

3 June 2024

ASX Limited  
Market Announcements Office

## INTERIM FINANCIAL REPORT

[FOR RELEASE UNDER EACH ASX CODE LISTED BELOW]

VanEck Investments Limited announces the attached interim report for the period ending 31 March 2024 which covers the following exchange traded funds listed in the table below in the order of the cover page of the report:

Code	Fund
HVLU	VanEck MSCI International Value (AUD Hedged) ETF
MHOT	VanEck Morningstar Wide Moat (AUD Hedged) ETF
QHSM	VanEck MSCI International Small Companies Quality (AUD Hedged) 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 Global Equity (AUD Hedged) Funds Interim report For the period from 7 November 2023 (commencement of operations) to 31 March 2024**

This interim financial report covers the following VanEck Global Equity (AUD Hedged) Funds:

**VanEck Morningstar Wide Moat (AUD Hedged) ETF**

ARSN 671 626 243

**VanEck MSCI International Value (AUD Hedged) ETF**

ARSN 671 625 344

**VanEck MSCI International Small Companies Quality (AUD Hedged) ETF**

ARSN 671 630 041

# VanEck Global Equity (AUD Hedged) Funds Interim report For the period from 7 November 2023 (commencement of operations) to 31 March 2024

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This interim report does not include all the notes of the type normally included in an annual report. Accordingly, this interim report is to be read in conjunction with any public announcements made in respect of VanEck Global Equity (AUD Hedged) Funds during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

These financial statements cover the VanEck Morningstar Wide Moat (AUD Hedged) ETF, VanEck MSCI International Value (AUD Hedged) ETF and VanEck MSCI International Small Companies Quality (AUD Hedged) 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 Morningstar Wide Moat (AUD Hedged) ETF, VanEck MSCI International Value (AUD Hedged) ETF and VanEck MSCI International Small Companies Quality (AUD Hedged) ETF (collectively the "Funds" and individually the "Fund"), present their report together with the financial statements of the Funds for the period from 7 November 2023 (commencement of operations) to 31 March 2024. The commencement of operations date is the date when the Funds first held an asset. This is colloquially referred to as the 'seeding' date.

### **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 Morningstar Wide Moat (AUD Hedged) ETF generally invests in a diversified portfolio of attractively priced United States companies with sustainable competitive advantages (ex Australia) in accordance with the provisions of the Fund's Constitution and Product Disclosure Statement ("PDS").

VanEck MSCI International Value (AUD Hedged) ETF generally invests in a diversified portfolio of 250 international developed market large- and mid-cap companies, with high value scores as calculated by MSCI at each rebalance (ex Australia) in accordance with the provisions of the Fund's Constitution and PDS.

VanEck MSCI International Small Companies Quality (AUD Hedged) ETF generally invests in a diversified portfolio of 150 international developed market small-cap quality growth securities (ex Australia) in accordance with the provisions of the Fund's Constitution and PDS.

The Funds did not have any employees during the period.

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

### **Directors**

The following persons held office as Directors of the Responsible Entity during the period from 7 November 2023 (commencement of operations) to 31 March 2024 and up to the date of this report:

Jan van Eck  
Arian Neiron  
Michael Brown  
Jonathan Simon  
Lee Rappaport

### **Review and results of operations**

The Funds invested in accordance with the Funds' PDS and the provisions of the Funds' Constitutions.

VanEck Morningstar Wide Moat (AUD Hedged) ETF generally invests in the securities that are constituents of the Morningstar® Wide Moat Focus NR AUD Hedged Index™ and aims to track the performance of the Index (with net dividends reinvested) in Australian dollars, before taking into account fees, expenses and tax.

VanEck MSCI International Value (AUD Hedged) ETF generally invests in the securities that are constituents of the MSCI World ex Australia Enhanced Value Top 250 Select 100% Hedged to AUD Index and aims to track the performance of the Index (with net dividends reinvested) in Australian dollars, before taking into account fees, expenses and tax.

## Directors' report (continued)

### Review and results of operations (continued)

VanEck MSCI International Small Companies Quality (AUD Hedged) ETF generally invests in the securities that are constituents of the MSCI World ex Australia Small Cap Quality 150 100% Hedged to AUD Index and aims to track the performance of the Index (with net dividends reinvested) in Australian dollars, before taking into account fees, expenses and tax.

#### Results

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

	VanEck Morningstar Wide Moat (AUD Hedged) ETF Period from 7 November 2023 to 31 March 2024	VanEck MSCI International Value (AUD Hedged) ETF Period from 7 November 2023 to 31 March 2024	VanEck MSCI International Small Companies Quality (AUD Hedged) ETF Period from 7 November 2023 to 31 March 2024
Profit/(loss) attributable to unitholders (\$'000)	<u>1,937</u>	<u>451</u>	<u>8,287</u>
Distribution to unitholders (\$'000)	<u>-</u>	<u>-</u>	<u>-</u>
Distribution (cents per unit - CPU)	<u>-</u>	<u>-</u>	<u>-</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 period.

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

No matter or circumstance has arisen since 31 March 2024 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.

### 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.

## Directors' report (continued)

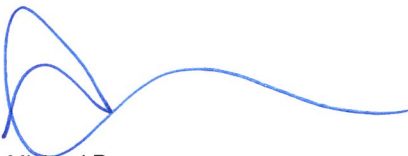
### Rounding of amounts to the nearest thousand dollars

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 5.

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



Michael Brown  
Director

Sydney  
23 May 2024

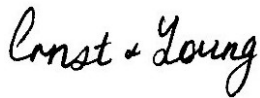
## Auditor's independence declaration to the directors of VanEck Investments Limited, as Responsible Entity for VanEck Global Equity (AUD Hedged) Funds

For the following VanEck Global Equity (AUD Hedged) Funds (collectively the "Funds"):

- VanEck Morningstar Wide Moat (AUD Hedged) ETF
- VanEck MSCI International Value (AUD Hedged) ETF
- VanEck MSCI International Small Companies Quality (AUD Hedged) ETF

As lead auditor for the review of the interim financial report of the Funds for the period ended 31 March 2024, I declare to the best of my knowledge and belief, there have been:

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



Ernst & Young



Rita Da Silva  
Partner  
Sydney  
23 May 2024

## Statements of comprehensive income

	VanEck Morningstar Wide Moat (AUD Hedged) ETF Period from 7 November 2023 to 31 March 2024 \$'000	VanEck MSCI International Value (AUD Hedged) ETF Period from 7 November 2023 to 31 March 2024 \$'000	VanEck MSCI International Small Companies Quality (AUD Hedged) ETF Period from 7 November 2023 to 31 March 2024 \$'000
<b>Investment income</b>			
Dividend and distribution income	101	-	-
Net gains on financial instruments at fair value through profit or loss	1,882	452	8,294
Net foreign exchange gains/(losses)	(2)	-	-
<b>Total investment income</b>	<u>1,981</u>	<u>452</u>	<u>8,294</u>
<b>Expenses</b>			
Management fees	24	-	4
Transaction costs	3	-	-
Withholding tax	14	-	-
Other expenses	3	1	3
<b>Total operating expenses</b>	<u>44</u>	<u>1</u>	<u>7</u>
<b>Profit for the period</b>	<u>1,937</u>	<u>451</u>	<u>8,287</u>
Other comprehensive income for the period	-	-	-
<b>Total comprehensive income for the period</b>	<u>1,937</u>	<u>451</u>	<u>8,287</u>

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



## Statements of financial position

		<b>VanEck Morningstar Wide Moat (AUD Hedged) ETF As at 31 March 2024 \$'000</b>	<b>VanEck MSCI International Value (AUD Hedged) ETF As at 31 March 2024 \$'000</b>	<b>VanEck MSCI International Small Companies Quality (AUD Hedged) ETF As at 31 March 2024 \$'000</b>
<b>Assets</b>				
Cash and cash equivalents		103	1	163
Receivables		32	-	-
Financial assets at fair value through profit or loss	3, 4	<u>16,715</u>	<u>4,169</u>	<u>89,849</u>
<b>Total assets</b>		<u>16,850</u>	<u>4,170</u>	<u>90,012</u>
<b>Liabilities</b>				
Bank overdraft		81	-	-
Due to brokers - payable for securities purchased		48	-	-
Payables		12	-	2
Financial liabilities at fair value through profit or loss	3, 5	<u>59</u>	<u>-</u>	<u>137</u>
<b>Total liabilities</b>		<u>200</u>	<u>-</u>	<u>139</u>
<b>Net assets attributable to unitholders - Equity</b>		<u>16,650</u>	<u>4,170</u>	<u>89,873</u>

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

## Statements of changes in equity

	VanEck Morningstar Wide Moat (AUD Hedged) ETF Period from 7 November 2023 to 31 March 2024 \$'000	VanEck MSCI International Value (AUD Hedged) ETF Period from 7 November 2023 to 31 March 2024 \$'000	VanEck MSCI International Small Companies Quality (AUD Hedged) ETF Period from 7 November 2023 to 31 March 2024 \$'000
<b>Total equity at the beginning of the period</b>	-	-	-
Issue of redeemable participating units	19,557	3,719	82,935
Redemption of redeemable participating units	(4,844)	-	(1,349)
Comprehensive income for the period	<u>1,937</u>	<u>451</u>	<u>8,287</u>
<b>Total equity at the end of the period</b>	<u>16,650</u>	<u>4,170</u>	<u>89,873</u>

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

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

## Statements of cash flows

	VanEck Morningstar Wide Moat (AUD Hedged) ETF Period from 7 November 2023 to 31 March 2024 \$'000	VanEck MSCI International Value (AUD Hedged) ETF Period from 7 November 2023 to 31 March 2024 \$'000	VanEck MSCI International Small Companies Quality (AUD Hedged) ETF Period from 7 November 2023 to 31 March 2024 \$'000
<b>Cash flows from operating activities</b>			
Proceeds from sale of financial instruments at fair value through profit or loss	8,998	77	2,930
Purchase of financial instruments at fair value through profit or loss	(23,724)	(3,794)	(84,348)
Net foreign exchange gains/(losses)	(1)	-	-
Dividends and distributions received (net of withholding tax)	61	-	-
Management fees paid	(17)	-	(2)
Payment of other expenses	(7)	(1)	(3)
<b>Net cash outflow from operating activities</b>	<b>(14,690)</b>	<b>(3,718)</b>	<b>(81,423)</b>
<b>Cash flows from financing activities</b>			
Proceeds from applications by unitholders	19,557	3,719	82,935
Payments for redemptions to unitholders	(4,844)	-	(1,349)
<b>Net cash inflow from financing activities</b>	<b>14,713</b>	<b>3,719</b>	<b>81,586</b>
<b>Net increase in cash and cash equivalents</b>	<b>23</b>	<b>1</b>	<b>163</b>
Cash and cash equivalents at the beginning of the period	-	-	-
Effects of foreign exchange rate changes on cash and cash equivalents	(1)	-	-
<b>Cash and cash equivalents at the end of the period</b>	<b>22</b>	<b>1</b>	<b>163</b>

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

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## 1 General information

These financial statements for the period from 7 November 2023 (commencement of operations) to 31 March 2024 cover the VanEck Morningstar Wide Moat (AUD Hedged) ETF, VanEck MSCI International Value (AUD Hedged) ETF and VanEck MSCI International Small Companies Quality (AUD Hedged) ETF (the “Funds”) as individual entities. The commencement of operations date is the date when the Funds first held an asset. This is colloquially referred to as the ‘seeding’ date. The Funds were registered with ASIC on 2 October 2023 and started trading on ASX on 9 November 2023. ASIC regulations require that the financial statements be prepared to the period ended 31 March 2024.

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 23 May 2024. 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 material 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 interim financial statements for the period ended 31 March 2024 have been prepared in accordance with Australian Accounting Standards AASB 134 *Interim Financial Reporting* and Interpretations issued by the Australian Accounting Standards Board (“AASB”) and the *Corporations Act 2001* in Australia. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards IAS 34 *Interim Financial Reporting*.

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

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 are expected to retain them for the medium to long term. As such, the amount expected to be settled within twelve months cannot be reliably determined.

## 2 Summary of material 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 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 equity securities are mandatorily 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 material 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 bank overdraft, due to brokers - payable for securities purchased and payables.

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 Funds include in this category derivative contracts in a liability position.

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

#### (iii) Measurement

Financial assets and financial liabilities at fair value through profit or loss are recorded in the 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 use a variety of methods and make assumptions that are based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs. Further details on how the fair values of financial instruments are determined are disclosed in Note 3.

#### (iv) Impairment of Financial assets

The 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 recognise a loss allowance based on lifetime ECLs at each reporting date.

### (c) Significant accounting policies

All applicable standards and interpretations have been adopted.

## **2 Summary of material accounting policies (continued)**

### **(d) Significant accounting judgements and estimates**

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

### **(e) Redeemable participating units**

Units are classified as equity. Notwithstanding the obligation of the 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.

### **(f) Capital management**

The Responsible Entity manages its net assets attributable to unitholders as equity. The amount of the net assets attributable to unitholders can change significantly 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.

### **(g) 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.

### **(h) Investment income**

Interest income is recognised in the Statements of comprehensive income using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the 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.



## 2 Summary of material accounting policies (continued)

### (h) Investment income (continued)

Dividend and distribution income is recognised on the ex-dividend date with any related foreign withholding tax recorded as an expense. 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.

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 period) and the fair value as at the prior balance date or initial fair value (if acquired during the financial period). This includes both realised and unrealised gains and losses, but does not include interest or dividend income.

### (i) Expenses

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

### (j) 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.

### (k) Distributions

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

### (l) 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.

#### (ii) Transactions and balances

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

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

### (m) Due from/to brokers

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

## 2 Summary of material accounting policies (continued)

### (n) Receivables

Receivables may include amounts for dividends, trust distributions, interest and applications received for units in the Funds. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the end of the reporting period from the time of last payment. Amounts are generally received within 30 days of being recorded as receivables.

### (o) 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.

### (p) Applications and redemptions

Unitholders can only apply for additional units if they are Authorised Participants. 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.

### (q) 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.

### (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 ASIC relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded to the nearest thousand dollars in accordance with that ASIC Corporations Instrument, unless otherwise indicated.

### 3 Fair value measurement

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

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

The 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.

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.

### 3 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 31 March 2024.

#### VanEck Morningstar Wide Moat (AUD Hedged) ETF

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>As at 31 March 2024</b>				
<b>Financial assets at fair value through profit or loss</b>				
Forwards	-	49	-	49
Listed equities	<u>16,666</u>	<u>-</u>	<u>-</u>	<u>16,666</u>
<b>Total</b>	<u>16,666</u>	<u>49</u>	<u>-</u>	<u>16,715</u>
<b>Financial liabilities at fair value through profit or loss</b>				
Forwards	<u>-</u>	<u>59</u>	<u>-</u>	<u>59</u>
<b>Total</b>	<u>-</u>	<u>59</u>	<u>-</u>	<u>59</u>

#### VanEck MSCI International Value (AUD Hedged) ETF

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>As at 31 March 2024</b>				
<b>Financial assets at fair value through profit or loss</b>				
Forwards	-	22	-	22
Listed unit trusts	<u>4,147</u>	<u>-</u>	<u>-</u>	<u>4,147</u>
<b>Total</b>	<u>4,147</u>	<u>22</u>	<u>-</u>	<u>4,169</u>

#### VanEck MSCI International Small Companies Quality (AUD Hedged) ETF

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>As at 31 March 2024</b>				
<b>Financial assets at fair value through profit or loss</b>				
Forwards	-	191	-	191
Listed unit trusts	<u>89,658</u>	<u>-</u>	<u>-</u>	<u>89,658</u>
<b>Total</b>	<u>89,658</u>	<u>191</u>	<u>-</u>	<u>89,849</u>
<b>Financial liabilities at fair value through profit or loss</b>				
Forwards	<u>-</u>	<u>137</u>	<u>-</u>	<u>137</u>
<b>Total</b>	<u>-</u>	<u>137</u>	<u>-</u>	<u>137</u>

### 3 Fair value measurement (continued)

#### Recognised fair value measurements (continued)

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

*(i) Transfers between levels*

There were no transfers between the levels in the fair value hierarchy for the period ended 31 March 2024. There were also no changes made to any of the valuation techniques applied as at 31 March 2024.

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

The Funds did not hold any financial instruments with fair value measurements using significant unobservable inputs during the period ended 31 March 2024.

*(iii) Fair values of other financial instruments*

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

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

	VanEck Morningstar Wide Moat (AUD Hedged) ETF As at 31 March 2024 \$'000	VanEck MSCI International Value (AUD Hedged) ETF As at 31 March 2024 \$'000	VanEck MSCI International Small Companies Quality (AUD Hedged) ETF As at 31 March 2024 \$'000
<b>Financial assets at fair value through profit or loss</b>			
Forwards	49	22	191
Listed equities	16,666	-	-
Listed unit trusts	-	4,147	89,658
<b>Total financial assets at fair value through profit or loss</b>	<b>16,715</b>	<b>4,169</b>	<b>89,849</b>

For VanEck Morningstar Wide Moat (AUD Hedged) ETF, the foreign exchange risk is managed by hedging the exposure using foreign currency contracts. As at 31 March 2024, the net fair value of the financial assets being hedged was \$16,665,914. The net fair value of the gains/(losses) arising from the hedging instruments during the period was \$(69,283).

For VanEck MSCI International Value (AUD Hedged) ETF, the foreign exchange risk is managed by hedging the exposure using foreign currency contracts. As at 31 March 2024, the net fair value of the financial assets being hedged was Nil. The net fair value of the gains/(losses) arising from the hedging instruments during the period was \$33,009.

For VanEck MSCI International Small Companies Quality (AUD Hedged) ETF, the foreign exchange risk is managed by hedging the exposure using foreign currency contracts. As at 31 March 2024, the net fair value of the financial assets being hedged was Nil. The net fair value of the gains/(losses) arising from the hedging instruments during the period was \$(481,665).

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

## 5 Financial liabilities at fair value through profit or loss

	VanEck Morningstar Wide Moat (AUD Hedged) ETF As at 31 March 2024 \$'000	VanEck MSCI International Small Companies Quality (AUD Hedged) ETF As at 31 March 2024 \$'000
<b>Financial liabilities at fair value through profit or loss</b>		
Forwards	59	137
<b>Total financial liabilities at fair value through profit or loss</b>	<b>59</b>	<b>137</b>

## 6 Units issued

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

	VanEck Morningstar Wide Moat (AUD Hedged) ETF Period from 7 November 2023 to 31 March 2024 No.'000	VanEck MSCI International Value (AUD Hedged) ETF Period from 7 November 2023 to 31 March 2024 No.'000	VanEck MSCI International Small Companies Quality (AUD Hedged) ETF Period from 7 November 2023 to 31 March 2024 No.'000
Opening balance	-	-	-
Applications	163	150	3,000
Redemptions	(38)	-	(50)
Closing balance	<u>125</u>	<u>150</u>	<u>2,950</u>

As stipulated within the Funds' Constitutions, a unit confers an equal undivided, vested, and infeasible 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.

## **7 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 31 March 2024 or on the results and cash flows of the Funds for the period ended on that date.

## **8 Contingent assets and liabilities and commitments**

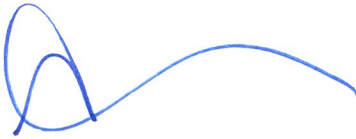
There are no outstanding contingent assets, liabilities or commitments as at 31 March 2024.

## Directors' declaration

In the opinion of the Directors of the Responsible Entity:

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

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



Michael Brown  
Director

Sydney  
23 May 2024



## Independent auditor's review report

To the Unitholders of the following VanEck Global Equity (AUD Hedged) Funds (collectively the "Funds")

- VanEck Morningstar Wide Moat (AUD Hedged) ETF
- VanEck MSCI International Value (AUD Hedged) ETF
- VanEck MSCI International Small Companies Quality (AUD Hedged) ETF

### Conclusion

We have reviewed the accompanying interim financial report of the VanEck Global Equity Funds, which comprises the statements of financial position as at 31 March 2024, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the period ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- a) Giving a true and fair view of the Funds' financial position as at 31 March 2024 and of their financial performance for the period ended on that date; and
- b) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the interim 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

### Directors' responsibilities for the interim financial report

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

### Auditor's responsibilities for the review of the interim financial report

Our responsibility is to express a conclusion on the interim financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Funds' financial position as at 31 March 2024 and their performance for the period ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



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

*Ernst & Young*

Ernst & Young

*Rita Da Silva*

Rita Da Silva  
Partner  
Sydney  
23 May 2024