

26 July 2021

## PRODUCT DISCLOSURE STATEMENT DATED 22 SEPTEMBER 2017 NOTICE OF ADDRESS AND NAME CHANGES

Effective 26 July 2021, the address of the funds offered under the PDS dated 22 September 2017 containing an SPDS dated 20 May 2019 is changed to Level 47, Suite 2, 25 Martin Place, Sydney NSW 2000 and are renamed as follows:

| Code        | Previous name   | New name                                      |
|-------------|---|---|
| <b>GRNV</b> | VanEck Vectors MSCI Australian Sustainable Equity ETF | VanEck MSCI Australian Sustainable Equity ETF |
| <b>MVA</b>  | VanEck Vectors Australian Property ETF                | VanEck Australian Property ETF                |
| <b>MVB</b>  | VanEck Vectors Australian Banks ETF                   | VanEck Australian Banks ETF                   |
| <b>MVE</b>  | VanEck Vectors S&P/ASX MidCap ETF                     | VanEck S&P/ASX MidCap ETF                     |
| <b>MVR</b>  | VanEck Vectors Australian Resources ETF               | VanEck Australian Resources ETF               |
| <b>MVS</b>  | VanEck Vectors Small Companies Masters ETF            | VanEck Small Companies Masters ETF            |
| <b>MVW</b>  | VanEck Vectors Australian Equal Weight ETF            | VanEck Australian Equal Weight ETF            |

All other contact details remain unchanged and the change of names has no impact on the management or operation of the funds.

The ASX trading codes for the fund have not changed.

### 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.

20 May 2019

## Supplementary Product Disclosure Statement No.1 to the VanEck Australian Equity ETFs Product Disclosure Statement

incorporating the following Funds:

| ASX code | Fund name                                   | ARSN        |
|----------|---|-------------|
| FDIV     | VanEck Vectors S&P/ASX Franked Dividend ETF | 611 368 499 |
| MVA      | VanEck Vectors Australian Property ETF      | 165 151 771 |
| MVB      | VanEck Vectors Australian Banks ETF         | 165 150 854 |
| MVE      | VanEck Vectors S&P/ASX MidCap ETF           | 165 153 944 |
| MVR      | VanEck Vectors Australian Resources ETF     | 165 153 695 |
| MVS      | VanEck Vectors Small Companies Masters ETF  | 605 328 087 |
| MVW      | VanEck Vectors Australian Equal Weight ETF  | 167 523 211 |

### Changes to ASX: FDIV | VanEck Vectors® S&P/ASX Franked Dividend ETF

This Supplementary Product Disclosure Statement No.1 (**SPDS**) is issued by VanEck Investments Limited ABN 22 146 596 116 AFSL 416755 (**'VanEck'**) and supplements the VanEck Australian Equity ETFs product disclosure statement dated 22 September 2017 (**'PDS'**) in respect of the offer of ETF Units in the VanEck Vectors S&P/ASX Franked Dividend ETF (**"the Fund"**).

A copy of this SPDS has been lodged with the Australian Securities and Investments Commission (**'ASIC'**) and released to the Australian Securities Exchange (**'ASX'**) on 20 May 2019. Neither ASIC nor ASX takes any responsibility for the contents of this SPDS. Capitalised terms defined in the PDS have the same meaning when used in this SPDS unless otherwise defined in this SPDS. This SPDS should be read with the PDS.

#### CHANGE OF INVESTMENT STRATEGY, CHANGE OF NAME AND CHANGE OF ASX CODE FOR THE FUND

On 20 May 2019 VanEck announced via ASX the decision to change the Reference Index and thereby change the Investment Objective for the Fund, effective 25 June 2019. As a result of the announcement the information in the PDS is changed as set out below.

**A. Effective 20 May 2019 the following wording is inserted into the PDS on page 2 under the heading 'IMPORTANT INFORMATION':**

##### **NOTICE OF CHANGE OF INVESTMENT STRATEGY FOR FDIV EFFECTIVE 25 JUNE 2019**

On 20 May 2019, VanEck announced the following key changes to the VanEck Vectors S&P/ASX Franked Dividend ETF will come into effect at the commencement of trading on 25 June 2019:

1. New Reference Index

The Fund will cease tracking the S&P/ASX Franked Dividend Index effective close of trading on Monday 24 June 2019 and will commence tracking the MSCI Australia IMI Select SRI Screened Index (**"the MSCI Index"**) effective the open of trading on Tuesday 25 June 2019.

2. New name and ASX code

As a result of the change of investment strategy the Fund will be renamed VanEck Vectors MSCI Australian Sustainable Equity ETF and the ASX code will change from FDIV to GRNV.



**B. Effective 25 June 2019 the information in the PDS will change as follows:**

1. The content of Section 8.1 is deleted and replaced with the words "Intentionally deleted" and all other references to "FDIV", "VanEck Vectors S&P/ASX Franked Dividend ETF" and the "S&P/ASX Franked Dividend Index" are deleted.
2. The front cover is amended by the addition of:

| ASX code | Fund name   | ARSN        | iNAV code |
|----------|---|-------------|-----------|
| GRNV     | VanEck Vectors MSCI Australian Sustainable Equity ETF | 611 368 499 | YGRN      |

3. The PDS is supplemented in Sections 2, 11 and 12 for GRNV as applicable, as follows:

| For all investors                       | GRNV  |
|---|---|
| <b>Investment purpose</b>               | The Fund gives investors access to returns from a diversified portfolio of sustainable Australian equities selected on the basis of in-depth analysis by world leading research agency MSCI ESG Research LLC. |
| <b>Reference Index</b>                  | MSCI Australia IMI Select SRI Screened Index  |
| <b>Management costs</b>                 | 0.35% p.a.  |
| <b>Expected dividend frequency</b>      | Four times per year   |
| For Authorised Participants only        | GRNV  |
| <b>APs minimum transaction size</b>     | 80,000 ETF Units  |
| <b>APs contribution/withdrawal fees</b> | \$1000  |

4. A new **Section 6A Reference Index – MSCI** is inserted as follows:

**6A GRNV - VanEck Vectors MSCI Australian Sustainable Equity ETF**

| Reference Index                     | MSCI Australia IMI Select SRI Screened Index  |
|-------------------------------------|---|
| <b>Index Provider</b>               | MSCI Inc. (' <b>MSCI</b> '). MSCI is not a related body corporate of VanEck.  |
| <b>Overview/objective</b>           | The Reference Index aims to represent the performance of a diversified portfolio of sustainable Australian equities by applying a broad range of exclusions based on business activities and ESG ratings determined by MSCI.  |
| <b>Summary of Index methodology</b> | <ol style="list-style-type: none"> <li>1. <b>Eligible universe</b><br/>Securities in the MSCI Australia Domestic IMI Index.</li> <li>2. <b>Business involvement screening</b><br/>Securities are screened for exclusion based on the following business activities: <ul style="list-style-type: none"> <li>o Adult entertainment</li> <li>o Alcohol</li> <li>o Animal welfare</li> <li>o Civilian Firearms</li> <li>o Conventional weapons</li> <li>o Controversial weapons</li> <li>o Fossil fuels</li> <li>o Gambling</li> <li>o Genetically modified organisms (GMO)</li> <li>o Nuclear power</li> <li>o Nuclear weapons</li> <li>o Tobacco</li> </ul> </li> </ol> |



|                         |   |
|-------------------------|---|
|                         | <ol style="list-style-type: none"> <li>3. <b>Controversies exclusion</b><br/>Companies are excluded based on MSCI flags in respect of Environmental, Social and Governance (ESG) controversies.</li> <li>4. <b>Nutrition screening</b> <ul style="list-style-type: none"> <li>o Soft drinks</li> <li>o Nutrition and health</li> </ul> </li> <li>5. <b>ESG ratings exclusion</b><br/>All companies with ESG ratings lower than 'A' (based on MSCI's scale from 'AAA' to 'CCC') are excluded. Only companies with rating 'A', 'AA' and 'AAA' are included.</li> <li>6. <b>Size select</b><br/>Threshold for inclusion: <ul style="list-style-type: none"> <li>o New constituents – US\$750m</li> <li>o Existing constituents – US\$500m</li> </ul> </li> <li>7. <b>Component weighting and capping</b><br/>The remaining securities are then weighted by their Free Float Market Capitalisation subject to a 5% weighting cap.</li> </ol>  |
| <b>Rebalances</b>       | <p>The Reference Index is rebalanced quarterly, usually as of the close of the last business day in February, May, August, and November.</p> <p>Exclusions are applied on a monthly basis</p>   |
| <b>More information</b> | <p>More detailed information in relation to MSCI's process can be found at <a href="http://www.msci.com/index-methodology">www.msci.com/index-methodology</a></p>   |
| <b>MSCI disclaimer</b>  | <p>THE FUND IS NOT SPONSORED, ENDORSED, SOLD OR PROMOTED BY MSCI LIMITED ('MSCI'), ANY OF ITS AFFILIATES, ANY OF ITS INFORMATION PROVIDERS OR ANY OTHER THIRD PARTY INVOLVED IN, OR RELATED TO, COMPILING, COMPUTING OR CREATING ANY MSCI INDEX (COLLECTIVELY, THE "MSCI PARTIES"). THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES ARE SERVICE MARK(S) OF MSCI OR ITS AFFILIATES AND HAVE BEEN LICENSED FOR USE FOR CERTAIN PURPOSES BY VANECK INVESTMENTS LIMITED. NONE OF THE MSCI PARTIES MAKES ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, TO THE ISSUER OR OWNERS OF THIS FUND OR ANY OTHER PERSON OR ENTITY REGARDING THE ADVISABILITY OF INVESTING IN FUNDS GENERALLY OR IN THIS FUND PARTICULARLY OR THE ABILITY OF ANY MSCI INDEX TO TRACK CORRESPONDING STOCK MARKET PERFORMANCE. MSCI OR ITS AFFILIATES ARE THE LICENSORS OF CERTAIN TRADEMARKS, SERVICE MARKS AND TRADE NAMES AND OF THE MSCI INDEXES WHICH ARE DETERMINED, COMPOSED AND CALCULATED BY MSCI WITHOUT REGARD TO THIS FUND OR THE ISSUER OR OWNERS OF THIS FUND OR ANY OTHER PERSON OR ENTITY. NONE OF THE MSCI PARTIES HAS ANY OBLIGATION TO TAKE THE NEEDS OF THE ISSUER OR OWNERS OF THIS FUND OR ANY OTHER PERSON OR ENTITY INTO CONSIDERATION IN DETERMINING, COMPOSING OR CALCULATING THE MSCI INDEXES. NONE OF THE MSCI PARTIES IS RESPONSIBLE FOR OR HAS PARTICIPATED IN THE DETERMINATION OF THE TIMING OF, PRICES AT, OR QUANTITIES OF THIS FUND TO BE ISSUED OR IN THE DETERMINATION OR CALCULATION OF THE EQUATION BY OR THE CONSIDERATION INTO WHICH THIS FUND IS REDEEMABLE. FURTHER, NONE OF THE MSCI PARTIES HAS ANY OBLIGATION OR LIABILITY TO THE ISSUER OR OWNERS OF THIS FUND OR ANY OTHER PERSON OR ENTITY IN CONNECTION WITH THE ADMINISTRATION, MARKETING OR OFFERING OF THIS FUND.</p> <p>ALTHOUGH MSCI SHALL OBTAIN INFORMATION FOR INCLUSION IN OR FOR USE IN THE CALCULATION OF THE MSCI INDEXES FROM</p> |



|  |  |
|--|--|
|  | <p>SOURCES THAT MSCI CONSIDERS RELIABLE, NONE OF THE MSCI PARTIES WARRANTS OR GUARANTEES THE ORIGINALITY, ACCURACY AND/OR THE COMPLETENESS OF ANY MSCI INDEX OR ANY DATA INCLUDED THEREIN. NONE OF THE MSCI PARTIES MAKES ANY WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY THE ISSUER OF THE FUND, OWNERS OF THE FUND, OR ANY OTHER PERSON OR ENTITY, FROM THE USE OF ANY MSCI INDEX OR ANY DATA INCLUDED THEREIN. NONE OF THE MSCI PARTIES SHALL HAVE ANY LIABILITY FOR ANY ERRORS, OMISSIONS OR INTERRUPTIONS OF OR IN CONNECTION WITH ANY MSCI INDEX OR ANY DATA INCLUDED THEREIN. FURTHER, NONE OF THE MSCI PARTIES MAKES ANY EXPRESS OR IMPLIED WARRANTIES OF ANY KIND, AND THE MSCI PARTIES HEREBY EXPRESSLY DISCLAIM ALL WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO EACH MSCI INDEX AND ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL ANY OF THE MSCI PARTIES HAVE ANY LIABILITY FOR ANY DIRECT, INDIRECT, SPECIAL, PUNITIVE, CONSEQUENTIAL OR ANY OTHER DAMAGES (INCLUDING LOST PROFITS) EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.</p> <p>No purchaser, seller or holder of this security, product or fund, or any other person or entity, should use or refer to any MSCI trade name, trademark or service mark to sponsor, endorse, market or promote this security without first contacting MSCI to determine whether MSCI's permission is required. Under no circumstances may any person or entity claim any affiliation with MSCI without the prior written permission of MSCI.</p> |
|--|--|

5. In Section 9.2.7 the reference to section 8.1 is deleted and replaced with 6.1.
6. Section 10 Fees and other costs is supplemented with the following information for GRNV:

| TYPE OF FEE OR COST <sup>1</sup>   | AMOUNT  | HOW AND WHEN PAID  |
|--|---|--|
| <b>Fees when your money moves in or out of the Funds</b>                                     |   |  |
| <b>Establishment fee:</b><br>The fee to open your investment                                 | Nil   | Not applicable   |
| <b>Contribution fee:</b><br>The fee on each amount contributed to your investment            | ASX investors:<br>Nil<br>APs: \$1000              | Payable only by Authorised Participants per creation at the time of application for the creation of ETF Units by a Standard Basket Transaction. The amount of these costs may be negotiated. |
| <b>Withdrawal fee<sup>2</sup>:</b><br>The fee on each amount you take out of your investment | ASX investors:<br>Nil <sup>2</sup><br>APs: \$1000 | Payable only by Authorised Participants per creation at the time of application for the creation of ETF Units by a Standard Basket Transaction. The amount of these costs may be negotiated. |
| <b>Exit fee:</b><br>The fee to close your investment   | Nil   | Not applicable   |



| Management costs <sup>3</sup>                   |                    |  |
|---|--------------------|--|
| The fees and costs for managing your investment |                    | Management fees are calculated and accrued daily on the Fund Net Asset Value and reflected in the daily Unit Price of that Fund and payable to us from the assets of that Fund on a monthly basis on or about the first Business Day of the following month. Management fees may be negotiated by wholesale clients. |
| Management fees:                                | 0.35               |  |
| Indirect costs                                  | <u>0.00</u>        |  |
| Total management costs                          | <u>0.35</u> % p.a. |  |
| Service fees                                    |                    |  |
| The fee for changing investment options         | Nil                | Not applicable   |

- 1 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 10.3 for more information.
- 2 Except in limited circumstances ASX Investors are not eligible to redeem ETF Units with VanEck directly. See section 14.2.11 for more information.
- 3 See section 10.3 'Additional explanation of fees and costs' 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 **VanEck Vectors MSCI Australian Sustainable Equity ETF** can affect your investment over a 1 year period. You should use this table to compare this product with other managed investment products.

| EXAMPLE: VANECK VECTORS MSCI AUSTRALIAN SUSTAINABLE EQUITY ETF |                         | 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                                   | 0.35% p.a. <sup>1</sup> | <b>And</b> , for every \$50,000 you have in the Fund you will be charged \$175 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>\$175 to \$192.50<sup>1,2</sup></b><br><b>What it costs you will depend on the fees negotiated.</b> |

- 1 Management fees may be negotiated by wholesale clients. See section 10.3 for more information.
- 2 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.

#### Transactional and operational costs

Based on the information available at the date of this PDS, we estimate that the transactional and operational costs incurred by Unitholders in the Fund for the current financial year (2017-18) annualised, will be as follows:

| ASX code | Transactional and operational costs p.a. | Cost per \$50,000 p.a. |
|----------|--|------------------------|
| GRNV     | 0.05%                                    | \$25                   |



7. Section 14.8 is deleted and replaced with the following:

**14.8 Index Providers**

We have appointed MSCI, MVIS and S&PDJI as the Index Providers for the Funds. Please refer to sections 6A, 7 and 8 for a full description of the Reference Indices. MSCI, MVIS and S&PDJI have given and as at the date of this PDS have not withdrawn their consent to be named as the Index Providers in this PDS and to the statements in sections 6A, 7 and 8 of this PDS respectively.

8. In the Glossary of Terms – the following terms are updated:

| <b>Term</b>               | <b>Meaning</b>   |
|---------------------------|--|
| <b>ASX</b>                | The Australian Securities Exchange operated by ASX Limited   |
| <b>ASX Rules</b>          | 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                |
| <b>Custodian</b>          | State Street Australia Limited ABN 21 002 965 200  |
| <b>Fund Administrator</b> | State Street Australia Limited ABN 21 002 965 200  |
| <b>Index Provider</b>     | MSCI Inc. (MSCI) MV Index Solutions (MVIS) and S&P Dow Jones Indices (S&PDJI) individually or collectively as the context requires. See sections 6A, 7 and 8 for more information. |

**IMPORTANT NOTICE ABOUT THIS SPDS**

This SPDS contains general information only and is not financial advice. It is not a recommendation by us or any other person to invest in a 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 financial adviser) if the decision is appropriate for your personal financial situation, needs and objectives.

An investment in a 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 in the Fund and/or a lack of income from the Fund. You should carefully consider the risks set out in section 9 of the PDS before deciding to invest in a Fund. None of VanEck Investments Limited, VanEck Australia Pty Ltd, Van Eck Associates Corporation or their related entities, directors or officers, gives any guarantee or assurance as to the performance of the Fund, the payment of income or the repayment of capital invested.

\*ENDS\*



Access the opportunities.

## Australian Equity ETFs

### Product Disclosure Statement

Incorporating the following Funds:

| <b>ASX code</b> | <b>Fund name</b>                            | <b>ARSN</b> | <b>iNAV code</b> |
|-----------------|---|-------------|------------------|
| FDIV            | VanEck Vectors S&P/ASX Franked Dividend ETF | 611 368 499 | YFDI             |
| MVA             | VanEck Vectors Australian Property ETF      | 165 151 771 | YMVA             |
| MVB             | VanEck Vectors Australian Banks ETF         | 165 150 854 | YMBV             |
| MVE             | VanEck Vectors S&P/ASX MidCap ETF           | 165 153 944 | YMVE             |
| MVR             | VanEck Vectors Australian Resources ETF     | 165 153 695 | YMVR             |
| MVS             | VanEck Vectors Small Companies Masters ETF  | 605 328 087 | YMVS             |
| MVW             | VanEck Vectors Australian Equal Weight ETF  | 167 523 211 | YMWV             |

Issued by VanEck Investments Limited  
ABN 22 146 596 116 AFSL No 416755

Dated: 22 September 2017



## IMPORTANT INFORMATION BEFORE YOU START

This product disclosure statement ('PDS') is issued by VanEck Investments Limited ABN 22 146 596 116 AFSL No 416755 as responsible entity of the VanEck Australian Equities ETFs named on the front cover and throughout this PDS (collectively 'the Funds' and individually 'a Fund'). This PDS replaces the VanEck Australian Equities ETFs product disclosure statement dated 26 July 2016. Each Fund is a registered managed investment scheme. A class of units of each Fund ('ETF Units') is admitted to quotation and trading as an Exchange Traded Fund ('ETF') on the Australian Securities Exchange. ETF Units may also be traded on the licensed financial market operated by Chi-X Australia Pty Ltd ('Chi-X'). A reference to 'ASX' in this PDS should be read as a reference to both the Australian Securities Exchange and Chi-X unless the context requires otherwise.

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 Funds.

Capitalised terms (Like This) used in this PDS are defined in the 'Glossary of terms' on pages 39 to 41.

A copy of this PDS has been lodged with the Australian Securities and Investments Commission (ASIC) and ASX. Neither ASIC nor ASX take any responsibility for the contents of this PDS.

### Authorised Participants

The offer of ETF Units in this PDS is only for professional or institutional investors in Australia, the European Economic Area, Hong Kong, Japan or Singapore who have entered into an Authorised Participant Agreement with VanEck ('Authorised Participants' or 'APs'). APs may acquire ETF Units directly from VanEck by submitting an application for a creation, or by investing on ASX. APs may acquire ETF Units directly from VanEck by submitting an application for a creation (see section 11 for details), or by investing on ASX.

### ASX Investors

Investors may purchase ETF Units on ASX, like purchasing shares in a listed company ('ASX Investors') and may use this PDS for information purposes only. ASX Investors may buy and sell ETF Units on ASX through their online broker, stockbroker or financial adviser ('Broker') and are not required (or eligible) to submit an application under this PDS.

### Classes of units

The ETF Units referred to in this PDS are an ETF class of units in each Fund respectively. As such it is only the ETF class of the Funds that is quoted on ASX (see section 3 for further details). As at the date of this PDS, each Fund only has a single class of units, being the ETF class. Under each Fund's constitution ('Constitution'), VanEck is permitted to establish different classes of units and may do so in the future.

### 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 the 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) on the relevant Fund page. If we issue a supplementary or replacement PDS, in addition to updating the documents 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.

### Disclaimers

This PDS contains general information only and is not financial advice. It is not a recommendation by us or any other person to invest in a 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 financial adviser) if the decision is appropriate for your personal financial situation, needs and objectives.

An investment in a Fund is subject to various risks (refer to section 9 'Risks' for further details), 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 their related entities, directors or officers, gives any guarantee or assurance as to the performance of the Funds, the payment of income or the repayment of capital invested.

### Foreign Investors

Professional and institutional investors located in the European Economic Area, Hong Kong, Japan or Singapore, may act as Authorised Participants subject to the warnings set out in the *Notice to Foreign APs* available at <https://www.vaneck.com.au/library/regulatory-documents/>. Other Foreign Investors may trade ETF Units on ASX via their stockbroker. ETF Units are not intended to be sold to United States ('US') Persons as defined under Regulation S of the US federal securities laws.

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# Section 1

## About VanEck®

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### 1.1 VanEck Investments Limited

#### - the Responsible Entity

VanEck Investments Limited is the Responsible Entity of the Funds and the issuer of this PDS and the ETF Units and is responsible for the management, operation and administration of the Funds.

For more information about VanEck's powers and duties as Responsible Entity see section 14.1.

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

### 1.2 VanEck Vectors® ETFs

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

As at 31 August 2017 VanEck's family of ETPs totalled over \$42 billion in assets under management, making it one of the largest ETP families worldwide.

### 1.3 Founded in 1955

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

Today we are recognised for being a pioneer in global markets and for drawing on our 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, Madrid and Zurich, VanEck offers investors broad investment reach with deep experience.

As at 31 August 2017, VanEck managed over \$52 billion in investor assets including its VanEck Vectors ETP business.

For more information on VanEck, visit [www.vaneck.com.au](http://www.vaneck.com.au).

# Section 2

## Summary of the Funds

| VanEck Australian Equities Funds              |  |   | For more information |          |
|---|--|---|----------------------|----------|
| <b>Responsible Entity</b>                     | VanEck Investments Limited ABN 22 146 596 116 AFSL No 416755   |   | Section 1            |          |
| <b>Type of investment: Index-tracking ETF</b> | <p>An index-tracking ETF is an open-ended exchange traded fund that aims to track the performance, before fees and other costs, of a financial market index by investing in a portfolio of securities that constitute the index.</p> <p>Units in an ETF are traded on ASX. As such, an ETF gives investors easy access and cost effective exposure to the portfolio of securities held by the ETF via a single trade on ASX.</p> |   | Sections 4, 5, 6     |          |
| <b>Investment purpose</b>                     | <b>Fund</b>  | <b>Purpose</b>  | Sections 6, 7, 8     |          |
|   | FDIV   | The Fund gives investors access to a diversified portfolio of 30 listed companies within the S&P/ASX 200 that have paid out 100% franked dividends in the past two years.   |                      |          |
|   | MVA  | The Fund is designed to capture the performance of the property sector of the Australian economy. Investors access a portfolio of the largest and most liquid Australian Real Estate Investment Trusts (A-REITs) securities including industrial, commercial, retail and residential property segments.                           |                      |          |
|   | MVB  | The Fund is designed to capture the performance of the banking sector of the Australian economy. Investors access a portfolio of the largest and most liquid ASX-listed banks that generate revenues from the Australian banking sector.  |                      |          |
|   | MVE  | The Fund is designed to capture the performance of the 50 midcap companies listed on ASX having Market Capitalisation ranking from 51 to 100.   |                      |          |
|   | MVR  | The Fund is designed to capture the performance of the resources sector of the Australian economy. Investors access a portfolio that only includes the largest and most liquid ASX-listed companies that generate revenues from the Australian resources sector, including, for example, mining services and transport companies. |                      |          |
|   | MVS  | The Fund gives investors exposure to a portfolio that only includes the most liquid small-cap ASX-listed companies that generate revenues in Australia and did not omit their latest dividend payment.  |                      |          |
|   | MVW  | The Fund gives investors access to a portfolio of the largest and most liquid ASX-listed companies all equally weighted with diversification across both securities and sectors.  |                      |          |
| <b>Investment objective</b>                   | Each Fund aims to provide investment returns before fees and other costs that closely track the performance of its Reference Index.  |   | Section 6            |          |
| <b>Reference Index</b>                        | <b>Fund</b>  | <b>Reference Index</b>  | Sections 7, 8        |          |
|   | FDIV   | S&P/ASX Franked Dividend Index  |                      | SPAXFDAT |
|   | MVA  | MVIS Australia A-REITs Index  |                      | MVMVATRG |
|   | MVB  | MVIS Australia Banks Index  |                      | MVMVBTRG |
|   | MVE  | S&P/ASX Midcap 50 Index   |                      | ASA34    |
|   | MVR  | MVIS Australia Resources Index  |                      | MVMVRTRG |

|   |  |  |   |            |
|---|--|--|---|------------|
|   | MVS  | MVIS Australia Small-Cap Dividend Payers Index | MVMVSTRG                                    |            |
|   | MVW  | MVIS Australia Equal Weight Index              | MVMVWTRG                                    |            |
| <b>Investment strategy – index replication</b>              | Each Fund employs a management strategy of investing directly in the securities that comprise the relevant Reference Index.  |  |   | Section 6  |
| <b>Benefits</b>   | <p>Each Fund provides investors with:</p> <ul style="list-style-type: none"> <li>o cost effective and easy access to a portfolio of Australian equities via a single trade on ASX</li> <li>o transparency of holdings, pricing and performance, and</li> <li>o flexibility of intraday ASX trading capability.</li> </ul> <p>Compared to unlisted actively managed funds, investors benefit from: trading via live prices on ASX; potentially lower costs and lower tax liabilities; liquidity; transparency and intraday trading.</p> |  |   | Section 4  |
| <b>Risks</b>  | An investment in a 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. You should carefully consider the risks before deciding to invest.   |  |   | Section 9  |
| <b>Investing in a Fund</b>                                  |  |  |   |            |
| <b>All investors</b>  |  |  |   |            |
| <b>Unit Price or 'NAV'</b>                                  | The Unit Price or NAV of a Fund is calculated as the Fund Net Asset Value divided by the number of ETF Units on issue. It is calculated daily based on ASX closing prices of the securities in that Fund's portfolio that day.   |  |   | Section 11 |
| <b>Authorised Participants – transacting under this PDS</b> |  |  |   |            |
| <b>Transacting with VanEck by APs</b>                       | Authorised Participants must enter into an AP Agreement with VanEck and submit written applications for creations or redemptions of ETF Units.   |  |   | Section 11 |
| <b>Price for Authorised Participants</b>                    | Authorised Participants transact with VanEck for creations or redemptions of ETF Units at the relevant Fund's NAV calculated following the close of trading for that day, plus or minus fees and other costs.  |  |   |            |
| <b>Cutoff time for APs</b>                                  | 4 pm on each ASX Trading Day.  |  |   |            |
| <b>Creations</b>  | <p>ETF Units can only be created in multiples of Creation Units for a Fund, unless we agree otherwise.</p> <p>Payment for a creation must generally be made by the Authorised Participant in the form of a specified parcel of quoted securities (<b>Standard Basket</b>) transferred through CHESS plus or minus a residual cash amount (<b>Standard Basket Transaction</b>). If we agree, payment may also be made by: (i) cash, or (ii) a combination of securities and cash (<b>Non-Standard Transaction</b>).</p>                 |  |   |            |
| <b>Redemptions</b>  | ETF Units can only be redeemed in multiples of Redemption Units, unless we agree otherwise. Payment of redemption proceeds will primarily be in the form of a Standard Basket Transaction. If we agree, the redemption proceeds may also be paid by a Non-Standard Transaction.  |  |   |            |
| <b>APs minimum transaction size</b>                         | Unless we agree otherwise in advance, the minimum number of ETF Units for a creation (one Creation Unit) and a redemption (one Redemption Unit) are as follows:  |  |   |            |
|   | <b>Fund</b>  | <b>No. of ETF Units per Creation Unit</b>      | <b>No. of ETF Units per Redemption Unit</b> |            |
|   | FDIV   | 80,000   | 80,000                                      |            |
|   | MVA  | 70,000   | 70,000                                      |            |
|   | MVB  | 40,000   | 40,000                                      |            |
|   | MVE  | 100,000  | 100,000                                     |            |
|   | MVR  | 50,000   | 50,000                                      |            |

|   |   |  |         |               |
|---|---|--|---------|---------------|
|   | MVS   | 120,000  | 120,000 |               |
|   | MVW   | 50,000   | 50,000  |               |
| <b>Investing in the Funds via ASX – ASX Investors</b> |   |  |         |               |
| <b>Buying/selling ETF Units on ASX</b>                | ASX Investors may buy and sell ETF Units in the Funds on ASX through their Broker just like trading shares in listed companies. A Market Maker is engaged to facilitate liquidity for trading in ETF Units on ASX. There is no minimum trade size on ASX. You should check with your Broker.              |  |         | Sections 3, 4 |
| <b>ASX prices</b>                                     | ASX Investors trade ETF 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.                                 |  |         | Sections 4, 5 |
| <b>Cooling-off</b>                                    | There are no cooling-off rights applicable to the offers in this PDS or to trading of ETF Units on ASX.   |  |         |               |
| <b>Fees and other costs</b>                           |   |  |         |               |
| <b>All investors</b>                                  |   | <b>APs also pay (ASX Investors do not pay these fees)</b>                  |         | Section 10    |
| <b>Fund</b>   | <b>Management costs (% p.a.)</b>  | <b>Contribution fees / withdrawal fees (excluding GST) per transaction</b> |         |               |
| FDIV  | 0.35  | \$600  |         |               |
| MVA   | 0.35  | \$400  |         |               |
| MVB   | 0.28  | \$250  |         |               |
| MVE   | 0.45  | \$900  |         |               |
| MVR   | 0.35  | \$800  |         |               |
| MVS   | 0.49  | \$1,650  |         |               |
| MVW   | 0.35  | \$1,700  |         |               |
|   | These amounts may be negotiated. Contribution and withdrawal fees may change without notice.  |  |         |               |
| <b>Transactional and operational costs</b>            | Additional costs relating to trading in the portfolios and associated operational activities will also apply.   |  |         |               |
| <b>Dividends</b>                                      |   |  |         |               |
| <b>Frequency</b>                                      | <b>Fund</b>   | <b>Expected frequency per year</b>   |         | Section 12    |
|   | FDIV  | Four   |         |               |
|   | MVA   | Two  |         |               |
|   | MVB   | Two  |         |               |
|   | MVE   | Two  |         |               |
|   | MVR   | Two  |         |               |
|   | MVS   | Two  |         |               |
|   | MVW   | Two  |         |               |
| <b>Dividend Reinvestment Plan</b>                     | A Dividend Reinvestment Plan ( <b>DRP</b> ) is available subject to the <b>DRP</b> 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 ETF Units in your account. |  |         |               |

| Additional information |   |
|------------------------|---|
| <b>Website</b>         | <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 Unit Price;</li> <li>o portfolio holdings;</li> <li>o number of ETF 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 Unit Pricing Policy;</li> <li>o information about any dividends;</li> <li>o any announcements lodged with the ASX Market Announcements Platform (including continuous disclosure notices and any other disclosure that is made available or provided to Unitholders); and</li> <li>o annual reports and half-year reports (including financial statements).</li> </ul> |
| <b>Statements</b>      | <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 – after 30 June each year;</li> <li>o dividend statement – each time a dividend is paid; and</li> <li>o periodic statement showing your transactions and investments in a Fund – sent annually and following your exit from a Fund.</li> </ul>  |

# Section 3

## The AQUA Rules

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### 3.1 The AQUA Rules

ETF Units in each 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, ETFs and other products on ASX, providing 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 issuer to facilitate liquidity in the ETF 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 ETF Units on ASX in certain circumstances and subject to certain conditions.

As a result, each Fund is expected to remain liquid. For more information see section 5 '*How the Funds work*'.

### 3.2 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, securities admitted to trading under the AQUA Rules typically reflect the value of some other asset which the issuer does not control, such as a parcel of listed securities of other companies, indices, bonds, commodities, or currency.

The value of a Fund reflects the value of the underlying portfolio of securities in that 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.



### 3.3 Key differences between the ASX Listing Rules and the AQUA Rules

| ASX Listing Rules   | AQUA Rules  |
|---|---|
| <b>Continuous disclosure</b>  |   |
| Issuers are subject to the continuous disclosure requirements under Listing Rule 3.1 and section 674 of the <i>Corporations Act</i> .   | AQUA product issuers are not subject to the continuous disclosure requirements under Listing Rule 3.1 and section 674 of the <i>Corporations Act</i> (because the underlying instruments are) but must disclose via the ASX Market Announcements Platform: <ul style="list-style-type: none"> <li>▪ ETF Units outstanding on a monthly basis;</li> <li>▪ dividends and other disbursements;</li> <li>▪ 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>▪ any other information that is required to be disclosed to ASIC under section 675 of the <i>Corporations Act</i> must be disclosed to ASX at the same time it is disclosed to ASIC.</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 currently not required to disclose their half-yearly and annual financial information or annual reports to ASX, however, as the Responsible Entity of the Funds which are registered managed investment scheme products, we are still required to lodge with ASIC and disclose to ASX at the same time, financial reports required under Chapter 2M of the <i>Corporations Act</i> .   |
| <b>Corporate control</b>  |   |
| Requirements in the <i>Corporations Act</i> 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 <i>Corporations Act</i> continues to apply to the removal or change of the responsible entity. An extraordinary resolution would be required to change the Responsible Entity. An extraordinary resolution is a resolution supported by a majority of the total votes that may be cast by a 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 AQUA products. Products quoted under the AQUA Rules which are registered managed investment schemes remain subject to the related party requirements in Part 5C.7 and Chapter 2E of the <i>Corporations Act</i> .   |
| <b>Auditor rotation obligations</b>   |   |
| There are specific requirements in relation to auditor rotation under Part 2M.4 Division 5 of the <i>Corporations Act</i> .   | These requirements do not apply to AQUA product issuers. Responsible entities of registered managed investment schemes will continue to be required to undertake an independent audit of their compliance with each scheme's compliance plan in accordance with section 601HG of the <i>Corporations Act</i> and the auditor must not be the auditor of the scheme'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 <i>Corporations Act</i> in relation to the issue of a prospectus or PDS.   | Products admitted to trading under the AQUA Rules will also be subject to these requirements of the <i>Corporations Act</i> .   |

Source: ASX Rules Framework

# Section 4

## Benefits of the Funds

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### 4.1 Reference Index strategy

Each Fund provides investors access to the performance of its Reference Index. For more information on each Fund's Reference Index methodology see sections 6 and 7.

### 4.2 Exchange Traded Funds

Each Fund is an index-tracking ETF. ETFs provide investors with the best attributes of both managed funds and listed shares.

When you invest in a Fund, you gain access to a portfolio of investments, constructed using professional skills and knowledge that you may not have access to if you invest on your own.

ETFs can be easily traded on ASX like listed shares, with live pricing throughout the ASX Trading Day. The difference between a single trade in ETF Units and company shares is that when you buy ETF Units you acquire exposure to the performance of an entire portfolio of securities not just a single company, saving you money and time.

ETFs also provide potential advantages to investors including low costs and full daily transparency of the underlying portfolio holdings.

### 4.3 Lower costs

Since ETFs track an index, they are typically able to achieve lower operating costs. As a result they charge management costs which are generally lower than those of equivalent unlisted actively managed funds.

As is the case when trading shares, Broker fees may also apply when buying or selling ETF Units on ASX. See section 10 for more information.

### 4.4 Diversification with a single trade

The Funds provide you with a simple way to access a portfolio of listed Australian equities via a single trade on ASX.

### 4.5 Liquidity

You can buy and sell ETF Units on ASX. Liquidity in each Fund is facilitated by a Market Maker. The Market Maker's role is to match buy and sell orders for ETF Units from ASX Investors.

### 4.6 Flexibility of trading on exchange

As the ETF Units are quoted on ASX, you have the flexibility to trade the ETF Units in each Fund throughout the day, like trading shares. You can even buy and sell on the same day (intraday trading).

### 4.7 Transparency of holdings

The Funds provide investors with transparency in respect of portfolio holdings. The portfolio of securities in each Fund is published daily at [www.vaneck.com.au](http://www.vaneck.com.au).

### 4.8 Trading and intraday pricing on ASX

Being quoted on ASX means ETF Units are traded at trading prices which are continuously quoted throughout each ASX Trading Day.

The iNAV (indicative Unit Price) for each Fund is also available and is updated generally every 30 seconds but no less than every 15 minutes throughout each ASX Trading Day.

The iNAV enables you to see indicative changes in the Unit Price throughout the day and to trade the ETF Units with a much greater degree of certainty of pricing compared to unlisted managed funds which typically only calculate and publish a single unit price on the following day, based on the NAV at the close of trading the previous day.

The iNAV for each Fund is available from third party broker websites by entering the relevant iNAV code stated on the front cover of this PDS. For more information see sections 9.2.9 and 14.14.

### 4.9 Tax advantages

As the Funds invest in Australian securities you will receive the benefits of franking credits.

In contrast to an unlisted actively managed fund, the turnover of the underlying portfolio in the Funds, each of which is an index-tracking fund, is generally low, reducing the level of capital gains and associated capital gains tax payable by you. Dividends may be paid to Authorised Participants when they redeem, which reduces the tax burden on the remaining Unitholders. Unlisted managed funds typically do not do this.

For more information on dividends and tax, see sections 12 and 13.

# Section 5

## How the Funds work

### 5.1 Registered managed investment scheme

Each Fund is registered with ASIC and regulated as a 'registered managed investment scheme' a class of units in which is admitted to trading on ASX (ETF Units). The Funds operate 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 that Fund;
- o your money is pooled together in a fund with other investors' money to buy investments which are managed by the Responsible Entity under fiduciary obligations to act in the best interests of all investors.

### 5.2 Primary and secondary markets

Large numbers of ETF Units are first issued by VanEck in the '**primary market**' to institutional investors (Authorised Participants) in exchange for a specified basket of Australian securities, or cash with which we buy securities, determined in accordance with a Fund's investment strategy. The securities become the assets of the Fund designed to meet the Fund's investment objective.

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

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

The issuing of ETF Units is known as a '**creation**'. When ETF Units are redeemed at the request of the Authorised Participant (in exchange for securities, or cash or a combination of both) this is known as a '**redemption**'. Authorised Participants can apply to create or redeem ETF 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.

### 5.3 Rights of a Unitholder

Whether you invest in a Fund as an Authorised Participant or as an ASX Investor you hold ETF Units and have the rights of a Unitholder, as set out in the Constitution of that Fund. For more information on your rights as a Unitholder see section 14.2.

### 5.4 Roles and responsibilities

The key roles involved in the operation of the Funds 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   |
|-------------------------------|--|
| <b>Responsible Entity</b>     | Issues the ETF Units and this PDS and is responsible for operating the Funds.  |
| <b>Investment manager</b>     | Manages the investment portfolio of each Fund in line with the Fund's investment strategy. At the date of this PDS, the investment manager is VanEck.  |
| <b>Custodian</b>              | Holds the assets of each Fund for safe-keeping on behalf of the Responsible Entity and Unitholders. Assets are segregated from the Custodian assets or any other funds' assets.  |
| <b>Fund Administrator</b>     | Processes creations, redemptions and other requests from Unitholders and maintains the books and records of the Funds, including: fund accounting; calculating Unit Prices and taxation.   |
| <b>Index Provider</b>         | Develops and maintains the Reference Index that a Fund aims to track.  |
| <b>Registrar</b>              | 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.   |
| <b>Authorised Participant</b> | Transacts directly with the Responsible Entity to create (or redeem) ETF Units (primary market) to match demand from ASX Investors. In some cases also act as a Market Maker.  |
| <b>Market Maker</b>           | Subject to certain conditions, provides liquidity and volume in the Funds on ASX by acting as a seller and a buyer of ETF 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 then quotes the ETF Units on ASX for sale to ASX Investors. |
| <b>Proxy voting agent</b>     | Specialist provider engaged on behalf of the Responsible Entity to conduct in-depth research, issuer analysis and voting recommendations with the best interests of investors in mind, as well as vote execution, reporting and recordkeeping.   |

## Section 6

# Investment objective, strategy and performance of the Funds

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### 6.1 Investment objective of the Funds

A Fund aims to provide investment returns before fees and other costs which track the performance of its Reference Index. A Fund does not aim to perfectly replicate its Reference Index on a one-to-one basis for a number of reasons, including:

- o differences in the timing of dividends and corporate actions between the Reference Index and the Fund;
- o a Fund may not be able to achieve the same price for securities as that determined for the Reference Index;
- o there are fees and other costs applicable to operating the Fund which do not apply to the Reference Index (see section 10);
- o we may allow individual security weightings to vary marginally from the Reference Index and may invest in securities that are not in the Reference Index. See section 6.2; and
- o a Fund may hold a small amount of cash.

### 6.2 Investment strategy of the Funds

Each Fund employs a passive management strategy of physically replicating the Reference Index by investing directly in the securities that comprise the Reference Index in proportion to their relative weightings in the Reference Index. Every time a security is either added to or removed from a Fund's Reference Index, it may be necessary for us to make changes to the respective Fund's portfolio to track the Reference Index. See sections 7 and 8 for more information.

A Fund may also hold other securities determined by us as necessary to achieve a Fund's investment objective.

Futures traded on a licensed exchange may be used in a Fund in exceptional circumstances to gain market exposure without investing directly in underlying securities in the Reference Index or for the purpose of short term management of certain cash flows with the intention of reducing tracking error risk. This allows VanEck to maintain each Fund's liquidity without being under-invested. Importantly, derivatives are not used in the Funds

for speculation or to leverage a Fund's portfolio. For more information see section 9.2.10.

### 6.3 Performance information

Up to date performance information for each Fund and historical performance relative to the Reference Index is published at [www.vaneck.com.au](http://www.vaneck.com.au). The Performance of a Fund will differ from that of its Reference Index. For more information see sections 6.1, 7, 8 and 9.2.7.

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

### 6.4 Borrowing arrangements

VanEck may maintain borrowing arrangements on behalf of a Fund for the purpose of short term management of certain cash flows with the intention of reducing tracking error risk. For more information see sections 9.2.7, 10.3 and 14.2.7.

### 6.5 Changes to a Fund's investment objective and strategy

We may from time to time vary a Fund's investment objective and strategy including replacing its Reference Index. The Index Provider may also vary or replace the Reference Index. We will notify Unitholders of any such changes.

### 6.6 Environmental, social and ethical considerations

We do not take into account labour standards or environmental, social or ethical considerations when selecting, retaining or realising investments for any of the Funds.

### 6.7 Proxy voting

We intend to vote all proxies in accordance with the best interests of Unitholders without influence by real or apparent conflicts of interest. To assist in our responsibility for voting proxies and the overall voting process, we have engaged a third party proxy voting specialist. The services provided by the specialist include in-depth research, issuer analysis and voting recommendations, as well as vote execution, reporting and recordkeeping.

### 6.8 Securities lending

The Funds will not engage in securities lending.

# Section 7

## Reference Indices – MVIS

### 7.1 MVIS Reference Indices

The Funds listed below aim to closely track an MV Index Solutions ('MVIS') index which has been purpose-built for each Fund. MVIS is a member of the VanEck group of companies based in Frankfurt, Germany. The Reference Index relevant to each Fund is set out in the following table:

| ASX Code | Fund name                                  | Reference Index                                | Bloomberg index ticker |
|----------|--|--|------------------------|
| MVA      | VanEck Vectors Australian Property ETF     | MVIS Australia A-REITs Index                   | MVMVATRG               |
| MVB      | VanEck Vectors Australian Banks ETF        | MVIS Australia Banks Index                     | MVMVBTRG               |
| MVR      | VanEck Vectors Australian Resources ETF    | MVIS Australia Resources Index                 | MVMVRTRG               |
| MVS      | VanEck Vectors Small Companies Masters ETF | MVIS Australia Small-Cap Dividend Payers Index | MVMVSTRG               |
| MVW      | VanEck Vectors Australian Equal Weight ETF | MVIS Australia Equal Weight Index              | MVMVWTRG               |

### 7.2 MVIS index construction methodology

MVIS uses a rules-based methodology to determine the *Investable Index Universe* of each Reference Index. The rules focus on (1) themes and (2) investability (including liquidity).

There are four key steps involved in constructing each Reference Index:

1. Define the Index Universe;
2. Apply Investability Criteria to determine the Investable Index Universe;
3. Determine the Reference Index constituents;
4. Weighting the constituents.

#### 7.2.1 Index Universe

To be included in the Index Universe for a Reference Index a security must meet the following criteria:

- have a full Market Capitalisation exceeding USD50 million; and
- be a local company incorporated in Australia with an ASX listing or be an offshore company incorporated outside of Australia with an ASX

listing and generate at least 50% of their revenues or, where applicable, have at least 50% of their assets in Australia. For existing components in the Reference Index this threshold is reduced to 25% of revenues or assets in Australia.

Additionally, to be included in the Index Universe for the MVS Reference Index, a security must also satisfy the requirement that it did not omit its last dividend payment.

#### 7.2.2 Investability Criteria

When MVIS develops and maintains indices, their key focus is on investability. Stringent rules are applied when screening potential Reference Index components in respect of liquidity. Reviews are carried out every 3 months.

On a review, each Reference Index component is assessed based on the following Investability Criteria (depending on whether the component is an existing component of the Reference Index or is being assessed as a new component for inclusion in the Reference Index):

| Investability Criteria                          | Existing components  | New components  |
|---|--|---|
| Market Capitalisation (total):                  | > US\$75 million; <b>AND</b>   | > US\$150 million;  |
| 3-month average-daily-trading volume:           | At least US\$200,000 in at least two of the last three quarters (including the current review);<br><b>AND EITHER</b> : at least US\$600,000 at the current review or at one of the previous two reviews; | <b>PLUS</b> : at least US\$1 million at this review and also at the previous two reviews; |
| Shares traded per month over the last 6 months: | <b>OR</b> : at least 200,000 at the current review or at one of the previous two reviews.  | <b>AND</b> : at least 250,000 at this review and also at the previous two reviews.        |

Existing components that fail to meet the above Investability Criteria will be excluded from a Reference Index. New components must meet the above criteria before they are included in the Reference Index.

### 7.2.3 Index constituents

Determining the Reference Index constituents involves the following steps

1. With the exception of the MVS Reference Index, all securities in the Investable Index Universe are sorted by their Free-float Market Capitalisation in descending order. For the

MVS Reference Index only local listed Australian companies are sorted by their full Market Capitalisation in descending order;

2. A review procedure is applied until a Target Coverage criteria is satisfied.

The following table sets out the inclusion criteria and review procedure for each Reference Index.

| <i>Reference Index</i>                                | <i>Target Coverage</i>  | <i>Min</i> | <i>Review procedure*</i>  |
|---|---|------------|---|
| <i>MVIS Australia A-REITs Index</i>                   | At least 90% of the Free-float Market Capitalisation of the Investable Index Universe | 10         | <ol style="list-style-type: none"> <li>1. Stocks covering the top 85% of the Free-float Market Capitalisation of the Investable Index Universe qualify for selection.</li> <li>2. Existing components between the 85th and 98th percentiles also qualify for the Reference Index.</li> <li>3. If the coverage is still below 90% or the number in the Reference Index is still below 10 companies, the largest remaining stocks will be selected until coverage of at least 90% is reached and the number of stocks equals 10.</li> </ol>   |
| <i>MVIS Australia Banks Index</i>                     | At least 90% of the Free-float Market Capitalisation of the Investable Index Universe | 7          | <ol style="list-style-type: none"> <li>1. Stocks covering the top 85% of the Free-float Market Capitalisation of the Investable Index Universe qualify for selection.</li> <li>2. Existing components between the 85th and 98th percentiles also qualify for the Reference Index.</li> <li>3. If the coverage is still below 90% or the number in the Reference Index is still below 7 companies, the largest remaining stocks will be selected until coverage of at least 90% is reached and the number of stocks equals 7.</li> </ol>   |
| <i>MVIS Australia Resources Index</i>                 | At least 90% of the Free-float Market Capitalisation of the Investable Index Universe | 25         | <ol style="list-style-type: none"> <li>1. Stocks covering the top 85% of the Free-float Market Capitalisation of the Investable Index Universe qualify for selection.</li> <li>2. Existing components between the 85th and 98th percentiles also qualify for the Reference Index.</li> <li>3. If the coverage is still below 90% or the number in the Reference Index is still below 25 companies, the largest remaining stocks will be selected until coverage of at least 90% is reached and the number of stocks equals 25.</li> </ol>   |
| <i>MVIS Australia Small-Cap Dividend Payers Index</i> | 100% of the Free-float Market Capitalisation of the Investable Index Universe         | 25         | <ol style="list-style-type: none"> <li>1. Companies covering the top 90% of the full Market Capitalisation (based on local listed Australian companies) are excluded. Securities which are between 90% and 98% of the Investable Index Universe qualify for selection;</li> <li>2. Existing components that rank between 85% and 90% or 98% and 99% will also qualify for continued selection for the Reference Index if they did not omit their latest dividend.</li> <li>3. Offshore listed companies are then considered based on the company sizes determined in paragraphs 1 and 2 above.</li> </ol> |
| <i>MVIS Australia Equal Weight index</i>              | At least 90% of the Free-float Market Capitalisation of the Investable Index Universe | 25         | <ol style="list-style-type: none"> <li>1. Securities covering the top 85% of the Free-float Market Capitalisation of the Investable Index Universe qualify for selection.</li> <li>2. Existing components between the 85<sup>th</sup> and 95<sup>th</sup> percentiles also qualify for inclusion in the Reference Index.</li> <li>3. If the coverage is still below 90% or the number of securities in the Reference Index is still below 25, then the largest remaining securities are selected until coverage of at least 90% is reached and the number of securities equals at least 25.</li> </ol>    |

\* The constituents of each Reference Index are subject to the *Index Universe* and *Investability Criteria* set out in 7.2.1 and 7.2.2. For each Reference Index if the number of eligible companies is below the minimum, additional companies will be added at the discretion of MVIS until the minimum number of stocks is met.



## 7.2.4 Weighting the constituents

### 7.2.4.1 Diversification - capping factors

MVIS uses capping factors to ensure a well-balanced and diversified exposure. This prevents large companies from dominating the Reference Index. MVIS uses a capping factor model that on one hand prevents the overweighting and on the other hand still reflects the actual size of a company in relation to all Reference Index components.

The following table shows the capping regime applied to each Reference Index except MVIS Australia Equal Weight Index which is set out in section 7.2.4.2.

| Reference Index                                | Maximum weight |
|--|----------------|
| MVIS Australia A-REITs Index                   | 10%            |
| MVIS Australia Banks Index                     | 20%            |
| MVIS Australia Resources Index                 | 8%*            |
| MVIS Australia Small-Cap Dividend Payers Index | 8%*            |

\* 8% capping factors are staggered from a maximum weight of 8% down to 4.5%. The following table demonstrates how the capping regime operates by comparing the top 10 components of the MVIS Australia Resources Index on a capped and uncapped basis.

**Example of 8% capping factor** (based on the quarterly review conducted in June 2017).

| Component                     | Capped | Uncapped |
|-------------------------------|--------|----------|
| 1. BHP Billiton Ltd           | 8.00%  | 33.26%   |
| 2. Rio Tinto Ltd              | 8.00%  | 11.56%   |
| 3. Woodside Petroleum Ltd     | 7.00%  | 10.86%   |
| 4. Origin Energy Ltd          | 6.50%  | 6.15%    |
| 5. South32 Ltd                | 6.00%  | 6.12%    |
| 6. Newcrest Mining Ltd        | 5.50%  | 5.26%    |
| 7. Fortescue Metals Group Ltd | 5.00%  | 3.61%    |
| 8. Aurizon Holdings Ltd       | 4.50%  | 3.61%    |
| 9. Caltex Australia Ltd       | 4.50%  | 3.32%    |
| 10. Santos Ltd                | 4.50%  | 2.79%    |

### 7.2.4.2 Diversification - Equal weighting

The equal weighting of each index component is calculated by dividing 100% by the number of index constituents. For example if there are 50 constituents in the Reference Index then each constituent will have a weight of 2%.

#### Example of equal weighting

At the review conducted during June 2017 there were 81 constituents in the Reference Index each with a weight of 1.23%. The following table demonstrates how the equal weighting regime adopted by MVIS in constructing the Reference Index operates by comparing the weightings of the largest and smallest 5 components of the Reference Index based on Free-float Market Capitalisation versus the VanEck Vectors Australia Equal Weight Index.

| Components                        | % weight by Free-float Market Cap | % weight in MVW Reference Index |
|-----------------------------------|-----------------------------------|---------------------------------|
| <b>Largest 5</b>                  |                                   |                                 |
| 1. Commonwealth Bank of Australia | 11.43%                            | 1.23%                           |
| 2. Westpac Banking Corporation    | 7.98%                             | 1.23%                           |
| 3. Australia and NZ Banking Group | 6.47%                             | 1.23%                           |
| 4. National Australia Bank Ltd    | 6.28%                             | 1.23%                           |
| 5. BHP Billiton Ltd               | 5.96%                             | 1.23%                           |
| <b>Smallest 5</b>                 |                                   |                                 |
| 74. Whitehaven Coal Ltd           | 0.16%                             | 1.23%                           |
| 75. IOOF Holdings Ltd             | 0.16%                             | 1.23%                           |
| 76. JB Hi-Fi Ltd                  | 0.15%                             | 1.23%                           |
| 77. Harvey Norman Holdings Ltd    | 0.14%                             | 1.23%                           |
| 78. Iluka Resources Ltd           | 0.14%                             | 1.23%                           |

## 7.3 Index reviews

Index reviews for the MVIS indices are carried out on a quarterly basis based on closing data on the last business day in February, May, August and November. The underlying Reference Index data is announced on the second Friday in March, June, September and December (quarter-end month). Changes to the Reference Index are typically implemented (rebalancing) on the third Friday of each quarter-end month. MVIS may

change the above timings without prior notice at its discretion.

#### **7.4 Transparency**

MVIS aims to provide the best possible transparency so that interested parties have access to all relevant information. You can register free of charge at [www.mvis-indices.com](http://www.mvis-indices.com) to access a copy of the MVIS Global Equity Index Guide containing up-to-date Reference Index rules, full methodology details and selection and review processes. Registration also enables you to access information on current Reference Index values (15 minutes delayed), constituent weightings and other statistical information.

#### **7.5 Governance arrangements regarding related party index provider**

MVIS is a related body corporate of VanEck. In order to minimise any potential for conflicts caused by the fact that MVIS provides indices for VanEck's Funds including the Reference Indices, MVIS has retained Solactive AG, an unaffiliated third party, as the calculation agent for the MVIS' indices. Solactive calculates, maintains and disseminates each of MVIS's indices on a daily basis in accordance with the rules-based methodology developed by MVIS. MVIS monitors the results produced by Solactive to help ensure that the indices are calculated in accordance with the applicable rules-based methodology. MVIS, VanEck and Van Eck Associates Corporation have established policies and procedures designed to prevent (1) non-public information about pending changes to MVIS' indices from being used or disseminated in an improper manner; and (2) improper use and dissemination of non-public information about a Fund's portfolio management from having any influence on the construction of the rule-based methodologies.

#### **7.6 MVIS Disclaimer**

The Funds are not sponsored, endorsed, sold or promoted by MVIS. MVIS makes no representation or warranty, express or implied, to VanEck or any member of the public regarding the advisability of investing in securities generally or in the Funds particularly. Each Reference Index is determined and composed by MVIS without regard to VanEck or the Funds. MVIS has no obligation to take the needs of VanEck or any Unitholders into consideration in determining or composing a Reference Index. MVIS is not responsible for and has not participated in the determination of the timing of, prices at, or quantities of ETF Units to be issued or in the determination or calculation of the equation by which a Fund is to be converted into cash. MVIS has no obligation or liability in connection with the administration, marketing or trading of the Funds.

MVIS DOES NOT GUARANTEE THE ACCURACY AND/OR THE COMPLETENESS OF ANY REFERENCE INDEX OR ANY DATA INCLUDED THEREIN AND MVIS SHALL HAVE NO LIABILITY FOR ANY ERRORS, OMISSIONS, OR INTERRUPTIONS THEREIN. MVIS MAKES NO WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY VANECK OR ANY OTHER PERSON OR ENTITY FROM THE USE OF ANY REFERENCE INDEX OR ANY DATA INCLUDED THEREIN. MVIS MAKES NO EXPRESS OR IMPLIED WARRANTIES AND EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO ANY REFERENCE INDEX OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL MVIS HAVE ANY LIABILITY FOR ANY SPECIAL, PUNITIVE, INDIRECT, OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.



# Section 8

## Reference Indices - S&PDJI

### 8.1 FDIV - VanEck Vectors S&P/ASX Franked Dividend ETF

| Reference Index                | S&P/ASX Franked Dividend Index  |
|--------------------------------|---|
| <b>Bloomberg Index Ticker</b>  | SPAXFDAT  |
| <b>Index Provider</b>          | S&P Dow Jones Indices ( <b>S&amp;PDJI</b> ). S&PDJI is not a related body corporate of VanEck.  |
| <b>Overview</b>                | The S&P/ASX Franked Dividend Index measures 30 companies within the S&P/ASX 200 that have paid out 100% franked dividends in the past two years.  |
| <b>Calculation methodology</b> | <p>S&amp;PDJI calculates the S&amp;P/ASX Franked Dividend Index as follows:</p> <ol style="list-style-type: none"> <li>The eligible universe of securities is the S&amp;P/ASX 200 Index.</li> <li>S&amp;PDJI screens the eligible universe and narrows it down to an 'investible universe' based on the following criteria: <ol style="list-style-type: none"> <li>Liquidity: Existing companies in the Reference Index must have a minimum three-month average daily traded value of \$1.5 million. New companies require a minimum three-month average daily traded value of \$2.0 million;</li> <li>Franking percentage: Companies must have paid out 100% franked dividends over the past two years.</li> </ol> </li> <li>All companies in the investible universe are ranked according to Free-Float Market Capitalisation and the following process undertaken to derive a target number of 30 constituents in the Reference Index: <ol style="list-style-type: none"> <li>The largest 24 companies are automatically included;</li> <li>The remaining 6 are taken from the next 12 companies that rank from 25 to 36 with first priority given to companies already in the Reference Index and the remainder, if any, made up of the next largest, until the total equals 30.</li> </ol> </li> <li>The constituent companies are then weighted by Free-Float Market Capitalisation, subject to the weight of any individual company being capped at 8%.</li> </ol> |
| <b>Rebalances</b>              | The Reference Index is rebalanced semi-annually after the close of the last business day in January and July.   |
| <b>Deletions</b>               | <p>A company is deleted from the Reference Index, effective after the close on the trading date prior to the ex-date if it announces a dividend franking percentage of less than 100%. Weights are redistributed to the remaining companies in proportion to their index weighting as of the close on the trading date prior to the ex-date.</p> <p>S&amp;PDJI believes turnover in index membership should be avoided when possible. At times a company may appear to temporarily violate one or more of the investible universe criteria. However, these criteria are for addition to an index, not for continued membership. As a result, an index constituent that appears to violate the investible universe criteria will not be deleted unless ongoing conditions warrant an index change.</p>   |
| <b>More information</b>        | Further information about the Reference Index and S&PDJI is available at <a href="http://www.spdji.com">www.spdji.com</a> .   |

## 8.2 MVE - VanEck Vectors S&P/ASX MidCap ETF

|                               |  |
|-------------------------------|--|
| <b>Reference Index</b>        | S&P/ASX Midcap 50 Index  |
| <b>Bloomberg Index Ticker</b> | ASA34  |
| <b>Index Provider</b>         | S&P Dow Jones Indices ( <b>S&amp;PDJI</b> ). S&PDJI is not a related body corporate of VanEck.   |
| <b>Overview</b>               | The S&P/ASX 50 represents the mid cap universe for Australia. The index is comprised of all the members of the S&P/ASX 100 excluding those in the S&P/ASX 50. Index constituents are drawn from eligible companies listed on the Australian Securities Exchange.   |
| <b>Rebalances</b>             | The Reference Index is rebalanced quarterly with changes taking effect after the market close on the third Friday of March, June, September and December.<br>The Reference Index is also rebalanced when and if constituent changes are made in any of their respective parent indices, namely the S&P/ASX 50 and S&P/ASX 100. |
| <b>More information</b>       | Further information about the Reference Index and S&PDJI is available at <a href="http://www.spdji.com">www.spdji.com</a> .  |

## 8.3 S&PDJI Disclaimer

The "S&P/ASX Franked Dividend Index" and "S&P/ASX MidCap 50 Index" (each a "Reference Index") are a product of S&P Dow Jones Indices LLC or its affiliates ("SPDJI") and ASX Limited ("ASX"), and have been licensed for use by VanEck. Standard & Poor's® and S&P® are registered trademarks of Standard & Poor's Financial Services LLC ("S&P") and Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC ("Dow Jones"). ASX® is a registered trademark of ASX Operations Pty Limited. The trademarks have been licensed to SPDJI and have been sublicensed for use for certain purposes by VanEck. VanEck Vectors S&P/ASX Franked Dividend ETF and VanEck Vectors S&P/ASX MidCap ETF (the "Funds") are not sponsored, endorsed, sold or promoted by SPDJI, Dow Jones, S&P, any of their respective affiliates (collectively, "S&P Dow Jones Indices") or ASX. Neither S&P Dow Jones Indices nor ASX make any representation or warranty, express or implied, to the investors in the Funds or any member of the public regarding the advisability of investing in securities generally or in VanEck products particularly or the ability of the Reference Index to track general market performance. S&P Dow Jones Indices and ASX's only relationship to VanEck with respect to the Reference Index is the licensing of the Index and certain trademarks, service marks and/or trade names of S&P Dow Jones Indices and/or its licensors. The Reference Index is determined, composed and calculated by S&P Dow Jones Indices without regard to VanEck or the Funds. S&P Dow Jones Indices and ASX have no obligation to take the needs of VanEck or the investors in the Funds into consideration in determining, composing or calculating the Reference Index. Neither S&P Dow Jones Indices nor ASX are responsible for and have not participated in the determination of the prices and amount of ETF Units in the Funds or the timing of the issuance or sale of ETF Units or in the determination or calculation of the equation by which ETF Units are to be converted into cash, surrendered or redeemed, as the case may be. S&P Dow Jones Indices and ASX have no obligation or liability in connection with the administration, marketing or trading of the Funds. There is no assurance that investment products based on the Reference Index will accurately track the Reference Index performance or provide positive investment returns. S&P Dow Jones Indices LLC is not an investment advisor. Inclusion of a security within an index is not a recommendation by S&P Dow Jones Indices to buy, sell, or hold such security, nor is it considered to be investment advice.

NEITHER S&P DOW JONES INDICES NOR THIRD PARTY LICENSOR GUARANTEES THE ADEQUACY, ACCURACY, TIMELINESS AND/OR THE COMPLETENESS OF THE REFERENCE INDEX OR ANY DATA RELATED THERETO OR ANY COMMUNICATION, INCLUDING BUT NOT LIMITED TO, ORAL OR WRITTEN COMMUNICATION (INCLUDING ELECTRONIC COMMUNICATIONS) WITH RESPECT THERETO. S&P DOW JONES INDICES AND ASX SHALL NOT BE SUBJECT TO ANY DAMAGES OR LIABILITY FOR ANY ERRORS, OMISSIONS, OR DELAYS THEREIN. S&P DOW JONES INDICES AND ASX MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES, OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE OR AS TO RESULTS TO BE OBTAINED BY VANECK, INVESTORS IN THE FUNDS, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE REFERENCE INDEX OR WITH RESPECT TO ANY DATA RELATED THERETO. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT WHATSOEVER SHALL S&P DOW JONES INDICES OR ASX BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES INCLUDING BUT NOT LIMITED TO, LOSS OF PROFITS, TRADING LOSSES, LOST TIME OR GOODWILL, EVEN IF THEY HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, WHETHER IN CONTRACT, TORT, STRICT LIABILITY, OR OTHERWISE. THERE ARE NO THIRD PARTY BENEFICIARIES OF ANY AGREEMENTS OR ARRANGEMENTS BETWEEN S&P DOW JONES INDICES AND VANECK, OTHER THAN THE LICENSORS OF S&P DOW JONES INDICES.

# Section 9

## Risks

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### 9.1 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 Funds 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.

### 9.2 Risks associated with the Funds

The significant risks that can affect the performance of the Funds are typical of the risks of managed funds whose portfolios consist primarily of shares listed on ASX.

#### 9.2.1 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. Growth investments such as shares generally have relatively higher market risk than bonds and cash. 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 a Fund to decrease.

#### 9.2.2 Security specific risk

The value of a company's shares which make up part of the underlying assets in a Fund can be influenced by changes in and factors affecting company management, its business environment or profitability. These risks can impact the company's ability to repay its debt, its profitability and ultimately the value of its shares. By diversifying its holdings across multiple securities and market sectors, the Funds are generally insulated from the specific risks of individual securities.

#### 9.2.3 Concentration risk

There is a risk that a Fund's assets are concentrated in a particular market sector or country. This risk is greater in sector specific Funds or in Funds which have a relatively small number of holdings such as the VanEck Vectors Australian Banks ETF which is concentrated in the banking sector, the VanEck Vectors Australian Property ETF which is concentrated in the property sector and the VanEck Vectors Australian Resources ETF which is concentrated in the resources sector.

#### 9.2.4 Trading risk

Secondary market trading of the ETF 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 ETF Units and the processing of application for creations and

redemptions for Authorised Participants may be suspended or modified.

### **9.2.5 Liquidity risk**

This is the risk that an investment may not be able to be sold quickly enough to prevent or minimise a loss. A lack of liquidity may also affect the amount of time it takes us to satisfy a redemption request. As the underlying assets of the Funds are ASX listed securities and a Market Maker has been appointed, to support liquidity on ASX, the ETF Units should generally be liquid.

### **9.2.6 Market Maker risk**

Although the ETF 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 if there is a failure by the Market Maker to make a market. A Market Maker's terms of appointment may limit or exclude its liability or recourse to it by Unitholders. Unitholders should be aware that a Market Maker may be paid fees (see section 10.3.1 for more information). A Market Maker retains for its own account any trading profits and bears any losses generated by its market making activities.

### **9.2.7 Tracking error risk**

This is the risk that a Fund fails to meet its investment objective and the performance of that Fund differs from the performance of the Reference Index. The difference between the performance of a Fund and the performance of the Reference Index is dependent on a number of factors including: the extent to which a Fund replicates the Reference Index, fees and other costs, asset valuations and corporate actions. A Fund may hold cash from time to time pending investment in line with the Reference Index. As a result there will be times when we are unable to fully replicate the Reference Index and the Funds will hold a sub-set of the Reference Index components in order to track the Reference Index as closely as possible. See section 8.1 for more information.

### **9.2.8 Trading price risk**

This is the risk that the trading price of the ETF Units on ASX will differ from the Unit Price. This is because the trading price of the ETF Units on ASX is influenced by the level of supply and demand for ETF Units. In contrast the Unit Price is calculated at the end of each ASX Trading Day. The engagement of a Market Maker is designed to minimise the likelihood that the ETF Units trade on ASX at a significant discount or premium to the Unit Price.

### **9.2.9 iNAV risk**

This is the risk that the Indicative Unit Price or 'iNAV' for a Fund may differ from the trading price of its ETF Units on ASX. This risk is dependent on a number of factors. The iNAV is calculated based on a portfolio of assets that reflects the portfolio held by a Fund at open of trading on the relevant ASX Trading Day, and varies throughout the day based on quotes and last sale prices of those assets. Changes to the portfolio, including rebalancing and movements of securities into or out of the portfolio during the day are not reflected in the iNAV. Consequently the iNAV should be considered as just that, indicative only, and should not be viewed as a 'real time' update of the Unit Price, which is only calculated once a day.

### **9.2.10 Derivatives risk**

Derivatives may be used by the Funds as described in section 6.2. Derivatives derive their value from the performance of a reference asset, for example a share, a market index, interest rate or exchange rate.

The use of derivatives may expose a Fund to significant losses as the use of derivatives involves risks that are different from and potentially greater than, the risks associated with investing directly in the reference asset. For example, the risk of using derivatives include, but are not limited to, that of the derivative failing to move in line with the value of the underlying asset, counterparty risk and potential illiquidity which may occur if a particular derivative instrument is difficult to purchase or sell. See section 9.2.18 '*Counterparty risk*' for more information.

The risk that a Fund may not be able to close out a derivatives position is minimised by entering into such transactions with reputable counterparties or on an exchange with an active and liquid secondary market.

### **9.2.11 Currency risk**

This is the risk that unfavourable fluctuations in the value of the Australian dollar relative to other currencies will adversely affect the value of underlying securities in the Reference Index due to those underlying securities having exposures to foreign currencies. The Funds do not have any direct currency exposure, as they do not invest in foreign currency denominated securities, however, the securities in the portfolios held by the Funds may have currency exposures due to their business operations in foreign countries.

**9.2.12 Fund risk**

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

**9.2.13 Index risk**

There is a risk that the Reference Index ceases to be available for use by a Fund, resulting in a Fund not being able to achieve its stated investment objective. If this was to occur, VanEck will seek to track an alternative index that provides a substantially similar exposure as that of the Reference Index. In the unlikely event that an alternative index cannot be secured, there is a risk that a Fund could be terminated.

**8.2.14 Operational risk**

A 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.

**9.2.15 Force majeure**

This is the risk that circumstances beyond our reasonable control may impact on the operation, administration and performance of a Fund. For

example: strikes, industrial disputes, failure of a securities exchange, fires or other casualty, war, civil disturbance, terrorist acts, governmental pre-emption in connection with an emergency of state and epidemics.

**9.2.16 Regulatory and tax risk**

A 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 both in Australia and in other countries where the securities the Fund invests in are regulated, the relevant company operates or is invested.

These changes are monitored by VanEck and action is taken, where possible and appropriate, to facilitate the achievement of the Funds' 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 13.

**9.2.17 Settlement risk**

The processes of issuing and redeeming ETF Units associated with creations and redemptions are subject to the normal settlement procedures through CHESS. A 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 CHESS rules and ASX fail fees.

**9.2.18 Counterparty risk**

This is the risk that a Funds' trading counterparties become insolvent or cannot otherwise meet their obligations to the Fund. A Fund may be exposed to counterparty risk through the use of futures. For more information see '*Derivatives risk*' in section 9.2.10.

# Section 10

## 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 each Fund as a whole.

Taxation information in relation to the Funds is set out in section 13.

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

10.1 Fees and costs for ASX Investors

| TYPE OF FEE OR COST <sup>1</sup>   | AMOUNT           | HOW AND WHEN PAID  |
|--|------------------|--|
| <b>Fees when your money moves in or out of the Funds</b>                                     |                  |  |
| <i>Establishment fee:</i><br>The fee to open your investment                                 | Nil              | Not applicable   |
| <i>Contribution fee:</i><br>The fee on each amount contributed to your investment            | Nil              | Not applicable   |
| <i>Withdrawal fee<sup>2</sup>:</i><br>The fee on each amount you take out of your investment | Nil <sup>2</sup> | Not applicable   |
| <i>Exit fee:</i><br>The fee to close your investment   | Nil              | Not applicable   |
| <b>Management costs<sup>3</sup></b>  |                  |  |
| The fees and costs for managing your investment (% p.a.)<br>Management fees:                 |                  | Management fees are calculated and accrued daily on the Fund Net Asset Value and reflected in the daily Unit Price of that Fund and payable to us from the assets of that Fund on a monthly basis on or about the first Business Day of the following month. Management fees may be negotiated by wholesale clients. |
| <b>FDIV</b>  | 0.35             |  |
| <b>MVA</b>   | 0.35             |  |
| <b>MVB</b>   | 0.28             |  |
| <b>MVE</b>   | 0.45             |  |
| <b>MVR</b>   | 0.35             |  |
| <b>MVS</b>   | 0.49             |  |
| <b>MVW</b>   | 0.35             |  |
| Indirect costs (applicable to all Funds)   | Nil              |  |
| <b>Service fees</b>  |                  |  |
| <i>Switching fee:</i><br>The fee for changing investment options                             | Nil              | Not applicable   |

- 1 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 10.3 for more information.
- 2 Except in limited circumstances ASX Investors are not eligible to redeem ETF Units with VanEck directly. See section 14.2.11 for more information.
- 3 See section 10.3 'Additional explanation of fees and costs' 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 **VanEck Vectors Australian Equal Weight ETF** can affect your investment over a 1 year period. You should use this table to compare this product with other managed investment products.

| EXAMPLE: VANECK VECTORS AUSTRALIAN EQUAL WEIGHT ETF |                         | 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                        | 0.35% p.a. <sup>1</sup> | <b>And</b> , for every \$50,000 you have in the Fund you will be charged \$175 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>\$175 to \$192.50<sup>1,2</sup></b><br><b>What it costs you will depend on the fees you negotiate.</b> |

- 1 Management fees may be negotiated by wholesale clients. See section 10.3 for more information.
- 2 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.

10.2 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 Funds</b>  |  |         |  |
| <i>Establishment fee:</i><br>The fee to open your investment                                    |  |         | Not applicable   |
| All Funds   |  | Nil     |  |
| <i>Contribution fee<sup>2,3</sup>:</i><br>The fee on each amount contributed to your investment |  |         | Payable only by Authorised Participants per creation at the time of application for the creation of ETF Units by a Standard Basket Transaction. The amount of these costs may be negotiated.   |
| <b>FDIV</b>   |  | \$600   |  |
| <b>MVA</b>  |  | \$400   |  |
| <b>MVB</b>  |  | \$250   |  |
| <b>MVE</b>  |  | \$900   |  |
| <b>MVR</b>  |  | \$800   |  |
| <b>MVS</b>  |  | \$1,650 |  |
| <b>MVW</b>  |  | \$1,700 |  |
| <i>Withdrawal fee<sup>2,3</sup>:</i><br>The fee on each amount you take out of your investment  |  |         | Payable only by Authorised Participants per redemption at the time of applying for the redemption of ETF Units by a Standard Basket Transaction. The amount of these costs may be negotiated.  |
| <b>FDIV</b>   |  | \$600   |  |
| <b>MVA</b>  |  | \$400   |  |
| <b>MVB</b>  |  | \$250   |  |
| <b>MVE</b>  |  | \$900   |  |
| <b>MVR</b>  |  | \$800   |  |
| <b>MVS</b>  |  | \$1,650 |  |
| <b>MVW</b>  |  | \$1,700 |  |
| <i>Exit fee:</i><br>The fee to close your investment  |  |         | Not applicable   |
| All Funds   |  | Nil     |  |
| <b>Management costs<sup>3</sup></b>   |  |         |  |
| The fees and costs for managing your investment (% p.a.)<br>Management fees                     |  |         | Management fees are calculated and accrued daily on the Fund Net Asset Value and reflected in the daily Unit Price of that Fund. Payable from the assets of that Fund on a monthly basis on or about the first Business Day of the following month. Management fees may be negotiated. |
| <b>FDIV</b>   |  | 0.35    |  |
| <b>MVA</b>  |  | 0.35    |  |
| <b>MVB</b>  |  | 0.28    |  |
| <b>MVE</b>  |  | 0.45    |  |
| <b>MVR</b>  |  | 0.35    |  |
| <b>MVS</b>  |  | 0.49    |  |
| <b>MVW</b>  |  | 0.35    |  |
| Indirect costs (applicable to all Funds)  |  |         |  |
| <b>Service fees</b>   |  |         |  |
| <i>Investment switching fee:</i><br>The fee for changing investment options.                    |  |         | Not applicable   |
| All Funds   |  | Nil     |  |

1 All fees and costs are inclusive of GST and net of any RITC. Other fees and costs may apply. See section 10.3 'Additional explanation of fees and costs' for more information.

2 Additional transactional costs will apply to Non-Standard Transactions as agreed with us from time to time. See section 10.3.2 for more information.

3 See section 10.3 'Additional explanation of fees and costs' for more information.



### 10.3 Additional explanation of fees and costs

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

#### 10.3.1 Management costs

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

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

The management fees stated in 10.1 and 10.2 are charged to Unitholders as an 'all in' fee for normal recoverable expenses. It does not include transactional and operational costs (10.3.2), Broker fees (10.3.4) or abnormal expenses (10.3.5).

VanEck pays the ongoing recoverable expenses associated with the management and administration of a Fund out of the management fee. Any shortfall is paid by VanEck out of its own resources. Any excess remaining after payment of recoverable expenses is retained by VanEck.

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

- o Custodian and Fund Administrator fees and charges including the costs of processing dividend payments;
- o Market Maker fees;
- o accounting and audit fees;
- o license fees payable to the Index Providers for the use of the Reference Indices;
- o Registrar fees and expenses; and other expenses recoverable under the Fund's Constitution.

#### 10.3.2 Transactional and operational costs

Transactional and operational costs are not included in the management costs in 10.1 and 10.2 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 Funds. They include but are not limited to:

- o brokerage and settlement charges;
- o borrowing costs and interest expense.

#### *Creation and redemption costs payable by APs*

All transactional and operational costs associated with a creation or redemption are payable by the Authorised Participant to the relevant Fund.

The contribution and withdrawal fees set out in the table in section 10.2 are charged to APs in relation to Standard Basket Transactions. Additional transactional costs will apply to any Non-Standard Transactions, equal to the difference between: the price at which a Fund purchases (on a creation) or sells (on a redemption) relevant securities; and the value of those securities used in the relevant Unit Price; plus any other costs incurred by a Fund in connection with the transaction.

#### *Costs associated with trading the portfolio*

The remaining transactional and operational costs incurred in association with trading activity in a Fund's portfolio with the aim of achieving its investment objective are an additional cost to all Unitholders and will be paid out of the assets of the Fund and reflected in the Fund's Unit Price as and when they arise. The total transactional and operational costs incurred in the Funds for the previous financial year (2016-17) are as follows:

| Fund | Transactional and operational costs p.a. | Cost per \$50,000 p.a. |
|------|--|------------------------|
| FDIV | 0.07 %                                   | \$35                   |
| MVA  | 0.05 %                                   | \$25                   |
| MVB  | 0.05 %                                   | \$25                   |
| MVE  | 0.03 %                                   | \$15                   |
| MVR  | 0.04 %                                   | \$20                   |
| MVS  | 0.05 %                                   | \$25                   |
| MVW  | 0.04 %                                   | \$20                   |

We do not expect any of the above costs to change in a material way in the current financial year.

#### 10.3.3 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 10.1 and 10.2 respectively by contacting VanEck. See *Corporate directory* at the end 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.

#### 10.3.4 Broker fees

ASX Investors should obtain advice from a financial adviser before investing in a 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 ETF Units on ASX. You should discuss these fees with your Broker prior to investing.

Brokerage is also incurred by all investors as part of ongoing transactional and operational costs of the Funds. See section 10.3.2.

### **10.3.5 Abnormal expenses**

Abnormal expenses are management costs not generally incurred in the day-to-day operations of the Funds 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 10.1 and 10.2 and may be recovered from the assets of a Fund and accounted for in the Unit Price of that Fund as and when they arise. The abnormal expenses incurred by the Funds for the previous financial year were: Nil.

### **10.3.6 Notification of changes to fees**

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

- Management fee: 5% p.a. of a Fund's NAV; and
- 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 Funds other than transactional and operational costs out of the management fee caps set out in sections 10.1 and 10.2 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 a Fund's management fee cap, via a notice on our website at [www.vaneck.com.au](http://www.vaneck.com.au) and the ASX Market Announcements Platform.

### **10.3.7 Related party payments**

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

### **10.3.8 Commissions and other benefits received**

We, our related parties and associates, may receive commissions and other benefits (e.g. research) from brokers effecting trades for the Funds. These benefits may flow to the Funds and to other funds managed by us or our related parties and associates. We trade only with brokers who will provide best execution, regardless of whether these trades are placed with brokers related to us or not.

# Section 11

## Transacting with VanEck

### IMPORTANT NOTICE

This section provides a summary of the creation and redemption process that applies to transactions between the Funds and Authorised Participants (APs) 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 ETF Units on ASX via a Broker in the same way they trade listed shares.

#### 11.1 For APs prior to transacting

Full details of 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.

#### 11.2 Applications by Authorised Participants

Unless we agree otherwise, applications for creations and redemptions of ETF Units may only be made by Authorised Participants by completing the Application Form and delivering it to us by 4pm on an ASX Trading Day. We may accept or reject applications in a different form at our discretion. We may, in our sole discretion and without giving any reason, accept or reject all or part of an application for a creation or redemption.

#### 11.3 Standard Basket Transactions

Applications for creations or redemptions of ETF Units will generally only be made by way of Standard Basket Transactions.

A Standard Basket Transaction is an *in specie* transfer of the Standard Basket plus or minus any balancing cash payment, in exchange for ETF Units. The relevant Standard Basket is available on request.

A Standard Basket for a Fund consists of securities in the Reference Index and any other securities determined by VanEck as necessary to achieve that Fund's investment objective.

#### 11.4 Minimum transaction size for APs

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

The number of ETF Units in a Creation Unit and Redemption Unit are set out in the table below. ASX Investors should check with their Broker for any minimum trade size on ASX.

#### Minimum transaction sizes

| Fund | One Creation Unit / Redemption Unit (ETF Units) |
|------|---|
| FDIV | 80,000  |
| MVA  | 70,000  |
| MVB  | 40,000  |
| MVE  | 100,000   |
| MVR  | 50,000  |
| MVS  | 120,000   |
| MVW  | 50,000  |

#### 11.5 Settlement via CHES

All applications for creations and redemptions will be settled via CHES 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.

#### 11.6 Cooling-off

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

#### 11.7 'Liquid' for the purposes of the Corporations Act

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

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

### **11.8 Delay or suspension of creations and redemptions**

We may suspend the processing of creations or redemptions in certain circumstances. This will generally occur:

1. during a 'blackout period' – that is:
  - a. around the end of a dividend period when we are calculating and paying dividends; and
  - b. during the period we are rebalancing the portfolio to the Reference Index; or
2. in circumstances, such as adverse market conditions, where we determine it is not possible to accurately calculate Unit Prices.

We may also suspend creations or redemptions in other circumstances. 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 payment of redemptions we have already accepted, for example, where we are unable to price or transfer underlying securities due to circumstances outside our control, such as suspended trading in the market, or where a 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.

## **11.9 Valuations and pricing**

### *11.9.1 Unit Price or NAV*

The Unit Price or 'NAV' of a Fund is calculated by dividing the Fund Net Asset Value by the number of ETF 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 a Fund from the total value of all the assets of that Fund.

The NAV is determined as at the close of trading for each ASX Trading Day and published daily at [www.vaneck.com.au](http://www.vaneck.com.au).

The valuation methods applied by VanEck to value the Funds' assets and liabilities are consistent with the range of ordinary commercial practices for valuations.

### *11.9.2 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 section 10.2 and 10.3.2.

### *11.9.3 Redemption amounts*

The redemption amount paid to an Authorised Participant on the redemption of ETF Units may include an amount representing their entitlement to distributable income of a Fund.

### *11.9.4 Investing via the ASX*

ASX Investors trade ETF Units at trading prices quoted on ASX through-out 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.

## **11.10 Unit Pricing Policy**

We have a documented Unit Pricing Policy that sets out how we exercise any discretions in relation to the calculation of the Unit Prices for the Funds including: the valuation methodology, the rounding of decimal places, cut-off times for receiving instructions and the frequency of dividends. A copy of the Unit Pricing Policy is available at [www.vaneck.com.au](http://www.vaneck.com.au). We will send you a paper copy of the policy free of charge on request.

# Section 12

## Dividends

### 12.1 Payment of dividends

You may earn income from the Funds paid in the form of dividends. A dividend may comprise dividends received by the Fund, interest, other income and realised capital gains.

We will provide details in advance of any dividends to be paid by the Funds 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.

To reduce any capital gains tax liability for ASX investors due to redemptions by Authorised Participants, the Authorised Participants' redemption proceeds may include a dividend comprising the realised capital gains. This means ASX Investors will generally pay less capital gains tax than they would in a comparable unlisted managed fund.

### 12.2 Frequency of dividends

The Funds generally pay dividends the following number of times each year.

| Fund | No of dividends per year |
|------|--------------------------|
| FDIV | Four                     |
| MVA  | Two                      |
| MVB  | Two                      |
| MVE  | Two                      |
| MVR  | Two                      |
| MVS  | Two                      |
| MVW  | Two                      |

We may pay more or fewer dividends at our discretion.

Payments are usually made within 21 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.

### 12.3 Transactions prior to the end of a period

The amount of a dividend depends on the total number of ETF Units outstanding in the Fund at the end of the dividend period. Therefore, for instance, should the number of ETF Units outstanding increase due to a creation before the end of a dividend period, this may decrease the amount of dividend that might otherwise have been paid by that Fund.

Conversely a decrease in the number of ETF Units outstanding as a result of a redemption prior to the end of the period, may increase the dividend that might otherwise have been paid by the Fund.

### 12.4 Dividend Reinvestment Plan

A Dividend Reinvestment Plan is available.

If you elect to participate in the DRP the amounts of any dividends will be credited to you as additional ETF Units following relevant payment dates. 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 end 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 at [www.vaneck.com.au](http://www.vaneck.com.au) or free of charge from us or the Registrar on request.

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

# Section 13

## 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 VanEck Australian Equities ETFs. It should not be used as the basis upon which a decision is made to invest in a 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.

### 13.1 Taxation of Australian resident Investors

You will pay tax on your share of a Fund's income determined at the end of each dividend period.

A Fund's income can include capital gains made by the Fund, which may be taxed at a discounted rate.

A Fund may generate franking credits through investment in Australian shares. Franking credits may reduce your tax liability and in some circumstances will be refunded by the Australian Taxation Office.

The financial year end for each Fund is 30 June. You will be provided with a tax statement after the end of each financial year that will provide the information for your tax return.

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

### 13.2 TFN/ABN/Exemption

Unitholders will be asked to provide their tax file number (**TFN**) or Australian Business Number (**ABN**) or claim an exemption in relation to their investment in a 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 the Unitholder's 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.

### 13.3 Taxation of Foreign Investors

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

## Section 14

# Other information you need to know

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

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

The duties of VanEck in relation to each 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 each Fund is clearly identified as property of that 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 each Fund are valued at regular intervals;
- o ensure that payments out of a 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 a 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 each Fund and arrange for payments to creditors of the Funds;
- o determine and arrange payment of dividends in respect of each Fund and administer dividend and taxation statements and notifications;
- o process and administer creation and redemption transactions in relation to the Funds;
- o co-ordinate and manage communications with ASX in relation to the ongoing admission to trading status of the ETF Units on ASX and communicate with ASIC and other regulators as appropriate in relation to each 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 Constitutions as appropriate;
- o prepare, maintain and implement policies in respect of the operation of the Funds including a compliance plan, Unit Pricing Policy, proxy voting policy and DRP Rules; and
- o market and promote the Funds, providing information and support as appropriate to Authorised Participants, Market Makers and Brokers.

### 14.2 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 Funds and governs matters such as the rights of Unitholders, conducting Unitholder meetings, the creation and redemption of ETF Units and unit pricing, as well as what happens when a 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:

#### 14.2.1 Beneficial interest

An ETF Unit confers a beneficial interest in the assets of a Fund to the Unitholder but not an

entitlement or interest in any particular part of the Fund or any particular asset.

#### **14.2.2 Reimbursement of expenses**

VanEck is indemnified and entitled to be reimbursed out of, or paid from, the assets of a Fund for all liabilities, losses and expenses incurred in relation to the proper performance of its duties as Responsible Entity of that 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 a 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.

#### **14.2.3 Retirement of VanEck as Responsible Entity**

Generally, VanEck may retire as Responsible Entity of a Fund by calling a meeting of that 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*.

#### **14.2.4 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 ETF Units by the Unitholder. However, the courts are yet to determine the effectiveness of provisions of this kind.

#### **14.2.5 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 a 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 ETF Units exceeding 50% in value of the total value of all ETF 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.

#### **14.2.6 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 a 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 a 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 a Fund. VanEck's liability to any person in respect of a Fund is limited to our actual indemnification from the assets of that Fund for that liability.

#### **14.2.7 Borrowings**

Under the Constitution, VanEck has the power to enter into borrowing arrangements on behalf of a Fund and grant security over the assets in that 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.

#### **14.2.8 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.

#### **14.2.9 Termination of the Fund**

VanEck may wind up a 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.



#### 14.2.10 Compulsory redemption of ETF Units

In certain circumstances under the Constitution, VanEck may compulsorily redeem some or all of the ETF Units issued to a Unitholder, including where we believe ETF Units are held in breach of the Constitution or an applicable law or regulation, or the holding will otherwise adversely affect that 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).

#### 14.2.11 ASX Investor redemptions

ASX Investors will normally sell their ETF Units by trading on ASX and will not have a right to redeem their ETF Units with a Fund directly. However, the Constitution of each Fund provides that if ETF 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 ETF Units for cash unless:

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

### OTHER INFORMATION

#### 14.3 Compliance plan

VanEck has lodged a compliance plan for each of the Funds with ASIC, which set out the key measures that we take to ensure that we comply with the *Corporations Act* and the Constitution of each Fund in relation to the operation of the Funds. Each year VanEck's compliance with the compliance plans 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.

#### 14.4 Compliance committee

VanEck has established a compliance committee which comprises at least three members, of which the majority are external members. The compliance committee is required to monitor VanEck compliance with each Fund's compliance plan, assess the adequacy of the compliance plan and report breaches of the Constitution and the *Corporations Act* to the directors of VanEck, and in some circumstances to ASIC.

#### 14.5 Settlement via CHESS

All transactions by ASX Investors will be settled via CHESS 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.

#### 14.6 Market Maker

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

#### 14.7 Related party contracts

At the date of this PDS VanEck has entered into a number of arrangements with related parties from the VanEck group of companies. These include VanEck Australia Pty Ltd for business administration, sales and marketing and support services; and MVIS as Index provider for the Funds listed in section 7.1. Where related parties receive a financial benefit, those payments are made out of the management costs and are not an additional cost incurred by Unitholders. Such arrangements are entered into on arms' length commercial terms after considering the requirements of VanEck's conflicts of interest policy.

#### 14.8 Index Providers

We have appointed MVIS and S&PDJI as the Index Providers for the Funds. Please refer to sections 7 and 8 for a full description of the Reference Indices. MVIS and S&PDJI have given and as at the date of this PDS have not withdrawn their consent to be named as the Index Providers in this PDS and to the statements in sections 7 and 8 of this PDS respectively.

#### 14.9 Custodian and Fund Administrator

VanEck has appointed State Street Australia Limited ('State Street') as the Custodian and Fund Administrator of the Funds effective 13 November 2017. At the date of this PDS until 12 November 2017, J.P. Morgan Chase Bank, N.A. (Sydney Branch) ('JP Morgan') is the Custodian and Fund Administrator of the Funds.

State Street and J.P. Morgan provide custodial services, including the holding of all assets on behalf of the Funds and certain fund administration services, such as fund accounting and unit pricing, for the Funds. State Street and J.P.

Morgan have not been involved in any way in the preparation of this PDS and are named only for information purposes.

#### 14.10 Registrar

VanEck has appointed Link Market Services Limited ('Link') as Registrar to maintain Unitholder records such as quantity of ETF 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 Funds. Link has not authorised or caused the issue of and expressly disclaims and takes no responsibility for any part of this PDS.

#### 14.11 Continuous disclosure

VanEck will comply with the continuous disclosure obligations in the Corporations Act as if each Fund is an unlisted disclosing entity. Copies of documents lodged with ASIC in relation to a Fund may be obtained from, or inspected at, an ASIC office. The continuous disclosure obligations require us to make certain information available to Unitholders.

#### 14.12 Annual report

A copy of the annual financial report, the annual directors' report and the auditor's report on the annual financial report for each 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.

#### 14.13 iNAV (Indicative Unit Price)

The iNAV is an estimate only of the then current Unit Price of a Fund calculated based on that Fund's portfolio as at the open of trading that day and adjusted throughout the day, using market data, based on quotes and last sale prices.

At the date of this PDS we have arranged for ASX to calculate and distribute the iNAV for each Fund to third party Broker websites and other financial information service providers. We may change providers at our discretion. The iNAV codes for the Funds are set out on the front cover of this PDS.

An iNAV is not, and should not be relied on as being the value of a Unit or the price at which ETF Units may be applied for or redeemed, or bought or sold on ASX. An iNAV should be considered as indicative only and investors should consider other available market information when making any investment decision. Only Authorised Participants can trade based on the Unit Price.

ASX generally updates and disseminates the iNAVs every 30 seconds. We will take reasonable steps to ensure that the iNAVs are available and updated no less than every 15 minutes, however, no assurance is given that the iNAVs will be published continuously, or will be up to date or free from error and neither VanEck nor any other party involved in the operation of the Funds accepts any liability to any person who relies on an iNAV. For more information on the risks of relying on the iNAV, see section 9.2.9.

#### 14.14 Interest on cash held in the Funds

In circumstances where a Fund holds cash, any interest earned on those amounts will be retained for the benefit of all Unitholders in that Fund. For example, a 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 a Fund immediately pending the payment of a dividend. Any interest earned on such cash will be retained by the Registrar.

#### 14.15 Investor identification and verification

VanEck has investor identification and verification procedures (ID Procedures) in place to manage risks associated with fraud and unauthorised transactions. In addition, under *Anti-Money Laundering and Counter Terrorism Financing* (AML/CTF) legislation, we are required to establish and enforce appropriate risk control programs with accompanying ID Procedures and transaction monitoring procedures.

Our ID Procedures require Authorised Participants to provide satisfactory proof of identity which must be verified before an application for a creation or redemption of ETF Units can be accepted. The ID Procedures may also require us, from time to time, to verify that information or request additional identification or related information from the Authorised Participant, before we can process a requested transaction on their behalf.

Please contact us to obtain a copy of the investor identification form which sets out further details of the information and identification that is required. Failure to provide all the information requested may cause your application to be delayed or rejected. We do not accept any liability for any loss you may incur (whether by delay in acceptance of an application, transaction processing or otherwise), arising from the application of our ID Procedures.

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

Investments in the Funds may be subject to information collection and reporting for the purposes of compliance with FATCA and the intergovernmental agreement between the US Government and the Australian Government in respect of FATCA (IGA).

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 (IRS), regarding their US accounts, including US account holders and US unitholders, or incur 30% withholding tax in the US.

Australia and the US entered into the IGA in April 2014 which allows Australian financial institutions to report information to the ATO rather than the IRS and generally removes the requirement for FATCA withholding tax to be deducted. Each Fund is registered for FATCA purposes and will comply with FATCA requirements.

There are similar information collection and reporting obligations under the CRS in respect of other countries.

#### 14.17 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 the Financial Ombudsman Service ('FOS'). FOS is an independent body and is approved by ASIC to consider complaints. In order for a complaint to be considered by FOS, the claim must be less than \$500,000 (unless we and you agree otherwise in

writing). FOS is only able to make a determination of up to \$309,000 excluding compensation for costs and interest.

You can contact FOS as follows:

Telephone 1800 367 287 (free call)  
Facsimile: (03) 9613 6399  
Email: [info@fos.org.au](mailto:info@fos.org.au)  
Website: [www.fos.org.au](http://www.fos.org.au)  
Mail: Financial Ombudsman Service  
GPO Box 3  
Melbourne VIC 3001

#### 14.18 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 a Fund.

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.

If you do not provide the personal information required to open a Broker account and invest, your investment application may not be processed.

For example your information may be used 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:

- o 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 Funds and certain software providers related to the operational management and settlement of the ETF 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 apply for ETF Units, you agree to be contacted for these purposes.

The third parties to whom we may disclose your personal information (listed in the bullet points 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.

You can obtain a full copy of VanEck's Privacy Policy at [www.vaneck.com.au](http://www.vaneck.com.au) or we will send you a paper copy free of charge on request.

To access, update or seek correction of your personal information, please contact the Registrar on 1300 68 38 37, or in writing addressed to: Link Market Services Limited, Locked Bag A14, Sydney South, NSW, 1235, or contact your Broker.

#### 14.19 ASIC Relief

##### *Exemption – Unequal treatment in withdrawal from an AQUA exchange traded 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 ETF 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 ETF Units in accordance with the Constitution.

##### *Exemption – Unequal treatment in provision of information to authorised participants*

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 the Responsible Entity from providing information to Authorised Participants before other members about:

- (a) the Reference Index; and
- (b) scheme property specifying:
  - (i) the number and class of securities and any other property required to acquire an ETF Unit by Authorised Participants on the ASX Trading Day that first ends after the information is provided; and
  - (ii) the number and class of securities and any other property transferred on withdrawal from an ETF Unit by Authorised Participants on the ASX Trading Day that first ends after the information is provided.

The ASIC Class Order relief applies while the ETF Units are able to be traded on ASX. The Responsible Entity will provide information about the Reference Index, and the number and identity of securities in a Fund, to Authorised Participants before other members. This information is publicly disclosed to ASX and at [www.vaneck.com.au](http://www.vaneck.com.au) prior to the commencement of the ASX Trading Day after the day on which such disclosure is made to Authorised Participants. VanEck will take reasonable steps to ensure that the iNAV is available and updated no less than every 15 minutes during each ASX Trading Day.

##### *Declaration – relevant interest in ETF assets*

ASIC has granted Class Order relief under section 655A(1) and section 673(1) of the *Corporations Act* by modifying section 609 of the *Corporations Act* to ensure that the ability to lodge a redemption request under the redemption facility offered by an ETF does not by itself give Authorised Participants a relevant interest in the securities held by a Fund for the purposes of Chapter 6 of the *Corporations Act*. The instrument clarifies that those relevant interests do not need to be taken into account by investors in relation to their obligations under the takeover regime in the *Corporations Act*. The ASIC relief applies while the ETF Units are able to be traded on ASX. The relief

will not apply once the Authorised Participant has made a redemption application in respect of the ETF Units.

This relief will apply to the Funds which, at the date of this PDS, employ investment strategies, the implementation of which would not be likely to lead to the scheme property of the Fund including securities in a class of securities that (a) would represent more than 10% by value of scheme property; and (b) were, or would result in the Responsible Entity having a relevant interest in, securities in a listed company, an unlisted company with more than 50 members, a listed body that is formed or incorporated in Australia or a listed scheme.

For the purposes of this relief, we confirm that the investment strategies for the Funds are to make investments that are expected to result in the value of a ETF Unit changing in proportion to the value of the Reference Index, ignoring the effect of fees and other costs (including taxes) in relation to the Funds.

*Declaration – Substantial Interest and Beneficial Tracing*

ASIC has granted Class Order relief under section 673(1) of the *Corporations Act* by notionally inserting section 671AA and modifying sections 671B and 672B of the *Corporations Act* in relation to the substantial holding notice regime in the *Corporations Act* for all AQUA products. Under the relief, an Authorised Participant who holds ETF Units will be taken to have a relevant interest in the underlying securities of a Fund as if the Authorised Participant had made a withdrawal request in relation to all their ETF Units, with the number and classes of underlying securities transferred to the Authorised Participant being those most recently disclosed by the Responsible Entity to the Authorised Participant in relation to a withdrawal request for an ETF Unit. This relief will not apply to the extent an Authorised Participant actually makes a withdrawal request in respect of ETF Units. The general effect of this relief, provided that certain conditions are met, is that Authorised Participants who hold ETF Units can calculate their

relevant interests in the underlying securities of a Fund for the purposes of Chapter 6C of the *Corporations Act* on the basis of the portfolio of securities relevant to a redemption which is published daily at [www.vaneck.com.au](http://www.vaneck.com.au)

Authorised Participants will need to carefully consider their notification and disclosure requirements under the *Corporations Act* in respect of the Fund pursuant to ASIC's Class Order.

*Periodic Statements*

ASIC has granted relief under sections 1020F(1)(a) and 1020F(1)(c) of the *Corporations Act* so that where the Responsible Entity is not aware of the price at which ETF Units are transferred, periodic statements are not required to disclose amounts paid in relation to a transfer of ETF Units or the return on investment during the reporting period (provided that the return on investment is not able to be calculated by the Responsible Entity and the periodic statement explains why this information is not included and describes 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 ETF Units and the number of ETF Units transferred, and will explain why prices of ETF Units for transfers and the total dollar value of transfers have not been included. The periodic statement will also include performance information of a Fund relative to the investment objectives over one and five year periods. The ASIC Class Order relief applies while the relevant ETF Units are able to be traded on ASX.

*Ongoing disclosure relief*

ASIC has granted Class Order relief 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 each Fund were an unlisted disclosing entity. The Responsible Entity will comply with the continuous disclosure requirements of the *Corporations Act* as if each Fund were an unlisted disclosing entity.



# Glossary of terms

The following words when used in the PDS have the corresponding meanings set out below:

| TERM                                  | MEANING   |
|---------------------------------------|---|
| <b>AP Procedures</b>                  | The procedures for transacting with VanEck in relation to the Funds as agreed in writing with Authorised Participants from time to time.  |
| <b>Application Form</b>               | The application form for use by Authorised Participants to request creations and redemptions of ETF Units attached to the AP Procedures or by phoning +61 2 8038 3317.  |
| <b>AQUA Rules</b>                     | Schedule 10A of the ASX Operating Rules and related rules and procedures, as amended, varied or waived from time to time.   |
| <b>ASIC</b>                           | The Australian Securities and Investments Commission  |
| <b>ASX</b>                            | To be read as a reference to both the Australian Securities Exchange operated by ASX Limited and the licensed financial market operated by Chi-X Australia Pty Ltd unless the context requires otherwise.   |
| <b>ASX Investors</b>                  | Unitholders who acquire ETF Units on ASX.   |
| <b>ASX Rules</b>                      | The Operating Rules, Settlement Operating Rules and any other applicable rules and procedures as issued, amended, varied or waived by ASX Limited or Chi-X Australia Pty Ltd from time to time.   |
| <b>ASX Trading Day</b>                | A day that ASX is open for trading.   |
| <b>ATO</b>                            | The Australian Taxation Office  |
| <b>AUSTRAC</b>                        | The Australian Transaction Reports and Analysis Centre  |
| <b>Authorised Participant or 'AP'</b> | A person who is a 'Trading Participant' as that term is defined in the ASX Operating Rules or has engaged a Trading Participant to act on its behalf to acquire and dispose of interests in the Fund and who has entered into an agreement with VanEck. |
| <b>Broker</b>                         | Online broker, stockbroker or financial adviser   |
| <b>Business Day</b>                   | Means a day that is not a Saturday, Sunday, bank holiday or public holiday in NSW, Australia, or such other day or days determined by VanEck.   |
| <b>CHESS</b>                          | The Clearing House Electronic Sub-register System owned and operated by ASX Settlements Pty Limited, a subsidiary of ASX Limited.   |
| <b>Constitution</b>                   | The trust deed registered with ASIC establishing the managed investment scheme underlying a Fund, as varied or replaced from time to time.  |
| <b>Corporations Act</b>               | The <i>Corporations Act 2001 (Cth)</i>  |
| <b>Creation Unit</b>                  | The minimum number of ETF Units that must be applied for in a Fund by an Authorised Participant in an application for a creation of ETF Units as specified in the table in section 11.4.  |
| <b>Custodian</b>                      | State Street Australia Limited ABN 21 002 965 200 or J.P. Morgan Chase Bank, N.A. (Sydney Branch) ABN 43 074 112 011 as applicable. See 14.9  |

|  |  |
|--|--|
| <b>Dividend Reinvestment Plan or DRP</b> | The plan available to Unitholders to have any dividends by a Fund reinvested in additional ETF Units to be credited to their account, instead of receiving a cash payment to their nominated Australian bank account.      |
| <b>DRP Rules</b>                         | 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> .  |
| <b>ETF</b>                               | Abbreviation for 'Exchange Traded Fund'.   |
| <b>ETF Units</b>                         | Interests issued by the Responsible Entity in a Fund pursuant to this PDS, the Fund's Constitution and the Corporations Act.   |
| <b>Exchange Traded Fund</b>              | An open-ended managed fund, units in which are traded on ASX under the AQUA Rules, which generally tracks the value of an underlying index.  |
| <b>Foreign Investor</b>                  | A person who is not an Australian resident for income tax purposes.  |
| <b>Free-Float Market Capitalisation</b>  | The portion of a company's Market Capitalisation that is freely available for trading in the market.   |
| <b>Fund</b>                              | Any one of the ETFs named on the front cover of this PDS.  |
| <b>Fund Administrator</b>                | State Street Australia Limited ABN 21 002 965 200 or J.P. Morgan Chase Bank, N.A. (Sydney Branch) ABN 43 074 112 011 as applicable. See 14.9 or State Street Australia Limited ABN 21 002 965 200 as applicable. See 14.9. |
| <b>Fund Net Asset Value</b>              | The total value of all of the assets of a Fund minus the total value of all of the liabilities and provisions of that Fund.  |
| <b>iNAV or Indicative Unit Price</b>     | Indicative NAV of an ETF Unit disseminated by ASX at regular intervals throughout each ASX Trading Day. See sections 4.8, 9.2.9 and 14.13.   |
| <b>Index Provider</b>                    | MV Index Solutions ( <b>MVIS</b> ) and S&P Dow Jones Indices ( <b>S&amp;PDJI</b> ) individually or collectively as the context requires. See sections 7 and 8 for more information.  |
| <b>Index Universe</b>                    | The universe of securities eligible for inclusion in an MVIS Reference Index prior to the application of the Investability Criteria. For more information see section 7.2.1.   |
| <b>Investability Criteria</b>            | The liquidity screens applied to each of the securities in the Index Universe to determine the Investable Index Universe. For more information see section 7.2.2.  |
| <b>Investable Index Universe</b>         | The securities eligible for selection as a component of an MVIS Reference Index subject to the relevant Target Coverage being satisfied. For more information see section 6.   |
| <b>Market Capitalisation</b>             | The total value of the issued shares of a publicly traded company. It equals the share price times the number of shares on issue.  |
| <b>Market Maker</b>                      | An institution appointed by VanEck to assist it in maintaining liquidity of trading of the ETF Units on ASX. A Market Maker may also be an Authorised Participant. For more information see section 14.6.                  |
| <b>MVIS</b>                              | MV Index Solutions GmbH, a related entity of VanEck based in Frankfurt, the Index Provider for MVA, MVB, MVR, MVS and MVW. For more information see section 7.   |
| <b>NAV</b>                               | The Unit Price   |
| <b>Non-Standard Transaction</b>          | A creation or redemption other than a Standard Basket Transaction.   |

|                                    |   |
|------------------------------------|---|
| <b>PDS</b>                         | This product disclosure statement.  |
| <b>Redemption Unit</b>             | The minimum number of ETF Units that must be redeemed by an Authorised Participant in the event of a redemption.  |
| <b>Reference Index</b>             | The underlying index that a Fund aims to track. For more information see sections 6, 7 and 8.   |
| <b>Registrar</b>                   | Link Market Services Limited ABN 54 083 214 537   |
| <b>Responsible Entity</b>          | The entity licensed entity authorised by ASIC to act as the responsible entity of the Funds with responsibility for operating the Funds and the issuer of ETF Units and this PDS. For the life of this PDS this is VanEck Investments Limited ABN 22 146 596 116 AFSL 416755.   |
| <b>S&amp;PDJI</b>                  | S&P Dow Jones Indices, the Index Provider for FDIV and MVE. For more information see section 8.   |
| <b>Standard Basket</b>             | The parcel of securities required for a Standard Basket Transaction as published on our website at <a href="http://www.vaneck.com.au">www.vaneck.com.au</a> on a daily basis comprising underlying securities in the Reference Index and any other securities determined by VanEck as necessary to achieve a Fund's investment objective. |
| <b>Standard Basket Transaction</b> | A creation/redemption for a whole number multiple of Creation Units/Redemption Units where the consideration is paid by way of <i>in specie</i> transfer of underlying securities constituting the Standard Basket plus or minus a residual cash amount.  |
| <b>Target Coverage</b>             | The percentage of the total Market Capitalisation or Free-float Market Capitalisation of the Investable Index Universe targeted for inclusion in a MVIS Reference Index. See section 6 for more information.  |
| <b>Unit Price or NAV</b>           | The Fund Net Asset Value divided by the number of ETF Units outstanding.  |
| <b>Unit Pricing Policy</b>         | VanEck's Unit Pricing Discretions Policy that sets out how VanEck exercises any discretions in relation to the calculation of the Unit Prices. Available at <a href="http://www.vaneck.com.au">www.vaneck.com.au</a>  |
| <b>Unitholder</b>                  | The person named as the holder of ETF Units in a Fund as recorded in the register maintained by the Registrar.  |



# Corporate directory

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**Responsible Entity**

VanEck Investments Limited  
Aurora Place  
Level 4, 88 Phillip Street  
Sydney, NSW, 2000  
Telephone: 1300 68 38 37  
Website: [www.vaneck.com.au](http://www.vaneck.com.au)

Postal address:

PO Box R1775  
Royal Exchange, NSW, 1225

**Registrar**

Link Market Services  
Locked Bag A14  
Sydney South, NSW, 1235  
Telephone: 1300 68 38 37  
Website: [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)  
Email: [vaneck@linkmarketservices.com.au](mailto:vaneck@linkmarketservices.com.au)

**VanEck Capital Markets**

8:30 am to 5:30 pm Sydney time  
Monday to Friday  
Telephone: +61 2 8038 3317  
Facsimile: +61 2 8038 3349  
E-mail: [capital.markets@vaneck.com.au](mailto:capital.markets@vaneck.com.au)  
Website: [www.vaneck.com.au](http://www.vaneck.com.au)

**Legal Advisers**

MinterEllison  
Level 40, Governor Macquarie Tower  
1 Farrer Place  
Sydney, NSW, 2000  
Telephone: (02) 9921 8888

**Auditor**

Ernst & Young  
Level 34, EY Centre  
200 George Street  
Sydney, NSW, 2000  
Telephone: (02) 9248 5555

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