registered office is located at Level 47, Suite 2, 25 Martin Place, Sydney, NSW, Australia, 2000.

The investment manager is Bentham Asset Management Pty Ltd with ABN 92 140 833 674 and AFSL 356199. The investment manager's registered office is located at Level 12, 179 Elizabeth Street, Sydney, NSW, Australia, 2000.

Principal activities

The Fund is traded on the Australian Securities Exchange ("ASX") as an exchange traded fund and may also be traded on the licensed financial market operated by Chi-X Australia Pty Ltd ("Chi-X").

The Fund predominantly invests in subordinated debt securities ("Capital Securities") to earn an after fee return in excess of the RBA cash rate + 3% (the "Benchmark") per annum in accordance with the provision of the Fund's Constitution and Product Disclosure Statement ("PDS").

The Fund uses exchange-traded and over-the-counter ("OTC") derivatives, primarily for hedging foreign currency and interest rate risk. Derivatives will also be used for overall risk management.

The Fund did not have any employees during the half-year.

There were no significant changes in the nature of the Fund's activities during the half-year.

Directors

The following persons held office as Directors of VanEck Investments Limited during the half-year and up to the date of this report:

Jan van Eck
Bruce Smith
Arian Neiron
Michael Brown
Jonathan Simon

Review and results of operations

The Fund continued to invest in accordance with the Fund's PDS and the provisions of the Fund's Constitution.

The Fund predominantly invests in a range of different subordinated debt securities issued by systemically important Financial Institutions and aims to earn an after fee return in excess of the Benchmark per annum over the long term.

Directors' report (continued)

Review and results of operations (continued)

Results

The performance of the Fund, as represented by the results of its operations, was as follows:

	Half-year ended 31 December 2022	Period from 3 August 2021 to 12 November 2021
Operating profit/(loss) attributable to unitholders (\$'000)	<u>1,312</u>	<u>(84)</u>
Distribution to unitholders (\$'000)	<u>715</u>	<u>110</u>
Distribution (cents per unit - CPU)	<u>22.25</u>	<u>7.50</u>

Significant changes in the state of affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the Fund that occurred during the financial half-year.

Matters subsequent to the end of the financial half-year

No matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect:

- (i) the operations of the Fund in future financial years;
- (ii) the results of those operations in future financial years; or
- (iii) the state of affairs of the Fund in future financial years.

Rounding of amounts to the nearest thousand dollars

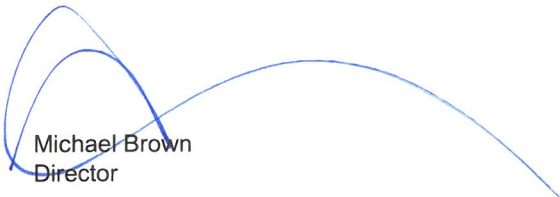
The Fund is an entity of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission ("ASIC") relating to the "rounding off" of amounts in the Directors' report. Amounts in the Directors' report have been rounded to the nearest thousand dollars in accordance with that ASIC Corporations Instrument, unless otherwise indicated.

Directors' report (continued)

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

This report is made in accordance with a resolution of the Directors.



Michael Brown
Director

Sydney
8 March 2023

Auditor's independence declaration to the directors of VanEck Investments Limited, as Responsible Entity for VanEck Benthams Global Capital Securities Active ETF (Managed Fund)

As lead auditor for the review of the half-year financial report of VanEck Benthams Global Capital Securities Active ETF (Managed Fund) for the half-year ended 31 December 2022, I declare to the best of my knowledge and belief, there have been:

- a. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- b. no contraventions of any applicable code of professional conduct in relation to the review; and
- c. no non-audit services provided that contravene any applicable code of professional conduct in relation to the review.



Ernst & Young



Rita Da Silva
Partner
Sydney
8 March 2023

Statement of comprehensive income

	Half-year ended 31 December 2022 \$'000	Period from 3 August 2021 to 12 November 2021 \$'000
Investment income		
Interest income from financial assets at fair value through profit or loss	759	155
Net gains/(losses) on financial instruments at fair value through profit or loss	663	(197)
Other operating income/(loss)	6	(18)
Total investment income/(loss)	<u>1,428</u>	<u>(60)</u>
Expenses		
Management fees	83	21
Transaction costs	1	-
Withholding tax	17	3
Other expenses	15	-
Total operating expenses	<u>116</u>	<u>24</u>
Profit/(loss) for the half-year/period	<u>1,312</u>	<u>(84)</u>
Other comprehensive income for the half-year/period	-	-
Total comprehensive income/(loss) for the half-year/period	<u>1,312</u>	<u>(84)</u>

The above Statement of comprehensive income should be read in conjunction with the accompanying notes.

Statement of financial position

		As at	
		31 December	30 June
	Notes	2022	2022
		\$'000	\$'000
Assets			
Cash and cash equivalents		4,964	2,663
Margin accounts		310	300
Due from brokers - receivable for securities sold		-	299
Receivables		384	281
Financial assets at fair value through profit or loss	4	26,415	22,421
Total assets		32,073	25,964
Liabilities			
Payable for margin accounts		100	128
Payables		33	55
Distributions payable	7	153	84
Financial liabilities at fair value through profit or loss	5	1,617	1,474
Total liabilities		1,903	1,741
Net assets attributable to unitholders - Equity		30,170	24,223

The above Statement of financial position should be read in conjunction with the accompanying notes.

Statement of changes in equity

		Half-year ended 31 December 2022	Period from 3 August 2021 to 12 November 2021
	Notes	\$'000	\$'000
Total equity at the beginning of the half-year/period		24,223	-
Issue of redeemable participating units		5,335	20,025
Units issued upon reinvestment of distributions		15	1
Redemption of redeemable participating units		-	-
Comprehensive income/(loss) for the half-year/period		1,312	(84)
Distributions	7	<u>(715)</u>	<u>(110)</u>
Total equity at the end of the half-year/period		<u>30,170</u>	<u>19,832</u>

Movement in units issued are disclosed in note 6 to the financial statements.

The above Statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of cash flows

	Half-year ended 31 December 2022 \$'000	Period from 3 August 2021 to 12 November 2021 \$'000
Cash flows from operating activities		
Proceeds from sale of financial instruments at fair value through profit or loss	5,150	1,840
Purchase of financial instruments at fair value through profit or loss	(8,031)	(19,685)
Amount paid to brokers for margin	(38)	(131)
Interest received	609	147
Other income received/(expenses paid)	26	-
Management fees paid	(82)	(3)
Payment of other expenses	(11)	(17)
Net cash outflow from operating activities	(2,377)	(17,849)
Cash flows from financing activities		
Proceeds from applications by unitholders	5,335	20,025
Distributions paid	(631)	(59)
Net cash inflow from financing activities	4,704	19,966
Net increase in cash and cash equivalents	2,327	2,117
Cash and cash equivalents at the beginning of the half-year/period	2,663	-
Effects of foreign exchange rate changes on cash and cash equivalents	(26)	-
Cash and cash equivalents at the end of the half-year/period	4,964	2,117

The above Statement of cash flows should be read in conjunction with the accompanying notes.

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1 General information

These financial statements for the half-year ended 31 December 2022 cover the VanEck Bentham Global Capital Securities Active ETF (Managed Fund) (the "Fund") as an individual entity. The Fund was constituted on 3 May 2021 and began trading on ASX on 5 August 2021. The Fund will terminate in accordance with the provisions of the Fund's Constitution.

The Responsible Entity of the Fund is VanEck Investments Limited. The Responsible Entity's registered office is Level 47, Suite 2, 25 Martin Place, Sydney, NSW, Australia, 2000.

These financial statements are presented in Australian dollars, which is the Fund's functional and presentation currency.

The Fund invests predominantly in subordinated debt securities ("Capital Securities") to earn an after fee return in excess of the RBA cash rate + 3% (the "Benchmark") per annum in accordance with the provision of the Fund's Constitution and PDS.

The Fund uses exchange-traded and over-the-counter ("OTC") derivatives, primarily for hedging foreign currency and interest rate risk. Derivatives will also be used for overall risk management.

The financial statements were authorised for issue by the Directors on 8 March 2023. The Directors of the Responsible Entity have the power to amend and reissue the financial statements.

The investment manager is Bentham Asset Management Pty Ltd with ABN 92 140 833 674 and AFSL 356199.

The Custodian and Administrator of the Fund is State Street Australia Limited ("the Custodian"). The ultimate holding company of the Custodian is State Street Corporation (incorporated in the United States of America).

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied throughout the period presented, unless otherwise stated in the following text.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards AASB 134 *Interim Financial Reporting* and Interpretations issued by the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001* in Australia. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards IAS 34 *Interim Financial Reporting*.

The interim financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these condensed financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2022 and any public announcements made in respect of the Fund during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The Fund is a for-profit fund for the purpose of preparing the financial statements.

The financial statements are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

The Statement of financial position is presented on a liquidity basis.

Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are expected to be recovered or settled within twelve months, except for investments in financial assets at fair value through profit or loss and net assets attributable to unitholders.

The Fund manages financial assets at fair value through profit or loss based on the economic circumstances at any given point in time, as well as to meet any liquidity requirements. As such, it is expected that a portion of the portfolio will be realised within twelve months, however, an estimate of that amount cannot be determined as at reporting date.

In the case of net assets attributable to unitholders, the units are redeemable on demand at the unitholders' option. However, holders of these instruments typically retain them for the medium to long term. As such, the amount expected to be settled within twelve months cannot be reliably determined.

2 Summary of significant accounting policies (continued)

(b) Financial instruments

(i) Recognition/derecognition

The Fund recognises financial assets and financial liabilities on the date it becomes a party to the contractual agreement (trade date) and recognise changes in fair value of the financial assets or financial liabilities from this date. Financial assets are derecognised when the right to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

(ii) Classification

The Fund classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

Financial assets

The Fund classifies its financial assets as subsequently measured at amortised cost or measured at fair value through profit or loss on the basis of both:

- The entity's business model for managing the financial assets; and
- The contractual cash flow characteristics of the financial asset.

Financial assets measured at amortised cost

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Fund includes in this category cash and cash equivalents, due from brokers - receivable for securities sold, and receivables.

Financial assets measured at fair value through profit or loss ("FVPL")

A financial asset is measured at fair value through profit or loss if:

- Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding;
- It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
- At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The debt securities are classified as fair value through profit or loss.

In applying that classification, a financial asset or financial liability is considered to be held for trading if it is:

- acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which, there is evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

2 Summary of significant accounting policies (continued)

(b) Financial instruments (continued)

(ii) Classification (continued)

Financial liabilities

Financial liabilities measured at amortised cost

This category includes all financial liabilities, other than those measured at fair value through profit or loss. The Fund includes in this category due to brokers - payable for securities purchased, payables and distributions payable.

Financial liabilities measured at FVPL

A financial liability is measured at FVPL if it meets the definition of held for trading. Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Fund that are not designated as hedging instruments in hedge relationships as defined. The Fund includes in this category derivative contracts in a liability position.

The derivatives are mandatorily classified as fair value through profit or loss.

(iii) Measurement

Financial assets and financial liabilities at fair value through profit or loss are recorded in the Statement of financial position initially at fair value. All transaction costs for such instruments are recognised directly in the Statement of comprehensive income. Financial assets and liabilities, other than those classified as FVPL, are initially measured at fair value adjusted by transaction costs and subsequently measured using the effective interest rate method less impairment losses for financial assets, if any.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the Statement of comprehensive income in the period in which they arise.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets is subsequently based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs. The quoted market price used for financial assets and liabilities held by the Fund is the last traded price.

The fair value of financial assets and liabilities that are not traded in an active market are determined using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs. Further details on how the fair values of financial instruments are determined are disclosed in note 3.

(iv) Impairment of Financial assets

The Fund holds only cash and cash equivalents, receivables and due from brokers with no financing component and which have maturities of less than 12 months at amortised cost and, as such, has chosen to apply the simplified approach for expected credit losses ("ECL") under AASB 9. Therefore, the Fund does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

2 Summary of significant accounting policies (continued)

(c) Significant accounting policies

The significant accounting policies adopted in the preparation of these financial statements are consistent with those applied in the preparation of the Fund's financial statements for the period ended 30 June 2022.

There are no other standards, interpretations or amendments to existing standards that are effective for the first time for the half-year beginning 1 July 2022 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

(d) Significant accounting judgements and estimates

The preparation of the Fund's financial statements requires management to make judgements, estimates and assumptions that affect the amounts recognised in the financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

(e) Redeemable participating units

Units are classified as equity. Notwithstanding the obligation of the Fund to redeem the units at the Authorised Participants' option, as defined in the Fund's PDS, the Responsible Entity considers the units to meet the requirements for equity classification within AASB 132.16A and B. The Fund's Constitution states that the distributions are at the discretion of the Responsible Entity. The units can be put back in the Fund at any time for cash based on the redemption price. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the end of the reporting period if the Authorised Participants exercised their right to redeem the units in the Fund.

(f) Capital management

The Responsible Entity manages its net assets attributable to unitholders as equity. The amount of the net assets attributable to unitholders can change significantly on a basis as the Fund is subject to daily applications and redemptions at the discretion of the Authorised Participants.

The Responsible Entity monitors the level of daily applications and redemptions relative to the liquid assets in the Fund.

In order to maintain or adjust the capital structure, the Responsible Entity may return capital to unitholders. The Fund is not subject to any externally imposed capital requirements.

(g) Cash and cash equivalents

For the purpose of presentation in the Statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less from the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are classified as liabilities in the Statement of financial position.

Cash and cash equivalents are measured at amortised cost using the effective interest rate method, reduced by impairment losses.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as movements in the fair value of these securities represent the Fund's main income generating activity.

(h) Margin accounts

Margin accounts comprise cash held as collateral for derivative transactions. The cash is held by the broker and is only available to meet margin calls. It is not included as a component of cash and cash equivalents.

2 Summary of significant accounting policies (continued)

(i) Investment income

Interest income is recognised in the Statement of comprehensive income for all financial instruments not at fair value through profit or loss using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.

Net changes in fair value of financial assets and liabilities at fair value through profit or loss are recognised as income and are determined as the difference between the fair value at the balance date or consideration received (if sold during the financial year) and the fair value as at the prior balance date or initial fair value (if acquired during the financial year). This includes both realised and unrealised gains and losses, but does not include interest income.

(j) Expenses

All expenses are recognised in the Statement of comprehensive income on an accruals basis.

(k) Income tax

Under current legislation, the Fund is not subject to income tax as the income tax liability is attributed to unitholders under the AMIT regime.

The benefits of tax credits paid are passed on to unitholders.

The Fund currently incurs withholding tax imposed by certain countries on investment income. Such income is recorded gross of withholding tax in the Statement of comprehensive income.

(l) Distributions

In accordance with the Fund's PDS, the Fund usually pays a distribution on a monthly basis. The distributions to unitholders are recognised in the Statement of changes in equity.

(m) Foreign currency translation

(i) Functional and presentation currency

Items included in the Fund's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Australian dollar, which reflects the currency of the economy in which the Fund competes for funds and is regulated. The Australian dollar is also the Fund's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year end exchange rates, of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined. Translation differences on assets and liabilities carried at fair value are reported in the Statement of comprehensive income on a net basis within net gains/(losses) on financial instruments at fair value through profit or loss.

2 Summary of significant accounting policies (continued)

(n) Due from/to brokers

Amounts due from/to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet delivered as at period end. Trades are recorded on trade date and normally settled within three business days.

(o) Receivables

Receivables may include amounts for interest and applications received for units in the Fund. Interest is accrued at the end of the reporting period from the time of last payment. Amounts are generally received within 30 days of being recorded as receivables.

(p) Payables

Payables include liabilities and accrued expenses owed by the Fund which are unpaid as at the end of the reporting period.

The distribution amount payable to unitholders as at the end of the reporting period is recognised separately on the Statement of financial position as unitholders are presently entitled to the distributable income under the Fund's Constitution.

(q) Applications and redemptions

Application amounts can be paid by cash or in the form of a parcel of prescribed securities transferred to the Custodian. The parcel of securities related to in-specie applications generally reflect the characteristics of the Fund's investment objective. Investors may purchase units by trading on ASX.

Unitholders can only redeem units if they are Authorised Participants. The Fund's PDS sets out the circumstances when the Responsible Entity may delay or suspend the processing of creations or redemptions. Units can be sold by trading on ASX.

Unit prices are determined by reference to the net assets of the Fund divided by the number of units on issue. For unit pricing purposes, net assets are determined using the last reported trade price for securities. These prices may differ from the market.

(r) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Fund by third parties such as management, administration and custodian services where applicable have been passed onto the Fund. The Fund qualifies for Reduced Input Tax Credits (RITC) at a rate of at least 55%. Hence fees for these services and any other expenses have been recognised in the Statement of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the Statement of financial position. Cash flows relating to GST are included in the Statement of cash flows on a gross basis.

(s) Derivative financial instruments

The Fund uses derivative financial instruments such as forward currency contracts and interest rate futures to economically hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value with movements through profit or loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

2 Summary of significant accounting policies (continued)

(t) New accounting standards and interpretations not yet adopted

There are no standards that are not yet effective and that are expected to have a material impact on the Fund in the current or future reporting periods and on foreseeable future transactions.

(u) Rounding of amounts

The Fund is an entity of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by ASIC relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded to the nearest thousand dollars in accordance with that ASIC Corporations Instrument, unless otherwise indicated.

3 Fair value measurement

The Fund measures and recognises the following assets and liabilities at fair value on a recurring basis:

- Financial assets/liabilities at fair value through profit or loss (see note 4 and note 5)
- Derivative financial instruments

The Fund has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

AASB 13 requires disclosure of fair value measurements by level of the following fair value hierarchy:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- (b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

(i) Fair value in an active market (level 1)

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs.

The Fund values its investments in accordance with the accounting policies set out in note 2 to the annual financial statements.

The quoted market price used for financial assets held by the Fund is the last traded price; the appropriate quoted market price for financial liabilities is the last traded price. When the Fund holds derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this last traded price to the net open position, as appropriate.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

(ii) Valuation techniques used to derive level 2 and level 3 fair value

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions.

3 Fair value measurement (continued)

(ii) Valuation techniques used to derive level 2 and level 3 fair value (continued)

For other pricing models, inputs are based on market data at the end of the reporting period. Fair values for unquoted equity investments are estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

The fair value of derivatives that are not exchange traded is estimated at the amount that the Fund would receive or pay to terminate the contract at the end of the reporting period taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties. The fair value of a forward contract is determined as a net present value of estimated future cash flows, discounted at appropriate market rates as at the valuation date.

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Fund holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including liquidity risk and counterparty risk.

Recognised fair value measurements

The table below presents the Fund's financial assets measured at fair value according to the fair value hierarchy as at 31 December 2022 and 30 June 2022.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
As at 31 December 2022				
Financial assets at fair value through profit or loss				
Futures	339	-	-	339
Swaps	-	104	-	104
Forwards	-	98	-	98
Debt securities	-	25,874	-	25,874
Total	339	26,076	-	26,415
Financial liabilities at fair value through profit or loss				
Futures	8	-	-	8
Swaps	-	1,251	-	1,251
Forwards	-	358	-	358
Total	8	1,609	-	1,617
As at 30 June 2022				
Financial assets at fair value through profit or loss				
Futures	159	-	-	159
Forwards	-	109	-	109
Debt securities	-	22,153	-	22,153
Total	159	22,262	-	22,421

3 Fair value measurement (continued)

Recognised fair value measurements (continued)

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
As at 30 June 2022				
Financial liabilities at fair value through profit or loss				
Swaps	-	1,120	-	1,120
Forwards	-	354	-	354
Total	-	1,474	-	1,474

The Fund's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(i) Transfers between levels

There were no transfers between the levels in the fair value hierarchy for the half-year ended 31 December 2022 and period ended 30 June 2022. There were also no changes made to any of the valuation techniques applied as at 31 December 2022.

(ii) Fair value measurements using significant unobservable inputs (level 3)

The Fund did not hold any financial instruments with fair value measurements using significant unobservable inputs during the half-year ended 31 December 2022 and period ended 30 June 2022.

(iii) Fair values of other financial instruments

Due to their short-term nature, the carrying amounts of receivables and payables are assumed to approximate fair value.

4 Financial assets at fair value through profit or loss

	As at 31 December 2022 \$'000	30 June 2022 \$'000
Financial assets at fair value through profit or loss		
Futures	339	159
Forwards	98	109
Swaps	104	-
Debt securities	25,874	22,153
Total financial assets at fair value through profit or loss	26,415	22,421

For VanEck Bentham Global Capital Securities Active ETF (Managed Fund), the foreign exchange risk, interest rate risk and credit risk are managed by hedging the exposure using foreign currency contracts, futures and swaps. As at 31 December 2022, the net fair value of the financial assets being hedged was \$25,873,794 (June 2022: \$22,153,183). The net fair value of the gains/(losses) arising from the hedging instruments during the half-year was \$391,198 (June 2022: \$1,281,622).

The fair value of the net gains/(losses) arising on the hedged items resulted from factors that included but were not restricted to foreign exchange movements.

5 Financial liabilities at fair value through profit or loss

	As at	
	31 December 2022	30 June 2022
	\$'000	\$'000
Financial liabilities at fair value through profit or loss		
Futures	8	-
Forwards	358	354
Swaps	<u>1,251</u>	<u>1,120</u>
Total financial liabilities at fair value through profit or loss	<u>1,617</u>	<u>1,474</u>

6 Units issued

Movements in the number of units during the half-year were as follows:

	Half-year ended 31 December 2022 No.'000	Period from 3 August 2021 to 12 November 2021 No.'000
Opening balance	2,801	-
Applications	600	2,000
Units issued upon reinvestment of distributions	<u>2</u>	<u>-</u>
Closing balance	<u>3,403</u>	<u>2,000</u>

As stipulated within the Fund's Constitution, a unit confers an equal undivided, vested, and indefeasible interest in the assets as a whole, subject to the liabilities. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

Capital risk management

The amount of net assets attributable to unitholders can change significantly on a daily basis as the Fund is subject to daily applications and redemptions at the discretion of the Authorised Participants.

Daily applications and redemptions are reviewed relative to the liquidity of the Fund's underlying assets on a daily basis by the Responsible Entity. Under the terms of the Fund's Constitution, the Responsible Entity has the discretion to reject an application for units and to defer or adjust a redemption of units if the exercise of such discretion is in the best interests of unitholders.

7 Distributions to unitholders

The distributions during the half-year were as follows:

	Half-year ended 31 December 2022 \$'000	Half-year ended 31 December 2022 CPU	Period from 3 August 2021 to 12 November 2021 \$'000	Period from 3 August 2021 to 12 November 2021 CPU
Distributions paid	562	17.75	60	5.00
Distributions payable	<u>153</u>	<u>4.50</u>	<u>50</u>	<u>2.50</u>
Total distributions	<u>715</u>	<u>22.25</u>	<u>110</u>	<u>7.50</u>

8 Events occurring after the reporting period

No significant events have occurred since the end of the reporting period which would impact on the financial position of the Fund disclosed in the Statement of financial position as at 31 December 2022 or on the results and cash flows of the Fund for the half-year ended on that date.

9 Contingent assets and liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 31 December 2022 and 30 June 2022.

Directors' declaration

In the opinion of the Directors of the Responsible Entity:

- (a) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when these debts become due and payable; and
- (b) the interim financial statements and notes are in accordance with the *Corporations Act 2001* and compliance with relevant accounting standards and therefore give a true and fair view of the financial position and performance of the Fund.

This declaration is made in accordance with a resolution of the Directors.



Michael Brown
Director

Sydney
8 March 2023

Independent auditor's review report to the unitholders of VanEck Bentham Global Capital Securities Active ETF (Managed Fund)

Conclusion

We have reviewed the accompanying half-year financial report of VanEck Bentham Global Capital Securities Active ETF (Managed Fund) (the "Fund"), which comprises the statement of financial position as at 31 December 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Fund does not comply with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the Fund's financial position as at 31 December 2022 and of its financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Fund in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities for the half-year financial report

The directors of the Responsible Entity of the Fund are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Fund's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

A stylized, handwritten signature of 'Ernst & Young' in black ink.

Ernst & Young

A stylized, handwritten signature of 'Rita Da Silva' in black ink.

Rita Da Silva
Partner
Sydney
8 March 2023