

**VanEck Vectors MSCI International Sustainable  
Equity ETF  
(ASX Code: ESGI)**

ARSN 623 953 177

**Interim report**

**For the period from 6 March 2018 (commencement  
of operations) to 31 July 2018**

# VanEck Vectors MSCI International Sustainable Equity ETF (ASX Code: ESGI)

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## Interim report For the period from 6 March 2018 (commencement of operations) to 31 July 2018

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These financial statements cover the VanEck Vectors MSCI International Sustainable Equity ETF as an individual entity.

The Responsible Entity of the VanEck Vectors MSCI International Sustainable Equity ETF is VanEck Investments Limited (ACN 146 596 116) (AFSL 416755). The Responsible Entity's registered office is:

VanEck Investments Limited  
Aurora Place  
Level 4, Suite 3, 88 Phillip Street  
Sydney NSW Australia 2000

## Directors' report

The directors of VanEck Investments Limited (ACN 146 596 116), the Responsible Entity of VanEck Vectors MSCI International Sustainable Equity ETF (the "Fund"), present their report together with the financial statements of the Fund for the period from 6 March 2018 (commencement of operations) to 31 July 2018.

### Principal activities

The Fund is an exchange traded fund which is a registered investment scheme.

The Fund invests in a diversified portfolio of sustainable international listed companies in accordance with the product disclosure statement of the Fund and the provisions of the Fund's Constitution.

The Fund did not have any employees during the period.

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

### Directors

The following persons held office as directors of VanEck Investments Limited during the period and up to the date of this report:

Jan van Eck  
Bruce Smith  
Arian Neiron  
Michael Brown  
Jonathan Simon

### Review and results of operations

The Fund invests in diversified portfolio of sustainable international listed companies as set out in the product disclosure statement of the Fund and in accordance with the provisions of the Fund's Constitution.

The Fund generally invests in the securities that are constituents of the MSCI World ex Australia ex Fossil Fuel Select SRI and Low Carbon Capped Index (the "Index") and aims to track the performance of the Index (with net dividends reinvested) in Australian dollars, before taking into account fees, expenses and tax.

#### Results

The performance of the Fund, as represented by the results of its operations, was as follows:

	<b>Period from 6 March 2018 to 31 July 2018</b>
Operating profit/(loss) before finance costs attributable to unitholders (\$)	<u>345,224</u>
Distribution to unitholders (\$)	<u>40,000</u>
Distribution (cents per unit - CPU)	<u>10.00</u>

## Directors' report (continued)

### Significant changes in the state of affairs

The Fund was constituted on 13 October 2017, registered by Australian Securities and Investments Commission (ASIC) as a managed investment scheme on 30 January 2018 and commenced operations on 6 March 2018. Accordingly these financial statements only include the current financial period, covering the period from the commencement of operations of the Fund to 31 July 2018.

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

No matter or circumstance has arisen since 31 July 2018 that has significantly affected, or may significantly affect:

- (i) the operations of the Fund in future financial years, or
- (ii) the results of those operations in future financial years, or
- (iii) the state of affairs of the Fund in future financial years.

### Likely developments and expected results of operations

The Fund will continue to be managed in accordance with the investment objectives and guidelines as set out in the product disclosure statement of the Fund and in accordance with the provisions of the Fund's Constitution.

The results of the Fund's operations will be affected by a number of factors, including the performance of investment markets in which the Fund invests. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

The future returns are dependent upon the performance of the underlying Index. The Fund's investment objective and strategy remains unchanged which is to track the performance of the Index. Accordingly the future returns of the Fund are dependent on the performance of the Index.

### Indemnity and insurance of officers

No insurance premiums are paid for out of the assets of the Fund in regards to insurance cover provided to either the officers of VanEck Investments Limited or the auditors of the Fund. So long as the officers of VanEck Investments Limited act in accordance with the Fund's Constitution and the Law, the officers remain indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund.

### Indemnity of auditors

The auditors of the Fund are in no way indemnified out of the assets of the Fund.

### Proceedings on behalf of the Fund

No person has applied for leave of Court to bring proceedings on behalf of the Fund or intervene in any proceedings to which the Fund is a party for the purpose of taking responsibility on behalf of the Fund for all or any part of those proceedings.

The Fund was not a party to any such proceedings during the period.

### Environmental regulation

The operations of the Fund are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law. There have been no known significant breaches of any other environmental requirement applicable to the Fund.

## Directors' report (continued)

### Rounding of amounts to the nearest dollar

The Fund is an entity of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission (ASIC) relating to the "rounding off" of amounts in the Directors' report. Amounts in the Directors' report have been rounded to the nearest dollar in accordance with that ASIC Corporations Instrument, unless otherwise indicated.

### Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 5.

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



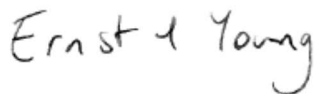
Arian Neiron  
Director

Sydney  
8 October 2018

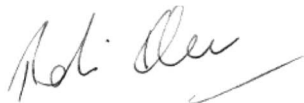
## Auditor's Independence Declaration to the Directors of VanEck Investments Limited, as Responsible Entity for VanEck Vectors MSCI International Sustainable Equity ETF

As lead auditor for the review of VanEck Vectors MSCI International Sustainable Equity ETF for the half-year ended 31 July 2018, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.



Ernst & Young



Rohit Khanna  
Partner  
Sydney  
8 October 2018

**Statement of comprehensive income**

	Period from 6 March 2018 to 31 July 2018 \$
<b>Investment income</b>	
Interest income	9
Dividend and distribution income	80,344
Net gains/(losses) on financial instruments held at fair value through profit or loss	299,604
Other operating income/(loss)	<u>(1,815)</u>
<b>Total investment income/(loss)</b>	<u>378,142</u>
<b>Expenses</b>	
Management fees	11,929
Transaction costs	9,452
Dividend withholding tax	9,823
Other operating expenses	<u>1,714</u>
<b>Total operating expenses</b>	<u>32,918</u>
<b>Profit/(loss) for the period</b>	<u>345,224</u>
Other comprehensive income for the period	<u>-</u>
<b>Total comprehensive income for the period</b>	<u>345,224</u>

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

## Statement of financial position

	Notes	As at 31 July 2018 \$
<b>Assets</b>		
Cash and cash equivalents		7,874
Receivables		13,325
Financial assets held at fair value through profit or loss	4	<u>8,506,531</u>
<b>Total assets</b>		<u>8,527,730</u>
<b>Liabilities</b>		
Bank overdraft		6,692
Payables		<u>10,680</u>
<b>Total liabilities</b>		<u>17,372</u>
<b>Equity</b>		<u>8,510,358</u>

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



**Statement of changes in equity**

	Notes	Period from 6 March 2018 to 31 July 2018 \$
<b>Total equity at the beginning of the period</b>		-
Issue of redeemable participating units		8,204,200
Units issued upon reinvestment of distributions		934
Comprehensive income for the period		345,224
Distributions	6	<u>(40,000)</u>
<b>Total equity at the end of the period</b>		<u>8,510,358</u>

*Movement in units in issue are disclosed in note 5 to the financial statements.*

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

## Statement of cash flows

	Period from 6 March 2018 to 31 July 2018 \$
<b>Cash flows from operating activities</b>	
Proceeds from sale of financial instruments held at fair value through profit or loss	1,192,489
Purchase of financial instruments held at fair value through profit or loss	(9,399,416)
Dividends and distributions received	57,893
Interest received	9
Management fees paid	(5,579)
Payment of other expenses	(9,097)
<b>Net cash inflow/(outflow) from operating activities</b>	<u>(8,163,701)</u>
<b>Cash flows from financing activities</b>	
Proceeds from applications by unitholders	8,204,200
Distributions paid	(39,066)
<b>Net cash inflow/(outflow) from financing activities</b>	<u>8,165,134</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	1,433
Cash and cash equivalents at the beginning of the period	-
Effects of foreign exchange rate changes on cash and cash equivalents	(251)
<b>Cash and cash equivalents at the end of the period</b>	<u>1,182</u>

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

## Contents of the notes to the financial statements

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## 1 General information

These financial statements for the period from 6 March 2018 (commencement of operations) to 31 July 2018 cover the VanEck Vectors MSCI International Sustainable Equity ETF (the “Fund”) as an individual entity. The Fund was constituted on 13 October 2017. The Fund will terminate in accordance with the provisions of the Fund’s Constitution.

The Responsible Entity of the Fund is VanEck Investments Limited (the “Responsible Entity”). The Responsible Entity’s registered office is Aurora Place, Level 4, Suite 3, 88 Phillip Street, Sydney, NSW, Australia, 2000.

These financial statements are presented in Australian dollars, which is the Fund’s functional and presentation currency.

The Fund invests in a diversified portfolio of sustainable international listed companies in accordance with the product disclosure statement of the Fund and the provisions of the Fund’s Constitution.

The financial statements were authorised for issue by the directors on 8 October 2018. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

The Custodian and Administrator of VanEck Vectors MSCI International Sustainable Equity ETF is State Street Australia Limited. The ultimate holding company of the Custodian is State Street Corporation (incorporated in the United States of America).

## 2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied throughout the period presented, unless otherwise stated in the following text.

### (a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards AASB 134 *Interim Financial Reporting* and Interpretations issued by the Australian Accounting Standards Board (“AASB”) and the *Corporations Act 2001* in Australia. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards IAS 34 *Interim Financial Reporting*.

The Fund is a for-profit fund for the purpose of preparing the financial statements.

The financial statements are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

The Statement of financial position is presented on a liquidity basis.

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

### Financial instruments

#### *Classification*

In accordance with AASB 9, the Fund classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

In applying that classification, a financial asset or financial liability is considered to be held for trading if:

- (a) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term; or
- (b) On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which, there is evidence of a recent actual pattern of short-term profit-taking; or
- (c) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

## 2 Summary of significant accounting policies (continued)

### (a) Basis of preparation (continued)

#### Financial assets

The Fund classifies its financial assets as subsequently measured at amortised cost or measured at fair value through profit or loss on the basis of both:

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

#### *Financial assets measured at amortised cost*

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Fund includes in this category short-term non-financing receivables including cash collateral posted on derivative contracts, accrued income and other receivables.

#### *Financial assets measured at fair value through profit or loss (FVPL)*

A financial asset is measured at fair value through profit or loss if:

- (a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding; or
- (b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
- (c) At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The Fund includes equity instruments in this category.

#### Financial liabilities

#### *Financial liabilities measured at fair value through profit or loss (FVPL)*

A financial liability is measured at FVPL if it meets the definition of held for trading.

There are no financial liabilities measured at fair value through profit or loss as at period end.

#### *Financial liabilities measured at amortised cost*

This category includes all financial liabilities, other than those measured at fair value through profit or loss. The Fund includes in this category other short-term payables.

#### *(i) Recognition/derecognition*

The Fund recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in the fair value of the financial assets or financial liabilities from this date.

Investments are derecognised when the right to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all of the risks and rewards of ownership.

#### *(ii) Measurement*

Financial assets and liabilities held at fair value through profit or loss

At initial recognition, the Fund measures a financial asset at its fair value, excluding interest receivable.

## 2 Summary of significant accounting policies (continued)

### (a) Basis of preparation (continued)

#### (ii) Measurement (continued)

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category, excluding interest income are presented in the Statement of comprehensive income within net gains/(losses) on financial instruments held at fair value through profit or loss in the period in which they arise.

- Fair value in an inactive or unquoted market

The fair value of financial assets and liabilities that are not traded in an active markets is determined using valuation techniques. For further details on how the fair value of financial instruments are determined, please see note 3 to the financial statements.

#### (iii) Impairment

The Fund assesses at each reporting period an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Fund expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Under the general approach for credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Fund applies a simplified approach in calculating ECLs for trade receivables (Note 2(i), (j)).

Therefore, the Fund does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting period. The Fund considers a financial asset to be in default when internal or external information indicates that the Fund is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Fund. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### (b) Redeemable participating units

Units are classified as equity. Notwithstanding the obligation of the Fund to redeem the units at the unitholder's option, the Responsible Entity considers the Units to meet the requirements for equity classification within AASB 132.16A and B. The Constitution states that the distributions are at the discretion of directors. The units can be put back to the Fund at any time for cash based on the redemption price. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the end of the reporting period if unitholders exercised their right to redeem the units in the Fund.

### (c) Cash and cash equivalents

For the purpose of presentation in the Statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less from the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are classified as liabilities in the Statement of financial position.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as movements in the fair value of these securities represent the Fund's main income generating activity.

## 2 Summary of significant accounting policies (continued)

### (d) Investment income

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

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

Dividend income is recognised on the ex-dividend date with any related foreign withholding tax recorded as an expense. The Fund currently incurs withholding tax imposed by certain countries on investment income. Such income is recorded gross of withholding tax in the Statement of comprehensive income.

### (e) Expenses

All expenses are recognised in the Statement of comprehensive income on an accruals basis.

### (f) Income tax

Under current legislation, the Fund is not subject to income tax as the income tax liability is attributed to unitholders.

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

### (g) Distributions

In accordance with the Fund's Constitution, the Fund usually pays a distribution on an annual basis. The distributions to unitholders are recognised in the Statement of changes in equity.

### (h) Foreign currency translation

#### (i) *Functional and presentation currency*

Items included in the Fund's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Australian dollar, which reflects the currency of the economy in which the Fund competes for funds and is regulated. The Australian dollar is also the Fund's presentation currency.

#### (ii) *Transactions and balances*

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

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

## 2 Summary of significant accounting policies (continued)

### (i) Due from/to brokers

Amounts due from/to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet delivered by the end of the reporting period. Trades are recorded on trade date, and for equities, normally settled within three business days. For trade receivables and contract assets, the Fund applies a simplified approach in calculating ECLs for trade receivables.

### (j) Receivables

Receivables may include amounts for dividends, trust distributions, interest and applications received for units in the Fund. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the end of the reporting period from the time of last payment. Amounts are generally received within 30 days of being recorded as receivables. For trade receivables and contract assets, the Fund applies a simplified approach in calculating ECLs for trade receivables.

### (k) Payables

Payables include liabilities and accrued expenses owed by the Fund which are unpaid as at the end of the reporting period.

The distribution amount payable to unitholders as at the end of the reporting period is recognised separately on the Statement of financial position as unitholders are presently entitled to the distributable income under the Fund's Constitution.

### (l) Applications and redemptions

Application amounts can be paid by cash or in the form of a parcel of prescribed securities transferred to the Responsible Entity's custodian. The parcel of securities related to in-specie applications generally reflect the characteristics of the MSCI World ex Australia ex Fossil Fuel Select SRI and Low Carbon Capped Index. Investors may purchase units by trading on the Australian Securities Exchange (ASX).

Unitholders can only redeem units if they are "Authorised Participants", as defined in the Fund's product disclosure statement. Units can be sold by trading on ASX.

Unit prices are determined by reference to the net assets of the Fund divided by the number of units on issue. For unit pricing purposes, net assets are determined using the last reported trade price for securities. These prices may differ from the market.

### (m) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Fund by third parties such as management, administration and custodian services where applicable have been passed onto the Fund. The Fund qualifies for Reduced Input Tax Credits (RITC) at a rate of at least 55%. Hence fees for these services and any other expenses have been recognised in the Statement of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the Statement of financial position. Cash flows relating to GST are included in the Statement of cash flows on a gross basis.

### (n) Use of estimates

The Fund may make estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial period. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

For the majority of the Fund's financial instruments, quoted market prices are readily available.



## 2 Summary of significant accounting policies (continued)

### (n) Use of estimates (continued)

For certain other financial instruments, including amounts due from/to brokers, accounts payable and accrued expenses, the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments.

## 3 Fair values of financial assets and liabilities

### (a) Fair value estimation

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

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

The Fund values its investments in accordance with the accounting policies set out in note 2 to the financial statements. For the majority of its investments, the Fund relies on information provided by independent pricing services for the valuation of its investments.

The quoted market price used for financial assets held by the Fund is the last traded price; the appropriate quoted market price for financial liabilities is the last traded price. When the Fund holds derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this last traded price to the net open position, as appropriate.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

### (b) Fair value hierarchy

The Fund measures and recognises the following assets and liabilities at fair value on a recurring basis:

- Financial assets / liabilities designated at fair value through profit or loss (see note 4)

The Fund has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

AASB 13 requires disclosure of fair value measurements by level of the following fair value hierarchy:

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

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Responsible Entity. The Responsible Entity considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

### 3 Fair values of financial assets and liabilities (continued)

#### (b) Fair value hierarchy (continued)

The table below presents the Fund's financial assets measured at fair value according to the fair value hierarchy as at 31 July 2018.

As at 31 July 2018	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Financial assets</b>				
Financial assets designated at fair value through profit or loss:				
Equity securities	8,366,427	-	-	8,366,427
Unit trusts	<u>140,104</u>	-	-	<u>140,104</u>
<b>Total</b>	<u>8,506,531</u>	-	-	<u>8,506,531</u>

The Fund did not hold any Level 2 and Level 3 instruments during the period 6 March 2018 to 31 July 2018.

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

#### (i) Transfers between levels

There were no transfers between the levels in the fair value hierarchy for the period from 6 March 2018 to 31 July 2018. There were also no changes made to any of the valuation techniques applied as at 31 July 2018.

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

	As at 31 July 2018 \$
<b>Designated at fair value through profit or loss</b>	
Equity securities	8,366,427
Unit trusts	<u>140,104</u>
Total designated at fair value through profit or loss	<u>8,506,531</u>
<b>Total financial assets held at fair value through profit or loss</b>	<u>8,506,531</u>

## 5 Units in issue

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

	Period from 6 March 2018 to 31 July 2018 No.
Opening balance	-
Applications	400,000
Units issued upon reinvestment of distributions	<u>45</u>
Closing balance	<u>400,045</u>

As stipulated within the Fund's Constitution, a unit confers an equal undivided, vested, and indefeasible interest in the assets as a whole, subject to the liabilities. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

## Capital risk management

The amount of equity attributable to unitholders can change significantly on a daily basis as the Fund is subject to daily applications and redemptions at the discretion of unitholders.

Daily applications and redemptions are reviewed relative to the liquidity of the Fund's underlying assets on a daily basis by the Responsible Entity. Under the terms of the Fund's Constitution, the Responsible Entity has the discretion to reject an application for units and to defer or adjust a redemption of units if the exercise of such discretion is in the best interests of unitholders.

## 6 Distributions to unitholders

The distributions during the period were as follows:

	Period from 6 March 2018 to 31 July 2018 \$	Period from 6 March 2018 to 31 July 2018 CPU
Distributions paid	<u>40,000</u>	<u>10.00</u>
<b>Total distributions</b>	<u>40,000</u>	<u>10.00</u>

## 7 Events occurring after the reporting period

No significant events have occurred since the end of the reporting period which would impact on the financial position of the Fund disclosed in the Statement of financial position as at 31 July 2018 or on the results and cash flows of the Fund for the period ended on that date.

## 8 Contingent assets and liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 31 July 2018.

## Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) the interim financial statements and notes set out on pages 6 to 18 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the Funds' financial position as at 31 July 2018 and of its performance for the reporting period ended on that date; and
- (b) there are reasonable grounds to believe that the Funds will be able to pay its debts as and when they become due and payable.
- (c) Note 2(a) confirms that the financial statements also comply with the International Financial Reporting Standards IAS 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board.

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



Arian Neiron  
Director

Sydney  
8 October 2018

# Independent Auditor's Review Report to the unit holders of VanEck Vectors MSCI International Sustainable Equity ETF

## Report on the Half-Year Financial Report

### Conclusion

We have reviewed the accompanying half-year financial report of VanEck Vectors MSCI International Sustainable Equity ETF ("the Fund"), which comprises the statement of financial position as at 31 July 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Fund is not in accordance with the Corporations Act 2001, including:

- a) giving a true and fair view of the Fund's financial position as at 31 July 2018 and of its financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

### Directors' Responsibility for the Half-Year Financial Report

The directors of VanEck Investments Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

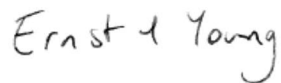
### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Fund's financial position as at 31 July 2018 and its financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the Fund, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

## Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



Ernst & Young



Rohit Khanna  
Partner  
Sydney  
8 October 2018