

## VanEck Bentham Global Capital Securities Active ETF (Managed Fund)

ASX Code: GCAP

### Investment objective

GCAP aims to provide investors with a professionally managed active strategy in global Capital Securities. The fund aims to provide total investment returns, measured over the long term in excess of the Benchmark.

### Benchmark

Benchmark is RBA Cash Rate + 3% p.a.

### Performance as at 30 April 2022

|                     | 1 month       | 3 months      | 6 months      | 1 year | 3 years (p.a.) | 5 years (p.a.) | 10 years (p.a.) | Since GCAP inception (p.a.) |
|---------------------|---------------|---------------|---------------|--------|----------------|----------------|-----------------|-----------------------------|
| Price Return        | -2.40%        | -4.27%        | -6.02%        | -      | -              | -              | -               | -6.68%                      |
| Income Return       | 0.26%         | 0.76%         | 1.48%         | -      | -              | -              | -               | 2.18%                       |
| <b>Total Return</b> | <b>-2.14%</b> | <b>-3.51%</b> | <b>-4.54%</b> | -      | -              | -              | -               | <b>-4.50%</b>               |
| Benchmark           | 0.25%         | 0.75%         | 1.53%         | 3.10%  | 3.38%          | 3.83%          | 4.60%           | 2.28%                       |
| <b>Value Add</b>    | <b>-2.39%</b> | <b>-4.26%</b> | <b>-6.07%</b> | -      | -              | -              | -               | <b>-6.78%</b>               |

Benchmark is RBA Cash Rate + 3% p.a.

The table above shows past performance of the Fund from 3 August 2021. Results are calculated to the last business day of the month and assume immediate reinvestment of distributions. Fund results are net of management fees and costs, but before brokerage fees or bid/ask spreads incurred when investors buy/sell on the ASX. Returns for periods longer than one year are annualised. Past performance is not a reliable indicator of current or future performance which may be lower or higher.

Benchmark information has been obtained from sources believed to be reliable but VanEck do not warrant its completeness or accuracy.

### Key benefits

**Global income opportunity:** Capital securities offers an opportunity for investors to diversify their income away from Australian exposures by harnessing a deep and sizeable global universe including AT1 and Contingent Convertibles (CoCos) bonds.

**Actively managed by leading global credit specialists:** Professionally managed by Bentham Asset Management, a leading and award-winning global credit specialist with a deep track record and strong pedigree of investing.

**Fundamental high conviction exposure:** A high conviction portfolio selected on the basis of top-down and fundamental credit analysis.

### Key risks

An investment in the Fund carries risks associated with: subordination in the capital structure, derivatives, bond markets generally, interest rate movements, currency hedging, below Investment Grade securities, country and issuer concentration, liquidity, and issuer default. See the PDS for details.

### Fundamentals<sup>1</sup>

|                              |      |
|------------------------------|------|
| Number of constituents       | 62   |
| Number of issuers            | 37   |
| Modified Duration (yrs)      | 0.2  |
| Weight of top 10 issuers (%) | 46.7 |
| Credit Rating Profile        | BB+  |
| Credit Spread Duration (yrs) | 4.1  |
| Credit Spread (%)            | 4.4  |
| Running Yield (%)            | 6.0  |
| Yield to Worst (%)           | 6.7  |
| Yield to Call (%)            | 7.7  |
| Top Holding Weight (%)       | 3.8  |
| Investment Grade (%)         | 46.3 |

1. As at 30 April 2022

### Monthly Dividends History (CPU)

| Financial Year | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | YTD  |
|----------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|------|
| 2022           | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | -   | -   | 22.5 |

Source: VanEck. Past dividends are no indicators of future dividends. CPU is Cents per Unit. Since GCAP inception, 3rd August 2021.

## Market and Portfolio commentary

The VanEck Bentham Global Capital Securities Active ETF (Managed Fund) (GCAP) fell 2.14% during the month of April 2022 underperforming its benchmark, RBA cash rate + 3.0%.

The global bank capital securities market experienced negative returns in April as risk sentiment soured on the back of higher inflation and recession fears. Global bank equity indices were weaker over the month (USA -10.2%, EU -5%) despite the first quarter earnings season largely beating analyst expectations. We continue to view the increased uncertainty as relating more to earnings growth rather than as a fundamental credit issue that threatens the payment of hybrid coupons.

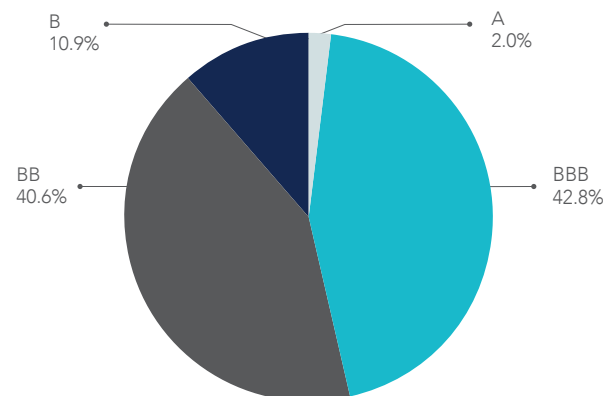
As noted, the 1Q22 results season surprised to the upside characterised by higher earnings from global markets activities and improved lending margins and volumes. Non-performing loans, excluding Russian exposures, were stable, but the underlying economic/growth outlook remains uncertain. Therefore, European banks generally remain prudent, retaining COVID provisions, and in some cases adding modest overlays for the increasing uncertainty. Banks, globally, continue to hold substantial capital buffers and we think they are well positioned to manage the current environment.

GCAP finished the month with a Yield to Worst of 6.65%, an increase of 1.22% from the previous month of 5.43%. The Fund’s average credit quality remains unchanged, credit duration is 4.0 years and interest rate duration 0.22 years. The Fund holds 62 securities across 37 issuers. GCAP has no direct Russian bank exposure.

The underperformance of global capital securities increases the opportunity, relative to ASX listed hybrids, which delivered a 0.39% net return for the month. We believe that the higher spreads on global capital securities will result in favourable risk adjusted returns over the medium term.

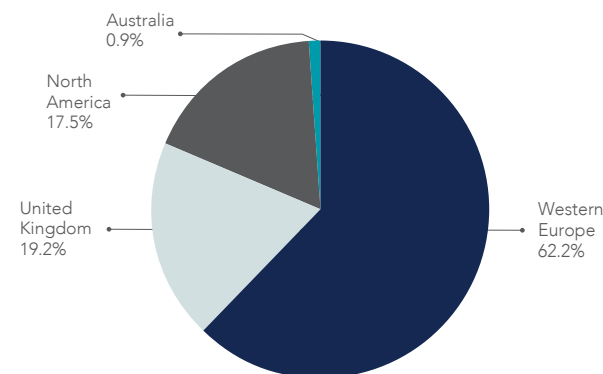
The Fund’s top exposures include Citigroup, Commerzbank AG, Rabobank, Credit Suisse Group and JP Morgan. The Fund’s currency exposure is hedged back to AUD, and interest rate exposure is hedged; meaning the portfolio return is relatively unaffected by changes in bond yields or currency.

### Credit Summary



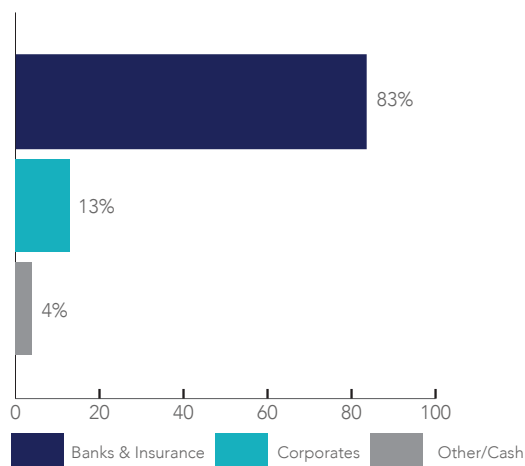
Source: VanEck, as at 30 April 2022.

### Regional Allocation



Source: VanEck, as at 30 April 2022.

### Portfolio Allocation



Source: VanEck, as at 30 April 2022.

## Contact us

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### Important notice:

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