



VanEck Investments Limited
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21 September 2018

ASX Limited
Market Announcements Office

ANNUAL FINANCIAL REPORT

[FOR RELEASE UNDER EACH ASX CODE LISTED BELOW]

VanEck Investments Limited announces the attached '*VanEck Australian Fixed Income ETFs Financial Report for the Year Ended 30 June 2018*' which covers the following exchange traded funds listed in the table below:

ASX code	Fund
FLOT	VanEck Vectors Australian Floating Rate ETF
PLUS	VanEck Vectors Australian Corporate Bond Plus ETF

For more information:

- Call 1300 68 38 37
- Go to vaneck.com.au

IMPORTANT NOTICE: This information is issued by VanEck Investments Limited ABN 22 146 596 116 AFSL 416755 ('VanEck') as the responsible entity and issuer of the VanEck Vectors Australian domiciled exchange traded funds ('Funds'). This is general information only and not financial advice. It does not take into account any person's individual objectives, financial situation or needs. Before making an investment decision in relation to a Fund, you should read the applicable PDS and with the assistance of a financial adviser consider if it is appropriate for your circumstances. PDSs are available at www.vaneck.com.au or by calling 1300 68 38 37. The Funds are subject to investment risk, including possible loss of capital invested. Past performance is not a reliable indicator of future performance. No member of the VanEck group of companies gives any guarantee or assurance as to the repayment of capital, the payment of income, the performance, or any particular rate of return from any Fund.

VanEck Australian Fixed Income ETFs

Financial report

For the period ended 30 June 2018

This financial report covers the following VanEck Australian Fixed Income ETFs:

VanEck Vectors Australian Floating Rate ETF

ARSN 619 241 851

VanEck Vectors Australian Corporate Bond Plus ETF

ARSN 617 941 241

VanEck Australian Fixed Income ETFs

Financial report

For the period ended 30 June 2018

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These financial statements cover the VanEck Vectors Australian Floating Rate ETF and VanEck Vectors Australian Corporate Bond Plus ETF as individual entities.

The Responsible Entity of the Funds is VanEck Investments Limited (ACN 146 596 116) (AFSL 416755). The Responsible Entity's registered office is:

VanEck Investments Limited
Aurora Place
Level 4, Suite 3, 88 Phillip Street
SYDNEY NSW AUSTRALIA 2000

Directors' report

The directors of VanEck Investments Limited (ACN 146 596 116), the Responsible Entity of VanEck Vectors Australian Floating Rate ETF and VanEck Vectors Australian Corporate Bond Plus ETF (the "Funds"), present their report together with the financial statements of the Funds for the period ended 30 June 2018.

Principal activities

The Funds are an exchange traded funds which are registered investment schemes.

VanEck Vectors Australian Floating Rate ETF invests in floating rate bonds issued by corporate entities such as the largest banks in Australia, foreign banks, other lending institutions and Australian listed property trusts in accordance with the product disclosure statement of the Fund and the provisions of the Fund's Constitution.

VanEck Vectors Australian Corporate Bond Plus ETF invests in Australian fixed interest securities in accordance with the product disclosure statement of the Fund and the provisions of the Fund's Constitution.

The Funds did not have any employees during the period.

There were no significant changes in the nature of the Funds' activities during the period.

Directors

The following persons held office as directors of VanEck Investments Limited during the period 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 Funds continued to invest in accordance with the product disclosure statement of the Funds and the provisions of the Funds' Constitution.

VanEck Vectors Australian Floating Rate ETF generally invests in the securities that are constituents of the Bloomberg AusBond Credit FRN 0+ Yr Index (the "Index") and aims to track the performance of the Index (with net income reinvested) in Australian dollars, before taking into account fees, expenses and tax.

VanEck Vectors Australian Corporate Bond Plus ETF generally invests in the securities that are constituents of the Markit iBoxx AUD Corporates Yield Plus Index (the "Index") and aims to track the performance of the Index (with net income reinvested) in Australian dollars, before taking into account fees, expenses and tax.

Directors' report (continued)

Review and results of operations (continued)

Results

The performance of the Funds, as represented by the results of its operations, were as follows:

	VanEck Vectors Australian Floating Rate ETF	VanEck Vectors Australian Corporate Bond Plus ETF
	Period from 5 July 2017 to 30 June 2018	Period from 9 May 2017 to 30 June 2018
Operating profit/(loss) before finance costs attributable to unitholders (\$'000)	1,001	4,186
Distribution to unitholders (\$'000)	1,182	5,394
Distribution (cents per unit - CPU)	60.50	63.42

Significant changes in the state of affairs

VanEck Vectors Australian Floating Rate ETF was constituted on 5 April 2017, registered by Australian Securities and Investments Commission (ASIC) as a managed investment scheme on 30 May 2017 and commenced operations on 5 July 2017.

VanEck Vectors Australian Corporate Bond Plus ETF was constituted and registered by Australian Securities and Investments Commission (ASIC) as a managed investment scheme on 24 March 2017 and commenced operations on 9 May 2017.

Accordingly these financial statements only include the current financial period, covering the period from the commencement of operations of the respective Funds to 30 June 2018.

Matters subsequent to the end of the financial period

No matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect:

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

Likely developments and expected results of operations

The Funds will continue to be managed in accordance with the investment objectives and guidelines as set out in the product disclosure statement of the Funds and in accordance with the provisions of the Funds' Constitutions.

The results of the Funds' operations will be affected by a number of factors, including the performance of investment markets in which the Funds invests. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

Directors' report (continued)

Likely developments and expected results of operations (continued)

The future returns are dependent upon the performance of the underlying Index. The Funds' investment objective and strategy remains unchanged which is to track the performance of the Index. Accordingly the future returns of the Funds are dependent on the performance of the Index.

Indemnity and insurance of officers

No insurance premiums are paid for out of the assets of the Funds in regards to insurance cover provided to either the officers of VanEck Investments Limited or the auditors of the Funds. So long as the officers of VanEck Investments Limited act in accordance with the Funds' Constitutions and the Law, the officers remain indemnified out of the assets of the Funds against losses incurred while acting on behalf of the Funds.

Indemnity of auditors

The auditors of the Funds are in no way indemnified out of the assets of the Funds.

Proceedings on behalf of the Funds

No person has applied for leave of Court to bring proceedings on behalf of the Funds or intervene in any proceedings to which the Funds is a party for the purpose of taking responsibility on behalf of the Funds for all or any part of those proceedings.

The Funds were not a party to any such proceedings during the period.

Fees paid to and interests held in the Funds by the Responsible Entity or its associates

No fees were paid out of the Funds property to the directors of the Responsible Entity during the period.

The number of interests in the Funds held by the Responsible Entity or its associates as at the end of the financial period are disclosed in note 14 to the financial statements.

Interests in the Funds

The movement in units on issue in the Funds during the period is disclosed in note 7 to the financial statements.

The value of the Funds' assets and liabilities is disclosed on the Statements of financial position and derived using the basis set out in note 2 to the financial statements.

Environmental regulation

The operations of the Funds are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

Rounding of amounts to the nearest thousand dollars

The Funds are entities 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 6.

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



Arian Neiron
Director

Sydney
21 September 2018

Auditor's Independence Declaration to the Directors of VanEck Investments Limited, as Responsible Entity for VanEck Australian Fixed Income ETFs

For the following VanEck Australian Fixed Income ETFs (the "Funds"):

- VanEck Vectors Australian Floating Rate ETF (5 July 2017 commencement of operations)
- VanEck Vectors Australian Corporate Bond Plus ETF (9 May 2017 commencement of operations)

As lead auditor for the audits of the above Funds for the period ended 30 June 2018, 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 audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.



Ernst & Young



Rohit Khanna
Partner
Sydney
21 September 2018

Statements of comprehensive income

		VanEck Vectors Australian Floating Rate ETF	VanEck Vectors Australian Corporate Bond Plus ETF
		Period from 5 July 2017 to 30 June 2018 \$'000	Period from 9 May 2017 to 30 June 2018 \$'000
	Notes		
Investment income			
Interest income		1,326	5,325
Net gains/(losses) on financial instruments held at fair value through profit or loss	5	(295)	(903)
Other operating income/(loss)		78	194
Total investment income/(loss)		1,109	4,616
Expenses			
Management fees	14	108	430
Total operating expenses		108	430
Profit/(loss) for the period		1,001	4,186
Other comprehensive income for the period		-	-
Total comprehensive income for the period		1,001	4,186

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

Statements of financial position

		VanEck Vectors Australian Floating Rate ETF As at 30 June 2018 \$'000	VanEck Vectors Australian Corporate Bond Plus ETF As at 30 June 2018 \$'000
	Notes		
Assets			
Cash and cash equivalents	9	381	3,234
Receivables	12	2,327	1,968
Financial assets held at fair value through profit or loss	6	<u>84,490</u>	<u>191,408</u>
Total assets		<u>87,198</u>	<u>196,610</u>
Liabilities			
Due to broker - payable for securities purchased		2,067	1,763
Payables	13	18	53
Distributions payable	8	<u>136</u>	<u>1,675</u>
Total liabilities		<u>2,221</u>	<u>3,491</u>
Equity		<u>84,977</u>	<u>193,119</u>

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

Statements of changes in equity

		VanEck Vectors Australian Floating Rate ETF	VanEck Vectors Australian Corporate Bond Plus ETF
		Period from 5 July 2017 to 30 June 2018	Period from 9 May 2017 to 30 June 2018
	Notes	\$'000	\$'000
Total equity at the beginning of the period		-	-
Issue of redeemable participating units		85,149	194,183
Units issued upon reinvestment of distributions		9	144
Comprehensive income for the period		1,001	4,186
Distributions	8	<u>(1,182)</u>	<u>(5,394)</u>
Total equity at the end of the period		<u>84,977</u>	<u>193,119</u>

Movement in units in issue are disclosed in note 7 to the financial statements.

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

Statements of cash flows

		VanEck Vectors Australian Floating Rate ETF	VanEck Vectors Australian Corporate Bond Plus ETF
		Period from 5 July 2017 to 30 June 2018	Period from 9 May 2017 to 30 June 2018
	Notes	\$'000	\$'000
Cash flows from operating activities			
Proceeds from sale of financial instruments held at fair value through profit or loss		8,089	69,474
Purchase of financial instruments held at fair value through profit or loss		(91,049)	(261,831)
Interest received		1,250	5,175
Other income received		75	188
Management fees paid		(93)	(380)
Net cash inflow/(outflow) from operating activities	10(a)	<u>(81,728)</u>	<u>(187,374)</u>
Cash flows from financing activities			
Proceeds from applications by unitholders		83,146	194,183
Distributions paid		<u>(1,037)</u>	<u>(3,575)</u>
Net cash inflow/(outflow) from financing activities		<u>82,109</u>	<u>190,608</u>
Net increase/(decrease) in cash and cash equivalents		381	3,234
Cash and cash equivalents at the beginning of the period		<u>-</u>	<u>-</u>
Cash and cash equivalents at the end of the period	9	<u>381</u>	<u>3,234</u>

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

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1 General information

These financial statements for the period ended 30 June 2018 cover the VanEck Vectors Australian Floating Rate ETF and VanEck Vectors Australian Corporate Bond Plus ETF (the "Funds") as individual entities.

VanEck Vectors Australian Floating Rate ETF was constituted on 5 April 2017.

VanEck Vectors Australian Corporate Bond Plus ETF was constituted on 24 March 2017.

The Funds will terminate in accordance with the provisions of the Funds' Constitution.

The Responsible Entity of the Funds is VanEck Investments Limited (the "Responsible Entity"). The Responsible Entity's registered office is Aurora Place, Level 4, Suite 3, 88 Phillip Street, SYDNEY, NSW, AUSTRALIA, 2000.

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

VanEck Vectors Australian Floating Rate ETF invests in floating rate bonds issued by corporate entities such as the largest banks in Australia, foreign banks, other lending institutions and Australian listed property trusts in accordance with the product disclosure statement of the Fund and the provisions of the Fund's Constitution.

VanEck Vectors Australian Corporate Bond Plus ETF invests in Australian fixed interest securities in accordance with the product disclosure statement of the Fund and the provisions of the Fund's Constitution.

On 5 May 2016, a new tax regime applying to Managed Investment Trusts ("MITs") was established under the *Tax Laws Amendment (New Tax System for Managed Investment Trusts) Act 2016*. The Attribution Managed Investment Trust ("AMIT") regime allows MITs that meet certain requirements to make an irrevocable choice to be an AMIT. In order to facilitate the Funds electing into the AMIT tax regime effective 1 July 2017, the Funds' Constitutions has been amended.

The financial statements were authorised for issue by the directors on 21 September 2018. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

The Custodian and Administrator of VanEck Australian Fixed Income ETFs is State Street Australia Limited. 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 and Interpretations issued by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001 in Australia. The Funds are for-profit funds 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 Statements of financial position are 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 equity attributable to unitholders.

The Funds 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 equity 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)

(a) Basis of preparation (continued)

(i) Compliance with International Financial Reporting Standards (IFRS)

The financial statements of the Funds also comply with IFRS as issued by the International Accounting Standards Board (IASB).

(b) Changes in accounting standards

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the period beginning 1 July 2017 that have a material impact on the Funds.

(c) Financial instruments

(i) Classification

The Funds' investments are categorised as at fair value through profit or loss. They comprise:

- Financial instruments designated at fair value through profit or loss upon initial recognition

These include financial assets and financial liabilities that are not held for trading purposes and which may be sold. These are investments in floating and fixed rate bonds.

Financial instruments designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Funds' documented investment strategy. The Funds' policy is for the Responsible Entity to evaluate the information about these financial instruments on a fair value basis together with other related financial information.

(ii) Recognition/derecognition

The Funds recognise financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognise changes in the fair value of the financial assets or financial liabilities from this date.

Investments are derecognised when the right to receive cash flows from the investments have expired or have been transferred and the Funds has transferred substantially all of the risks and rewards of ownership.

(iii) Measurement

Financial assets and liabilities held at fair value through profit or loss

At initial recognition, the Funds measure a financial asset at its fair value, excluding interest receivable.

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, excluding interest income are presented in the Statement of comprehensive income within net gains/(losses) on financial instruments held at fair value through profit or loss in the period in which they arise.

- Fair value in an inactive or unquoted market

The fair value of financial assets and liabilities that are not traded in an active markets is determined using valuation techniques. For further details on how the fair value of financial instruments are determined, please see note 4 to the financial statements.

2 Summary of significant accounting policies (continued)

(d) Redeemable participating units

Units are classified as equity. Notwithstanding the obligation of the Funds to redeem the units at the unitholder's option, the Responsible Entity considers the Units to meet the requirements for equity classification within AASB 132.16A and B. The Constitution states that the distributions are at the discretion of directors. The units can be put back to the Funds 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 unitholders exercised their right to redeem the units in the Funds.

(e) 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 Funds are subject to daily applications and redemptions at the discretion of unitholders.

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

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

(f) Cash and cash equivalents

For the purpose of presentation in the Statements 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 Statements of financial position.

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 Funds' main income generating activity.

(g) Interest income

Interest income is recognised in the Statement of comprehensive income using the amortised cost method.

The Funds include interest income on financial assets through profit or loss as part of the net gains/(losses) on financial instruments held at fair value through profit or loss in the Statement of comprehensive income.

(h) Expenses

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

(i) Income tax

Under current legislation, the Funds are not subject to income tax as the income tax liability is attributed to unitholders.

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

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

(j) Distributions

In accordance with the Funds' Constitutions, the Funds usually pay a distribution on an annual basis. The distributions to unitholders are recognised in the Statements of changes in equity.

2 Summary of significant accounting policies (continued)

(k) 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 by the end of the period. Trades are recorded on trade date, and for equities, normally settled within three business days. A provision for impairment of amounts due from brokers is established when there is objective evidence that the Funds will not be able to collect all amounts due from the relevant broker. Indicators that the amount due from brokers is impaired include significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation and default in payments.

(l) Receivables

Receivables may include amounts for dividends, trust distributions, interest and applications received for units in the Funds. Dividends and trust distributions are accrued when the right to receive payment is established. 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.

(m) Payables

Payables include liabilities and accrued expenses owed by the Funds 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 Statements of financial position as unitholders are presently entitled to the distributable income under the Funds' Constitution.

(n) Applications and redemptions

Application amounts can be paid by cash or in the form of a parcel of prescribed securities transferred to the Responsible Entity's custodian. The parcel of securities related to in-specie applications generally reflect the characteristics of the VanEck Australian Fixed Income ETFs. Investors may purchase units by trading on the Australian Securities Exchange (ASX).

Unitholders can only redeem units if they are "Authorised Participants", as defined in the Funds' product disclosure statement. Units can be sold by trading on ASX.

Unit prices are determined by reference to the net assets of the Funds 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.

(o) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Funds by third parties such as management, administration and custodian services where applicable have been passed onto the Funds. The Funds qualify 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 Statements 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 Statements of financial position. Cash flows relating to GST are included in the Statements of cash flows on a gross basis.

(p) Use of estimates

The Funds may make estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial period. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

2 Summary of significant accounting policies (continued)

(p) Use of estimates (continued)

For the majority of the Funds' financial instruments, quoted market prices are readily available.

For certain other financial instruments, including amounts due from/to brokers, accounts payable and accrued expenses, the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments.

(q) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2018 reporting period and have not been early adopted by the Funds. The directors' assessment of the impact of these new standards (to the extent relevant to the Funds) and interpretations is set out below:

- (i) AASB 9 *Financial Instruments* (and applicable amendments), (effective date for annual periods beginning on or after 1 January 2018, with earlier application permitted)

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. It has now also introduced revised rules around hedge accounting and impairment. The standard is not applicable until 1 January 2018 but is available for early adoption. The directors do not expect this to have a significant impact on the recognition and measurement of the Funds' financial instruments as they are carried at fair value through profit or loss. The derecognition rules have not been changed from the previous requirements, and the Funds does not apply hedge accounting. AASB 9 introduces a new impairment model. However, as the Funds' investments are all held at fair value through profit or loss, the change in impairment rules will not materially impact the Funds.

- (ii) AASB 15 *Revenue from Contracts with Customers*, (effective date for annual periods beginning on or after 1 January 2018, with earlier application permitted)

AASB 15 will replace AASB 118 *Revenue* which covers contracts for goods and services and AASB 111 *Construction Contracts* which covers construction contracts. AASB 15 is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

The Funds' main source of income are interest and gains on financial instruments held at fair value. All of these are outside the scope of the new revenue standard. As a consequence, the directors do not expect the adoption of the new revenue recognition rules to have a significant impact on the Funds' accounting policies or the amounts recognised in the financial statements.

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

(r) Rounding of amounts

The Funds are entities of the 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 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 Financial risk management

The Funds' activities expose them to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk.

The Funds' overall risk management programme focuses on ensuring compliance with the Funds' PDS and Constitutions and seeks to maximise the returns derived for the level of risk to which the Funds are exposed. Financial risk management is carried out by the Responsible Entity.

3 Financial risk management (continued)

The Funds use different methods to measure different types of risk to which it is exposed. These methods are explained below.

(i) *Foreign exchange risk*

Foreign exchange risk arises as the value of monetary securities denominated in other currencies will fluctuate due to changes in exchange rates.

All assets are in Australian dollars and therefore not subject to foreign exchange risk.

(ii) *Interest rate risk*

Interest rate risk is the risk that interest rate movements will have a negative impact on investment value or returns. Interest rate risk is managed in accordance with the underlying investment strategy of the Funds.

The table below summarises the Funds' direct exposure to interest rate risks.

VanEck Vectors Australian Floating Rate ETF

	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
30 June 2018				
Assets				
Cash and cash equivalents	381	-	-	381
Receivables	-	-	2,327	2,327
Financial assets held at fair value through profit and loss	84,490	-	-	84,490
Total assets	<u>84,871</u>	<u>-</u>	<u>2,327</u>	<u>87,198</u>
Liabilities				
Distributions payable	-	-	(136)	(136)
Payables	-	-	(18)	(18)
Due to brokers - payable for securities purchased	-	-	(2,067)	(2,067)
Total liabilities (excluding net assets attributable to unitholders)	<u>-</u>	<u>-</u>	<u>(2,221)</u>	<u>(2,221)</u>
Net exposure	<u>84,871</u>	<u>-</u>	<u>106</u>	<u>84,977</u>

3 Financial risk management (continued)

(ii) Interest rate risk (continued)

VanEck Vectors Australian Corporate Bond Plus ETF

30 June 2018	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
Assets				
Cash and cash equivalents	3,234	-	-	3,234
Receivables	-	-	1,968	1,968
Financial assets held at fair value through profit and loss	-	191,408	-	191,408
Total assets	<u>3,234</u>	<u>191,408</u>	<u>1,968</u>	<u>196,610</u>
Liabilities				
Distributions payable	-	-	(1,675)	(1,675)
Payables	-	-	(53)	(53)
Due to brokers - payable for securities purchased	-	-	(1,763)	(1,763)
Total liabilities (excluding net assets attributable to unitholders)	<u>-</u>	<u>-</u>	<u>(3,491)</u>	<u>(3,491)</u>
Net exposure	<u>3,234</u>	<u>191,408</u>	<u>(1,523)</u>	<u>193,119</u>

An analysis of financial liabilities by maturities is provided in note 3 b(i) on page 19.

(a) Credit risk

Credit risk is the risk that a counterparty will fail to perform contractual obligations, either in whole or part. Credit risk primarily arises from investments in derivative financial instruments. Other credit risk arises from cash and cash equivalents, deposits with banks and other financial institutions and amounts due from brokers. None of these assets are impaired nor past due but not impaired.

The maximum exposure to credit risk at the end of each reporting period is the carrying amount of the financial assets.

The clearing and depositary operations of the Funds' security transactions are mainly concentrated with one counterparty namely State Street Australia Limited. At 30 June 2018, State Street Australia Limited had a credit rating of AA-. As at 30 June 2018, substantially all cash and investments are held in custody by State Street Australia Limited.

(b) Liquidity risk

The Funds have no significant liquidity risk exposure as the redemptions of redeemable units by unitholders maybe made through in-specie asset transfers and not payable wholly in the form of cash.

The Funds' listed securities are considered readily realisable, as they are listed on the Australian Securities Exchange.

The Funds may, from time to time, invest in derivative contracts traded over the counter, which are not traded in an organised market and may be illiquid. As a result, the Funds may not be able to quickly liquidate its investments in these instruments at an amount close to their fair value to meet its liquidity requirements or to respond to specific events such as deterioration in the creditworthiness of any particular issuer or counterparty. No such investments were held at the end of the reporting period.

3 Financial risk management (continued)

(b) Liquidity risk (continued)

(i) Maturities of non-derivative financial liabilities

The table below analyses the Funds' non-derivative financial liabilities into relevant maturity groupings based on the remaining period to the earliest possible contractual maturity date at the reporting period end date. The amounts in the table are contractual undiscounted cash flows.

VanEck Vectors Australian Floating Rate ETF

	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	Over 12 months \$'000	Total \$'000
As at 30 June 2018					
Due to brokers - payable for securities purchased	2,067	-	-	-	2,067
Payables	18	-	-	-	18
Distributions payable	136	-	-	-	136
Contractual cash flows (excluding net settled derivatives)	2,221	-	-	-	2,221

VanEck Vectors Australian Corporate Bond Plus ETF

	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	Over 12 months \$'000	Total \$'000
As at 30 June 2018					
Due to brokers - payable for securities purchased	1,763	-	-	-	1,763
Payables	53	-	-	-	53
Distributions payable	1,675	-	-	-	1,675
Contractual cash flows (excluding net settled derivatives)	3,491	-	-	-	3,491

4 Fair value measurement

The Funds measure and recognise the following assets and liabilities at fair value on a recurring basis:

- Financial assets / liabilities designated at fair value through profit or loss (see note 6)

The Funds have 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:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and
- 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 Funds value their investments in accordance with the accounting policies set out in note 2 to the financial statements.

The quoted market price used for financial assets held by the Funds are the last traded price; the appropriate quoted market price for financial liabilities is the last traded price. When the Funds hold derivatives with offsetting market risks, they use mid-market prices as a basis for establishing fair values for the offsetting risk positions and apply 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.

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 Funds 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 Funds hold. Valuations are therefore adjusted, where appropriate, to allow for additional factors including liquidity risk and counterparty risk.

4 Fair value measurement (continued)

Recognised fair value measurements

The table below presents the Funds' financial assets measured at fair value according to the fair value hierarchy as at 30 June 2018.

VanEck Vectors Australian Floating Rate ETF

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
As at 30 June 2018				
Financial assets				
Financial assets designated at fair value through profit or loss:				
Debt securities	-	84,490	-	84,490
Total	-	84,490	-	84,490

VanEck Vectors Australian Corporate Bond Plus ETF

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
As at 30 June 2018				
Financial assets				
Financial assets designated at fair value through profit or loss:				
Debt securities	-	191,408	-	191,408
Total	-	191,408	-	191,408

The Funds' 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 period ended 30 June 2018. There were also no changes made to any of the valuation techniques applied as at 30 June 2018.

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

The Funds did not hold any financial instruments with fair value measurements using significant unobservable inputs during the period ended 30 June 2018.

(iii) Fair values of other financial instruments

The Funds did not hold any financial instruments which were not measured at fair value in the Statements of financial position. Due to their short-term nature, the carrying amounts of receivables and payables are assumed to approximate fair value.

5 Net gains/(losses) on financial instruments held at fair value through profit or loss

Net gains/(losses) recognised in relation to financial instruments held at fair value through profit or loss:

	VanEck Vectors Australian Floating Rate ETF	VanEck Vectors Australian Corporate Bond Plus ETF
	Period from 5 July 2017 to 30 June 2018 \$'000	Period from 9 May 2017 to 30 June 2018 \$'000
Financial assets		
Net gain/(loss) on financial assets designated at fair value	(295)	(903)
Net gains/(losses) on financial assets held at fair value through profit or loss	(295)	(903)
Total net gains/(losses) on financial instruments held at fair value through profit or loss	(295)	(903)

6 Financial assets held at fair value through profit or loss

	VanEck Vectors Australian Floating Rate ETF	VanEck Vectors Australian Corporate Bond Plus ETF
	As at 30 June 2018 \$'000	As at 30 June 2018 \$'000
Designated at fair value through profit or loss		
Debt securities	84,490	191,408
Total designated at fair value through profit or loss	84,490	191,408
Total financial assets held at fair value through profit or loss	84,490	191,408

7 Units in issue

Movements in the number of units during the period were as follows:

	VanEck Vectors Australian Floating Rate ETF	VanEck Vectors Australian Corporate Bond Plus ETF
	Period from 5 July 2017 to 30 June 2018 No.'000	Period from 9 May 2017 to 30 June 2018 No.'000
Opening balance	-	-
Applications	3,400	11,160
Units issued upon reinvestment of distributions	-	8
Closing balance	<u>3,400</u>	<u>11,168</u>

As stipulated within the Funds' Constitutions, 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 Funds.

Capital risk management

The amount of equity attributable to unitholders can change significantly on a daily basis as the Funds are subject to daily applications and redemptions at the discretion of unitholders.

Daily applications and redemptions are reviewed relative to the liquidity of the Funds' underlying assets on a daily basis by the Responsible Entity. Under the terms of the Funds' Constitutions, 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.

8 Distributions to unitholders

The distributions during the period were as follows:

	VanEck Vectors Australian Floating Rate ETF	
	Period from 5 July 2017 to 30 June 2018 \$'000	Period from 5 July 2017 to 30 June 2018 CPU
Distributions paid	1,046	56.50
Distributions payable	<u>136</u>	<u>4.00</u>
Total distributions	<u>1,182</u>	<u>60.50</u>

8 Distributions to unitholders (continued)

	VanEck Vectors Australian Corporate Bond Plus ETF	
	Period from 9 May 2017 to 30 June 2018 \$'000	Period from 9 May 2017 to 30 June 2018 CPU
Distributions paid	3,719	48.42
Distributions payable	<u>1,675</u>	<u>15.00</u>
Total distributions	<u>5,394</u>	<u>63.42</u>

9 Cash and cash equivalents

	VanEck Vectors Australian Floating Rate ETF As at 30 June 2018 \$'000	VanEck Vectors Australian Corporate Bond Plus ETF As at 30 June 2018 \$'000
Cash at bank	181	3,234
Money market securities	<u>200</u>	<u>-</u>
Total cash and cash equivalents	<u>381</u>	<u>3,234</u>

10 Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities

	VanEck Vectors Australian Floating Rate ETF	VanEck Vectors Australian Corporate Bond Plus ETF
	Period from 5 July 2017 to 30 June 2018 \$'000	Period from 9 May 2017 to 30 June 2018 \$'000
(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities		
Profit/(loss) for the period	1,001	4,186
Proceeds from sale of financial instruments held at fair value through profit or loss	8,089	69,474
Purchase of financial instruments held at fair value through profit or loss	(91,049)	(261,831)
Net (gains)/losses on financial instruments held at fair value through profit or loss	295	903
Net interest bought/(sold)	243	1,809
Net change in receivables	(325)	(1,968)
Net change in payables	18	53
Net cash inflow/(outflow) from operating activities	(81,728)	(187,374)
(b) Non-cash financing activities		
During the period, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	9	144

11 Remuneration of auditors

During the period, the following fees were paid or payable for services provided by the auditor of the Funds:

	VanEck Vectors Australian Floating Rate ETF	VanEck Vectors Australian Corporate Bond Plus ETF
	Period from 5 July 2017 to 30 June 2018 \$	Period from 9 May 2017 to 30 June 2018 \$
Ernst & Young		
<i>Audit services</i>		
Audit and review of financial statements	21,218	21,218
Total remuneration of Ernst & Young	21,218	21,218

11 Remuneration of auditors (continued)

During the period 2018, auditor's remuneration was paid by VanEck Australia Pty Ltd., the direct parent of the Responsible Entity.

12 Receivables

	VanEck Vectors Australian Floating Rate ETF As at 30 June 2018 \$'000	VanEck Vectors Australian Corporate Bond Plus ETF As at 30 June 2018 \$'000
Interest receivable	319	1,959
Applications receivable	2,002	-
GST receivables	6	9
Total Receivables	2,327	1,968

13 Payables

	VanEck Vectors Australian Floating Rate ETF As at 30 June 2018 \$'000	VanEck Vectors Australian Corporate Bond Plus ETF As at 30 June 2018 \$'000
Management fees payable	15	50
Other payables	3	3
Total Payables	18	53

14 Related party transactions

Responsible Entity

The Responsible Entity of the Funds is VanEck Investments Limited, a wholly owned subsidiary of VanEck Australia Pty Ltd. The direct parent of the Responsible Entity is a wholly owned subsidiary of Van Eck Associates Corporation, incorporated in the United States of America. The registered office of the Responsible Entity and the Funds is Aurora Place, Level 4, Suite 3, 88 Philip Street, SYDNEY, NSW, AUSTRALIA, 2000.

14 Related party transactions (continued)

Key management personnel

Key management personnel includes persons who were directors of VanEck Investments Limited at any time during the period as follows:

Jan van Eck
Bruce Smith
Arian Neiron
Michael Brown
Jonathan Simon

(a) Key management personnel unitholdings

The key management personnel of the VanEck Investments Limited held units in the Funds as follows:

VanEck Vectors Australian Floating Rate ETF 30 June 2018

Unitholder	Number of units held opening (Units)	Number of units held closing (Units)	Fair value of investment (\$)	Interest held (%)	Number of units acquired (Units)	Number of units disposed (Units)	Distributions paid/payable by the Fund (\$)
Arian Neiron	-	1,000	25,031	0.03	1,000	-	605
Michael Brown	-	-	-	-	14,242	14,242	2,421

VanEck Vectors Australian Corporate Bond Plus ETF 30 June 2018

Unitholder	Number of units held opening (Units)	Number of units held closing (Units)	Fair value of investment (\$)	Interest held (%)	Number of units acquired (Units)	Number of units disposed (Units)	Distributions paid/payable by the Fund (\$)
Arian Neiron	-	4,548	79,325	0.04	4,548	-	2,914
Michael Brown	-	-	-	-	820	820	123

Key management personnel compensation

Key management personnel are paid by VanEck Australia Pty Ltd, the parent company of VanEck Investments Limited. Payments made from the Funds to VanEck Investments Limited do not include any amounts attributable to the compensation of key management personnel.

Key management personnel loan disclosures

The Funds have not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the reporting period.

Other transactions within the Funds

Apart from those details disclosed in this note, no key management personnel have entered into a material contract with the Funds during the reporting period and there were no material contracts involving directors' interests existing at period end.

14 Related party transactions (continued)

Fees incurred and payable for services provided by the Responsible Entity

For VanEck Vectors Australian Floating Rate ETF, the Responsible Entity fees for the period ended 30 June 2018 were \$108,318. The aggregate amount payable to the Responsible Entity for the period ended 30 June 2018 was \$14,691.

For VanEck Vectors Australian Corporate Bond Plus ETF, the Responsible Entity fees for the period ended 30 June 2018 were \$429,894. The aggregate amount payable to the Responsible Entity for the period ended 30 June 2018 was \$49,880.

Investments

The Funds did not hold any investments in VanEck Investments Limited or its related parties during the period.

15 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 Funds disclosed in the Statements of financial position as at 30 June 2018 or on the results and cash flows of the Funds for the period ended on that date.

16 Contingent assets and liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 30 June 2018.

Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) the financial statements and notes set out on pages 7 to 28 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
 - (ii) giving a true and fair view of the Funds' financial position as at 30 June 2018 and of its performance for the reporting period ended on that date; and
- (b) there are reasonable grounds to believe that the Funds will be able to pay its debts as and when they become due and payable.
- (c) Note 2(a) confirms that the financial statements also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

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



Arian Neiron
Director

Sydney
21 September 2018

INDEPENDENT AUDITOR'S REPORT

To the Unitholders of the following VanEck Australian Fixed Income ETFs (the "Funds")

- VanEck Vectors Australian Floating Rate ETF (FLOT) (5 July 2017 commencement of operations)
- VanEck Vectors Australian Corporate Bond Plus ETF (PLUS) (9 May 2017 commencement of operations)

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of the above Funds, which comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the period beginning with commencement of operations to 30 June 2018 then ended, notes comprising a summary of significant accounting policies and other explanatory information and the Directors' Declaration of VanEck Investments Limited, the Responsible Entity of the Fund.

In our opinion:

the accompanying financial report of the Funds is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the Fund's financial position as at 30 June 2018 and of its financial performance for the period ended on that date; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Funds in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia; and we have fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide

a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

1. Investment Existence and Valuation

Why significant

As exchange traded funds, the Funds have significant investment portfolios consisting primarily of debt securities. As at 30 June 2018, the value of these financial assets were as follows:

Fund	Value of investments and cash	Investments and cash as a % of Total Assets held by Fund
FLOT	\$84,490,133	97%
PLUS	\$191,407,884	97%

As detailed in the Funds' accounting policies, as described in Note 2 of the financial report, these financial assets are recognised at fair value through profit or loss in accordance with Australian Accounting Standards.

Pricing and other market drivers can have a significant impact on the value of these financial assets and the financial report. Accordingly, valuation of the investment portfolio was considered a key audit matter.

How our audit addressed the key audit matter

We assessed the effectiveness of the key controls in place around the recognition and valuation of investments.

We obtained and considered the assurance report on the controls of the Funds' administrator and custodian, in relation to the Fund Administration Services and Custody Services it provided for the year ended 30 June 2018 and considered the auditor's qualifications, competence, objectivity, and the results of their procedures.

We agreed all investment holdings, including cash accounts, to the custodian's stock reconciliation report at 30 June 2018.

We assessed the fair value of all positions in the portfolio held at 30 June 2018. For listed securities, the values were agreed to independently sourced market prices.

We assessed the adequacy of the disclosures in Note 6 of the financial report.

2. Management Fees

Why significant

Management fees paid to the responsible entity, VanEck Investments Limited, are the most significant expense of the Funds.

The Funds' accounting policy for Management fees is described in Note 2 of the financial report. All expenses are recognised on an accruals basis.

As at 30 June 2018, management fees were:

Fund	Management Fees	Management Fees as a % of Total Expenses incurred
FLOT	\$108,318	100%
PLUS	\$429,894	100%

Accordingly, this was considered a key audit matter. The disclosure of this amount is included in Note 14 of the financial report.

How our audit addressed the key audit matter

We performed a recalculation of management fees in accordance with contractual arrangements including agreeing the contract rate to the calculation.

We assessed the adequacy of the disclosures in Notes 2 and Note 14 of the financial report.

Information Other than the Financial Statements and Auditor's Report Thereon

The directors of VanEck Investments Limited as Responsible Entity of the Funds are responsible for the other information. The other information is the directors' report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities for the Financial Report

The Directors of the Responsible Entity are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Fund or cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

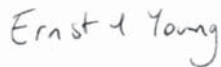
- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting in the preparation of the financial report. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events and conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the disclosures in the financial report about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial report. However, future events or conditions may cause an entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the Directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Ernst & Young



Rohit Khanna
Engagement Partner
Sydney
21 September 2018