

**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 2023

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 2023

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This interim report does not include all the notes of the type normally included in an annual report. Accordingly, this interim report is to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made in respect of VanEck Bentham Global Capital Securities Active ETF (Managed Fund) during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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 2023.

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 Cboe Australia Pty Ltd ("Cboe").

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 provisions 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 ended 31 December 2023 and up to the date of this report:

Jan van Eck
Arian Neiron
Michael Brown
Jonathan Simon
Lee Rappaport

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 2023	31 December 2022
Profit/(loss) attributable to unitholders (\$'000)	2,466	1,312
Distribution to unitholders (\$'000)	1,008	715
Distribution (cents per unit - CPU)	27.00	22.25

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

The Fund declared a distribution per unit on 31 December 2023 and which was paid to entitled unitholders on 24 January 2024.

Except as disclosed above, no other matter or circumstance has arisen since 31 December 2023 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
5 March 2024

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

As lead auditor for the review of the half-year financial report of VanEck Bentham Global Capital Securities Active ETF (Managed Fund) for the half-year ended 31 December 2023, 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
5 March 2024

Statement of comprehensive income

	Half-year ended	
	31 December 2023 \$'000	31 December 2022 \$'000
Investment income		
Interest income from financial assets at fair value through profit or loss	807	759
Net gains on financial instruments at fair value through profit or loss	1,960	663
Net foreign exchange gains/(losses)	(192)	6
Total investment income/(loss)	<u>2,575</u>	<u>1,428</u>
Expenses		
Management fees	92	83
Transaction costs	1	1
Withholding tax	9	17
Other expenses	7	15
Total operating expenses	<u>109</u>	<u>116</u>
Profit/(loss) for the half-year	<u>2,466</u>	<u>1,312</u>
Other comprehensive income for the half-year	-	-
Total comprehensive income/(loss) for the half-year	<u>2,466</u>	<u>1,312</u>

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

Statement of financial position

	Notes	As at	
		31 December 2023	30 June 2023
		\$'000	\$'000
Assets			
Cash and cash equivalents		5,752	6,465
Margin accounts		286	547
Receivables		625	482
Financial assets at fair value through profit or loss	3, 4	<u>26,588</u>	<u>24,781</u>
Total assets		<u>33,251</u>	<u>32,275</u>
Liabilities			
Payable for margin accounts		181	156
Payables		22	24
Distributions payable	7	188	146
Financial liabilities at fair value through profit or loss	3, 5	<u>1,138</u>	<u>1,724</u>
Total liabilities		<u>1,529</u>	<u>2,050</u>
Net assets attributable to unitholders - Equity		<u>31,722</u>	<u>30,225</u>

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

Statement of changes in equity

	Notes	Half-year ended	
		31 December 2023	31 December 2022
		\$'000	\$'000
Total equity at the beginning of the half-year		30,225	24,223
Issue of redeemable participating units		1,685	5,335
Units issued upon reinvestment of distributions		24	15
Redemption of redeemable participating units		(1,670)	-
Comprehensive income/(loss) for the half-year		2,466	1,312
Distributions	7	<u>(1,008)</u>	<u>(715)</u>
Total equity at the end of the half-year		<u>31,722</u>	<u>30,170</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 2023 \$'000	31 December 2022 \$'000
Cash flows from operating activities		
Proceeds from sale of financial instruments at fair value through profit or loss	6,389	5,150
Purchase of financial instruments at fair value through profit or loss	(6,807)	(8,031)
Net foreign exchange gains/(losses)	(43)	32
Amount received from/(paid to) brokers for margin	286	(38)
Interest received	663	609
Other income received/(expenses paid)	-	(6)
Management fees paid	(92)	(82)
Payment of other expenses	(33)	(11)
Net cash inflow/(outflow) from operating activities	363	(2,377)
Cash flows from financing activities		
Proceeds from applications by unitholders	1,685	5,335
Payments for redemptions to unitholders	(1,670)	-
Distributions paid	(942)	(631)
Net cash inflow/(outflow) from financing activities	(927)	4,704
Net increase/(decrease) in cash and cash equivalents	(564)	2,327
Cash and cash equivalents at the beginning of the half-year	6,465	2,663
Effects of foreign exchange rate changes on cash and cash equivalents	(149)	(26)
Cash and cash equivalents at the end of the half-year	5,752	4,964

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

Contents of the notes to the financial statements

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1 General information

These financial statements for the half-year ended 31 December 2023 cover the VanEck Bentham Global Capital Securities Active ETF (Managed Fund) (the "Fund") as an individual entity. The Fund was registered on 17 May 2021 and started 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 provisions 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 5 March 2024. 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 Basis of preparation of interim report

These interim financial statements for the half-year ended 31 December 2023 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 2023 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.

(a) 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 year ended 30 June 2023.

2 Basis of preparation of interim report (continued)

(a) Significant accounting policies (continued)

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 2023 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

(b) Interim measurement

The nature of the Fund's operations is such that income and expenses are incurred in a manner which is not impacted by any form of seasonality.

This interim report is prepared based upon an accrual concept, which requires income and expenses to be recorded as earned or incurred and not as received or paid throughout the period.

There have been no changes in the risk management policies and processes of the Fund since year end.

(c) Comparative revisions

Comparative information has been revised where appropriate to enhance comparability. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

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.

3 Fair value measurement (continued)

(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.

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 2023 and 30 June 2023.

As at 31 December 2023	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss				
Swaps	-	52	-	52
Forwards	-	418	-	418
Debt securities	-	26,118	-	26,118
Total	-	26,588	-	26,588
Financial liabilities at fair value through profit or loss				
Swaps	-	1,129	-	1,129
Forwards	-	9	-	9
Total	-	1,138	-	1,138

3 Fair value measurement (continued)

Recognised fair value measurements (continued)

As at 30 June 2023	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss				
Futures	157	-	-	157
Forwards	-	107	-	107
Debt securities	-	24,517	-	24,517
Total	157	24,624	-	24,781
Financial liabilities at fair value through profit or loss				
Futures	12	-	-	12
Swaps	-	1,533	-	1,533
Forwards	-	179	-	179
Total	12	1,712	-	1,724

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 2023 and year ended 30 June 2023. There were also no changes made to any of the valuation techniques applied as at 31 December 2023.

(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 2023 and year ended 30 June 2023.

(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 2023 \$'000	30 June 2023 \$'000
Financial assets at fair value through profit or loss		
Futures	-	157
Forwards	418	107
Swaps	52	-
Debt securities	26,118	24,517
Total financial assets at fair value through profit or loss	26,588	24,781

4 Financial assets at fair value through profit or loss (continued)

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 2023, the net fair value of the financial assets being hedged was \$24,964,818 (June 2023: \$24,516,887). The net fair value of the gains/(losses) arising from the hedging instruments during the half-year was \$1,092,003 (June 2023: \$(1,201,818)).

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 2023	30 June 2023
	\$'000	\$'000
Financial liabilities at fair value through profit or loss		
Futures	-	12
Forwards	9	179
Swaps	<u>1,129</u>	<u>1,533</u>
Total financial liabilities at fair value through profit or loss	<u>1,138</u>	<u>1,724</u>

6 Units issued

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

	Half-year ended	
	31 December 2023	31 December 2022
	No.'000	No.'000
Opening balance	3,655	2,801
Applications	200	600
Redemptions	(200)	-
Units issued upon reinvestment of distributions	<u>3</u>	<u>2</u>
Closing balance	<u>3,658</u>	<u>3,403</u>

As stipulated within the Fund's Constitution, a unit confers an equal undivided, vested, and inalienable 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 as defined in the Fund's PDS.

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 2023 \$'000	31 December 2023 CPU	31 December 2022 \$'000	31 December 2022 CPU
Distributions paid	820	22.00	562	17.75
Distributions payable	188	5.00	153	4.50
Total distributions	1,008	27.00	715	22.25

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 2023 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

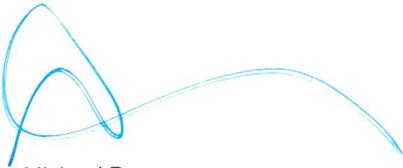
There are no outstanding contingent assets, liabilities or commitments as at 31 December 2023 and 30 June 2023.

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
5 March 2024

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 2023, 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 2023 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 2023 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 handwritten signature in black ink that reads 'Ernst & Young' in a cursive script.

Ernst & Young

A handwritten signature in black ink that reads 'Rita Da Silva' in a cursive script.

Rita Da Silva
Partner
Sydney
5 March 2024