

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

RBA Cash Rate + 3% p.a.

Performance as at 31 August 2021

	1 month	3 months	6 months	1 year	3 years (p.a.)	5 years (p.a.)	Since GCAP inception (p.a.)
Price Return	-	-	-	-	-	-	0.02%
Income Return	-	-	-	-	-	-	0.25%
Total Return	-	-	-	-	-	-	+0.27%
Benchmark	-	-	-	-	-	-	0.23%
Value Add	-	-	-	-	-	-	+0.04%

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.

Fundamentals¹

Number of constituents	20
Number of issuers	19
Modified Duration (yrs)	0.2
Weight of top 10 issuers (%)	71.0
Credit Rating Profile	BB+
Credit Spread Duration (yrs)	5.18
Credit Spread (%)	2.86
Running Yield (%)	5.07
Yield to Worst (%)	3.31
Yield to Call (%)	3.31
Top Holding Weight (%)	12.24
Investment Grade (%)	46

1. As at 31 August 2021.

Monthly Dividends History (CPU)

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

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

VanEck Bentham Global Capital Securities Active ETF (Managed Fund) (GCAP) commenced on 3rd August from that time it returned 0.27% to the end of the month outperforming the benchmark, RBA Cash Rate + 3.0%p.a., by 0.04%.

Global bank and insurance hybrid markets outperformed ASX domestic hybrids for month of August. Traditional fixed interest underperformed as the yields on government bonds.

GCAP finished the month with a Yield to Worst of 3.31%, a credit duration of 5.18 years and interest rate duration 0.20 years.

The Fund has exposure to 19 issuers. The top exposures include Commerzbank, Lloyds Banking Group, Bank of Ireland, Societe Generale and Barclays PLC.

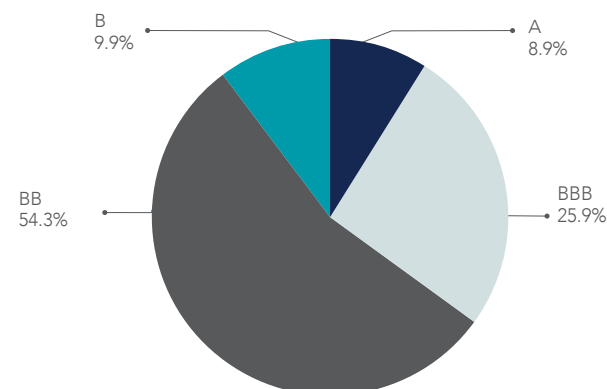
GCAP remains primarily exposed to hybrids issued by national champion European and UK banks. With interest rates near all-time lows and improving bank credit fundamentals, the valuations for global hybrid securities remains favourable.

The macro-economic outlook remains supportive for credit fundamentals with:

- vaccination rates rising which will allow economic activity to increase
- consumers having built up savings with significant pent-up demand; and
- government fiscal policies have become extremely supportive.

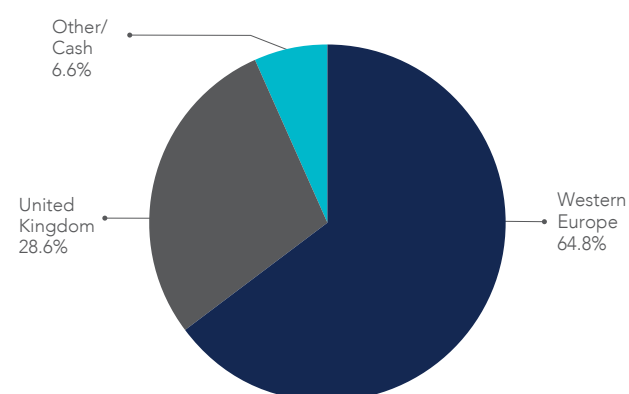
Bank earnings are likely to be supported by stable net interest margins, growing loan books and write backs of previously made loan loss provisions. We expect non-performing loans will drift higher over the medium term as government support reduces gradually, but the banking sector is well positioned to manage this headwind. Banks are likely to take a cautious approach to reducing their core capital ratios (the capital that sits beneath bank hybrids) over time, as they begin to grow their loan books, restart dividends and look at merger and acquisition opportunities.

Credit Summary



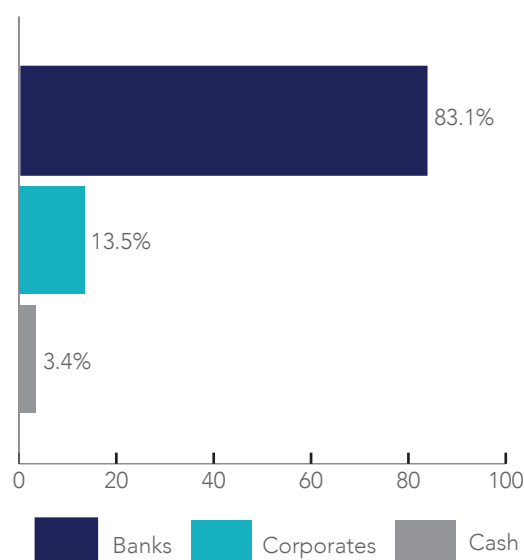
Source: VanEck, as at 31 August 2021.

Regional Allocation



Source: VanEck, as at 31 August 2021.

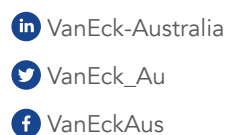
Portfolio Allocation



Source: VanEck, as at 31 August 2021.

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