

29 September 2023

ASX Limited  
Market Announcements Office

## ANNUAL FINANCIAL REPORT

[FOR RELEASE UNDER EACH ASX CODE LISTED BELOW]

VanEck Investments Limited announces the attached financial report for the year ended 30 June 2023 which covers the following exchange traded funds listed in the table below in the order of the cover page of the report:

Code	Fund
FLOT	VanEck Australian Floating Rate ETF
PLUS	VanEck Australian Corporate Bond Plus ETF
SUBD	VanEck Australian Subordinated Debt ETF

### For more information:

- Call 1300 68 38 37
- Go to [vaneck.com.au](http://vaneck.com.au)

It is important for investors to register with the Link Investor Centre as correspondence from VanEck regarding your investments in our funds including statements (such as tax, dividends, periodic and exit) are given here. In addition to reducing the carbon footprint associated with paper-based correspondence, we hope this is more convenient for our investors. Investors can register with the Link Investor Centre via: <https://investorcentre.linkmarketservices.com.au/>.

**IMPORTANT NOTICE:** Issued by VanEck Investments Limited ABN 22 146 596 116 AFSL 416755 ('VanEck'). VanEck is the responsible entity and product issuer of a range of VanEck exchange traded funds ('Funds'). This information contains general information only about financial products and is not personal 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 VanEck Fund, you should read the relevant Product Disclosure Statement and the relevant Target Market Determination which are available at [www.vaneck.com.au](http://www.vaneck.com.au) or by calling 1300 68 38 37 and with the assistance of a financial adviser consider if it is appropriate for your circumstances. No member of the VanEck group of companies gives any guarantee or assurance as to the repayment of capital, the performance, or any particular rate of return of any VanEck Fund. Past performance is not a reliable indicator of future performance.

# **VanEck Australian Fixed Income Funds**

## **Financial report**

### **For the year ended 30 June 2023**

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

**VanEck Australian Floating Rate ETF**

ARSN 619 241 851

**VanEck Australian Corporate Bond Plus ETF**

ARSN 617 941 241

**VanEck Australian Subordinated Debt ETF**

ARSN 635 881 533

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# VanEck Australian Fixed Income Funds

## Financial report

### For the year ended 30 June 2023

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These financial statements cover the VanEck Australian Floating Rate ETF, VanEck Australian Corporate Bond Plus ETF and VanEck 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 Australian Floating Rate ETF, VanEck Australian Corporate Bond Plus ETF and VanEck 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 2023.

## 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 Australian Floating Rate ETF generally 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 Product Disclosure Statement ("PDS").

VanEck Australian Corporate Bond Plus ETF generally 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 Australian Subordinated Debt ETF generally 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 ended 30 June 2023 and up to the date of this report:

Jan van Eck  
Bruce Smith (resigned 1 July 2023)  
Arian Neiron  
Michael Brown  
Jonathan Simon  
Lee Rappaport (appointed 1 July 2023)

## Review and results of operations

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

VanEck 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 Australian Corporate Bond Plus ETF generally invests in the securities that are constituents of the iBoxx AUD Corporates Yield Plus Mid Price 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 Australian Subordinated Debt ETF generally invests in the securities that are the constituents of the iBoxx AUD Investment Grade Subordinated Debt Mid Price 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 their operations, were as follows:

	<b>VanEck Australian Floating Rate ETF</b>		<b>VanEck Australian Corporate Bond Plus ETF</b>	
	<b>Year ended</b>		<b>Year ended</b>	
	<b>30 June 2023</b>	30 June 2022	<b>30 June 2023</b>	30 June 2022
Profit/(loss) attributable to unitholders (\$'000)	<u>18,877</u>	<u>(2,007)</u>	<u>9,112</u>	<u>(29,667)</u>
Distribution to unitholders (\$'000)	<u>17,299</u>	<u>3,062</u>	<u>8,296</u>	<u>5,469</u>
Distribution (cents per unit - CPU)	<u>82.00</u>	<u>23.00</u>	<u>52.50</u>	<u>42.00</u>

	<b>VanEck Australian Subordinated Debt ETF</b>	
	<b>Year ended</b>	
	<b>30 June 2023</b>	30 June 2022
Profit/(loss) attributable to unitholders (\$'000)	<u>27,651</u>	<u>(5,645)</u>
Distribution to unitholders (\$'000)	<u>22,253</u>	<u>5,035</u>
Distribution (cents per unit - CPU)	<u>104.50</u>	<u>50.00</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

The Funds declared a distribution per unit on 30 June 2023 and which were paid to entitled unitholders on 25 July 2023.

Except as disclosed above no other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect:

- (i) the operations of the Funds in future financial years;
- (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.

## Directors' report (continued)

### Likely developments and expected results of operations (continued)

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. 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 Directors and Officers (as defined in *Corporations Act 2001 (Cth)*) 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 2023, VanEck Australia Pty Ltd (ACN 137 160 528), 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 are 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

Fees paid to the Responsible Entity and its associates out of Funds' property during the year are disclosed in Note 14 to the financial statements.

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.

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.

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## Directors' report (continued)

### Disclosing entities

The Funds are disclosing entities under the Corporations Act, and accordingly rely on the relief available in ASIC issued class order ASIC Corporations (Disclosing Entities) Instrument 2015/839 in the preparation of this report. This class order permits the Funds, all of which have the same responsible entity to include the financial statements for each Fund in adjacent columns in a single financial report.

### Rounding of amounts to the nearest thousand dollars

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 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  
22 September 2023

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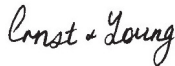
## Auditor's Independence Declaration to the Directors of VanEck Investments Limited, as Responsible Entity for VanEck Australian Fixed Income Funds

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

- ▶ VanEck Australian Floating Rate ETF (FLOT)
- ▶ VanEck Australian Corporate Bond Plus ETF (PLUS)
- ▶ VanEck 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 2023, I declare to the best of my knowledge and belief, there have been:

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



Ernst & Young



Rita Da Silva  
Partner  
Sydney  
22 September 2023

Statements of comprehensive income

	Notes	VanEck Australian Floating Rate ETF		VanEck Australian Corporate Bond Plus ETF	
		Year ended		Year ended	
		30 June 2023 \$'000	30 June 2022 \$'000	30 June 2023 \$'000	30 June 2022 \$'000
<b>Investment income</b>					
Interest income from financial assets at amortised cost		4	-	2	-
Interest income from financial assets at fair value through profit or loss		18,779	3,279	8,746	7,723
Net gains/(losses) on financial instruments at fair value through profit or loss	5	1,170	(4,602)	1,167	(36,641)
Other operating income		-	29	1	39
<b>Total investment income/(loss)</b>		<b>19,953</b>	<b>(1,294)</b>	<b>9,916</b>	<b>(28,879)</b>
<b>Expenses</b>					
Management fees	14	1,076	713	801	763
Withholding tax		-	-	3	-
Other expenses		-	-	-	25
<b>Total operating expenses</b>		<b>1,076</b>	<b>713</b>	<b>804</b>	<b>788</b>
<b>Profit/(loss) for the year</b>		<b>18,877</b>	<b>(2,007)</b>	<b>9,112</b>	<b>(29,667)</b>
Other comprehensive income for the year		-	-	-	-
<b>Total comprehensive income/(loss) for the year</b>		<b>18,877</b>	<b>(2,007)</b>	<b>9,112</b>	<b>(29,667)</b>

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

Statements of comprehensive income (continued)

		<b>VanEck Australian Subordinated Debt ETF</b>	
		<b>Year ended</b>	
		<b>30 June 2023</b>	<b>30 June 2022</b>
		<b>\$'000</b>	<b>\$'000</b>
	Notes		
<b>Investment income</b>			
Interest income from financial assets at amortised cost		8	-
Interest income from financial assets at fair value through profit or loss		23,171	4,937
Net gains/(losses) on financial instruments at fair value through profit or loss	5	5,831	(9,923)
Other operating income		1	45
<b>Total investment income/(loss)</b>		<u>29,011</u>	<u>(4,941)</u>
<b>Expenses</b>			
Management fees	14	1,360	704
<b>Total operating expenses</b>		<u>1,360</u>	<u>704</u>
<b>Profit/(loss) for the year</b>		<u>27,651</u>	<u>(5,645)</u>
Other comprehensive income for the year		-	-
<b>Total comprehensive income/(loss) for the year</b>		<u>27,651</u>	<u>(5,645)</u>

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

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Statements of financial position

	Notes	VanEck Australian Floating Rate ETF		VanEck Australian Corporate Bond Plus ETF	
		As at		As at	
		30 June 2023	30 June 2022	30 June 2023	30 June 2022
		\$'000	\$'000	\$'000	\$'000
<b>Assets</b>					
Cash and cash equivalents	9	389	95	493	221
Due from brokers - receivable for securities sold		9,990	12,796	185	1,357
Receivables	12	3,831	10,675	2,178	1,651
Financial assets at fair value through profit or loss	4, 6	<u>621,874</u>	<u>371,874</u>	<u>253,376</u>	<u>197,309</u>
<b>Total assets</b>		<u>636,084</u>	<u>395,440</u>	<u>256,232</u>	<u>200,538</u>
<b>Liabilities</b>					
Due to brokers - payable for securities purchased		6,939	22,265	-	-
Payables	13	1,127	75	78	56
Distributions payable	8	<u>2,399</u>	<u>453</u>	<u>720</u>	<u>1,501</u>
<b>Total liabilities</b>		<u>10,465</u>	<u>22,793</u>	<u>798</u>	<u>1,557</u>
<b>Net assets attributable to unitholders - Equity</b>		<u>625,619</u>	<u>372,647</u>	<u>255,434</u>	<u>198,981</u>

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

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**Statements of financial position (continued)**

		<b>VanEck Australian Subordinated Debt ETF</b>	
		<b>As at</b>	
		<b>30 June 2023</b>	<b>30 June 2022</b>
	Notes	<b>\$'000</b>	<b>\$'000</b>
<b>Assets</b>			
Cash and cash equivalents	9	<b>36</b>	425
Due from brokers - receivable for securities sold		<b>28,903</b>	297
Receivables	12	<b>5,267</b>	1,004
Financial assets at fair value through profit or loss	4, 6	<u><b>804,400</b></u>	<u>299,105</u>
<b>Total assets</b>		<u><b>838,606</b></u>	<u>300,831</u>
<b>Liabilities</b>			
Due to brokers - payable for securities purchased		<b>13,093</b>	-
Payables	13	<b>205</b>	82
Distributions payable	8	<u><b>3,658</b></u>	<u>678</u>
<b>Total liabilities</b>		<u><b>16,956</b></u>	<u>760</u>
<b>Net assets attributable to unitholders - Equity</b>		<u><b>821,650</b></u>	<u>300,071</u>

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

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**Statements of changes in equity**

	Notes	VanEck Australian Floating Rate ETF		VanEck Australian Corporate Bond Plus ETF	
		Year ended		Year ended	
		30 June 2023 \$'000	30 June 2022 \$'000	30 June 2023 \$'000	30 June 2022 \$'000
<b>Total equity at the beginning of the year</b>		<b>372,647</b>	254,995	<b>198,981</b>	277,608
Issue of redeemable participating units		<b>252,191</b>	188,039	<b>79,859</b>	8,625
Units issued upon reinvestment of distributions	10(b)	<b>198</b>	26	<b>281</b>	188
Redemption of redeemable participating units		<b>(995)</b>	(65,344)	<b>(24,503)</b>	(52,304)
Comprehensive income/(loss) for the year		<b>18,877</b>	(2,007)	<b>9,112</b>	(29,667)
Distributions	8	<b>(17,299)</b>	(3,062)	<b>(8,296)</b>	(5,469)
<b>Total equity at the end of the year</b>		<b>625,619</b>	372,647	<b>255,434</b>	198,981

*Movement in units issued 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.*

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**Statements of changes in equity (continued)**

		<b>VanEck Australian Subordinated Debt ETF</b>	
		<b>Year ended</b>	
		<b>30 June 2023</b>	<b>30 June 2022</b>
Notes		<b>\$'000</b>	<b>\$'000</b>
	<b>Total equity at the beginning of the year</b>	<b>300,071</b>	176,331
	Issue of redeemable participating units	<b>560,505</b>	156,174
	Units issued upon reinvestment of distributions	<b>254</b>	48
10(b)	Redemption of redeemable participating units	<b>(44,578)</b>	(21,802)
	Comprehensive income/(loss) for the year	<b>27,651</b>	(5,645)
8	Distributions	<b>(22,253)</b>	(5,035)
	<b>Total equity at the end of the year</b>	<b><u>821,650</u></b>	<u>300,071</u>

*Movement in units issued 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.*

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**Statements of cash flows**

	<b>VanEck Australian Floating Rate ETF</b>		<b>VanEck Australian Corporate Bond Plus ETF</b>	
	<b>Year ended</b>		<b>Year ended</b>	
	<b>30 June 2023</b>	30 June 2022	<b>30 June 2023</b>	30 June 2022
Notes	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
<b>Cash flows from operating activities</b>				
Proceeds from sale of financial instruments at fair value through profit or loss	<b>159,881</b>	134,368	<b>77,413</b>	113,617
Purchase of financial instruments at fair value through profit or loss	<b>(421,934)</b>	(246,723)	<b>(131,624)</b>	(71,891)
Interest received	<b>16,437</b>	2,893	<b>8,694</b>	7,789
Other income received/(expenses paid)	<b>26</b>	23	<b>16</b>	42
Management fees paid	<b>(1,032)</b>	(692)	<b>(787)</b>	(782)
Payment of other expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>(26)</u>
<b>Net cash inflow/(outflow) from operating activities</b>	<b>10(a) (246,622)</b>	(110,131)	<b>(46,288)</b>	48,749
<b>Cash flows from financing activities</b>				
Proceeds from applications by unitholders	<b>262,071</b>	178,159	<b>79,859</b>	8,625
Payments for redemptions to unitholders	<b>-</b>	(65,344)	<b>(24,503)</b>	(52,304)
Distributions paid	<b>(15,155)</b>	(2,787)	<b>(8,796)</b>	(5,270)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>246,916</b>	110,028	<b>46,560</b>	(48,949)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>294</b>	(103)	<b>272</b>	(200)
Cash and cash equivalents at the beginning of the year	<b>95</b>	198	<b>221</b>	421
<b>Cash and cash equivalents at the end of the year</b>	<b>9 389</b>	95	<b>493</b>	221

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

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**Statements of cash flows (continued)**

		<b>VanEck Australian Subordinated Debt ETF</b>	
		<b>Year ended</b>	
		<b>30 June 2023</b>	<b>30 June 2022</b>
		<b>\$'000</b>	<b>\$'000</b>
Notes			
	<b>Cash flows from operating activities</b>		
	Proceeds from sale of financial instruments at fair value through profit or loss	89,817	65,668
	Purchase of financial instruments at fair value through profit or loss	(607,004)	(199,060)
	Interest received	21,075	4,571
	Other income received/(expenses paid)	63	6
	Management fees paid	(1,248)	(675)
	<b>Net cash outflow from operating activities</b>	<u>(497,297)</u>	<u>(129,490)</u>
10(a)			
	<b>Cash flows from financing activities</b>		
	Proceeds from applications by unitholders	560,505	156,174
	Payments for redemptions to unitholders	(44,578)	(21,802)
	Distributions paid	(19,019)	(4,587)
	<b>Net cash inflow from financing activities</b>	<u>496,908</u>	<u>129,785</u>
	<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(389)</b>	<b>295</b>
	Cash and cash equivalents at the beginning of the year	<u>425</u>	<u>130</u>
	<b>Cash and cash equivalents at the end of the year</b>	<u>36</u>	<u>425</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 2023 cover the VanEck Australian Floating Rate ETF, VanEck Australian Corporate Bond Plus ETF and VanEck Australian Subordinated Debt ETF (the "Funds") as individual entities.

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

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

VanEck 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'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 22 September 2023. 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 years 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 have transferred substantially all risks and rewards of ownership.

#### (ii) Classification

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

##### Financial assets

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

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

##### Financial assets measured at amortised cost

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The 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).

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## 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 brokers - payable for securities purchased, payables and distributions payable.

Financial liabilities measured at FVPL

A financial liability is measured at FVPL if it meets the definition of held for trading. Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the 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 Statements of financial position initially at fair value. All transaction costs for such instruments are recognised directly in the Statements 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 Statements 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 hold 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, have chosen to apply the simplified approach for expected credit losses ("ECL") under AASB 9. Therefore, the Funds do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

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## 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 2022 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 2023, 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 Authorised Participants' option, a person who is a trading participant or has engaged a trading participant to act on its behalf to acquire and dispose of interests in a Fund, the Responsible Entity considers the units to meet the requirements for equity classification within AASB 132.16A and B. The Funds' Constitutions state that the distributions are at the discretion of the Responsible Entity. The units can be put back in 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 the Authorised Participants 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 as the Funds are subject to daily applications and redemptions at the discretion of the Authorised Participants.

The Responsible Entity monitors the level of daily applications and redemptions relative to the liquid assets in the 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 include 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 Statements of comprehensive income for all financial instruments not at fair value through profit or loss using the effective interest method.

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## 2 Summary of significant accounting policies (continued)

### (g) Investment income (continued)

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

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

### (h) Expenses

All expenses are recognised in the Statements of comprehensive income on an accrual 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 Attribution Managed Investment Trust ("AMIT") regime.

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

The Funds currently incur 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' PDS, the Funds usually pay a distribution on a quarterly or monthly 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 they operate (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. 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.

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## 2 Summary of significant accounting policies (continued)

### (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' Constitutions.

### (o) Applications and redemptions

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

Unitholders can only redeem units if they are Authorised Participants. The Funds' PDS sets out the circumstances when the Responsible Entity may delay or suspend the processing of applications (creations) or redemptions. 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 year. 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) 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 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.

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### 3 Financial risk management (continued)

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 they are 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.

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

#### VanEck Australian Floating Rate ETF

	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
<b>30 June 2023</b>				
<b>Assets</b>				
Cash and cash equivalents	389	-	-	389
Receivables	-	-	3,831	3,831
Due from brokers - receivable for securities sold	-	-	9,990	9,990
Financial assets at fair value through profit and loss	621,874	-	-	621,874
<b>Total assets</b>	<b>622,263</b>	<b>-</b>	<b>13,821</b>	<b>636,084</b>
<b>Liabilities</b>				
Distributions payable	-	-	(2,399)	(2,399)
Payables	-	-	(1,127)	(1,127)
Due to brokers - payable for securities purchased	-	-	(6,939)	(6,939)
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>(10,465)</b>	<b>(10,465)</b>
<b>Net exposure</b>	<b>622,263</b>	<b>-</b>	<b>3,356</b>	<b>625,619</b>

### 3 Financial risk management (continued)

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

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

#### VanEck Australian Floating Rate ETF

	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
30 June 2022				
<b>Assets</b>				
Cash and cash equivalents	95	-	-	95
Receivables	-	-	10,675	10,675
Due from brokers - receivable for securities sold	-	-	12,796	12,796
Financial assets at fair value through profit and loss	371,874	-	-	371,874
<b>Total assets</b>	<b>371,969</b>	<b>-</b>	<b>23,471</b>	<b>395,440</b>
<b>Liabilities</b>				
Distributions payable	-	-	(453)	(453)
Payables	-	-	(75)	(75)
Due to brokers - payable for securities purchased	-	-	(22,265)	(22,265)
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>(22,793)</b>	<b>(22,793)</b>
<b>Net exposure</b>	<b>371,969</b>	<b>-</b>	<b>678</b>	<b>372,647</b>

#### VanEck Australian Corporate Bond Plus ETF

	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
30 June 2023				
<b>Assets</b>				
Cash and cash equivalents	493	-	-	493
Receivables	-	-	2,178	2,178
Due from brokers - receivable for securities sold	-	-	185	185
Financial assets at fair value through profit and loss	-	253,376	-	253,376
<b>Total assets</b>	<b>493</b>	<b>253,376</b>	<b>2,363</b>	<b>256,232</b>
<b>Liabilities</b>				
Distributions payable	-	-	(720)	(720)
Payables	-	-	(78)	(78)
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>(798)</b>	<b>(798)</b>
<b>Net exposure</b>	<b>493</b>	<b>253,376</b>	<b>1,565</b>	<b>255,434</b>

### 3 Financial risk management (continued)

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

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

#### VanEck Australian Corporate Bond Plus ETF

	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
30 June 2022				
<b>Assets</b>				
Cash and cash equivalents	221	-	-	221
Receivables	-	-	1,651	1,651
Due from brokers - receivable for securities sold	-	-	1,357	1,357
Financial assets at fair value through profit and loss	-	197,309	-	197,309
<b>Total assets</b>	<b>221</b>	<b>197,309</b>	<b>3,008</b>	<b>200,538</b>
<b>Liabilities</b>				
Distributions payable	-	-	(1,501)	(1,501)
Payables	-	-	(56)	(56)
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>(1,557)</b>	<b>(1,557)</b>
<b>Net exposure</b>	<b>221</b>	<b>197,309</b>	<b>1,451</b>	<b>198,981</b>

#### VanEck Australian Subordinated Debt ETF

	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
30 June 2023				
<b>Assets</b>				
Cash and cash equivalents	36	-	-	36
Receivables	-	-	5,267	5,267
Due from brokers - receivable for securities sold	-	-	28,903	28,903
Financial assets at fair value through profit and loss	804,400	-	-	804,400
<b>Total assets</b>	<b>804,436</b>	<b>-</b>	<b>34,170</b>	<b>838,606</b>
<b>Liabilities</b>				
Distributions payable	-	-	(3,658)	(3,658)
Payables	-	-	(205)	(205)
Due to brokers - payable for securities purchased	-	-	(13,093)	(13,093)
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>(16,956)</b>	<b>(16,956)</b>
<b>Net exposure</b>	<b>804,436</b>	<b>-</b>	<b>17,214</b>	<b>821,650</b>

### 3 Financial risk management (continued)

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

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

#### VanEck Australian Subordinated Debt ETF

	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
30 June 2022				
Assets				
Cash and cash equivalents	425	-	-	425
Receivables	-	-	1,004	1,004
Due from brokers - receivable for securities sold	-	-	297	297
Financial assets at fair value through profit and loss	<u>299,105</u>	<u>-</u>	<u>-</u>	<u>299,105</u>
Total assets	<u>299,530</u>	<u>-</u>	<u>1,301</u>	<u>300,831</u>
Liabilities				
Distributions payable	-	-	(678)	(678)
Payables	<u>-</u>	<u>-</u>	<u>(82)</u>	<u>(82)</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>(760)</u>	<u>(760)</u>
Net exposure	<u>299,530</u>	<u>-</u>	<u>541</u>	<u>300,071</u>

The following table demonstrates the sensitivity of the Funds' profit or loss for the year to a reasonably possible change in interest rates, with all other variables held constant. The sensitivity of the profit or loss for the year 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, based on revaluing fixed rate financial assets and liabilities at the end of the reporting period

#### VanEck 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 2023	+50/-50	3,114/(3,114)	-/(-)
30 June 2022	+50/-50	1,873/(1,873)	-/(-)

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### 3 Financial risk management (continued)

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

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

#### VanEck 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 2023	+50/-50	-/(-)	1,267/(1,267)
30 June 2022	+50/-50	-/(-)	987/(987)

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.

#### VanEck 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 2023	+50/-50	4,023/(4,023)	-/(-)
30 June 2022	+50/-50	1,533/(1,533)	-/(-)

An analysis of financial liabilities by maturities is provided in Note 3(c)(i) on page 27.

#### (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 Australian Floating Rate ETF from BBB- to AAA (2022: BBB- to AAA)

VanEck Australian Corporate Bond Plus ETF from BBB- to AAA (2022: BBB- to AA)

VanEck Australian Subordinated Debt ETF from BBB- to A- (2022: BBB to A-)

### 3 Financial risk management (continued)

#### (b) Credit risk (continued)

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 2023 and 30 June 2022 are:

- AA- for State Street Bank & Trust Company (2022: AA-)

#### (c) Liquidity risk

Liquidity risk is the risk that the Funds 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.

##### (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 end. The amounts in the table are contractual undiscounted cash flows.

#### VanEck 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 2023</b>					
Due to brokers - payable for securities purchased	6,939	-	-	-	6,939
Payables	1,127	-	-	-	1,127
Distributions payable	2,399	-	-	-	2,399
<b>Contractual cash flows</b>	<b>10,465</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,465</b>
<b>As at 30 June 2022</b>					
Due to brokers - payable for securities purchased	22,265	-	-	-	22,265
Payables	75	-	-	-	75
Distributions payable	453	-	-	-	453
<b>Contractual cash flows</b>	<b>22,793</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,793</b>

### 3 Financial risk management (continued)

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

##### VanEck 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 2023</b>					
Payables	78	-	-	-	78
Distributions payable	720	-	-	-	720
<b>Contractual cash flows</b>	<b>798</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>798</b>
<b>As at 30 June 2022</b>					
Payables	56	-	-	-	56
Distributions payable	1,501	-	-	-	1,501
<b>Contractual cash flows</b>	<b>1,557</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,557</b>

##### VanEck 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 2023</b>					
Due to brokers - payable for securities purchased	13,093	-	-	-	13,093
Payables	205	-	-	-	205
Distributions payable	3,658	-	-	-	3,658
<b>Contractual cash flows</b>	<b>16,956</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,956</b>
<b>As at 30 June 2022</b>					
Payables	82	-	-	-	82
Distributions payable	678	-	-	-	678
<b>Contractual cash flows</b>	<b>760</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>760</b>

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#### 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:

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

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

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

The 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 2023 and 30 June 2022.

##### VanEck Australian Floating Rate ETF

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>As at 30 June 2023</b>				
<b>Financial assets at fair value through profit or loss</b>				
Debt securities	-	621,874	-	621,874
<b>Total</b>	-	621,874	-	621,874
<b>As at 30 June 2022</b>				
<b>Financial assets at fair value through profit or loss</b>				
Debt securities	-	371,874	-	371,874
<b>Total</b>	-	371,874	-	371,874

##### VanEck Australian Corporate Bond Plus ETF

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>As at 30 June 2023</b>				
<b>Financial assets at fair value through profit or loss</b>				
Debt securities	-	253,376	-	253,376
<b>Total</b>	-	253,376	-	253,376
<b>As at 30 June 2022</b>				
<b>Financial assets at fair value through profit or loss</b>				
Debt securities	-	197,309	-	197,309
<b>Total</b>	-	197,309	-	197,309

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#### 4 Fair value measurement (continued)

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

##### VanEck Australian Subordinated Debt ETF

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>As at 30 June 2023</b>				
<b>Financial assets at fair value through profit or loss</b>				
Debt securities	-	804,400	-	804,400
<b>Total</b>	-	804,400	-	804,400
<b>As at 30 June 2022</b>				
<b>Financial assets at fair value through profit or loss</b>				
Debt securities	-	299,105	-	299,105
<b>Total</b>	-	299,105	-	299,105

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 2023 and year ended 30 June 2022. There were also no changes made to any of the valuation techniques applied as at 30 June 2023.

(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 2023 or year ended 30 June 2022.

(iii) *Fair values of other financial instruments*

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

#### 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:

	VanEck Australian Floating Rate ETF		VanEck Australian Corporate Bond Plus ETF	
	Year ended		Year ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>				
Net gains/(losses) on financial assets at fair value through profit or loss	1,170	(4,602)	1,167	(36,641)
<b>Total net gains/(losses) on financial instruments at fair value through profit or loss</b>	<b>1,170</b>	<b>(4,602)</b>	<b>1,167</b>	<b>(36,641)</b>

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

	VanEck Australian Subordinated Debt ETF	
	Year ended	
	30 June 2023	30 June 2022
	\$'000	\$'000
<b>Financial assets</b>		
Net gains/(losses) on financial assets at fair value through profit or loss	<u>5,831</u>	<u>(9,923)</u>
<b>Total net gains/(losses) on financial instruments at fair value through profit or loss</b>	<u>5,831</u>	<u>(9,923)</u>

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

	VanEck Australian Floating Rate ETF		VanEck Australian Corporate Bond Plus ETF	
	As at		As at	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	\$'000	\$'000	\$'000	\$'000
<b>Financial assets at fair value through profit or loss</b>				
Debt securities	<u>621,874</u>	<u>371,874</u>	<u>253,376</u>	<u>197,309</u>
<b>Total financial assets at fair value through profit or loss</b>	<u>621,874</u>	<u>371,874</u>	<u>253,376</u>	<u>197,309</u>

	VanEck Australian Subordinated Debt ETF	
	As at	
	30 June 2023	30 June 2022
	\$'000	\$'000
<b>Financial assets at fair value through profit or loss</b>		
Debt securities	<u>804,400</u>	<u>299,105</u>
<b>Total financial assets at fair value through profit or loss</b>	<u>804,400</u>	<u>299,105</u>

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## 7 Units issued

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

	<b>VanEck Australian Floating Rate ETF</b>		<b>VanEck Australian Corporate Bond Plus ETF</b>	
	<b>Year ended</b>		<b>Year ended</b>	
	<b>30 June 2023</b>	<b>30 June 2022</b>	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>No.'000</b>	<b>No.'000</b>	<b>No.'000</b>	<b>No.'000</b>
Opening balance	15,104	10,183	12,510	14,900
Applications	10,180	7,560	4,980	480
Redemptions	(40)	(2,640)	(1,500)	(2,880)
Units issued upon reinvestment of distributions	8	1	17	10
Closing balance	<u>25,252</u>	<u>15,104</u>	<u>16,007</u>	<u>12,510</u>

	<b>VanEck Australian Subordinated Debt ETF</b>	
	<b>Year ended</b>	
	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>No.'000</b>	<b>No.'000</b>
Opening balance	12,322	6,960
Applications	22,760	6,240
Redemptions	(1,840)	(880)
Units issued upon reinvestment of distributions	11	2
Closing balance	<u>33,253</u>	<u>12,322</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.

### 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 the Authorised Participants.

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 were as follows:

	VanEck Australian Floating Rate ETF			
	Year ended			
	30 June 2023	30 June 2023	30 June 2022	30 June 2022
	\$'000	CPU	\$'000	CPU
Distributions paid	14,900	72.50	2,609	20.00
Distributions payable	2,399	9.50	453	3.00
<b>Total distributions</b>	<b>17,299</b>	<b>82.00</b>	<b>3,062</b>	<b>23.00</b>

	VanEck Australian Corporate Bond Plus ETF			
	Year ended			
	30 June 2023	30 June 2023	30 June 2022	30 June 2022
	\$'000	CPU	\$'000	CPU
Distributions paid	7,576	48.00	3,968	30.00
Distributions payable	720	4.50	1,501	12.00
<b>Total distributions</b>	<b>8,296</b>	<b>52.50</b>	<b>5,469</b>	<b>42.00</b>

	VanEck Australian Subordinated Debt ETF			
	Year ended			
	30 June 2023	30 June 2023	30 June 2022	30 June 2022
	\$'000	CPU	\$'000	CPU
Distributions paid	18,595	93.50	4,357	44.50
Distributions payable	3,658	11.00	678	5.50
<b>Total distributions</b>	<b>22,253</b>	<b>104.50</b>	<b>5,035</b>	<b>50.00</b>

## 9 Cash and cash equivalents

	VanEck Australian Floating Rate ETF		VanEck Australian Corporate Bond Plus ETF	
	As at		As at	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	\$'000	\$'000	\$'000	\$'000
Cash at bank	389	95	493	221
<b>Total cash and cash equivalents</b>	<b>389</b>	<b>95</b>	<b>493</b>	<b>221</b>

## 9 Cash and cash equivalents (continued)

	VanEck Australian Subordinated Debt ETF	
	As at	
	30 June 2023	30 June 2022
	\$'000	\$'000
Cash at bank	36	425
<b>Total cash and cash equivalents</b>	<b>36</b>	<b>425</b>

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

	VanEck Australian Floating Rate ETF		VanEck Australian Corporate Bond Plus ETF	
	Year ended		Year ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	\$'000	\$'000	\$'000	\$'000
<b>(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities</b>				
Profit/(loss) for the year	18,877	(2,007)	9,112	(29,667)
Proceeds from sale of financial instruments at fair value through profit or loss	159,881	134,368	77,413	113,617
Purchase of financial instruments at fair value through profit or loss	(421,934)	(246,723)	(131,624)	(71,891)
Net (gains)/losses on financial instruments at fair value through profit or loss	(1,170)	4,602	(1,167)	36,641
Net interest bought/(sold)	703	85	483	(465)
Net change in receivables	(3,036)	(481)	(527)	534
Net change in payables	57	25	22	(20)
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(246,622)</b>	<b>(110,131)</b>	<b>(46,288)</b>	<b>48,749</b>
<b>(b) Non-cash financing activities</b>				
During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	198	26	281	188

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

	VanEck Australian Subordinated Debt ETF	
	Year ended	
	30 June 2023 \$'000	30 June 2022 \$'000
<b>(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities</b>		
Profit/(loss) for the year	27,651	(5,645)
Proceeds from sale of financial instruments at fair value through profit or loss	89,817	65,668
Purchase of financial instruments at fair value through profit or loss	(607,004)	(199,060)
Net (gains)/losses on financial instruments at fair value through profit or loss	(5,831)	9,923
Net interest bought/(sold)	2,210	213
Net change in receivables	(4,263)	(628)
Net change in payables	123	39
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(497,297)</b>	<b>(129,490)</b>
<b>(b) Non-cash financing activities</b>		
During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	254	48

## 11 Remuneration of auditors

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

	VanEck Australian Floating Rate ETF		VanEck Australian Corporate Bond Plus ETF	
	Year ended		Year ended	
	30 June 2023 \$	30 June 2022 \$	30 June 2023 \$	30 June 2022 \$
<b>Ernst &amp; Young</b>				
<i>Audit services</i>				
Audit and review of financial statements	12,400	18,231	12,400	18,231
Audit of compliance plan	1,500	1,820	1,500	1,820
<b>Total remuneration of Ernst &amp; Young</b>	<b>13,900</b>	<b>20,051</b>	<b>13,900</b>	<b>20,051</b>

## 11 Remuneration of auditors (continued)

	VanEck Australian Subordinated Debt ETF	
	Year ended	
	30 June 2023	30 June 2022
	\$	\$
<b>Ernst &amp; Young</b>		
<i>Audit services</i>		
Audit and review of financial statements	12,400	12,314
Audit of compliance plan	1,500	1,373
<b>Total remuneration of Ernst &amp; Young</b>	<b>13,900</b>	<b>13,687</b>

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

## 12 Receivables

	VanEck Australian Floating Rate ETF		VanEck Australian Corporate Bond Plus ETF	
	As at		As at	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	\$'000	\$'000	\$'000	\$'000
Interest receivable	3,825	776	2,178	1,641
Applications receivable	-	9,880	-	-
GST receivables	6	19	-	10
<b>Total Receivables</b>	<b>3,831</b>	<b>10,675</b>	<b>2,178</b>	<b>1,651</b>

	VanEck Australian Subordinated Debt ETF	
	As at	
	30 June 2023	30 June 2022
	\$'000	\$'000
Interest receivable	5,243	929
GST receivables	24	75
<b>Total Receivables</b>	<b>5,267</b>	<b>1,004</b>

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## 13 Payables

	VanEck Australian Floating Rate ETF		VanEck Australian Corporate Bond Plus ETF	
	As at		As at	
	30 June 2023 \$'000	30 June 2022 \$'000	30 June 2023 \$'000	30 June 2022 \$'000
Management fees payable	110	66	66	52
Redemptions payable	995	-	-	-
Withholding tax payable	-	-	3	-
Other payables	22	9	9	4
<b>Total Payables</b>	<b>1,127</b>	<b>75</b>	<b>78</b>	<b>56</b>

	VanEck Australian Subordinated Debt ETF	
	As at	
	30 June 2023 \$'000	30 June 2022 \$'000
Management fees payable	182	70
Other payables	23	12
<b>Total Payables</b>	<b>205</b>	<b>82</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 (resigned 1 July 2023)  
Arian Neiron  
Michael Brown  
Jonathan Simon  
Lee Rappaport (appointed 1 July 2023)

### (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

There were no key management personnel who held units in the VanEck Australian Corporate Bond Plus ETF as at 30 June 2023 (30 June 2022: Nil).

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

#### VanEck Australian Floating Rate ETF 30 June 2023

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	4,974	0.001	-	-	164

#### VanEck Australian Floating Rate ETF 30 June 2022

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	4,940	0.001	-	-	46

#### VanEck Australian Subordinated Debt ETF 30 June 2023

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	27,301	0.003	-	-	1,150

#### VanEck Australian Subordinated Debt ETF 30 June 2022

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	26,847	0.01	-	-	550

### 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.

## 14 Related party transactions (continued)

### 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 (2022: 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 (2022: Nil).

### Related party transactions

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

VanEck Australian Floating Rate ETF charges management costs of 0.22% per annum (2022: 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 Australian Corporate Bond Plus ETF charges management costs of 0.32% per annum (2022: 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 Australian Subordinated Debt ETF charges management costs of 0.29% per annum (2022: 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 register of unitholders for each Fund are fully borne by the Responsible Entity.

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

	VanEck Australian Floating Rate ETF		VanEck Australian Corporate Bond Plus ETF		VanEck Australian Subordinated Debt ETF	
	Year ended		Year ended		Year ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	\$	\$	\$	\$	\$	\$
Responsible Entity's fees paid and payable for the year	1,076,489	713,009	800,959	762,635	1,360,317	704,297
Aggregate amounts payable to the Responsible Entity at the end of the year	110,357	65,996	65,697	51,707	182,447	69,653

### Related party unit holdings

No other parties except those disclosed in Note 14(b) related to the Funds held units in the Funds as at 30 June 2023 (2022: Nil).

#### **14 Related party transactions (continued)**

##### **Investments**

The Funds did not hold any investments in the Responsible Entity or its related parties during the year (2022: 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 2023 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 2023 and 30 June 2022.

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### 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 2023 and of their 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 their 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  
22 September 2023

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## Independent Auditor's Report

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

- ▶ VanEck Australian Floating Rate ETF (FLOT)
- ▶ VanEck Australian Corporate Bond Plus ETF (PLUS)
- ▶ VanEck 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 statements of financial position as at 30 June 2023, the statements of comprehensive income, statements of changes in equity and statements 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 2023 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.



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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.

### 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 2023, 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	\$ 621,874,000	97.8%
PLUS	\$ 253,376,000	98.9%
SUBD	\$ 804,400,000	95.9%

As detailed in the Funds' accounting policy, disclosed 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 relevant disclosures in 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 assessed 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 2023 and assessed the auditor's qualifications, competence, objectivity, and the results of their procedures.

We agreed all investment holdings to third party confirmations at 30 June 2023.

We assessed the fair value of all positions in the portfolio held at 30 June 2023. For floating and fixed rate debt securities, we verified the values against independently sourced market prices.

We assessed the adequacy of the disclosures in Notes 2, 4 and 6 to the financial report.

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

The Directors of the Responsible Entity 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.



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### **Responsibilities of the Directors 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 of the Responsible Entity 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 of the Responsible Entity are responsible for assessing each Fund's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Directors of the Responsible Entity 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 Funds' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors of the Responsible Entity.
- Conclude on the appropriateness of the Directors of the Responsible Entity of the Funds use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the Funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Funds' to cease to continue as a going concern.



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- 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 of the Responsible Entity 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 of the Responsible Entity 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the Directors of the Responsible Entity, 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.

A handwritten signature in black ink that reads "Ernst &amp; Young".

Ernst & Young

A handwritten signature in black ink that reads "Rita Da Silva".

Rita Da Silva  
Partner  
Sydney  
22 September 2023

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