

# **VanEck Vectors Australian Fixed Income ETFs Financial report For the year ended 30 June 2021**

This financial report covers the following VanEck Vectors 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 Vectors Australian Subordinated Debt ETF**

ARSN 635 881 533

# VanEck Vectors Australian Fixed Income ETFs

## Financial report

### For the year ended 30 June 2021

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These financial statements cover the VanEck Vectors Australian Floating Rate ETF, VanEck Vectors Australian Corporate Bond Plus ETF and VanEck Vectors Australian Subordinated Debt 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  
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 Vectors Australian Floating Rate ETF, VanEck Vectors Australian Corporate Bond Plus ETF and VanEck Vectors Australian Subordinated Debt ETF (collectively the "Funds" and individually the "Fund"), present their report together with the financial statements of the Funds for the year ended 30 June 2021.

### Funds information

The Funds are Australian registered managed investment schemes.

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

### Principal activities

The Funds are traded on the Australian Securities Exchange ("ASX") as exchange traded funds.

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 provisions of the Fund's Constitution and PDS.

VanEck Vectors Australian Corporate Bond Plus ETF invests in a diversified portfolio of Australian dollar denominated bonds consisting predominantly of the highest yielding investment grade corporate bonds issued in Australia in accordance with the provisions of the Fund's Constitution and PDS.

VanEck Vectors Australian Subordinated Debt ETF invests in a portfolio of subordinated bonds in accordance with the provisions of the Fund's Constitution and PDS.

The Funds did not have any employees during the year.

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

### Directors

The following persons held office as directors of the Responsible Entity during the year and up to the date of this report:

Jan van Eck  
Bruce Smith  
Arian Neiron  
Michael Brown  
Jonathan Simon

### Review and results of operations

The Funds continued to invest in accordance with the Funds' PDS and the provisions of the Funds' Constitutions.

The continuing COVID-19 pandemic that began during March 2020 has had no significant impact on the operations of the Funds during the year.

VanEck Vectors Australian Floating Rate ETF generally invests in the securities that are constituents of the Bloomberg AusBond Credit FRN 0+ Yr 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 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)

VanEck Vectors Australian Subordinated Debt ETF generally invests in the securities that are the constituents of the iBoxx AUD Investment Grade Subordinated Debt 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.

#### Results

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

	<b>VanEck Vectors Australian Floating Rate ETF</b>		<b>VanEck Vectors Australian Corporate Bond Plus ETF</b>	
	<b>Year ended</b>		<b>Year ended</b>	
	<b>30 June 2021</b>	<b>30 June 2020</b>	<b>30 June 2021</b>	<b>30 June 2020</b>
Operating profit/(loss) attributable to unitholders (\$'000)	<u>2,931</u>	<u>3,401</u>	<u>8,644</u>	<u>8,072</u>
Distribution to unitholders (\$'000)	<u>2,578</u>	<u>5,077</u>	<u>5,473</u>	<u>7,257</u>
Distribution (cents per unit - CPU)	<u>24.00</u>	<u>46.00</u>	<u>40.00</u>	<u>52.00</u>

	<b>VanEck Vectors Australian Subordinated Debt ETF</b>	
	<b>Year ended 30 June 2021</b>	<b>Period from 30 October 2019 to 30 June 2020</b>
	Operating profit/(loss) attributable to unitholders (\$'000)	<u>5,925</u>
Distribution to unitholders (\$'000)	<u>2,612</u>	<u>961</u>
Distribution (cents per unit - CPU)	<u>49.00</u>	<u>36.00</u>

### Significant changes in the state of affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the Funds that occurred during the financial year.

### Matters subsequent to the end of the financial year

Effective from 26 July 2021, each of the Funds will be renamed by removing the word "Vectors".

#### New Name

**VanEck Australian Floating Rate ETF**

**VanEck Australian Corporate Bond Plus ETF**

**VanEck Australian Subordinated Debt ETF**

#### Old Name

VanEck Vectors Australian Floating Rate ETF

VanEck Vectors Australian Corporate Bond Plus ETF

VanEck Vectors Australian Subordinated Debt ETF

## Directors' report (continued)

### Matters subsequent to the end of the financial year (continued)

No other matter or circumstance has arisen since 30 June 2021 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 Funds' PDS 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 the investment markets in which the Funds invest, which will be affected by each market's reaction to the continuing COVID-19 pandemic. 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.

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

### 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 the Responsible Entity or the auditors of the Funds. So long as the officers of the Responsible Entity 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.

During the year ended 30 June 2021, the parent company of the Responsible Entity paid insurance premiums to insure the Directors and Officers of the Responsible Entity. The terms of the contract prohibit the disclosure of the premiums paid.

### 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 year.

### Fees paid to and units 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 year.

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

### Units in the Funds

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

## Directors' report (continued)

### Units in the Funds (continued)

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.

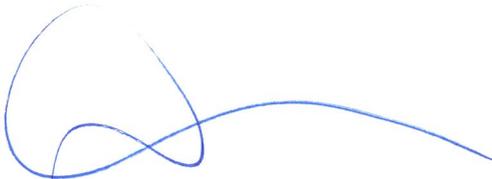
### Rounding of amounts to the nearest thousand dollars

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.

### 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.



Michael Brown  
Director

Sydney  
23 September 2021



**Building a better  
working world**

Ernst & Young  
200 George Street  
Sydney NSW 2000 Australia  
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555  
Fax: +61 2 9248 5959  
ey.com/au

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

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

- ▶ VanEck Vectors Australian Floating Rate ETF (FLOT)
- ▶ VanEck Vectors Australian Corporate Bond Plus ETF (PLUS)
- ▶ VanEck Vectors Australian Subordinated Debt ETF (SUBD)

As lead auditor for the audit of the financial report of the Funds for the financial year ended 30 June 2021, 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  
23 September 2021

## Statements of comprehensive income

	Notes	VanEck Vectors Australian Floating Rate ETF		VanEck Vectors Australian Corporate Bond Plus ETF	
		Year ended		Year ended	
		30 June 2021	30 June 2020	30 June 2021	30 June 2020
		\$'000	\$'000	\$'000	\$'000
<b>Investment income</b>					
Interest income from financial assets at fair value through profit or loss		2,655	4,932	8,266	9,380
Net gains/(losses) on financial instruments at fair value through profit or loss	5	808	(1,611)	985	(1,837)
Other operating income		59	687	201	1,375
<b>Total investment income</b>		<b>3,522</b>	<b>4,008</b>	<b>9,452</b>	<b>8,918</b>
<b>Expenses</b>					
Management fees	14	591	607	808	844
Withholding Tax		-	-	-	2
<b>Total operating expenses</b>		<b>591</b>	<b>607</b>	<b>808</b>	<b>846</b>
<b>Profit for the year/period</b>		<b>2,931</b>	<b>3,401</b>	<b>8,644</b>	<b>8,072</b>
Other comprehensive income for the year/period		-	-	-	-
<b>Total comprehensive income for the year/period</b>		<b>2,931</b>	<b>3,401</b>	<b>8,644</b>	<b>8,072</b>

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

**Statements of comprehensive income (continued)**

		<b>VanEck Vectors Australian Subordinated Debt ETF</b>	
		<b>Year ended 30 June 2021</b>	Period from 30 October 2019 to 30 June 2020
	Notes	\$'000	\$'000
<b>Investment income</b>			
Interest income from financial assets at fair value through profit or loss		2,780	1,182
Net gains/(losses) on financial instruments at fair value through profit or loss	5	3,451	(1,473)
Other operating income		72	114
<b>Total investment income/(loss)</b>		<u>6,303</u>	<u>(177)</u>
<b>Expenses</b>			
Management fees	14	378	121
<b>Total operating expenses</b>		<u>378</u>	<u>121</u>
<b>Profit/(loss) for the year/period</b>		<u>5,925</u>	<u>(298)</u>
Other comprehensive income for the year/period		-	-
<b>Total comprehensive income/(loss) for the year/period</b>		<u>5,925</u>	<u>(298)</u>

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

## Statements of financial position

	Notes	VanEck Vectors Australian Floating Rate ETF		VanEck Vectors Australian Corporate Bond Plus ETF	
		As at		As at	
		30 June 2021	30 June 2020	30 June 2021	30 June 2020
		\$'000	\$'000	\$'000	\$'000
<b>Assets</b>					
Cash and cash equivalents	9	198	170	421	529
Due from brokers - receivable for securities sold		3,901	8,503	1,075	833
Receivables	12	314	383	2,185	1,944
Financial assets at fair value through profit or loss	6	<u>254,986</u>	<u>262,093</u>	<u>275,493</u>	<u>225,306</u>
<b>Total assets</b>		<u>259,399</u>	<u>271,149</u>	<u>279,174</u>	<u>228,612</u>
<b>Liabilities</b>					
Due to broker - payable for securities purchased		4,150	8,236	-	-
Payables	13	50	51	76	64
Distributions payable	8	<u>204</u>	<u>210</u>	<u>1,490</u>	<u>1,238</u>
<b>Total liabilities</b>		<u>4,404</u>	<u>8,497</u>	<u>1,566</u>	<u>1,302</u>
<b>Net assets attributable to unitholders - Equity</b>		<u>254,995</u>	<u>262,652</u>	<u>277,608</u>	<u>227,310</u>

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

**Statements of financial position (continued)**

	Notes	VanEck Vectors Australian Subordinated Debt ETF	
		As at	
		30 June 2021	30 June 2020
		\$'000	\$'000
<b>Assets</b>			
Cash and cash equivalents	9	130	250
Due from brokers - receivable for securities sold		8,310	-
Receivables	12	376	225
Financial assets at fair value through profit or loss	6	<u>175,869</u>	<u>98,250</u>
<b>Total assets</b>		<u>184,685</u>	<u>98,725</u>
<b>Liabilities</b>			
Due to broker - payable for securities purchased		8,033	-
Payables	13	43	23
Distributions payable	8	<u>278</u>	<u>180</u>
<b>Total liabilities</b>		<u>8,354</u>	<u>203</u>
<b>Net assets attributable to unitholders - Equity</b>		<u>176,331</u>	<u>98,522</u>

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

## Statements of changes in equity

	Notes	VanEck Vectors Australian Floating Rate ETF		VanEck Vectors Australian Corporate Bond Plus ETF	
		Year ended		Year ended	
		30 June 2021	30 June 2020	30 June 2021	30 June 2020
		\$'000	\$'000	\$'000	\$'000
<b>Total equity at the beginning of the year/period</b>		<b>262,652</b>	154,548	<b>227,310</b>	327,660
Issue of redeemable participating units		<b>46,154</b>	208,775	<b>58,216</b>	60,020
Units issued upon reinvestment of distributions		<b>17</b>	28	<b>65</b>	158
Redemption of redeemable participating units		<b>(54,181)</b>	(99,023)	<b>(11,154)</b>	(161,343)
Comprehensive income for the year/period		<b>2,931</b>	3,401	<b>8,644</b>	8,072
Distributions	8	<b>(2,578)</b>	(5,077)	<b>(5,473)</b>	(7,257)
<b>Total equity at the end of the year/period</b>		<b>254,995</b>	262,652	<b>277,608</b>	227,310

*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 changes in equity (continued)**

	<b>VanEck Vectors Australian Subordinated Debt ETF</b>	
	<b>Year ended 30 June 2021</b>	Period from 30 October 2019 to 30 June 2020
Notes	<b>\$'000</b>	<b>\$'000</b>
<b>Total equity at the beginning of the year/period</b>	<b>98,522</b>	-
Issue of redeemable participating units	<b>74,486</b>	101,724
Units issued upon reinvestment of distributions	<b>10</b>	1
Redemption of redeemable participating units	-	(1,944)
Comprehensive income/(loss) for the year/period	<b>5,925</b>	(298)
Distributions	<b>(2,612)</b>	(961)
8	<u><b>176,331</b></u>	<u>98,522</u>
<b>Total equity at the end of the year/period</b>	<b>176,331</b>	98,522

*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

	Notes	VanEck Vectors Australian Floating Rate ETF		VanEck Vectors Australian Corporate Bond Plus ETF	
		Year ended		Year ended	
		30 June 2021	30 June 2020	30 June 2021	30 June 2020
		\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>					
Proceeds from sale of financial instruments at fair value through profit or loss		119,852	143,681	94,739	229,952
Purchase of financial instruments at fair value through profit or loss		(111,404)	(253,518)	(144,285)	(131,684)
Interest received		2,705	5,224	8,128	9,381
Other income received		61	687	200	1,379
Management fees paid		(592)	(594)	(796)	(868)
<b>Net cash inflow/(outflow) from operating activities</b>	10(a)	<b>10,622</b>	<b>(104,520)</b>	<b>(42,014)</b>	<b>108,160</b>
<b>Cash flows from financing activities</b>					
Proceeds from applications by unitholders		46,154	208,775	58,216	62,232
Payments for redemptions by unitholders		(54,181)	(99,023)	(11,154)	(161,343)
Distributions paid		(2,567)	(5,178)	(5,156)	(8,728)
<b>Net cash inflow/(outflow) from financing activities</b>		<b>(10,594)</b>	<b>104,574</b>	<b>41,906</b>	<b>(107,839)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>28</b>	<b>54</b>	<b>(108)</b>	<b>321</b>
Cash and cash equivalents at the beginning of the year/period		170	116	529	208
<b>Cash and cash equivalents at the end of the year/period</b>	9	<b>198</b>	<b>170</b>	<b>421</b>	<b>529</b>

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

**Statements of cash flows (continued)**

		<b>VanEck Vectors Australian Subordinated Debt ETF</b>	
		<b>Year ended 30 June 2021</b>	Period from 30 October 2019 to 30 June 2020
Notes		<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>			
	Proceeds from sale of financial instruments at fair value through profit or loss	31,613	13,562
	Purchase of financial instruments at fair value through profit or loss	(106,180)	(113,532)
	Interest received	2,773	1,208
	Other income received	50	114
	Management fees paid	(358)	(102)
	<b>Net cash outflow from operating activities</b>	<u>(72,102)</u>	<u>(98,750)</u>
10(a)			
<b>Cash flows from financing activities</b>			
	Proceeds from applications by unitholders	74,486	101,724
	Payments for redemptions by unitholders	-	(1,944)
	Distributions paid	(2,504)	(780)
	<b>Net cash inflow from financing activities</b>	<u>71,982</u>	<u>99,000</u>
	<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(120)</b>	<b>250</b>
	Cash and cash equivalents at the beginning of the year/period	<u>250</u>	<u>-</u>
	<b>Cash and cash equivalents at the end of the year/period</b>	<u>130</u>	<u>250</u>
9			

*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 year ended 30 June 2021 cover the VanEck Vectors Australian Floating Rate ETF, VanEck Vectors Australian Corporate Bond Plus ETF and VanEck Vectors Australian Subordinated Debt ETF (the "Funds") as individual entities.

VanEck Vectors Australian Floating Rate ETF was constituted on 5 April 2017 and started trading on ASX on 7 July 2017.

VanEck Vectors Australian Corporate Bond Plus ETF was constituted on 22 March 2017 and started trading on ASX on 11 May 2017.

VanEck Vectors Australian Subordinated Debt ETF was constituted on 30 August 2019 and started trading on ASX on 30 October 2019.

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

The Responsible Entity of the Funds is VanEck Investments Limited (the "Responsible Entity"). 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 Funds' functional and presentation currency.

The financial statements were authorised for issue by the directors on 23 September 2021. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

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

## 2 Summary of significant accounting policies

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

### (a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards 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 net assets attributable to unitholders.

The Funds manage 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.

#### (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).

## 2 Summary of significant accounting policies (continued)

### (b) Financial instruments

#### (i) 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 fair value of the financial assets or financial liabilities from this date. Financial assets are derecognised when the right to receive cash flows from the investments have expired or the Funds has transferred substantially all risks and rewards of ownership.

#### (ii) Classification

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

##### Financial assets

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

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

##### Financial assets measured at amortised cost

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

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

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

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

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

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

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

## 2 Summary of significant accounting policies (continued)

### (b) Financial instruments (continued)

#### (ii) Classification (continued)

Financial liabilities

Financial liabilities measured at amortised cost

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

Financial liabilities measured at FVPL

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

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

#### (iii) Measurement

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

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

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

The fair value of financial assets and liabilities that are not traded in an active market are determined using valuation techniques. The Funds uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs. Further details on how the fair values of financial instruments are determined are disclosed in note 4.

#### (iv) Impairment of Financial assets

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

## 2 Summary of significant accounting policies (continued)

### (c) Changes in accounting standards

(i) New and amended standards adopted by the Funds

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2020 that have a material impact on the Funds.

(ii) New standards, amendments and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2020, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the future financial statements of the Funds.

### (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.

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

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

### (g) Investment income

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

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

## 2 Summary of significant accounting policies (continued)

### (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 under the AMIT regime.

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.

### (k) Foreign currency translation

#### (i) Functional and presentation currency

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

### (l) Due from/to brokers

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

### (m) Receivables

Receivables may include amounts for 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.

### (n) 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.

## 2 Summary of significant accounting policies (continued)

### (o) 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 Funds. Investors may purchase units by trading on 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.

### (p) 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.

### (q) 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.

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.

### (r) New accounting standards and interpretations not yet adopted

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

### (s) 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.

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

#### (a) Market risk

##### *(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.

### 3 Financial risk management (continued)

#### (a) Market risk (continued)

##### (ii) Interest rate risk (continued)

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
<b>30 June 2021</b>				
<b>Assets</b>				
Cash and cash equivalents	198	-	-	198
Receivables	-	-	314	314
Due from brokers - receivable for securities sold	-	-	3,901	3,901
Financial assets at fair value through profit and loss	<u>254,986</u>	-	-	<u>254,986</u>
<b>Total assets</b>	<u>255,184</u>	-	<u>4,215</u>	<u>259,399</u>
<b>Liabilities</b>				
Distributions payable	-	-	(204)	(204)
Payables	-	-	(50)	(50)
Due to brokers - payable for securities purchased	-	-	(4,150)	(4,150)
<b>Total liabilities</b>	-	-	<u>(4,404)</u>	<u>(4,404)</u>
<b>Net exposure</b>	<u>255,184</u>	-	<u>(189)</u>	<u>254,995</u>
<b>30 June 2020</b>				
<b>Assets</b>				
Cash and cash equivalents	170	-	-	170
Receivables	-	-	383	383
Due from brokers - receivable for securities sold	-	-	8,503	8,503
Financial assets at fair value through profit and loss	<u>262,093</u>	-	-	<u>262,093</u>
<b>Total assets</b>	<u>262,263</u>	-	<u>8,886</u>	<u>271,149</u>
<b>Liabilities</b>				
Distributions payable	-	-	(210)	(210)
Payables	-	-	(51)	(51)
Due to brokers - payable for securities purchased	-	-	(8,236)	(8,236)
<b>Total liabilities</b>	-	-	<u>(8,497)</u>	<u>(8,497)</u>
<b>Net exposure</b>	<u>262,263</u>	-	<u>389</u>	<u>262,652</u>

### 3 Financial risk management (continued)

#### (a) Market risk (continued)

##### (ii) Interest rate risk (continued)

#### VanEck Vectors Australian Corporate Bond Plus ETF

	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
<b>30 June 2021</b>				
<b>Assets</b>				
Cash and cash equivalents	421	-	-	421
Receivables	-	-	2,185	2,185
Due from brokers - receivable for securities sold	-	-	1,075	1,075
Financial assets at fair value through profit and loss	-	275,493	-	275,493
<b>Total assets</b>	<b>421</b>	<b>275,493</b>	<b>3,260</b>	<b>279,174</b>
<b>Liabilities</b>				
Distributions payable	-	-	(1,490)	(1,490)
Payables	-	-	(76)	(76)
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>(1,566)</b>	<b>(1,566)</b>
<b>Net exposure</b>	<b>421</b>	<b>275,493</b>	<b>1,694</b>	<b>277,608</b>
<b>30 June 2020</b>				
<b>Assets</b>				
Cash and cash equivalents	529	-	-	529
Receivables	-	-	1,944	1,944
Due from brokers - receivable for securities sold	-	-	833	833
Financial assets at fair value through profit and loss	-	225,306	-	225,306
<b>Total assets</b>	<b>529</b>	<b>225,306</b>	<b>2,777</b>	<b>228,612</b>
<b>Liabilities</b>				
Distributions payable	-	-	(1,238)	(1,238)
Payables	-	-	(64)	(64)
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>(1,302)</b>	<b>(1,302)</b>
<b>Net exposure</b>	<b>529</b>	<b>225,306</b>	<b>1,475</b>	<b>227,310</b>

### 3 Financial risk management (continued)

#### (a) Market risk (continued)

##### (ii) Interest rate risk (continued)

#### VanEck Vectors Australian Subordinated Debt ETF

	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
<b>30 June 2021</b>				
<b>Assets</b>				
Cash and cash equivalents	130	-	-	130
Receivables	-	-	376	376
Due from brokers - receivable for securities sold	-	-	8,310	8,310
Financial assets at fair value through profit and loss	<u>175,869</u>	-	-	<u>175,869</u>
<b>Total assets</b>	<u>175,999</u>	-	<u>8,686</u>	<u>184,685</u>
<b>Liabilities</b>				
Distributions payable	-	-	(278)	(278)
Payables	-	-	(43)	(43)
Due to brokers - payable for securities purchased	-	-	(8,033)	(8,033)
<b>Total liabilities</b>	-	-	<u>(8,354)</u>	<u>(8,354)</u>
<b>Net exposure</b>	<u>175,999</u>	-	<u>332</u>	<u>176,331</u>
<b>30 June 2020</b>				
<b>Assets</b>				
Cash and cash equivalents	250	-	-	250
Receivables	-	-	225	225
Financial assets at fair value through profit and loss	<u>98,250</u>	-	-	<u>98,250</u>
<b>Total assets</b>	<u>98,500</u>	-	<u>225</u>	<u>98,725</u>
<b>Liabilities</b>				
Distributions payable	-	-	(180)	(180)
Payables	-	-	(23)	(23)
<b>Total liabilities</b>	-	-	<u>(203)</u>	<u>(203)</u>
<b>Net exposure</b>	<u>98,500</u>	-	<u>22</u>	<u>98,522</u>

### 3 Financial risk management (continued)

#### (a) Market risk (continued)

##### (ii) Interest rate risk (continued)

The following table demonstrates the sensitivity of the Funds' profit or loss for the year/period to a reasonably possible change in interest rates, with all other variables held constant. The sensitivity of the profit or loss for the year/period is the effect of the assumed changes in interest rates on:

- The net interest income for one year, based on the floating rate financial assets held at the end of the reporting period
- Changes in fair value of investments for the year/period, based on revaluing fixed rate financial assets and liabilities at the end of the reporting period

#### VanEck Vectors Australian Floating Rate ETF

	Change in basis points	Sensitivity of interest income increase /(decrease) \$'000	Sensitivity of changes in fair value of investments increase /(decrease) \$'000
30 June 2021	+50/-50	1,269/(1,269)	-/(-)
30 June 2020	+50/-50	1,310/(1,310)	-/(-)

#### VanEck Vectors Australian Corporate Bond Plus ETF

	Change in basis points	Sensitivity of interest income increase /(decrease) \$'000	Sensitivity of changes in fair value of investments increase /(decrease) \$'000
30 June 2021	+50/-50	-/(-)	1,377/(1,377)
30 June 2020	+50/-50	-/(-)	1,127/(1,127)

The Corporate Bonds have fixed coupons, as such the interest income arising from those assets is not impacted by changes to the prevailing interest rates. The fair values of the Corporate Bonds in the portfolio are impacted by movements in interest rates. As interest rates increase the fair values of the Corporate Bonds will decrease and as interest rates decrease the fair values of the bonds will increase.

### 3 Financial risk management (continued)

#### (a) Market risk (continued)

##### (ii) Interest rate risk (continued)

#### VanEck Vectors Australian Subordinated Debt ETF

	Change in basis points	Sensitivity of interest income increase /(decrease) \$'000	Sensitivity of changes in fair value of investments increase /(decrease) \$'000
30 June 2021	+50/-50	868/(868)	-/(-)
30 June 2020	+50/-50	498/(498)	-/(-)

An analysis of financial liabilities by maturities is provided in note 3 (c)(i) on page 28.

#### (b) 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.

Credit ratings for the investments in debt securities are as follows:

VanEck Vectors Australian Floating Rate ETF from BBB- to AAA (2020: BBB to AAA)

VanEck Vectors Australian Corporate Bond Plus ETF from BBB to AAA (2020: BBB- to AAA)

VanEck Vectors Australian Subordinated Debt ETF from BBB to A (2020: BBB to A)

The clearing and depository operations of the Funds' security transactions are mainly concentrated with one counterparty namely State Street Australia Limited. The Standard and Poor's credit rating of the Funds' counterparties as at 30 June 2021 and 30 June 2020 are:

- AA- for State Street Australia Limited (2020: AA-); and
- AA- for State Street Bank & Trust Company (2020: AA-)

#### (c) Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

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)

#### (c) 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 year/period end. 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
<b>As at 30 June 2021</b>					
Due to brokers - payable for securities purchased	4,150	-	-	-	4,150
Payables	50	-	-	-	50
Distributions payable	204	-	-	-	204
<b>Contractual cash flows</b>	<b>4,404</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,404</b>
<b>As at 30 June 2020</b>					
Due to brokers - payable for securities purchased	8,236	-	-	-	8,236
Payables	51	-	-	-	51
Distributions payable	210	-	-	-	210
<b>Contractual cash flows</b>	<b>8,497</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,497</b>

#### 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
<b>As at 30 June 2021</b>					
Payables	76	-	-	-	76
Distributions payable	1,490	-	-	-	1,490
<b>Contractual cash flows</b>	<b>1,566</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,566</b>
<b>As at 30 June 2020</b>					
Payables	64	-	-	-	64
Distributions payable	1,238	-	-	-	1,238
<b>Contractual cash flows</b>	<b>1,302</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,302</b>

### 3 Financial risk management (continued)

#### (c) Liquidity risk (continued)

##### VanEck Vectors Australian Subordinated Debt ETF

	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	Over 12 months \$'000	Total \$'000
<b>As at 30 June 2021</b>					
Due to brokers - payable for securities purchased	8,033	-	-	-	8,033
Payables	43	-	-	-	43
Distributions payable	278	-	-	-	278
<b>Contractual cash flows</b>	<b>8,354</b>	-	-	-	<b>8,354</b>
<b>As at 30 June 2020</b>					
Payables	23	-	-	-	23
Distributions payable	180	-	-	-	180
Contractual cash flows	203	-	-	-	203

### 4 Fair value measurement

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

- Financial assets 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.

## 4 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 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.

### 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 2021 and 30 June 2020.

#### VanEck Vectors Australian Floating Rate ETF

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>As at 30 June 2021</b>				
<b>Financial assets at fair value through profit or loss</b>				
Debt securities	-	254,986	-	254,986
<b>Total</b>	-	254,986	-	254,986
<b>As at 30 June 2020</b>				
<b>Financial assets at fair value through profit or loss</b>				
Debt securities	-	262,093	-	262,093
<b>Total</b>	-	262,093	-	262,093

#### 4 Fair value measurement (continued)

##### Recognised fair value measurements (continued)

##### VanEck Vectors Australian Corporate Bond Plus ETF

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>As at 30 June 2021</b>				
<b>Financial assets at fair value through profit or loss</b>				
Debt securities	-	275,493	-	275,493
<b>Total</b>	-	275,493	-	275,493
<b>As at 30 June 2020</b>				
<b>Financial assets at fair value through profit or loss</b>				
Debt securities	-	225,306	-	225,306
<b>Total</b>	-	225,306	-	225,306

##### VanEck Vectors Australian Subordinated Debt ETF

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>As at 30 June 2021</b>				
<b>Financial assets at fair value through profit or loss</b>				
Debt securities	-	175,869	-	175,869
<b>Total</b>	-	175,869	-	175,869
<b>As at 30 June 2020</b>				
<b>Financial assets at fair value through profit or loss</b>				
Debt securities	-	98,250	-	98,250
<b>Total</b>	-	98,250	-	98,250

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 year ended 30 June 2021 and year/period ended 30 June 2020. There were also no changes made to any of the valuation techniques applied as at 30 June 2021.

*(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 year ended 30 June 2021 or year/period ended 30 June 2020.

*(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.

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

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

	<b>VanEck Vectors Australian Floating Rate ETF</b>		<b>VanEck Vectors Australian Corporate Bond Plus ETF</b>	
	<b>Year ended</b>		<b>Year ended</b>	
	<b>30 June 2021</b>	<b>30 June 2020</b>	<b>30 June 2021</b>	<b>30 June 2020</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Financial assets</b>				
Net gains/(losses) on financial assets at fair value through profit or loss	<u>808</u>	<u>(1,611)</u>	<u>985</u>	<u>(1,837)</u>
<b>Total net gains/(losses) on financial instruments at fair value through profit or loss</b>	<u><b>808</b></u>	<u><b>(1,611)</b></u>	<u><b>985</b></u>	<u><b>(1,837)</b></u>

	<b>VanEck Vectors Australian Subordinated Debt ETF</b>	
	<b>Year ended</b>	<b>Period from</b>
	<b>30 June 2021</b>	<b>30 October 2019 to 30 June 2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Financial assets</b>		
Net gains/(losses) on financial assets at fair value through profit or loss	<u>3,451</u>	<u>(1,473)</u>
<b>Total net gains/(losses) on financial instruments at fair value through profit or loss</b>	<u><b>3,451</b></u>	<u><b>(1,473)</b></u>

## 6 Financial assets at fair value through profit or loss

	<b>VanEck Vectors Australian Floating Rate ETF</b>		<b>VanEck Vectors Australian Corporate Bond Plus ETF</b>	
	<b>As at</b>		<b>As at</b>	
	<b>30 June 2021</b>	<b>30 June 2020</b>	<b>30 June 2021</b>	<b>30 June 2020</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Financial assets at fair value through profit or loss</b>				
Debt securities	<u>254,986</u>	<u>262,093</u>	<u>275,493</u>	<u>225,306</u>
<b>Total financial assets at fair value through profit or loss</b>	<u><b>254,986</b></u>	<u><b>262,093</b></u>	<u><b>275,493</b></u>	<u><b>225,306</b></u>

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

	<b>VanEck Vectors Australian Subordinated Debt ETF</b>	
	<b>As at</b>	
	<b>30 June 2021 \$'000</b>	<b>30 June 2020 \$'000</b>
<b>Financial assets at fair value through profit or loss</b>		
Debt securities	<u>175,869</u>	<u>98,250</u>
<b>Total financial assets at fair value through profit or loss</b>	<u>175,869</u>	<u>98,250</u>

## 7 Units in issue

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

	<b>VanEck Vectors Australian Floating Rate ETF</b>		<b>VanEck Vectors Australian Corporate Bond Plus ETF</b>	
	<b>Year ended</b>		<b>Year ended</b>	
	<b>30 June 2021 No.'000</b>	<b>30 June 2020 No.'000</b>	<b>30 June 2021 No.'000</b>	<b>30 June 2020 No.'000</b>
Opening balance	10,503	6,162	12,376	17,917
Applications	1,840	8,320	3,120	3,240
Redemptions	(2,161)	(3,980)	(600)	(8,790)
Units issued upon reinvestment of distributions	<u>1</u>	<u>1</u>	<u>4</u>	<u>9</u>
Closing balance	<u>10,183</u>	<u>10,503</u>	<u>14,900</u>	<u>12,376</u>

	<b>VanEck Vectors Australian Subordinated Debt ETF</b>	
	<b>Year ended 30 June 2021 No.'000</b>	<b>Period from 30 October 2019 to 30 June 2020 No.'000</b>
	Opening balance	4,000
Applications	2,960	4,080
Redemptions	<u>-</u>	<u>(80)</u>
Closing balance	<u>6,960</u>	<u>4,000</u>

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

## 7 Units in issue (continued)

### Capital risk management

The amount of net assets 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 year/period were as follows:

	<b>VanEck Vectors Australian Floating Rate ETF</b>			
	<b>Year ended</b>			
	<b>30 June 2021</b>	<b>30 June 2021</b>	<b>30 June 2020</b>	<b>30 June 2020</b>
	<b>\$'000</b>	<b>CPU</b>	<b>\$'000</b>	<b>CPU</b>
Distributions paid	2,374	22.00	4,867	44.00
Distributions payable	<u>204</u>	<u>2.00</u>	<u>210</u>	<u>2.00</u>
<b>Total distributions</b>	<u><b>2,578</b></u>	<u><b>24.00</b></u>	<u><b>5,077</b></u>	<u><b>46.00</b></u>

	<b>VanEck Vectors Australian Corporate Bond Plus ETF</b>			
	<b>Year ended</b>			
	<b>30 June 2021</b>	<b>30 June 2021</b>	<b>30 June 2020</b>	<b>30 June 2020</b>
	<b>\$'000</b>	<b>CPU</b>	<b>\$'000</b>	<b>CPU</b>
Distributions paid	3,983	30.00	6,019	42.00
Distributions payable	<u>1,490</u>	<u>10.00</u>	<u>1,238</u>	<u>10.00</u>
<b>Total distributions</b>	<u><b>5,473</b></u>	<u><b>40.00</b></u>	<u><b>7,257</b></u>	<u><b>52.00</b></u>

	<b>VanEck Vectors Australian Subordinated Debt ETF</b>			
	<b>Year ended 30 June 2021</b>	<b>Year ended 30 June 2021</b>	Period from	Period from
			30 October 2019	30 October 2019
	<b>\$'000</b>	<b>CPU</b>	to 30 June 2020	to 30 June 2020
<b>\$'000</b>	<b>CPU</b>	<b>\$'000</b>	<b>CPU</b>	
Distributions paid	2,334	45.00	781	31.50
Distributions payable	<u>278</u>	<u>4.00</u>	<u>180</u>	<u>4.50</u>
<b>Total distributions</b>	<u><b>2,612</b></u>	<u><b>49.00</b></u>	<u><b>961</b></u>	<u><b>36.00</b></u>

## 9 Cash and cash equivalents

	VanEck Vectors Australian Floating Rate ETF		VanEck Vectors Australian Corporate Bond Plus ETF	
	As at		As at	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	\$'000	\$'000	\$'000	\$'000
Cash at bank	198	170	421	529
<b>Total cash and cash equivalents</b>	<b>198</b>	<b>170</b>	<b>421</b>	<b>529</b>

	VanEck Vectors Australian Subordinated Debt ETF	
	As at	
	30 June 2021	30 June 2020
	\$'000	\$'000
Cash at bank	130	250
<b>Total cash and cash equivalents</b>	<b>130</b>	<b>250</b>

## 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	
	Year ended		Year ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	\$'000	\$'000	\$'000	\$'000
<b>(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities</b>				
Profit/(loss) for the year/period	2,931	3,401	8,644	8,072
Proceeds from sale of financial instruments at fair value through profit or loss	119,852	143,681	94,739	229,952
Purchase of financial instruments at fair value through profit or loss	(111,404)	(253,518)	(144,285)	(131,684)
Net (gains)/losses on financial instruments at fair value through profit or loss	(808)	1,611	(985)	1,837
Net interest bought/(sold)	(17)	147	102	(1,111)
Net change in receivables	69	140	(241)	1,116
Net change in payables	(1)	18	12	(22)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>10,622</b>	<b>(104,520)</b>	<b>(42,014)</b>	<b>108,160</b>
<b>(b) Non-cash financing activities</b>				
During the year/period, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	17	28	65	158

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

	VanEck Vectors Australian Subordinated Debt ETF	
	Year ended 30 June 2021 \$'000	Period from 30 October 2019 to 30 June 2020 \$'000
<b>(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities</b>		
Profit/(loss) for the year/period	5,925	(298)
Proceeds from sale of financial instruments at fair value through profit or loss	31,613	13,562
Purchase of financial instruments at fair value through profit or loss	(106,180)	(113,532)
Net (gains)/losses on financial instruments at fair value through profit or loss	(3,451)	1,473
Net interest bought/(sold)	122	247
Net change in receivables	(151)	(225)
Net change in payables	20	23
<b>Net cash inflow/(outflow) from operating activities</b>	<b>(72,102)</b>	<b>(98,750)</b>
<b>(b) Non-cash financing activities</b>		
During the year/period, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	10	1

## 11 Remuneration of auditors

During the year/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	
	Year ended 30 June 2021 \$	30 June 2020 \$	Year ended 30 June 2021 \$	30 June 2020 \$
<b>Ernst &amp; Young</b>				
<i>Audit services</i>				
Audit and review of financial statements	20,626	23,566	20,626	23,566
Audit of compliance plan	2,184	2,259	2,184	2,259
<b>Total remuneration of Ernst &amp; Young</b>	<b>22,810</b>	<b>25,825</b>	<b>22,810</b>	<b>25,825</b>

## 11 Remuneration of auditors (continued)

	VanEck Vectors Australian Subordinated Debt ETF	
	Year ended 30 June 2021	Period from 30 October 2019 to 30 June 2020
	\$	\$
<b>Ernst &amp; Young</b>		
<i>Audit services</i>		
Audit and review of financial statements	13,962	15,959
Audit of compliance plan	<u>1,638</u>	<u>2,259</u>
<b>Total remuneration of Ernst &amp; Young</b>	<u>15,600</u>	<u>18,218</u>

During the year/period, 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		VanEck Vectors Australian Corporate Bond Plus ETF	
	As at		As at	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	\$'000	\$'000	\$'000	\$'000
Interest receivable	305	372	2,172	1,931
GST receivables	<u>9</u>	<u>11</u>	<u>13</u>	<u>13</u>
<b>Total Receivables</b>	<u>314</u>	<u>383</u>	<u>2,185</u>	<u>1,944</u>

	VanEck Vectors Australian Subordinated Debt ETF	
	As at	
	30 June 2021	30 June 2020
	\$'000	\$'000
Interest receivable	350	221
GST receivables	<u>26</u>	<u>4</u>
<b>Total Receivables</b>	<u>376</u>	<u>225</u>

## 13 Payables

	VanEck Vectors Australian Floating Rate ETF		VanEck Vectors Australian Corporate Bond Plus ETF	
	As at		As at	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	\$'000	\$'000	\$'000	\$'000
Management fees payable	45	46	71	59
Withholding tax payable	-	-	-	1
Other payables	5	5	5	4
<b>Total Payables</b>	<b>50</b>	<b>51</b>	<b>76</b>	<b>64</b>

	VanEck Vectors Australian Subordinated Debt ETF	
	As at	
	30 June 2021	30 June 2020
	\$'000	\$'000
Management fees payable	41	22
Other payables	2	1
<b>Total Payables</b>	<b>43</b>	<b>23</b>

## 14 Related party transactions

### Responsible Entity

The Responsible Entity of the Funds is 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 Level 47, Suite 2, 25 Martin Place, Sydney, NSW, Australia, 2000.

### Key management personnel

Key management personnel include the directors of the Responsible Entity and the Responsible Entity itself.

VanEck Investments Limited

Jan van Eck  
Bruce Smith  
Arian Neiron  
Michael Brown  
Jonathan Simon

### (a) Other key management personnel

There were no other key management personnel who had authority and responsibility for planning, directing and controlling activities of the Funds, directly or indirectly during the financial year.

## 14 Related party transactions (continued)

### (b) Key management personnel unitholdings

The key management personnel of the Responsible Entity held units in the Funds as follows:

#### VanEck Vectors Australian Floating Rate ETF 30 June 2021

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	200	200	5,008	-	-	-	48

#### VanEck Vectors Australian Floating Rate ETF 30 June 2020

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	200	5,006	-	-	800	356

#### VanEck Vectors Australian Corporate Bond Plus ETF 30 June 2021

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	1,448	-	-	-	-	1,448	290

#### VanEck Vectors Australian Corporate Bond Plus ETF 30 June 2020

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	1,448	1,448	26,740	0.01	-	-	753

#### VanEck Vectors Australian Subordinated Debt ETF 30 June 2021

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	1,100	1,100	27,867	0.02	-	-	539

## 14 Related party transactions (continued)

### (b) Key management personnel unitholdings (continued)

VanEck Vectors Australian Subordinated Debt ETF  
30 June 2020

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	-	1,100	27,143	0.03	1,100	-	396

### Key management personnel compensation

Key management personnel are paid by VanEck Australia Pty Ltd, the parent company of the Responsible Entity. Payments made from the Funds to the Responsible Entity 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 (2020: Nil).

### 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 year and there were no material contracts involving directors' interests existing at year end (2020: Nil).

### Related party transactions

The Responsible Entity received all management fees that have been paid by the Funds during the year/period.

VanEck Vectors Australian Floating Rate ETF charges management costs of 0.22% per annum (2020: 0.22%). The Responsible Entity is entitled to receive an annual management fee of the total assets of the Fund under the terms of the Fund's Constitution. The management fee represents 100% of management costs. The management fees are paid on a quarterly basis.

VanEck Vectors Australian Corporate Bond Plus ETF charges management costs of 0.32% per annum (2020: 0.32%). The Responsible Entity is entitled to receive an annual management fee of the total assets of the Fund under the terms of the Fund's Constitution. The management fee represents 100% of management costs. The management fees are paid on a quarterly basis.

VanEck Vectors Australian Subordinated Debt ETF charges management costs of 0.29% per annum (2020: 0.29%). The Responsible Entity is entitled to receive an annual management fee of the total assets of the Fund under the terms of the Fund's Constitution. The management fee represents 100% of management costs. The management fees are paid on a quarterly basis.

All expenses in connection with the preparation of accounting records and maintenance of the unit register are fully borne by the Responsible Entity.

## 14 Related party transactions (continued)

### Related party transactions (continued)

All related party transactions are conducted on normal commercial terms and conditions. The transactions during the year/period and amounts payable/receivable at year/period end between the Funds and the Responsible Entity were as follows:

	VanEck Vectors Australian Floating Rate ETF		VanEck Vectors Australian Corporate Bond Plus ETF		VanEck Vectors Australian Subordinated Debt ETF	
	Year ended		Year ended		Year ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	Period from 30 October 2019 to 30 June 2020
	\$	\$	\$	\$	\$	\$
Responsible Entity's fees paid and payable for the year/period	<b>590,985</b>	606,586	<b>808,320</b>	844,296	<b>378,119</b>	120,460
Aggregate amounts payable to the Responsible Entity at the end of the year/period	<b>45,436</b>	45,943	<b>71,425</b>	58,502	<b>40,559</b>	22,458

### (c) Related party unit holdings

Parties related to the Funds held no units in the Funds as at 30 June 2021 (2020: Nil).

### Investments

The Funds did not hold any investments in the Responsible Entity or its related parties during the year (2020: Nil).

## 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 2021 or on the results and cash flows of the Funds for the year ended on that date.

## 16 Contingent assets and liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 30 June 2021 and 30 June 2020.

## Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) the financial statements and notes set out on pages 7 to 41 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 2021 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.



Michael Brown  
Director

Sydney  
23 September 2021



**Building a better  
working world**

Ernst & Young  
200 George Street  
Sydney NSW 2000 Australia  
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555  
Fax: +61 2 9248 5959  
ey.com/au

## INDEPENDENT AUDITOR'S REPORT

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

- ▶ VanEck Vectors Australian Floating Rate ETF (FLOT)
- ▶ VanEck Vectors Australian Corporate Bond Plus ETF (PLUS)
- ▶ VanEck Vectors Australian Subordinated Debt ETF (SUBD)

### 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 2021, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year 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 Funds.

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 Funds' financial position as at 30 June 2021 and of their financial performance for the year 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 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 financial report in Australia. We have also 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 report. 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 floating and fixed rate debt securities. As at 30 June 2021, the value of these financial assets were as follows:

Fund	Value of investments	Investments as a percentage of Total Assets held by the Funds
FLOT	\$ 254,986,000	98.3%
PLUS	\$ 275,493,000	98.7%
SUBD	\$ 175,869,000	95.2%

As detailed in the Funds' accounting policies, described in Note 2 to 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 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 2021 and considered the auditor's qualifications, competence, objectivity, and the results of their procedures.

We agreed all investment holdings to third party confirmations at 30 June 2021.

We assessed the fair value of all positions in the portfolio held at 30 June 2021. For floating and fixed rate debt securities, we verified the values to an independent pricing vendor.

We assessed the adequacy of the disclosures in Note 4 and 6 of the financial report.

## 2. Management Fees

### Why significant

Management fees paid to the Responsible Entity, VanEck Investments Limited, are usually the most significant expense of the Funds.

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

As at 30 June 2021, management fees totalled:

Fund	Management Fees	Management Fees as a percentage of Total Expenses incurred
FL0T	\$ 590,985	100%
PLUS	\$ 808,320	100%
SUBD	\$ 378,119	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 and Product Disclosure Statements (PDS) including agreeing the contract rate to the calculation.

We assessed the adequacy of the disclosures in Notes 2 and Note 14 to 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, but does not include the financial report and our auditor's report thereon.

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 each Fund's 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.



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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*

Ernst & Young

A handwritten signature in black ink, appearing to read 'Rohit Khanna', with a long horizontal flourish extending to the right.

Rohit Khanna  
Engagement Partner  
Sydney  
23 September 2021