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[www.vaneck.com.au](http://www.vaneck.com.au)

26 July 2021

**PRODUCT DISCLOSURE STATEMENT DATED 9 JULY 2021**

**NOTICE OF ADDRESS CHANGE**

Effective 26 July 2021, the address of the office at which the fund offered under the PDS dated 9 July 2021 and VanEck Investments Limited carry on business is changed to Level 47, Suite 2, 25 Martin Place, Sydney NSW 2000.

All other contact details remain unchanged.

**For more information:**

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

**IMPORTANT NOTICE:** VanEck Investments Limited is the responsible entity and issuer of a range of VanEck exchange traded funds on ASX ("Funds"). This information contains general advice 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 Fund, you should read the relevant PDS 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 Fund. Past performance is not a reliable indicator of future performance.

**VanEck**<sup>®</sup>

Access the opportunities.



**BENTHAM**  
ASSET MANAGEMENT

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

ASX code: GCAP

ARSN: 649 884 631

## Product Disclosure Statement

Dated: 9 July 2021

Issued by VanEck Investments Limited as Responsible Entity

ABN 22 146 596 116 AFSL No 416755

Bentham Asset Management is the Investment Manager

# Corporate directory

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**Responsible Entity**

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# 1 Important information to read first

## 1.1 This product disclosure statement

This product disclosure statement ('PDS') is issued by VanEck Investments Limited ABN 22 146 596 116 AFSL 416755 as responsible entity of the VanEck Bentham Global Capital Securities Active ETF (Managed Fund) ('the Fund').

The Fund is a registered managed investment scheme with the Australian Securities and Investments Commission ('ASIC'). A class of units in the Fund ('Units') is expected to be admitted to quotation and trading as an Exchange Traded Fund ('ETF') on the Australian Securities Exchange ('ASX'). Units may also be traded on the licensed financial market operated by Chi-X Australia Pty Ltd ('Chi-X'). For ease, all references in this PDS are only to 'ASX'. References in this PDS to 'VanEck', 'us', 'we', 'our' or 'Responsible Entity' are a reference to VanEck Investments Limited in its capacity as responsible entity of the Fund. Bentham Asset Management Pty Ltd ABN 92 140 833 674 AFSL 356199 has been appointed investment manager of the Fund ('the Investment Manager').

Capitalised terms (Like This) in this PDS are defined in the 'Glossary of terms' at the back of the PDS.

A copy of this PDS has been lodged with ASIC and the Australian Securities Exchange ('ASX') and will be lodged with the Registrar of Financial Service Providers, New Zealand ('RFSPNZ'). Neither ASIC, ASX, RFSPNZ nor the Investment Manager take any responsibility for the contents of this PDS.

We have applied to ASX for a class of Units in the Fund to be admitted to trading status on ASX under the AQUA Rules and ASIC requirements as an exchange traded managed fund or 'Active ETF'. As at the date of this PDS, Units are yet to be issued or quoted. No applications for Units will be accepted until the exposure period has expired.

The exposure period expires seven days after the date of this PDS, subject to possible extension by ASIC for a further seven days.

## 1.2 Authorised Participants

The offer of Units in this PDS is only for Authorised Participants (or 'APs'). Only APs may acquire Units directly from VanEck by submitting an application for a creation (see section 10).

## 1.3 ASX Investors

All investors may trade Units on ASX ('ASX Investors'), in the same way they trade shares in a listed company, through their online broker, stockbroker or financial adviser ('Broker') and are not required to submit an application under this PDS. ASX Investors may use this PDS for information purposes and by investing in the Fund on ASX are deemed to have agreed to be bound by its terms.

## 1.4 The offer in this PDS

The offer of Units referred to in this PDS is for a class of Units in the Fund that are quoted on ASX. As at

the date of this PDS, the Fund only has a single class of Units. Under the Constitution, VanEck is permitted to establish different classes of Units.

## 1.5 Up to date information

All information in this PDS is current as at the date of this PDS. Unless otherwise stated, VanEck sources its data from public or licensed market data. Information and terms in this PDS are subject to change from time to time. We may provide notices of any updates or changes to information that are not materially adverse to investors by publishing a notice at [www.vaneck.com.au](http://www.vaneck.com.au). If we issue a supplementary or replacement PDS, or a notice of any updates or changes to information, in addition to attaching the document to the PDS on our website we will make an announcement on ASX. A paper copy of this PDS and any updated information will be provided free of charge on request by contacting us at 1300 68 38 37.

## 1.6 General advice warning

This PDS contains general information only about an Australian financial product and is not personal financial advice. It does not constitute an offer in any other jurisdiction. It is not a recommendation by us or any other person to invest in the Fund. The information does not take into account the individual investment objectives, financial situation or needs of any person. Before making an investment decision, you should consider, in consultation with a licensed financial adviser, whether the decision is appropriate for your investment strategy, individual risk tolerance, financial situation, needs and objectives. You can check if an adviser is licensed by contacting ASIC on 1300 300 630 or at [www.asic.gov.au](http://www.asic.gov.au).

An investment in the Fund is subject to various risks (see section 8), including possible delays in repayment and loss of income and capital invested. None of VanEck Investments Limited, VanEck Australia Pty Ltd, Van Eck Associates Corporation, or the Investment Manager, their related entities, directors or officers, give any guarantee or assurance as to the performance of the Fund, the payment of income or the repayment of capital invested.

## 1.7 Foreign Investors

Foreign professional and institutional investors may act as Authorised Participants subject to relevant laws and regulations which may include restrictions on redemptions. Other Foreign Investors may trade Units on ASX via their Broker.

Units are not intended to be sold to United States ('US') Persons as defined under Regulation S of the US federal securities laws.

## 2 Introduction to GCAP, VanEck and Bentham

### 2.1 About GCAP - the Fund

#### 2.1.1 Capital Securities

The Fund provides investors with an opportunity to access attractive income returns from an actively managed, globally diversified portfolio of Capital Securities overseen by a professional investment manager with an established track record. By employing an active management approach, the Fund aims to reduce the volatility and downside risk from interest rate and foreign currency movements.

Capital Securities include a range of different subordinated debt securities similar to what are known generally in Australia as "hybrids", so called because they tend to combine both "equity like" and "debt like" characteristics. They consist broadly of Tier 2 Capital and Additional Tier 1 Capital securities, and include, but are not limited to: EU/UK contingent convertible bonds ('CoCos'), US preferred and convertible preference shares, hybrid securities, and subordinated notes. The Fund may also hold other higher ranking corporate bonds.

The Fund primarily invests in Capital Securities issued by global systemically important Financial Institutions in developed markets which are traded globally by institutional investors in deep markets. Subordinated debt is unsecured and in times of financial stress maybe converted to equity (ordinary shares), written down or completely written off. It is called 'subordinated' because it sits below 'senior debt' (traditional bonds) in the capital structure, but it also sits above and takes priority over equity on Insolvency.

To compensate investors for taking increased risk compared to senior debt, subordinated debt instruments pay higher rates of interest, and coupon payments are generally more stable than dividends from equities.

#### 2.1.2 Higher risk than traditional bonds



Capital securities have complex and unique terms of issue and involve higher risk when compared to traditional fixed-income investments. As a result, the Fund may not be a suitable investment for all investors and should only be made by investors who fully understand the features and risks of subordinated debt securities. We recommend all ASX investors read the risks in section 8 and consult with a professional financial adviser before investing.

#### 2.1.3 Capital structure of a Financial Institution

The following chart provides a simplified example of the capital structure in a Financial Institution to illustrate how different securities issued by the Financial Institution rank in priority of payment on insolvency of the Issuer.

Priority is given to depositors and senior debt. Subordinated debt ranks after senior debt, but before equity. Shareholders get paid last, if at all.

The shaded area below represents the primary focus of Capital Securities investment for the Fund.

Investment risk/return	Simplified capital structure of a Financial Institution		Priority on Insolvency
Low 	Senior debt	Secured debt	High 
		Deposits	
		Unsecured debt	
	Subordinated debt / Hybrids	Tier 2 Capital	
		Additional Tier 1 Capital	
High	Common equity Tier 1 Capital (Ordinary shares)		Low

## 2.2 About VanEck – the Responsible Entity

### 2.2.1 VanEck Investments Limited

VanEck Investments Limited is the Responsible Entity and AQUA product issuer of the Fund and the issuer of this PDS and the Units and is ultimately responsible for the management, operation and administration of the Fund.

For more information about VanEck's powers and duties as Responsible Entity see section 13.1.

VanEck Investments Limited is a wholly owned Australian subsidiary of New York based asset manager Van Eck Associates Corporation.

### 2.2.2 Founded in 1955

Van Eck Associates Corporation is a privately held global asset management firm founded in New York in 1955. The firm was among the first US money managers helping investors achieve greater diversification through global investing.

Today VanEck is recognised for being a pioneer in global markets and for drawing on its experience to offer innovative solutions.

Our mission is to offer investors intelligently designed investment strategies that take advantage of targeted market opportunities.

With offices in key financial centres and regions including New York, Sydney, Shanghai, Frankfurt, Dublin, Amsterdam, Madrid and Zurich, the firm offers investors broad investment reach with deep experience.

### 2.2.3 VanEck Vectors® ETFs

As at 30 June 2021, the VanEck group managed approximately \$110 billion in investor assets including its VanEck Vectors ETP business.

VanEck's exchange traded products ('ETPs') have been offered in the United States since 2006 and in Australia since 2013 and span many asset classes including equities and fixed income in both developed and emerging markets.

As at 30 June 2021, the VanEck group's family of ETPs totalled over \$100 billion in assets under management, making it one of the largest ETP families worldwide.

## 2.3 About Bentham – the Investment Manager

Bentham Asset Management Pty Ltd ('Bentham') is a specialist fixed interest and credit investment manager. Bentham actively manages a number of credit focused funds with varying risk profiles. The portfolios are designed to generate income while diversifying risk in global credit markets. Bentham's goal is to deliver higher income to investors than can generally be achieved in traditional fixed interest markets with lower volatility than equity markets.

Bentham's investment philosophy is based on a strong credit culture and a systematic investment process, with a focus on the preservation of principal and protection against downside risk. The founders of Bentham previously worked together as part of the Credit Investment Group of Credit Suisse Alternative Capital Inc.

Further information about Bentham is accessible at <https://www.benthamam.com.au/>.

### 3 Summary of the Fund

VanEck Bentham Global Capital Securities Active ETF (Managed Fund)		For more information
Responsible Entity	VanEck Investments Limited, ABN 22 146 596 116, AFSL No 416755	Sections 2, 13
Investment Manager	Bentham Asset Management Pty Ltd, ABN 92 140 833 674, AFSL 356199	Sections 2, 7
Type of investment: Active ETF	<p>GCAP is an actively managed exchange-traded fund or '<b>Active ETF</b>'. The Fund is a registered managed investment scheme with ASIC, Units in which are admitted to trading on ASX.</p> <p>Active ETFs are managed funds quoted on ASX that:</p> <ul style="list-style-type: none"> <li>o have an investment manager appointed to buy and sell investments for the fund's portfolio based on an active investment strategy;</li> <li>o aim to outperform a particular benchmark; and</li> <li>o give investors the opportunity to buy a whole portfolio of securities in a single transaction.</li> </ul>	Sections 4, 5 and 6
Investment objective	The Fund aims to earn an after fee return in excess of the RBA cash rate + 3% per annum over the long term.	Section 7
Benchmark	RBA Cash Rate + 3% per annum	
Investment strategy	Actively managed strategy investing predominantly in global Capital Securities.	
Benefits	<p>The Fund provides investors with:</p> <ul style="list-style-type: none"> <li>o access to a professionally managed active strategy in global Capital Securities;</li> <li>o experienced investment team with a proven track record;</li> <li>o potential for monthly income;</li> <li>o diversification with a portfolio selected from Capital Securities globally that can complement other asset classes;</li> <li>o transparency of holdings;</li> <li>o live pricing, liquidity and flexibility of ASX trading, including intraday;</li> <li>o settlement via CHESS; and</li> <li>o minimal administration: no trading or foreign tax paperwork.</li> </ul>	Section 5
Risks	<p>An investment in the Fund may not be suitable for all investors. While Capital Securities are exposed to traditional bond market risks generally, because they contain equity-like features and sit below traditional bonds in the Issuer's capital structure, they have heightened risks compared to traditional bonds.</p> <p>An investment in the Fund is subject to various risks which may have the effect of reducing the value of the Fund, resulting in a loss of your capital invested and a lack of income from the Fund. Principal risks are:</p> <ul style="list-style-type: none"> <li>o Below Investment Grade securities</li> <li>o Counterparty credit</li> <li>o Derivatives</li> <li>o Fixed income and credit markets</li> <li>o Foreign currency</li> <li>o Investment manager</li> <li>o Fund operations</li> <li>o Hedging</li> <li>o Interest rates</li> <li>o International investing</li> <li>o Issuer credit</li> <li>o Loss absorption</li> <li>o Liquidity</li> <li>o Market Maker</li> <li>o Deferred interest payment risk</li> <li>o Unsecured subordinated debt</li> </ul> <p>You should carefully consider the risks described in detail in section 8 in consultation with a financial adviser before deciding to invest.</p>	Section 8



Investing in the Fund		
All investors		
Unit price or 'NAV'	The price of the Units, known as the "NAV" of the Fund is calculated as the Fund Net Asset Value divided by the number of Units on issue. It is calculated daily based on closing prices of the securities in the Fund's portfolio for that day.	Section 7
Authorised Participants – transacting under this PDS		
Transacting with VanEck by APs	Authorised Participants must enter into an AP Agreement with VanEck and submit written applications for creations or redemptions of Units.	Section 10
Price paid by APs	Authorised Participants transact with VanEck for creations or redemptions of Units at the Fund's NAV calculated following the close of trading for that day, plus or minus fees and other costs.	
Cut-off time for applications	4pm on each ASX Trading Day unless we agree otherwise.	
APs minimum transaction size	400,000 Units Unless we agree otherwise in advance, this is the minimum number of Units for a creation (one 'Creation Unit') and a redemption (one 'Redemption Unit').	
Creations	Unless we agree otherwise, Units in the Fund will be created in multiples of Creation Units by way of a cash transaction.	
Redemptions	Unless we agree otherwise, Units in the Fund will be redeemed in multiples of Redemption Units with redemption proceeds paid in cash.	
Investing in the Fund via ASX – ASX Investors		
Buying/selling Units on ASX	ASX Investors may buy and sell Units in the Fund on ASX through their Broker just like trading shares in listed companies. A Market Maker is engaged to facilitate liquidity for trading in Units on ASX. There is no minimum trade size on ASX. You should check with your Broker.	Sections 4, 5
ASX prices	ASX Investors trade Units at trading prices quoted on ASX throughout each ASX Trading Day. The presence of a Market Maker means trading prices should remain close to the NAV, adjusted for changes in value of the underlying securities during the ASX Trading Day.	
Cooling-off	There are no cooling-off rights applicable to the offers in this PDS or to trading of Units on ASX.	

Fees and other costs		
All investors		
Management costs	Estimated 0.59% p.a. of the Fund's Net Asset Value Management costs include VanEck's and Bentham's fees, recoverable expenses and estimated performance fees and indirect costs.	Section 9
Performance fee	15.5% of the Fund's performance above the Benchmark	
Benchmark	RBA Cash Rate + 3% p.a.	
Transactional and operational costs	Additional costs relating to trading in the portfolio and associated operational activities will also apply.	
Authorised Participants only – also pay		
Fees and costs for creations and redemptions	<b>Contribution and withdrawal fees</b> \$300 per transaction <b>Buy/sell spread</b> The estimated transactional and operational costs incurred by the Fund in relation to creations and redemptions are charged to Authorised Participants as a buy/sell spread. Contact VanEck on 02 8038 3317 for the current buy/sell spread.	Section 9
Dividends		
Frequency	Monthly	Section 11
Dividend Reinvestment Plan	A Dividend Reinvestment Plan (DRP) is available subject to the DRP Rules. Dividends will be paid as cash to your nominated bank account unless you contact the Registrar and elect to have dividends	

reinvested. Your dividends will then appear as additional Units in your account.

#### Additional information

Website	<p>The following information is available at <a href="http://www.vaneck.com.au">www.vaneck.com.au</a>:</p> <ul style="list-style-type: none"> <li>o Fund Net Asset Value;</li> <li>o NAV;</li> <li>o portfolio holdings including net derivatives exposure;</li> <li>o number of Units outstanding;</li> <li>o the current PDS, any supplementary PDS and notice of any changes that are not materially adverse to investors;</li> <li>o DRP Rules;</li> <li>o information about any dividends;</li> <li>o a link to any announcements lodged with the ASX Market Announcements Platform (including continuous disclosure notices);</li> <li>o any other disclosure that is made available or provided to Unitholders; and</li> <li>o annual reports and half-yearly reports (including financial statements).</li> </ul>
Statements	<p>The following statements will be provided to investors:</p> <ul style="list-style-type: none"> <li>o holding statement – for any transactions made during the month;</li> <li>o annual tax statement including dividend statement – after 30 June each year; and</li> <li>o periodic statement showing your transactions and investments in the Fund – sent annually and following your exit from the Fund.</li> </ul>
Electronic communications	<p>To reduce our carbon footprint most types of statements are issued in electronic form. When you become a Unitholder in the Fund, you will receive a welcome letter that provides instructions for you to login at the Registrar's investor centre and provide certain information. If you wish to receive communications by post, please login at the investor centre or call 1300 68 38 37 to change your preferences.</p>

## 4 The AQUA Rules

### 4.1 The AQUA Rules

Units in the Fund are admitted to trading on ASX under the AQUA Rules. The AQUA Rules are a subset of the ASX Operating Rules that provide a tailored framework for the quotation of managed funds including ETFs, Active ETFs and other products on ASX, providing AQUA product issuers with access to ASX back office clearing and settlement services.

The only products that can be admitted to trading under the AQUA Rules are those where the product has a capital value or dividends linked to liquid underlying instruments with robust and transparent pricing mechanisms.

Under the AQUA Rules, ASX may require the Responsible Entity to facilitate liquidity in the Units by way of the appointment of a 'Market Maker' whose role generally is to act as a seller and buyer to match demand from purchasers and sellers of Units on ASX in certain circumstances and subject to certain conditions. As a result, the Fund is expected to remain liquid.

### 4.2 VanEck has no influence or control over the value of the underlying assets

The key difference between products admitted to trading under the ASX Listing Rules and those admitted to trading under the AQUA Rules is the level of influence that the issuer has over the underlying instrument.

Under the ASX Listing Rules, a listed equity issuer typically lists securities which reflect the value of a business which they operate and control. By contrast, units in managed investment schemes admitted to trading under the AQUA Rules typically reflect the value of some other asset which the Responsible Entity does not control, such as a parcel of listed securities of other companies, indices, bonds (including Capital Securities), commodities or currency.

The value of the Fund reflects the value of the underlying portfolio of securities in the Fund and not the value of VanEck's business.

The following table highlights the key differences between the ASX Listing Rules and the AQUA Rules. VanEck is an AQUA product issuer under the AQUA Rules.

**4.3 Key differences between the ASX Listing Rules and the AQUA Rules – per ASX Rules Framework**

<b>ASX Listing Rules</b>	<b>AQUA Rules</b>
<b>Continuous disclosure</b>	
Issuers are subject to the continuous disclosure requirements under Listing Rule 3.1 and section 674 of the Corporations Act.	<p>AQUA product issuers are not subject to the continuous disclosure requirements under Listing Rule 3.1 and section 674 of the Corporations Act (because the underlying instruments are) but must disclose via the ASX Market Announcements Platform:</p> <ul style="list-style-type: none"> <li>o information about the NAV of the Fund daily;</li> <li>o information about changes in the Fund's NAV whenever the Investment Manager's activities cause the NAV to move more than 10% since the last reported NAV;</li> <li>o Units outstanding on a monthly basis;</li> <li>o information about redemptions from the Fund;</li> <li>o dividends and other disbursements by the Fund;</li> <li>o information the non-disclosure of which may lead to the establishment of a false market in its products or would materially affect the price of its products; and</li> <li>o any other information that is required to be disclosed to ASIC under section 675 of the Corporations Act which must be disclosed to ASX at the same time it is disclosed to ASIC. This requires the RE to disclose information which is not generally available and that a reasonable person would expect, if the information were generally available, to have a material effect on the NAV.</li> </ul>
<b>Periodic disclosure</b>	
Issuers are required to disclose their half-yearly and annual financial information or annual reports to ASX under Chapter 4 of the Listing Rules	AQUA product issuers are not required to disclose their own corporate half-yearly and annual financial information or annual reports to ASX. However, we are required to lodge with ASIC and disclose to ASX at the same time, financial reports for the Fund under Chapter 2M of the Corporations Act.
<b>Corporate control</b>	
Requirements in the Corporations Act and the Listing Rules in relation to matters such as takeover bids, share buy-backs, change of capital, new issues, restricted securities, disclosure of directors' interests and substantial shareholdings, apply to companies and listed schemes.	These requirements do not apply to AQUA product issuers. Section 601FM of the Corporations Act applies to the removal or change of the responsible entity, which requires an extraordinary resolution by Unitholders. An extraordinary resolution is a resolution supported by a majority of the total votes that may be cast by the Fund's members entitled to vote on the resolution.
<b>Related party transactions</b>	
Chapter 10 of the Listing Rules, which relates to transactions between an entity and persons in a position to influence the entity, specifies controls over related party transactions.	Chapter 10 of the Listing Rules does not apply to the Fund. The Fund remains subject to the related party requirements in Part 5C.7 and Chapter 2E of the Corporations Act.
<b>Auditor rotation obligations</b>	
There are specific requirements in relation to auditor rotation under Part 2M.4 Division 5 of the Corporations Act.	These requirements do not apply to AQUA product issuers. We are still required to have an independent audit of our compliance with the Fund's compliance plan in accordance with section 601HG of the Corporations Act. The auditor must not be the auditor of the Fund's financial statements (but may be from the same firm).
<b>Disclosure documentation</b>	
Entities admitted under the Listing Rules are subject to the requirements of the Corporations Act in relation to the issue of a prospectus or PDS.	Products admitted to trading under the AQUA Rules are also subject to these requirements of the Corporations Act. The Fund must therefore comply with the PDS disclosure requirements in Chapter 7 of the Corporations Act.

Source: ASX Rules Framework

## 5 Benefits of the Fund

### 5.1 An actively managed globally diversified Capital Securities strategy

The Fund gives investors access to the opportunity for attractive income generation via an actively managed globally diversified Capital Securities strategy.

The Investment Manager has a strong track record and is not limited to selecting securities from any particular index, giving them greater flexibility to consider a broader universe of opportunities.

See sections 2 and 7 for more information about the strategy.

### 5.2 Active ETF

The Fund is an Active ETF. Active ETFs provide investors with the best attributes of actively managed funds and listed shares. When you invest in the Fund, you gain access to a diversified portfolio of investments, constructed using professional skills and knowledge, typically only available to institutional investors.

Units in Active ETFs can be easily traded on ASX like listed shares, with live pricing throughout the ASX Trading Day and settlements via CHES.

The difference between a single trade in the Fund on ASX and a listed company is that when you buy Units in the Fund you get exposure to the performance of an entire portfolio of securities compared to getting exposure to just one company. This gives you instant diversification, saving you money and time.

### 5.3 Liquidity and flexibility of trading on ASX

Liquidity in the trading of the Units quoted on ASX is facilitated by a Market Maker. The Market Maker's role is to match buy and sell orders for Units from ASX Investors.

ASX trading gives investors the flexibility to trade the Units throughout the day, like trading shares. You can even buy and sell on the same day (intraday trading).

### 5.4 Transparency of holdings

The Fund provides investors with transparency in respect of portfolio holdings which are published daily at [www.vaneck.com.au](http://www.vaneck.com.au).

### 5.5 Pricing throughout the day on ASX

Trading prices of the Units are continuously quoted on ASX and via Brokers throughout each ASX Trading Day.

### 5.6 Efficient administration

Investing in an Australian domiciled Active ETF means there is no paperwork required to execute trades in the Fund and no foreign tax paperwork.

## 6 How the Fund works

### 6.1 Registered managed investment schemes

The Fund is a registered managed investment scheme regulated by ASIC, a class of Units in which is admitted to trading on ASX. The Fund operates like most other managed investment schemes:

- o the Fund is constituted as a 'Unit trust';
- o when you invest you acquire 'Units' (like shares) in the trust which give you a beneficial interest in the assets of the Fund;
- o your money is pooled together in the Fund with other investors' money;
- o a professional Investment Manager is appointed to invest the money; and
- o management and operation of the Fund is overseen by the Responsible Entity under fiduciary obligations to act in the best interests of all investors.

### 6.2 Primary and secondary markets

Large numbers of Units are first issued by VanEck in the '**primary market**' to institutional investors (Authorised Participants) in exchange for cash which is used by the Investment Manager to buy the assets of the Fund, determined in accordance with the investment strategy with the intention of meeting the Fund's investment objective.

Once Units have been received by the AP (in exchange for cash), the Units are made available for trading on the '**secondary market**', i.e. on ASX.

ASX Investors can then buy and sell the Units with the Authorised Participant, the Market Maker, or other ASX Investors in exchange for cash through CHES.

The issuing of Units is known as a '**creation**'. When Units are redeemed at the request of the Authorised Participant (in exchange for cash) this is known as a '**redemption**'. Authorised Participants can apply to create or redeem Units based on the NAV at the end of the relevant Business Day. ASX Investors can generally trade throughout each ASX Trading Day at trading prices quoted on ASX.

### 6.3 Rights of Unitholders

Whether you invest in the Fund as an Authorised Participant or as an ASX Investor you hold Units and have the rights of a Unitholder, as set out in the Constitution of the Fund. For more information on your rights as a Unitholder see section 13.2.

### 6.4 Roles and responsibilities

The key roles involved in the operation of the Fund are set out in the table below. VanEck may change the parties performing the roles named below at any time in its discretion with the exception of the Responsible Entity which can only be changed in accordance with the Corporations Act.

Role	Responsibility
Responsible Entity	Issues the Units and this PDS and is responsible for operating the Fund.
Investment Manager	Manages the investment portfolio of the Fund in line with the Fund's investment objective and strategy. At the date of this PDS, the investment manager is Bentham Asset Management Pty Ltd.
Custodian	Holds the assets of the Fund for safe-keeping on behalf of the Responsible Entity and Unitholders. Assets are segregated from the assets of the RE, the Investment Manager, the Custodian, or any other fund's assets.
Fund Administrator	Processes creations, redemptions and other requests from Unitholders and maintains the books and records of the Fund, including: fund accounting, calculating Unit prices and taxation.
Registrar	Maintains the register of Unitholders including: names, quantity of securities held, tax file numbers and DRP details; and issues correspondence to Unitholders on behalf of the Responsible Entity.
Authorised Participant	Transacts directly with the Responsible Entity to create (or redeem) Units (primary market) to match demand from ASX Investors. In some cases also acts as a Market Maker.
Market Maker	Subject to certain conditions, facilitates liquidity and trading volume in the Fund on ASX by acting as a seller and a buyer of some Units to/from ASX Investors (secondary market) throughout the ASX Trading Day. In some cases acts as an Authorised Participant in the primary market and quotes the Units on ASX for sale to ASX Investors.

## 7 Investment objective, strategy, valuation and performance of the Fund

### 7.1 Investment objective of the Fund

The Fund aims to earn an after fee return in excess of the RBA cash rate + 3% p.a. over the long term.

### 7.2 Investment philosophy and approach

The Fund is an actively managed fixed interest fund that predominantly invests directly in Capital Securities issued by global systemically important Financial Institutions, although the Fund maintains flexibility to invest across the capital structure and into non-financial corporate hybrids.

Bentham focuses on generating regular income by providing diversified exposure to domestic and global credit markets while managing interest rate and currency risk. Bentham seeks to add value through actively managing allocations across different Issuers and trading of individual securities.

Bentham will manage the Fund on a top down and bottom up basis. Active asset allocations are made according to prospective risk-adjusted returns across a range of capital security and credit sectors. Drawing on a combination of both experience and strong relationships with Issuers and counterparties, Bentham seeks out and identifies investment opportunities in global Capital Securities markets with the aim to generate income with some potential for capital growth.

Bentham utilises a bottom-up analysis to select investments based on credit fundamentals and market information. Quantitative analysis is utilised to filter the investable universe down based on the risk-adjusted returns on individual securities.

### 7.3 Investment strategy of the Fund

#### 7.3.1 Investment universe and portfolio construction

The Fund invests in global Capital Securities and credit markets. The Fund predominantly invests in a range of different subordinated debt securities issued by systemically important Financial Institutions. They consist broadly of Tier 2 Capital and Additional Tier 1 Capital securities, and include, but are not limited to: EU/UK contingent convertible bonds ('CoCos'), US preferred and convertible preference shares, hybrid securities, and subordinated notes. The Fund may also hold other higher ranking corporate bonds.

The Fund invests primarily in developed market Capital Securities, with a limit of up to 5% for emerging markets. Once the Fund achieves scale, the following exposure limits will apply. The Issuer limit is 12%. The Fund is limited to up to 10% exposure in unrated (by major rating agencies). The Fund must maintain a minimum 25% in Investment Grade rated securities and may from time to time hold up to 25% in cash.

#### 7.3.2 Currency strategy

The Investment Manager aims to fully hedge foreign currency exposure back to the Australian dollar.

#### 7.3.3 Use of derivatives for risk management

The Fund uses exchange-traded and over-the-counter ('OTC') derivatives, primarily for hedging foreign currency and interest rate risk. Derivatives will also be used for overall risk management.

The majority of the Capital Securities the Fund holds are fixed rate bonds due to the unavailability of floating rate subordinated notes issued by global Financial Institutions. In order to achieve the Fund's investment objective, interest rate swaps will be used to switch the Fund's exposure from fixed rate to floating rate.

When interest rates rise the market value of fixed rate bonds fall, however floating rate bonds are relatively unaffected as the coupons paid change in line with interest rate changes. In a scenario of increasing interest rates there will be a profit on the interest rate swaps to compensate for the fall in the value of the fixed rate bonds. Similarly if interest rates fall there will be a loss on the interest rate swaps which will offset the increase in value on the underlying bonds. Interest rate swaps are used purely for hedging purposes and not for speculative purposes or to leverage the Fund.

The use of OTC derivatives (excluding those used to hedge interest rate risk or foreign exchange risk of the underlying assets) will be managed to ensure that OTC derivatives are not relied on in aggregate for more than 5% of the Net Asset Value of the Fund.

The investment strategy does not permit the Investment Manager to hold notional derivative exposures valued at more than 10% of the Net Asset Value of the Fund (excluding those used to hedge interest rate risk or foreign exchange risk of the underlying assets) apart from in exceptional circumstances, in which case the Investment Manager is required to take action as soon as practicable to reduce the exposure below 10%.

The Fund will comply with the ASX Rules in relation to its exposure to OTC derivatives, including only dealing with qualified counterparties and obtaining collateral as security for any payments that become due in favour of the Fund. Collateral will typically be in the form of cash.

The following additional information is disclosed at [www.vaneck.com.au](http://www.vaneck.com.au) on a monthly basis:

1. the total exposure of the Fund to all OTC derivative counterparties; and
2. the value of the Fund's assets, excluding the OTC derivative, plus any collateral;

each as a percentage of the Fund Net Asset Value.

#### 7.4 Changes to the Fund's investment objective and strategy

The constitution of the Fund permits a wide range of investments and gives us, as Responsible Entity, broad investment powers. We may change the Investment Manager and/or vary the investment objectives, strategies, benchmarks, asset allocation ranges and processes of the Fund. We will give unitholders written notice of any material changes.

#### 7.5 Environmental, social and ethical considerations

VanEck and Bentham are both signatories of PRI and promoters of responsible investment practices.

Signatory of:



Labour standards, environmental, social, ethical and governance considerations are taken into account by the Investment Manager in the selection, retention, and realisation of investments for the Fund.

As the Fund invests in many countries, each with their own standards, the standards applied are country and industry specific and every Issuer is compared to its particular operating environment. As a result, the Investment Manager does not have a particular set of global or local standards that they take into account. Rather, any labour, environmental, social, ethical and governance issues that could affect corporate fundamentals, trigger regulatory action, or generate public relations risk and lead to unacceptable credit risk are taken into account and assessed against relevant local standards.

Considerations include labour management and supply-chain labour standards. Environmental considerations include: greenhouse gas emissions, climate change vulnerability, energy efficiency, water use, toxic waste, biodiversity and land use. Social considerations include product safety and quality. In relation to corporate governance, considerations include business ethics & fraud, corruption & instability, board structure and remuneration.

If the Investment Manager identifies any issues it considers material, a risk assessment of the probability and potential adverse impact is conducted. This includes engaging directly with senior executives of the Issuer. If the potential risk is considered high, an investment may not occur or may be sold. However, no formal rating systems, criteria, methodologies or weighting systems are applied.

Assessments occur prior to the selection of an investment, and when relevant forms part of the quarterly sector review process.

#### 7.6 Portfolio holdings and performance information

Up to date portfolio holdings and performance information for the Fund and historical performance relative to the Benchmark is published at [www.vaneck.com.au](http://www.vaneck.com.au). The Fund does not aim to track the Benchmark and performance of the Fund will differ from that of the Benchmark.

Neither the return of capital invested nor the performance of the Fund is guaranteed. Past performance is not an indicator of current or future returns which may be higher or lower.

#### 7.7 Valuations and pricing

##### 7.7.1 NAV calculation

The NAV of the Fund is calculated by dividing the Fund Net Asset Value by the number of Units outstanding at the time of the valuation.

The Fund Net Asset Value is calculated by subtracting the total value of all the liabilities and provisions of the Fund from the total value of all the assets of the Fund.

The valuation methods applied by the RE to value the Fund's assets and liabilities are consistent with the range of ordinary commercial practices for valuations of assets and liabilities of the type held by the Fund.

##### 7.7.2 Investing via the ASX

ASX Investors trade Units at trading prices quoted on ASX throughout each ASX Trading Day. The presence of a Market Maker means trading prices should remain close to the NAV, adjusted for estimated or actual changes in the value of the underlying securities and foreign exchange movements as calculated by the Market Maker during the ASX Trading Day. The Market Maker charges a spread which means ASX Investors cannot trade at NAV.

#### 7.8 Securities lending

The Fund will initially not engage in securities lending. However, the Fund may in the future establish a securities lending programme for the benefit of Unitholders to generate extra income. Further disclosure will be provided if a programme is established.



## 8 Risks

### 8.1 What is risk?

All investments have some level of risk. Different investment strategies have different levels of risk depending on the underlying mix of assets that make up the strategy. Usually assets with the potential for the highest long-term returns carry the highest levels of short-term risk. These investments are generally described as more 'volatile' and have a higher risk of losing money, but they can also give you a better chance of achieving your long-term objectives. Investments that produce more stable returns are considered less volatile and therefore less risky, but they may not provide sufficient long-term returns for you to achieve your long-term goals.

The level of risk you are willing to accept will depend on a range of factors including:

- o your investment goals;
- o your age;
- o your investment time frame;
- o where other parts of your wealth are invested; and
- o your overall risk tolerance.

It is important for you to carefully consider the risks of investing in the Fund and to understand that:

- o the value of your investment will vary;
- o investment returns will vary and future returns may differ from past returns;
- o returns are not guaranteed and you may lose money; and
- o laws affecting managed investment schemes may change, impacting your investment.

You should consult a financial adviser to help you understand investment risk and design an investment strategy that is right for your individual risk tolerance, financial situation, needs and objectives.

### 8.2 Principal risks

An investment in the Fund may not be suitable for all investors. It should only be made by investors who fully understand the benefits and risks of Capital Securities, in particular subordinated debt / hybrid securities, and currencies. We recommend all investors consult with a professional financial adviser. The Fund is not intended to provide a complete investment solution and should only represent a component of an overall investment strategy.

There is no assurance that the Fund will achieve its investment objective. The Fund's NAV and return will fluctuate with changes in the market value of the Fund's portfolio holdings. Accordingly, an investment in the Fund involves the risk of losing money.

Details of the key risks are set out below.

#### 8.2.1 Subordination in the capital structure

Capital Securities are predominantly subordinated debt which ranks below senior debt (including secured debt, deposits and unsecured debt) and generally only ranks above equity (ordinary shares) in the capital structure of the relevant Issuer. See diagram in section 2.1.3.

There is often no limit on the amount of senior debt. If the Issuer issues more equal or higher ranking securities, the subordinated debt becomes more subordinated in the capital structure. In a wind-up scenario the recovery rate on subordinated debt will be materially lower than the recovery rate on senior debt securities above them in the capital structure, including traditional bonds.

Therefore in the event of default of an Issuer, losses in respect of any subordinated debt issued by that particular Issuer are expected to be high and could result in no recovery of capital invested or coupon payments (interest) owing after other higher ranking creditors have been paid.

#### 8.2.2 No guarantee or assurance

The paid up capital amount and any future payments related to Capital Securities in the Fund are neither secured, nor covered by a guarantee of the Issuer or any of its related entities, or any other arrangement that legally or economically enhances the seniority of the claim.

Furthermore, Capital Securities issued by a bank are not considered to be deposits, and therefore do not benefit from any government guarantee.

#### 8.2.3 Limited claims on default or liquidation of the Issuer

The remedies available to the Fund in holding subordinated debt following default are generally limited. In the case of Insolvency of the Issuer, the Fund will lose the money invested in the Issuer's and any interest due and unpaid at that time if there are insufficient assets to satisfy more senior creditors including depositors, holders of senior debt, and other creditors in full.

#### 8.2.4 Liquidity risk

This is the risk that an investment may not be able to be bought or sold in a timely basis resulting in a loss. A lack of liquidity may also affect the amount of time it takes us to satisfy a redemption request from Authorised Participants. Capital Securities are generally unlisted instruments and therefore significantly less liquid than the ordinary shares and other listed hybrid securities of the Issuer. A Market Maker has been appointed to support liquidity on ASX, so the Fund is expected to remain liquid, but there is no assurance they will remain liquid at all times. Situations in which there may not be liquidity include but are not limited to: market disruptions, there not being a Market Maker and when Market Maker obligations are suspended – see 8.3.6.

### **8.2.5 Deferred interest payment risk**

Interest (coupon) payments on Capital Securities may be deferred while payments are still made on senior ranking obligations. Deferred interest payment obligations may be cumulative, meaning missed payments must be made up at a later date, or non-cumulative, depending on the terms of the issue. Typically Tier 2 Capital Securities allow for coupons to be cumulative and Additional Tier 1 Capital Securities are non-cumulative. Therefore, there is a risk that the Fund will not receive any deferred interest payments for non-cumulative Capital Securities.

### **8.2.6 Maturity risk**

Many subordinated debt securities, particularly Additional Tier 1 Capital Securities, have perpetual terms, which means they may never be repaid.

### **8.2.7 Interest rate risk**

Interest rate risk refers to fluctuations in the value of a bond, including Capital Securities, resulting from changes in market interest rates. Bonds with longer durations have higher risk and volatility. Capital Securities generally have longer maturity than other more senior bonds issued by the same Issuer. Many are perpetual with no maturity date. The longer-term nature of Capital Securities can make them more volatile when compared to bonds issued with shorter maturities. This risk is mitigated to an extent by the Manager hedging/swapping out fixed rate coupons for floating rate coupons which are significantly less impacted by rising interest rates compared to fixed rate bonds.

### **8.2.8 Call risk**

Call risk is the risk that the Issuer does not call and repay a Capital Security at an early call date specified in its issue documents, resulting in a longer term to maturity than expected. This may occur due to market conditions or a deterioration in the Issuer's Credit Rating, making it more difficult for the Issuer to replace the capital and increasing the costs to the Issuer of a new issue. This may be perceived negatively by the market as a sign of potential financial difficulty by the Issuer with the result that the extended Capital Security will likely go down in value if it is not redeemed at first call. For Additional Tier 1 Capital Securities which are usually perpetual, call risk is greater.

### **8.2.9 Non-viability / loss absorption risk**

Capital Securities issued by Financial Institutions have what are known as 'loss absorption mechanisms' which result in investors' capital being used to prevent large systemically important Financial Institutions becoming non-viable. In other words the money invested in the Capital Securities by the Fund may be exhausted paying the Financial Institution's debts to prevent it failing.

This is the risk that the Capital Securities are converted into ordinary shares, worth significantly less than the original investment, or be written off partly or completely in certain circumstances while the Issuer is still a going concern. Such conversion

may occur at the direction of prudential regulator or at the discretion of the Issuer under the terms of the issue, in an effort to ensure the Issuer remains viable.

### **8.2.10 Credit risk**

Credit risk is the risk that the Issuer or guarantor of a security or the counterparty to an OTC derivative, will be unable or unwilling to make timely principal, interest or settlement payments or otherwise honour its obligations. The Fund invests predominantly in Capital Securities that are not guaranteed and are unsecured and subject to varying degrees of risk that the Issuers will have their Credit Ratings downgraded or will default, potentially reducing the value of the Capital Securities and the value of the Fund.

### **8.2.11 Below Investment Grade securities**

The Fund may hold Capital Securities with Credit Ratings below Investment Grade (sometimes referred to as "junk bonds") or with no Credit Ratings. Such Capital Securities are more speculative and may be more volatile and have a much greater risk of default than higher-rated securities of similar maturity. These securities may be less liquid and more difficult to value than higher-rated securities.

### **8.2.12 Derivatives risk**

Derivatives may be used by the Fund as described in section 7.3.3. The use of derivatives presents risks different from, and possibly greater than, the risks associated with investing directly in traditional securities. The use of derivatives can lead to losses because of adverse movements in the price or value of the underlying currency, security, asset, index or reference rate. A liquid secondary market may not always exist for the Fund's derivative positions at times when the Fund might wish to terminate or sell such positions. OTC instruments may be illiquid, and transactions in derivatives traded in the OTC market are subject to counterparty risk.

### **8.2.13 Counterparty credit risk**

Counterparty credit risk is the risk that the Funds' trading counterparties become insolvent or cannot otherwise meet their obligations to the Fund. The risk that the Fund may not be able to close out a derivatives position is minimised by entering into such transactions with reputable OTC counterparties or on an exchange with an active and liquid secondary market.

### **8.2.14 Emerging markets securities**

Emerging markets securities typically present even greater exposure to the risks described below under "International investing" and may be particularly sensitive to certain economic changes. Emerging markets securities are exposed to a number of risks that may make these investments volatile in price or difficult to trade. These include changes in foreign exchange control regulations, application of foreign tax legislation including confiscatory taxation and withholding taxes, changes in

government administration and economic monetary policy, appropriation, changed circumstances in dealings between nations, lack of uniform accounting and auditing standards, potential difficulties in enforcing contractual obligations and extended settlement periods.

#### **8.2.15 Foreign currency risk**

Investments in the Fund are subject to currency risk. The Fund invests in foreign currencies and underlying securities denominated in foreign currencies. Although the Investment Manager aims to fully hedge the Fund back to AUD there is a risk that the hedging is not 100% effective. This means that entirely independently of the quality or performance of the securities held by the Fund, a rise in the value of the Australian dollar relative to foreign currency exposures could decrease the value of the Fund.

#### **8.2.16 Hedging risk**

Losses or gains generated by a derivative or other instrument or practice used by the Fund for hedging purposes (including for hedging interest rate risk, credit risk and currency risk) should be substantially offset by gains or losses on the hedged investment. However, the Fund is exposed to the risk that changes in the value of a hedging instrument will not match those of the investment being hedged.

#### **8.2.17 International investing**

Foreign investments are subject to greater risks than Australian domestic investments. These additional risks may include exchange rate fluctuations and exchange controls; less publicly available information; more volatile or less liquid securities markets; and the possibility of arbitrary action by foreign governments, or political, economic or social instability. Foreign companies also may be subject to significantly higher levels of taxation than Australian companies, including potentially confiscatory levels of taxation, thereby reducing the earnings potential of such foreign companies.

#### **8.2.18 Investment Manager**

Errors by the Investment Manager or its service providers may result in the Fund failing to achieve its investment objective.

#### **8.2.19 Portfolio turnover**

The Fund may engage in active and frequent trading of portfolio securities and may therefore experience a high portfolio turnover rate. The Fund will incur transaction costs in connection with buying and selling the securities, which may lower the Fund's return.

### **8.3 General risks associated with the Fund**

Other key risks that can affect the performance of the Fund are typical of the risks of exchange traded funds domiciled in Australia.

#### **8.3.1 Company and security specific risks**

The value of a company's securities can be influenced by changes in and factors affecting company management, its business environment or

profitability. These risks can impact the company's profitability, its ability to repay its debt, and ultimately the value of its securities.

By diversifying its holdings across multiple securities and market sectors, the Fund is generally insulated from the specific risks of individual companies and securities.

#### **8.3.2 Concentration risk**

The Fund is concentrated in financial sector fixed income securities and may at times have concentrated exposure to a specific country, market segment, Issuer or asset. A greater investment in a single Issuer makes the Fund more susceptible to financial, economic or market events impacting the Issuer. A decline in the value of, or default by, a single security in a concentrated portfolio will have a greater negative effect, than a similar decline or default by a single security in a more diversified portfolio. The maximum exposure limit to a single issuer is 12%. Go to [www.vaneck.com.au/gcap](http://www.vaneck.com.au/gcap) for up to date information on Fund portfolio analytics.

#### **8.3.3 Force majeure**

This is the risk that circumstances beyond our reasonable control may impact on the operation, administration and performance of the Fund. For example: strikes, industrial disputes, failure of a securities exchange, fires or other disaster, war, civil disturbance, terrorist acts, governmental pre-emption in connection with an emergency of state and epidemics.

#### **8.3.4 Fund risk**

This is the risk that investing via the Fund may result in reduced performance compared to investing in the underlying securities directly because of: the fees and costs involved in investing in the Fund; the income or gains accrued in the Fund; and the consequences of creations and redemptions by Authorised Participants. In addition, there is a risk that the investment objective, investment strategy, risks, fees and costs, the Responsible Entity, Investment Manager or other parties could change, and the Fund could terminate.

#### **8.3.5 Market risk**

This is made up of a number of risks that affect entire financial markets and may include investor sentiment, economic impacts, regulatory conditions, industry or sector-specific events, and political and catastrophic events. In any asset class, the returns of individual securities are a combination of the market return and returns specific to each security. Fixed income assets such as Capital Securities, bonds and cash generally have relatively lower market risk than growth assets such as equities. However, investors should be aware that markets can fluctuate affecting the returns on an investment portfolio from day-to-day. This volatility may cause the value of an investment in the Fund to decrease.

### **8.3.6 Market Maker risk**

Although the Units are admitted to trading on ASX, and a Market Maker is appointed to assist in maintaining liquidity in accordance with the AQUA Rules, there can be no assurance that there will be a liquid market for the Units. The market making arrangements agreed by the Responsible Entity with a Market Maker specify certain permitted circumstances where the market making obligations may be suspended (such as operational disruptions, market disruptions, unusual conditions (including those which make the Market Maker's ability to perform the market making function impossible, impracticable or unduly onerous), other events set out in the ASX Rules, the suspension or rejection of applications for Units or redemption requests, or the Market Maker not having ASIC relief to allow short selling of Units).

A Market Maker's terms of appointment may limit or exclude its liability or recourse to it by VanEck or Unitholders.

A Market Maker may be paid fees. A Market Maker retains for its own account any trading profits and bears any losses generated by its market making activities.

### **8.3.7 Operational risk**

The Fund is exposed to operational risk arising from a number of factors, including, but not limited to, human error, processing and communication errors, errors of the Fund's service providers, counterparties or other third parties, failed or inadequate processes and technology or system failures. VanEck seeks to reduce these operational risks through controls and procedures. However, these measures do not address every possible risk and may be inadequate for those risks that they are intended to address.

### **8.3.8 Regulatory and tax risk generally**

The Fund, the investments of the Fund and the tax consequences for Unitholders investing in the Fund, may be affected by tax changes or by changes to legislation or government policy in Australia and in other countries where the company whose Capital Securities the Fund invests in is regulated, operates or is invested. These changes are monitored by the Investment Manager and action is taken, where possible and appropriate, to facilitate the achievement of the Fund's investment objectives. Investors should consult their own professional independent tax advisers before making an

investment decision. Further information in relation to tax is set out in section 12.

### **8.3.9 Trading risk**

Secondary market trading of the Units on ASX may be suspended by the ASX or halted by us because of market conditions or other reasons, for example a failure by the Market Maker to make a market. In these circumstances, ASX Investors will be unable to buy or sell Units and the processing of applications for creations and redemptions for Authorised Participants may be suspended or modified.

### **8.3.10 Trading price risk**

As with any exchange traded fund, it is possible that the trading price of Units on the ASX may differ from the NAV and the fair value of the securities held by the Fund. The trading price is dependent on a number of factors including the demand for and supply of Units, investor confidence, the availability of Market Maker services during the course of the trading day and the bid-offer spread charged by the Market Maker.

The trading price may also be affected if there is a suspension of the creation and redemption process. The creation and redemption facility is designed to reduce the likelihood of Units trading at a significant discount or premium to the fair value of the Fund's assets. If the creation or redemption facility for the Fund is closed on a particular day, the trading price might diverge further from the fair value.

Periods of increased market volatility or disruptions to the market making function may result in wider bid-offer spreads for Units and trading prices that differ significantly from the Fund's NAV and fair value. This risk may be higher in the period shortly after the ASX opens for trading and near the close of trading.

If an investor purchases Units at a time when the market price is at a premium to the fair value or sells at a time when the market price is at a discount to the fair value, then the investor may sustain losses. Investors should consider placing "limit orders" to reduce the risk of trading at unfavourable prices.

### **8.3.11 Unit settlement risk**

The processes of issuing and redeeming Units associated with creations and redemptions are subject to the normal settlement procedures through CHES. The Fund is exposed to some risk if an Authorised Participant fails to comply with its settlement obligations. This risk is partly mitigated by the fact that Authorised Participants are generally subject to CHES rules and ASX fail fees.

## 9 Fees and other costs

### **DID YOU KNOW?**

**Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.**

**For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100 000 to \$80 000).**

**You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.**

**You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the Fund or your financial adviser.**

### **TO FIND OUT MORE**

**If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) website ([www.moneysmart.gov.au](http://www.moneysmart.gov.au)) has a managed funds fee calculator to help you check out different fee options.**

### **Fees and other costs**

This section shows fees and other costs that you may be charged.

These fees and costs may be deducted from your money, from the returns on your investment or from the assets of the Fund as a whole.

Taxation information in relation to the Fund is set out in section 12.

**You should read all the information about fees and costs because it is important to understand their impact on your investment.**

### 9.1 Fees and costs for ASX Investors

VanEck Bentham Global Capital Securities Active ETF (Managed Fund)		
Type of fee or cost <sup>1</sup>	Amount	How and when paid
<b>Fees when your money moves in or out of the Fund</b>		
<b>Establishment fee:</b>		
The fee to open your investment	Nil	Not applicable
<b>Contribution fee:</b>		
The fee on each amount contributed to your investment	Nil	Not applicable
<b>Withdrawal fee<sup>2</sup>:</b>		
The fee on each amount you take out of your investment	Nil <sup>2</sup>	Not applicable
<b>Exit fee:</b>		
The fee to close your investment	Nil	Not applicable
<b>Management costs</b>		
The fees and costs for managing your investment		The management fee is calculated and accrued daily on the Fund Net Asset Value and reflected in the daily NAV of the Fund and is payable from the assets of the Fund on a monthly basis in arrears.
Management fee	0.59% p.a.	The management fee may be negotiated by wholesale clients.
Estimated indirect costs	Nil	
Estimated performance fees	Nil	
Total management costs	<u>0.59% p.a.</u>	
<b>Service fees</b>		
<b>Switching fee:</b>		
The fee for changing investment options	Nil	Not applicable

<sup>1</sup> All fees and costs are inclusive of goods and services tax (GST) and net of any reduced input tax credits (RITC). A worked dollar example is shown below. Other fees and costs may apply. See section 9.3 for more information.

<sup>2</sup> Except in limited circumstances ASX Investors are not eligible to redeem Units with VanEck directly. See section 13.2.11 for more information.

#### Example of annual fees and costs for ASX Investors

This table gives an example of how the fees and costs for the Fund can potentially affect your investment over a one year period. You should use this table to compare this product with other managed investment products.

VanEck Bentham Global Capital Securities Active ETF (Managed Fund)		Balance of \$50,000 with a contribution of \$5,000 during the year
Contribution fees	Nil	For every additional \$5,000 you put in you will be charged \$0.
<b>PLUS</b> Management costs	0.59% p.a. <sup>1</sup>	<b>And</b> , for every \$50,000 you have in the Fund you will be charged \$295 each year.
<b>EQUALS</b> Cost of Fund		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees from: <b>\$295 to \$324.50<sup>1,3</sup></b> <b>What it costs you will depend on the fees you negotiate.</b>

<sup>1</sup> The management fee may be negotiated by wholesale clients. See section 9.3.4 for more information.

<sup>2</sup> The management costs assume nil indirect costs and nil performance fees. See 9.3.2 and 9.3.3 for more information.

<sup>3</sup> This example assumes that the investment amount of \$50,000 does not rise or fall in value and remains invested for a full year. The maximum fee assumes the additional investment amount of \$5,000 was invested on the first day of the year and remains invested for the full year.

## 9.2 Fees and costs for Authorised Participants

Type of fee or cost <sup>1</sup>	Amount	How and when paid
<b>Fees when your money moves in or out of the Fund</b>		
<b>Establishment fee:</b> The fee to open your investment	Nil	Not applicable
<b>Contribution fee:</b> <sup>2</sup> The fee on each amount contributed to your investment	\$300	Payable only by Authorised Participants per creation at the time of application for the creation of Units. The amount of these costs may be negotiated.
<b>Withdrawal fee</b> <sup>2</sup> The fee on each amount you take out of your investment	\$300	Payable only by Authorised Participants per redemption at the time of application for the redemption of Units. The amount of these costs may be negotiated.
<b>Exit fee:</b> The fee to close your investment	Nil	Not applicable
<b>Management costs</b>		
The fees and costs for managing your investment		The management fee is calculated and accrued daily on the Fund Net Asset Value and reflected in the daily NAV of the Fund and is payable from the assets of the Fund on a monthly basis in arrears.
Management fee	0.59% p.a.	
Estimated indirect costs	Nil	
Estimated performance fees	Nil	
Total management costs	<u>0.59% p.a.</u>	The management fee may be negotiated by wholesale clients.
<b>Service fees</b>		
<b>Investment switching fee:</b> The fee for changing investment options	Nil	Not applicable

1 All fees and costs are inclusive of GST and net of any RITC. Other fees and costs may apply. See section 9.3 'Additional explanation of fees and costs' for more information.

2 Additional transactional costs may apply to in-specie transactions as agreed with us from time to time. See section 9.3.3 for more information.

### 9.3 Additional explanation of fees and costs

Unitholders are charged a management fee which is capped in respect of normal recoverable expenses. Performance fees may also apply. Additional transactional and operational costs which are uncapped also apply. Broker fees and abnormal expenses may also apply.

#### 9.3.1 Management costs

Management costs represent the ongoing fees, costs and expenses associated with management and administration of the Fund.

The fees and other costs of managing and operating the Fund stated in this PDS include indirect costs paid from the Fund's assets that we know or reasonably estimate will reduce the Fund's investment returns.

The management fee stated in 9.1 and 9.2 is charged to Unitholders as an 'all in' fee for normal recoverable expenses under the Constitution. It does not include performance fees (9.3.2), transactional and operational costs (9.3.3), broker fees (9.3.5) or abnormal expenses (9.3.6).

VanEck pays the ongoing recoverable expenses associated with the management and administration of the Fund out of the management fee. Any shortfall is paid by VanEck and Bentham out of their own resources. Any excess remaining after payment of recoverable expenses is shared between VanEck and Bentham.

The normal recoverable expenses paid by VanEck from the Fund's management fee include but are not limited to:

- o Responsible Entity fees;
- o Investment Manager fees;
- o Custodian and Fund Administrator fees and charges;
- o costs of processing dividend payments;
- o Market Maker fees;
- o accounting and audit fees; and
- o Registrar fees and expenses.

### 9.3.2 Performance fee

A performance fee of 15.5% (inclusive of GST and net of any GST credits) may be payable to the Responsible Entity out of the Fund assets if the Fund outperforms the Benchmark. The Benchmark is the RBA Cash Rate plus 3% per annum.

The potential performance fee is calculated and accrued in the NAV each day. The fee is potentially payable quarterly subject to the Fund performing positively above a high water mark.

#### Daily calculation

The potential performance fee is calculated each day as follows:

##### Step 1 – Calculate the performance of the Fund

The performance of the Fund is the increase or decrease in the Fund Net Asset Value plus any dividends per Unit for which the Fund has gone ex. The performance may be positive or negative.

The daily Fund Net Asset Value calculation includes accruals for fees and other expenses so that the performance measure is taking those items into account. See 7.4.1 for more information.

##### Step 2 – Deduct the Benchmark.

The amount deducted is: the RBA cash rate for that day plus 3% divided by 365.

The result may be a positive or negative number.

##### Step 3 – Calculate the day's performance fee

The result from step 2 is multiplied by 15.5%.

##### Step 4 – Aggregate with previous days

The day's calculation is added to each previous day's calculation since VanEck last became entitled to a performance fee. The total may be positive or negative.

#### Quarterly conditions

To be entitled to a performance fee at the end of each calendar quarter, two conditions must be met.

##### 1. Aggregate positive performance

The aggregate amount in Step 4 of the daily calculations above, must be a positive number.

##### 2. High water mark

The performance amount must also exceed a high water mark.

To satisfy the condition, the NAV at the end of the quarter plus any dividends per Unit for which the Fund has gone ex since the high water mark was established, must exceed the high water mark.

The starting high water mark is the first NAV published for the Fund. Thereafter the high water mark is the NAV at the end of the most recent quarter for which VanEck became entitled to a performance fee.

#### Paid or carried forward

Starting with the quarter ended 30 September 2021, if both: 1) the aggregated potential performance fee at the end of the quarter is positive; and 2) the high water mark condition is met, then VanEck is entitled to be paid the aggregated potential performance fee.

If VanEck is entitled to be paid a performance fee, then the aggregated potential performance fee is reset to zero.

If VanEck is not entitled to be paid a performance fee at that point, then the aggregated potential performance fee at that point is carried forward into future aggregates.

#### Daily NAVs

Each day's NAV will include an accrual for the total potential performance fee, if that number is positive. Each day's NAV will also include an accrual for any performance fee that VanEck is entitled to be paid that has not yet been paid. See 7.7.1 for more information.

#### Basis of estimation

VanEck considers that the Benchmark is high and the likelihood of outperformance is low. Therefore as at the date of this PDS, the estimated performance fee for the current financial year is 0.00%. Disclosure of updated information in regards to performance fees will be provided at [www.vaneck.com.au/gcap](http://www.vaneck.com.au/gcap) in accordance with regulatory requirements.

### 9.3.3 Transactional and operational costs

Transactional and operational costs are not included in the management costs in 9.1 and 9.2 and are an additional cost to Unitholders. These costs are uncapped.

Transactional and operational costs are incurred in relation to trading in the portfolios and associated operational activities required by the Fund. They include but are not limited to:

- o brokerage and settlement charges; and
- o borrowing costs and interest expenses (if any).

#### Costs on creations and redemptions

These costs are paid out of the assets of the Fund and reflected in the NAV as and when they arise. VanEck uses its best efforts to recover the transactional and operational costs associated with creations and redemptions of Units by Authorised Participants from the APs by charging them a buy/sell spread to cover what we estimate will be the costs of the transaction. The actual costs may differ from our estimate. Any shortfall is borne by the Fund and any excess is retained by the Fund.

We expect these amounts to net off to zero over a 12 month period.

#### Other transactional and operational costs

Other transactional and operational costs are incurred in association with trading activity in the Fund's portfolio with the aim of achieving its investment objective. These are an additional cost to all Unitholders and will be paid out of the assets of the Fund and reflected in the Fund's NAV as and when they arise.

As at the date of this PDS the Fund is new and has not commenced trading so no transactional and operational costs history is available. Disclosure of updated information in regards to transaction and operational costs will be provided at [www.vaneck.com.au/gcap](http://www.vaneck.com.au/gcap) in accordance with regulatory requirements.



### **9.3.4 Fees and costs may be negotiated by wholesale clients and APs**

Wholesale clients (as defined under the Corporations Act) and APs may be able to negotiate the fees and costs set out in sections 9.1 and 9.2 respectively by contacting VanEck. See the Corporate directory at the front of this PDS for contact details. Any reduction of the fees and costs that may be agreed from time to time will be at VanEck's discretion and expense.

### **9.3.5 Financial adviser and Broker fees**

ASX Investors should obtain advice from a financial adviser before investing in the Fund to consider their individual investment objectives, financial situation and needs. You will incur fees for any advice you receive. You should discuss these fees with your financial adviser prior to obtaining their advice.

ASX Investors will also incur customary brokerage fees when buying and selling Units on ASX. You should discuss these fees with your Broker prior to investing.

Brokerage is also incurred by all investors as part of the ongoing transactional and operational costs of the Fund. See section 9.3.3.

### **9.3.6 Abnormal expenses**

Abnormal expenses are management costs not generally incurred in the day-to-day operations of the Fund and include things such as the costs of calling and holding Unitholder meetings or legal costs incurred in bringing or defending legal proceedings. Abnormal expenses are not included in the management fee caps set out in sections 9.1 and 9.2 and may be recovered from the assets of the Fund and accounted for in the NAV of the Fund as and when they arise. At the date of this PDS the estimate of abnormal expenses of the Fund that will

apply for the first financial year (adjusted to reflect a 12 month period) is: Nil.

### **9.4 Notification of changes to fees**

We may vary fees or introduce new fees without investor consent up to the maximums described in the Fund Constitution. Under the Constitution we are entitled to charge the following relevant maximum fees:

- o Management fee: 3% p.a. of the Fund's NAV;
- o Performance fee: 25%; and
- o Application and Redemption fee (contribution and withdrawal fees): Up to \$10,000 per creation or redemption.

Currently we pay all costs and expenses of the Fund other than performance fees and transactional and operational costs out of the management fee set out in sections 9.1 and 9.2 and only retain any excess.

We will give 30 days' notice of any changes to the way fees and costs are charged that result in an increase in the management fee, via a notice on our website at [www.vaneck.com.au](http://www.vaneck.com.au) and the ASX Market Announcements Platform.

### **9.5 Related party payments**

We may pay fees to related parties and associates of VanEck on arm's length commercial terms for providing services to the Fund. We may engage the services of related parties and associates at our discretion. These fees would be paid by us out of the Fund's management fee.

### **9.6 Benefits received**

VanEck may receive benefits (e.g. research) from brokers effecting trades for the Fund. These benefits may flow to the Fund and to other funds managed by VanEck.

# 10 Transacting with VanEck

**This section provides a summary of the creation and redemption process that applies to transactions between the Fund and Authorised Participants only. These procedures do not apply to ASX Investors and are provided for information purposes only and may change without notice to ASX Investors.**

**ASX Investors may trade Units on ASX via a Broker in the same way they trade listed shares.**

## 10.1 Prior to transacting

Creation and redemption procedures will be agreed between VanEck and Authorised Participants from time to time and contained in an AP Agreement and related AP Procedures. Authorised Participants must complete an AP Agreement with VanEck prior to transacting directly with us. Please contact VanEck Capital Markets for more information on +61 2 8038 3317.

## 10.2 Applications by Authorised Participants

Unless we agree otherwise, applications for creations and redemptions of Units may only be made by Authorised Participants by way of a cash transaction. If we agree to an in specie transaction, the AP will incur additional costs to be agreed with us.

Applications must be delivered to us before 4pm on an ASX Trading Day. We may accept or reject an application in whole or in part, at our discretion without giving any reason.

## 10.3 Minimum transaction size for APs

Applications for creations and redemptions by Authorised Participants can only be made in multiples of Creation Units or Redemption Units respectively, unless we agree otherwise.

One Creation Unit/Redemption Unit is: 400,000 Units.

## 10.4 Processing applications

All applications for creations and redemptions will be settled via CHESS in accordance with the ASX Rules and the AP Procedures. Settlement in respect of applications and redemptions generally occurs on the second ASX Trading Day after the effective trade date (T+2) in line with the relevant ASX Rules. This rule also applies to ASX Investors.

## 10.5 Cooling off

There are no cooling-off rights applicable to the offer in this PDS or to trading of Units on ASX.

## 10.6 'Liquid' under the Corporations Act

The redemption of Units assumes that the Fund remains 'liquid' – meaning that its assets can be readily sold. Under the Corporations Act, the Fund is liquid if 80% of the value of its assets comprises liquid assets. If the Fund is 'liquid', the Constitution requires that we must pay redemption proceeds within 21 days of the date of redemption of the relevant Units (or the deemed date of such redemption).

We expect that the Fund will remain liquid. If the Fund is illiquid, a redemption request will be dealt with in accordance with the Constitution and the Corporations Act.

## 10.7 Delay or suspension of creations and redemptions

We may suspend the processing of creations or redemptions in certain circumstances as provided under the Constitution, including but not limited to relevant country trading holidays. We will notify you of any suspension.

We may also process applications for creations in instalments over a period of time and may also suspend processing of redemptions we have already accepted, for example, where we are unable to sell underlying securities due to circumstances outside our control, such as suspended trading in the market, or where the Fund becomes illiquid.

In circumstances where redemptions are delayed, suspended or being paid in instalments, the Unit prices used for the redemption may be those applicable to the day the relevant instalment of the redemption is processed, rather than the time the application for redemption is received.

An application for a creation or redemption lodged but not processed before or during a period of suspension, will be taken to be lodged the day after the end of the relevant suspension period.

## 10.8 Valuations and pricing

### 10.8.1 Creation and redemption prices

The prices at which Authorised Participants transact with VanEck for creations or redemptions is the NAV calculated at that day's valuation time following an application, plus or minus fees and costs respectively. See sections 9.2 and 9.3.3.

### 10.8.2 Redemption proceeds

Redemption proceeds paid to Authorised Participants may include an amount representing their entitlement to distributable income of the Fund.

# 11 Dividends

## 11.1 Payment of dividends

You may earn income from the Fund paid in the form of dividends.

We will provide details in advance of any dividends to be paid by the Fund via the ASX Market Announcements Platform. We do not guarantee that dividends will be paid.

The amount of any dividend will vary between periods and in some cases we may decide not to pay a dividend.

## 11.2 Frequency of dividends

The Fund will generally pay dividends monthly.

We may pay more or fewer dividends at our discretion. Payments are usually made within 28 days after the end of the dividend period. Dividends will be paid as cash to your nominated bank account unless you elect to participate in the Dividend Reinvestment Plan ('DRP').

If no DRP election is made, dividends will be paid into a nominated Australian bank account, or held pending receipt of Australian bank account details.

## 11.3 Dividend Reinvestment Plan

A DRP is available. If you elect to participate in the DRP the amounts of any dividends will be credited to you as additional Units on the relevant payment date. You need to contact the Registrar and complete the relevant form to participate in the DRP. Contact details are in the Corporate directory at the front of this PDS.

Participation in the DRP is subject to the DRP Rules as determined by VanEck from time to time.

A copy of the DRP Rules is available free of charge either at [www.vaneck.com.au](http://www.vaneck.com.au) or contact us or the Registrar to request a paper copy.

Unitholders can only elect to participate fully in the DRP having all dividends reinvested in additional Units. Partial DRP participation is not available.

# 12 Tax

## IMPORTANT NOTICE

The Australian tax commentary in this PDS is provided for general information only.

This information is necessarily general in nature and does not take into account the specific circumstances of any person who may invest in the Fund. It should not be used as the basis upon which a decision is made to invest in the Fund.

Investing has tax implications that can be complex, that are particular to each investor's circumstances and that change over time. All investors should consult their own professional tax advisers before making an investment decision.

The taxation information in this PDS is prepared based on income tax law in force at the date of this PDS.

### 12.1 Taxation of Australian resident investors

You will pay tax on your share of the Fund's income, determined at the end of each financial year.

The financial year end for the Fund is 30 June. You will be provided with a tax statement after the end of each financial year during which you are invested. The tax statement will contain the information you need for your tax return.

Tax may also be payable on capital gains made when you sell or redeem your Units. These gains may benefit from discounted tax rates.

### 12.2 TFN/ABN/Exemption

You will be asked to provide your tax file number ('**TFN**') or Australian Business Number ('**ABN**') or claim an exemption in relation to your investment in the Fund. There are strict guidelines that govern the use and storage of TFNs.

There is no obligation to provide a TFN or ABN. However, if no TFN or ABN is provided and no exemption is claimed, tax will be withheld from any dividends at the highest marginal rate and remitted to the Australian Taxation Office ('**ATO**'). These amounts will be credited to you when you lodge your tax return.

### 12.3 Taxation of Foreign Investors

Tax may be withheld from your dividends and remitted to the ATO.

### 12.4 The U.S. Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standard (CRS)

Investments in the Fund may be subject to information collection and reporting for the purposes of compliance with FATCA, the Intergovernmental Agreement between the US Government and the Australian Government in respect of FATCA and CRS.

FATCA is a US law which impacts investors worldwide. FATCA attempts to minimise US income tax avoidance by US persons investing in foreign assets, including through their investments in foreign Financial Institutions. FATCA requires foreign Financial Institutions outside the US, including banks and fund managers, to provide information to the US tax authority, the US Internal Revenue Service, regarding their US accounts, including US account holders and US Unitholders, or incur 30% withholding tax in the US.

The IGA allows Australian Financial Institutions to report information to the ATO rather than the IRS.

CRS information is also reported to the ATO.

The Fund is registered for FATCA purposes and will comply with both the FATCA requirements and the CRS requirements.

## 13 Other information you need to know

### 13.1 VanEck's powers and duties as Responsible Entity

The powers and duties of the Responsible Entity are determined by the Constitution for the Fund, the Corporations Act and general trust law.

The duties of VanEck in relation to the Fund under the Corporations Act include:

- o act honestly;
- o exercise the degree of care and diligence that a reasonable person would exercise if they were in VanEck's position;
- o act in the best interests of Unitholders and, if there is a conflict between their interests and VanEck's interests, give priority to Unitholders' interests;
- o ensure that property in the Fund is clearly identified as property of the Fund and held separately from property of VanEck, property of the Custodian and property of any other fund, except as permitted by the Corporations Act;
- o ensure that the assets in the Fund are valued at regular intervals;
- o ensure that payments out of the Fund's property are made in accordance with the Constitution and the Corporations Act; and
- o report to ASIC any significant breach of the Corporations Act in relation to the Fund which has had, or is likely to have, a materially adverse effect on the interests of Unitholders.

We will work with our external service providers to:

- o manage income and monitor the expenses of the Fund and arrange for payments to creditors of the Fund;
- o determine and arrange payment of dividends in respect of the Fund and administer dividend and taxation statements and notifications;
- o process and administer creation and redemption transactions in relation to the Fund;
- o co-ordinate and manage communications with ASX in relation to the ongoing admission to trading status of the Units on ASX and communicate with ASIC and other regulators as appropriate in relation to the Fund;
- o address and respond to investor and Unitholder enquiries, complaints and notification requirements;
- o co-ordinate Unitholder updates and reports, resolutions and Unitholder meetings and attend to issues in relation to the Constitution as appropriate;
- o prepare, maintain and implement policies in respect of the operation of the Fund including a compliance plan, proxy voting policy and DRP Rules; and
- o market and promote the Fund, providing information and support as appropriate to

Authorised Participants, Market Makers and Brokers.

### 13.2 The Constitution

VanEck's responsibilities and obligations and Unitholders' rights are governed primarily by the Constitution, the Corporations Act and this PDS. The terms and conditions of the Constitution are binding on each Unitholder and all persons claiming through them respectively, as if the Unitholder or person were a party to the Constitution.

Under the Constitution, VanEck has all the powers of a natural person, corporation, trustee or Responsible Entity in respect of the operation of the Fund. The Constitution gives VanEck the right to be paid fees and expenses from the Fund and governs matters such as the rights of Unitholders, conducting Unitholder meetings, the creation and redemption of Units and Unit pricing, as well as what happens when the Fund is terminated. We will provide potential investors and Unitholders with a paper copy of the Constitution on request.

Some of the more important provisions of the Constitution are outlined below:

#### 13.2.1 Beneficial interest

A Unit confers a beneficial interest in the assets of the Fund to the Unitholder but not an entitlement or interest in any particular part of the Fund or any particular asset.

#### 13.2.2 Reimbursement of expenses

VanEck is indemnified and entitled to be reimbursed out of, or paid from, the assets of the Fund for all liabilities, losses and expenses incurred in relation to the proper performance of its duties as Responsible Entity of the Fund. VanEck has the power to appoint an agent, or otherwise engage a person, to do anything that it is authorised to do in connection with the Fund. For the purpose of determining whether VanEck has properly performed its duties as Responsible Entity, VanEck is not liable for any loss unless the loss is caused by our fraud, negligence or breach of trust without due care.

#### 13.2.3 Retirement of VanEck as Responsible Entity

Generally, VanEck may retire as Responsible Entity of the Fund by calling a meeting of the Fund's Unitholders to enable them to vote on a resolution to choose a company to be the new Responsible Entity. VanEck may be removed from office by an extraordinary resolution (that is 50% of the total interests that can be voted) passed at a meeting of Unitholders, in accordance with the Corporations Act. VanEck may retire or be removed as Responsible Entity in certain other circumstances prescribed under the Corporations Act.

#### 13.2.4 Limitation of liability of Unitholders

The rights and obligations of Unitholders are governed by the Constitution and this PDS, but are

also affected by the Corporations Act, exemptions and declarations issued by ASIC, and the general law relating to trusts. The Constitution states that Unitholders' liability is limited to the amount subscribed or agreed to be subscribed for Units by the Unitholder. However, the courts are yet to determine the effectiveness of provisions of this kind.

### **13.2.5 Meeting of Unitholders**

VanEck may convene a meeting of Unitholders at any time in accordance with the Constitution and Corporations Act. Examples of circumstances where meetings may be called include to approve certain amendments to the Constitution or (if required by law) to wind up the Fund.

Unitholders also have limited rights to call meetings and have the right to vote at any Unitholder meetings in accordance with the Constitution and Corporations Act. Except where the Constitution or Corporations Act provides otherwise, a resolution of Unitholders must be passed by Unitholders who hold Units exceeding 50% in value of the total value of all Units held by Unitholders who vote on the resolution. A resolution passed at a meeting of Unitholders held in accordance with the Constitution binds all Unitholders.

### **13.2.6 Limitation of liability and indemnity of VanEck**

In general, VanEck may act in good faith on the opinion of, advice of and information obtained from, advisers and experts. VanEck is indemnified out of the assets of the Fund against any expenses, loss, costs, damages and liabilities that may be incurred in properly performing any of its duties or prosecuting or defending any action or suit in connection with the Fund, other than if it arises out of its fraud, breach of trust or negligence.

Subject always to any liability which the Corporations Act might impose on VanEck, so long as it acts without fraud, negligence or breach of trust, it is not liable in equity, contract, tort or otherwise to Unitholders for any loss suffered in any way relating to the Fund. VanEck's liability to any person in respect of the Fund is limited to our actual indemnification from the assets of the Fund for that liability.

### **13.2.7 Borrowings of cash or securities**

Under the Constitution, VanEck has the power to enter into borrowing arrangements on behalf of the Fund and grant security over the assets in the Fund in favour of a lender. This may involve delivering some of the securities in the portfolio to the lender as collateral for repayment of the loan in accordance with usual commercial borrowing arrangements. The costs of any borrowing are borne by the Fund. See 9.3.2.

### **13.2.8 Amendments to the Constitution**

VanEck may amend the Constitution from time to time, subject to the provisions of the Constitution and the Corporations Act. Generally, VanEck can only amend the Constitution where we reasonably consider that the change will not adversely affect

the rights of Unitholders. Otherwise the Constitution can only be amended if approved at a meeting of Unitholders by special resolution.

### **13.2.9 Termination of the Fund**

VanEck may wind up the Fund at any time in accordance with its Constitution, the Corporations Act and general trust law. Following winding up, the net proceeds will be distributed to Unitholders.

### **13.2.10 Compulsory redemption of Units**

In certain circumstances under the Constitution, VanEck may compulsorily redeem some or all of the Units issued to a Unitholder, including where we believe Units are held in breach of the Constitution or an applicable law or regulation, or the holding will otherwise adversely affect the Fund in any material way. We are required under the Constitution to provide a Unitholder with 60 days' notice of a compulsory redemption of some or all of their Units (except in circumstances where the Unitholder is not entitled to hold Units under an applicable law, in which case we will provide 3 days' notice).

### **13.2.11 ASX Investor redemptions**

ASX Investors will normally sell their Units by trading on ASX and will not have a right to redeem their Units with the Fund directly. However, the Constitution of the Fund provides that if Units are suspended from trading on ASX for more than 5 consecutive ASX Trading Days, ASX Investors will have the right to directly redeem their Units for cash unless:

- o the Fund has been terminated;
- o the Fund is not a liquid scheme; or
- o VanEck has suspended the redemption of Units on the basis of a determination that it is reasonable and in the best interests of Unitholders to do so.

## **OTHER INFORMATION**

### **13.3 Compliance plan**

VanEck has lodged a compliance plan for the Fund with ASIC, which sets out the key measures that we take to ensure that we comply with the Corporations Act and the Constitution of the Fund in relation to the operation of the Fund. Each year VanEck's compliance with the compliance plan is independently audited, as required by the Corporations Act and the auditor must not be the auditor of the scheme's financial statements but may be from the same firm. The auditor's report is lodged with ASIC.

### **13.4 Compliance committee**

VanEck has a compliance committee which comprises at least three members, of which the majority are external. The compliance committee monitors VanEck's compliance with the Fund's compliance plan, assesses the adequacy of the compliance plan and reports breaches of the Constitution and the Corporations Act to the directors of VanEck, and if required, to ASIC.

### 13.5 Settlement via CHES

All transactions by ASX Investors will be settled via CHES in accordance with the ASX Rules. Settlement generally occurs on the second ASX Trading Day after the effective trade date (T+2) in line with the relevant ASX Rules.

### 13.6 Market Maker

Under the AQUA Rules, VanEck is required to facilitate an orderly and liquid market in the Fund. To assist with this we may appoint one or more Market Makers to act as a buyer and seller to the secondary market (ASX). A Market Maker may create and redeem Units and may also provide buy and sell prices for Units on ASX, while potentially also hedging their underlying positions.

### 13.7 Related party contracts

At the date of this PDS VanEck has arrangements in place with Van Eck Associates Corporation and VanEck Australia Pty Ltd for business administration, sales and marketing and support services. Where related parties receive a financial benefit, those payments are made out of the management fees and are not an additional cost incurred by Unitholders. Such arrangements are entered into on arm's length commercial terms after considering the requirements of VanEck's conflicts of interest policy.

### 13.8 Custodian and Fund Administrator

VanEck has appointed State Street Australia Limited ('**State Street**') as the Custodian and Fund Administrator of the Fund.

State Street provides custodial services, including the holding of all assets on behalf of the Fund and certain fund administration services, such as fund accounting and Unit pricing, for the Fund. State Street has not been involved in any way in the preparation of this PDS and is named only for information purposes.

### 13.9 Registrar

VanEck has appointed Link Market Services Limited ('**Link**') as Registrar to maintain Unitholder records such as the quantity of Units held, TFN and details of participation in the DRP. The Registrar can be contacted as follows:

Locked Bag A14  
Sydney South, NSW, 1235  
Telephone: 1300 68 38 37

Link has had no involvement in the preparation of any part of this PDS other than being named as the Registrar for the Fund. Link has not authorised or caused the issue of and expressly disclaims and takes no responsibility for any part of this PDS.

### 13.10 Continuous disclosure

VanEck will comply with the continuous disclosure obligations in section 675 of the *Corporations Act* as if the Fund is an unlisted disclosing entity and the Units are ED securities.

Copies of documents lodged with ASIC in relation to the Fund may be obtained from ASIC. The

continuous disclosure obligations require us to make certain information available to Unitholders. See the table in section 4.3 for more information.

### 13.11 Annual reports

A copy of the annual financial report, the annual directors' report and the auditor's report on the annual financial report for the Fund will be made available at [www.vaneck.com.au](http://www.vaneck.com.au) at the same time they are filed with ASIC each year.

### 13.12 Interest on cash held in the Fund

In circumstances where the Fund holds cash, any interest earned on those amounts will be retained for the benefit of all Unitholders in the Fund. For example, the Fund may hold cash pending the purchase of securities for a cash-only application or payment of cash-only redemption proceeds.

Cash may also be held by the Registrar on behalf of the Fund immediately pending the payment of a dividend. Any interest earned on such cash will be retained by the Registrar.

### 13.13 Investor identification and verification

VanEck and the Registrar have investor identification and verification procedures in place to manage risks associated with fraud and unauthorised transactions.

We require Authorised Participants to provide satisfactory proof of identity which must be verified before an application for a creation or redemption of Units can be accepted. We may also require ASX Investors to provide proof of identity and related information before we can process a requested transaction on their behalf.

Failure to provide all the information requested may cause a transaction to be delayed or rejected. We do not accept any liability for any loss arising from delays in undertaking our identification procedures.

### 13.14 Complaints

VanEck has arrangements in place for handling complaints. If you have a complaint regarding a Fund or our services, please contact us either by phone or in writing. Our procedures ensure that we deal with complaints as soon as possible. We will acknowledge any complaint made in writing immediately on receipt and provide a written response within 45 days. Complaints should be directed to:

Complaints Officer  
VanEck Investments Limited  
Aurora Place, Level 4  
88 Phillip Street, Sydney NSW 2000  
Telephone: (02) 8038 3300  
Email: [complaints@vaneck.com.au](mailto:complaints@vaneck.com.au)

If we are unable to resolve the complaint or you are dissatisfied with the outcome you can contact an independent external dispute resolution service to assist in resolving the complaint. The Australian Financial Complaints Authority ('**AFCA**') is an independent body approved by ASIC to consider complaints.

In order for a complaint to be considered by AFCA, the claim must not exceed \$1,000,000. The maximum amount per claim that may be awarded by an AFCA Decision Maker for complaints relating to VanEck's funds (not including awards of costs or interest) is \$500,000.

AFCA can be contacted as follows:

Online: [www.afca.org.au](http://www.afca.org.au)

Email: [info@afca.org.au](mailto:info@afca.org.au)

Phone: 1800 931 678 (free call)

Mail: GPO Box 3 Melbourne VIC 3001

### 13.15 Privacy notice

This privacy notice informs Authorised Participants and ASX Investors how your personal information may be collected, stored, used and disclosed if you invest in the Fund, and should be read together with VanEck's Privacy Policy (available on our website: [www.vaneck.com.au](http://www.vaneck.com.au)).

VanEck and the Registrar may collect, hold and use your personal information in order to process applications, administer your investment, comply with relevant laws and provide you with services related to the investment and with information about other products and services offered by or through VanEck, in accordance with VanEck's Privacy Policy.

ASX Investors must provide their personal information to open a Broker account in order to invest. That information may be provided by your Broker to the Registrar and in turn provided to VanEck. If you do not provide the personal information required you will be unable to invest.

We may use your information, for example to:

- o ensure compliance with all applicable regulatory or legal requirements. This includes the requirements of ASIC, ATO, AUSTRAC, ASX and other regulatory bodies or relevant exchanges including requirements under the Corporations Act and superannuation law; and
- o ensure compliance with the Anti-Money Laundering and Counter-Terrorism Financing Act.

VanEck may be required to disclose some or all of your personal information, for certain purposes, to our service providers, related bodies corporate or other third parties for the purpose of account maintenance and administration and the production and mailing of statements, such as share registries, custodians, accountants and auditors of the Fund and certain software providers related to the operational management and settlement of the Units and fraud monitoring.

We may also disclose your personal information to other external service providers (including companies conducting market research) who assist us in:

- o marketing products and services to you; and
- o improving customer service.

This is to keep you informed of VanEck products and services. If you acquire Units, you agree to be contacted for these purposes.

The third parties to whom we may disclose your personal information (listed above) may be located overseas, including in the United States.

If you do not wish to receive marketing communications from us or our associates, including by email, please contact us at [privacy@vaneck.com.au](mailto:privacy@vaneck.com.au).

VanEck's Privacy Policy contains information about how you may complain about a breach of your privacy and how we will deal with such a complaint.

To access, update or seek correction of your personal information, please speak to your Broker or contact the Registrar directly on 1300 68 38 37 (toll free), or in writing addressed to:

Link Market Services Limited

Locked Bag A14,

Sydney South, NSW, 1235.

### 13.16 ASIC Relief

#### 13.16.1 Exemption – Unequal treatment in withdrawal from a Fund

ASIC has granted Class Order relief under section 601QA of the Corporations Act from the equal treatment requirement in section 601FC(1)(d), to the extent necessary to allow the Responsible Entity to not treat Unitholders equally to the extent that it restricts withdrawals from a Fund to Authorised Participants.

For the purposes of this relief, except in exceptional circumstances, only Authorised Participants may withdraw from a Fund, but other Unitholders may sell their ETF Units on the ASX. However, if ETF Units are suspended from trading on ASX for more than 5 consecutive ASX Trading Days, Unitholders will have a right to withdraw from a Fund and receive payment for their Units in money within a reasonable time of request unless:

- o the Fund is being wound-up;
- o the Fund is not liquid as defined in subsection 601KA(4) of the Corporations Act; or
- o the Responsible Entity has suspended the redemption of Units in accordance with the Constitution.

#### 13.16.2 Periodic Statements

ASIC has granted Class Order relief [CO 13/1200] under sections 1020F(1)(a) and 1020F(1)(c) of the Corporations Act from certain requirements in the periodic statements. Specifically, we are not required to include purchase or sale price information or return on investment information, where we are unable to determine such information. However we must explain why this information is not included (due to transactions executed on ASX) and how it can be obtained or calculated. The periodic statement will itemise transactions by disclosing the date of transfer and whether the Unitholder acquired or disposed of Units and the number of Units transferred. The periodic statement will also include a report on whether the Fund has met its investment objective.



**13.16.3 Ongoing disclosure relief**

ASIC has granted Class Order relief [CO 13/721] under section 1020F(1) of the Corporations Act from the ongoing disclosure requirements in section 1017B on condition that the Responsible Entity complies with the continuous disclosure requirements in section 675 of the Corporations Act as if the Fund were an unlisted disclosing entity. The Responsible Entity will comply with the continuous disclosure requirements of the Corporations Act as if the Fund were an unlisted disclosing entity.

## 14 Glossary of terms

The following words when used in the PDS have the

TERM	MEANING
Active ETF	Per ASIC Information Sheet 230 – an exchange traded product that is a collective investment vehicle that buys and sells investments based on an active investment strategy or which seeks to outperform a particular benchmark.
Additional Tier 1 Capital	See section 2.1.
AP Procedures	The procedures for transacting with VanEck in relation to the Fund as agreed in writing with Authorised Participants from time to time.
AQUA Rules	Schedule 10A of the ASX Operating Rules and related rules and procedures, as amended, varied or waived from time to time.
ASIC	Australian Securities and Investments Commission.
ASX	Australian Securities Exchange operated by ASX Limited.
ASX Investors	Unitholders who acquire Units on ASX.
ASX Rules	The Operating Rules, Settlement Operating Rules and any other applicable rules and procedures as issued, amended, varied or waived by ASX Limited from time to time.
ASX Trading Day	A day that ASX is open for trading.
ATO	Australian Taxation Office.
AUD	Australian dollar.
AUSTRAC	The Australian Transaction Reports and Analysis Centre
Authorised Participant or 'AP'	A Trading Participant, or entity that has engaged a Trading Participant to act on their behalf to acquire and dispose of interests in the Fund, who has entered into an authorised participant agreement with the Responsible Entity.
Benchmark	RBA Cash Rate + 3% per annum
Bentham	Bentham Asset Management Pty Ltd, ABN 92 140 833 674, AFSL 356199
Broker	Online broker, stockbroker or financial adviser.
Business Day	Means a day that is not a Saturday, Sunday or public holiday in NSW, Australia, or such other day or days determined by VanEck.
Capital Securities	Capital Securities include a range of different subordinated debt securities similar to what are known generally in Australia as "hybrids", so called because they tend to combine both "equity like" and "debt like" characteristics. They are high yield, high risk securities which carry specialised options that help the issuing Financial Institution absorb a capital loss. Their use helps to shore up a bank's balance sheet with the intention of preventing another financial crisis like the 2007-2008 global financial crisis. They consist broadly of Tier 2 Capital and Additional Tier 1 Capital securities, and include, but are not limited to: EU/UK contingent convertible bonds (CoCos), US preferred and convertible preference shares, hybrid securities, and subordinated notes.
CHESS	The Clearing House Electronic Sub-register System owned and operated by ASX Settlements Pty Limited, a subsidiary of ASX Limited.
Constitution	The trust deed registered with ASIC establishing the managed investment scheme underlying the Fund, as varied or replaced from time to time.
Corporations Act	The Corporations Act 2001 (Cth).
Creation Unit	The minimum number of Units that must be applied for in the Fund by an Authorised Participant when applying to create Units as specified in section 10.3.
Credit Rating	Ratings determined by a ratings agency and attributed to a particular security. Ratings are provided by specialist research firms who conduct their own research into Issuers' financial strength based on publicly available information and proprietary analysis. Credit Ratings are not opinions about volatility risk or liquidity risk and are generally based on assumptions at a particular point in time. Some Issuers may pay the ratings agency for their securities to be rated. They are not and should not be used as an indicator of future returns. Investment decisions should not be

	based on Credit Ratings alone. You should consult your financial adviser for further information about the impact of ratings on investments.
Custodian	State Street Australia Limited ABN 21 002 965 200.
Dividend Reinvestment Plan or 'DRP'	The plan available to Unitholders to have any dividends by the Fund reinvested in additional Units to be credited to their account, instead of receiving a cash payment to their nominated Australian bank account.
DRP Rules	The rules relating to a Unitholder's participation in the DRP a copy of which are available at <a href="http://www.vaneck.com.au">www.vaneck.com.au</a> .
ETF	Abbreviation for 'exchange traded fund' – which is a managed fund that is quoted on an exchange which give investors the opportunity to buy a whole portfolio of securities in a single transaction.
EU	European Union
Financial Institutions	Banks and other authorised deposit-taking institutions and insurance companies.
Foreign Investor	A person who is not an Australian resident for income tax purposes.
Fund	VanEck Bentham Global Capital Securities Active ETF (Managed Fund) ARSN 649 884 631.
Fund Administrator	State Street Australia Limited ABN 21 002 965 200.
Fund Net Asset Value	The total value of all of the assets of the Fund minus the total value of all of the liabilities and provisions of the Fund.
GCAP	The ASX code for the Fund.
Insolvency	The inability to pay debts as and when they are due.
Investment Grade	Capital Securities with Credit Ratings of BBB- or higher from Fitch and Standard & Poor's and Baa3 or higher from Moody's. Capital Securities with an Investment grade rating are generally likely to have a high probability of payment of interest and repayment of capital.
Investment Manager	Bentham Asset Management Pty Ltd ABN 92 140 833 674 AFSL 356199.
Issuer	The company that issues a Capital Security invested in by the Fund.
Market Maker	An institution appointed by VanEck to assist it in maintaining liquidity of trading of the Units on ASX. A Market Maker may also be an Authorised Participant.
NAV	The Fund Net Asset Value divided by the number of Units outstanding. Also known as the 'Unit price'.
OTC	Over-the-counter transaction, as opposed to a transaction on a securities exchange.
PDS	This product disclosure statement, as supplemented or replaced from time to time.
RBA	Reserve Bank Australia
Redemption Unit	The minimum number of Units that must be redeemed by an Authorised Participant in the event of a redemption as specified in section 10.3.
Registrar	Link Market Services Limited ABN 54 083 214 537.
Responsible Entity	The licensed entity authorised by ASIC to act as the responsible entity of the Fund with responsibility for operating the Fund, issuing Units and this PDS. For the life of this PDS this is VanEck Investments Limited ABN 22 146 596 116 AFSL 416755.
Tier 1 Capital	See section 2.1
Tier 2 Capital	See section 2.1
Trading Participant	Has the meaning defined in the ASX Rules.
Unitholder	The person named as the holder of Units in the Fund as recorded in the register maintained by the Registrar.
Units	Interests issued by the Responsible Entity in the Fund pursuant to this PDS, the Fund's Constitution and the Corporations Act.
UK	United Kingdom
US	United States
USD	United States dollars