VanEck Vectors Australian Property ETF
(ASX Code: MVA)

ARSN 165 151 771

Interim report
For the half-year ended 31 December 2017

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These financial statements cover the VanEck Vectors Australian Property ETF as an individual entity.

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

VanEck Investments Limited
Aurora Place
Level 4, Suite 3, 88 Phillip Street
SYDNEY NSW AUSTRALIA 2000

Directors' report

The directors of VanEck Investments Limited (ACN 146 596 116), the Responsible Entity of VanEck Vectors Australian Property ETF (the "Fund"), present their report together with the financial statements of the Fund for the half-year ended 31 December 2017.

Principal activities

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

The Fund invests in largest and most liquid Australian Real Estate Investment Trusts (A-REITs) securities including industrial, commercial, retail and residential property segments in accordance with the provisions of the product disclosure statement of the Fund and the Fund's Constitution.

The Fund did not have any employees during the half-year.

There were no significant changes in the nature of the Fund's activities during the half-year.

Directors

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

Jan van Eck
Bruce Smith
Arian Neiron
Michael Brown
Jonathan Simon

Review and results of operations

The Fund continued to invest in accordance with the product disclosure statement of the Fund and the provisions of the Fund's Constitution.

The Fund generally invests in the securities that are constituents of the MVIS Australia A-REITs Index (the "Index") and aims to track the performance of the Index (with net dividends reinvested) in Australian dollars, before taking into account fees, expenses and tax.

Results

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

	Half-year ended	
	31 December 2017	31 December 2016
Operating profit/(loss) before finance costs attributable to unitholders ($'000)	**6,727**	(972)
Distribution to unitholders ($'000)	**2,137**	-
Distribution (cents per unit - CPU)	**58.00**	-

Significant changes in the state of affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the Fund that occurred during the financial half-year.

Directors' report (continued)

Matters subsequent to the end of the financial half-year

No matter or circumstance has arisen since 31 December 2017 that has significantly affected, or may significantly affect:

(i) the operations of the Fund in future financial years, or

(ii) the results of those operations in future financial years, or

(iii) the state of affairs of the Fund in future financial years.

Likely developments and expected results of operations

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

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

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

Indemnity and insurance of officers

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

Indemnity of auditors

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

Proceedings on behalf of the Fund

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

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

Environmental regulation

The operations of the Fund are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

Rounding of amounts to the nearest thousand dollars

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

Directors' report (continued)

Auditor's independence declaration

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

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



Michael Brown
Director

Sydney
13 March 2018

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Auditor's Independence Declaration to the Directors of VanEck Investments Limited, as Responsible Entity for VanEck Vectors Australian Property ETF

As lead auditor for the review of VanEck Vectors Australian Property ETF for the half-year ended 31 December 2017, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

Ernst & Young

Rohit Khanna
Partner
Sydney
13 March 2018

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Statement of comprehensive income

	Half-year ended	
	31 December 2017	31 December 2016
	$'000	$'000
Investment income		
Dividend and distribution income	**1,736**	1,297
Net gains/(losses) on financial instruments held at fair value through profit or loss	**5,126**	(2,163)
Total investment income/(loss)	**6,862**	(866)
Expenses		
Management fees	**123**	95
Transaction costs	**1**	1
Other operating expenses	**11**	10
Total operating expenses	**135**	106
Profit/(loss) for the half-year	**6,727**	(972)
Other comprehensive income for the half-year	**-**	-
Total comprehensive income for the half-year	**6,727**	(972)

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

Statement of financial position

	Notes	As at 31 December 2017 $'000	30 June 2017 $'000
Assets			
Cash and cash equivalents		**26**	12
Due from brokers - receivable for securities sold		**-**	1,730
Receivables		**1,376**	1,185
Financial assets held at fair value through profit or loss	4	**77,737**	58,670
Total assets		**79,139**	61,597
Liabilities			
Bank overdraft		**1,348**	1,161
Payables		**23**	19
Distributions payable	6	**2,137**	1,759
Total liabilities		**3,508**	2,939
Equity		**75,631**	58,658

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

Statement of changes in equity

	Notes	Half-year ended 31 December 2017 **$'000**	31 December 2016 $'000
Total equity at the beginning of the half-year		**58,658**	56,834
Issue of redeemable participating units		**12,352**	14
Units issued upon reinvestment of distributions		**31**	-
Comprehensive income for the half-year		**6,727**	(972)
Distributions	6	**(2,137)**	-
Total equity at the end of the half-year		**75,631**	55,876

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

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

Statement of cash flows

	Half-year ended	
	31 December 2017	31 December 2016
	$'000	$'000
Cash flows from operating activities		
Proceeds from sale of financial instruments held at fair value through profit or loss	**3,563**	3,375
Purchase of financial instruments held at fair value through profit or loss	**(15,774)**	(3,129)
Dividends and distributions received	**1,547**	1,303
Management fees paid	**(119)**	(96)
Payment of other expenses	**(14)**	(11)
Net cash inflow/(outflow) from operating activities	**(10,797)**	1,442
Cash flows from financing activities		
Proceeds from applications by unitholders	**12,352**	14
Distributions paid	**(1,728)**	(1,456)
Net cash inflow/(outflow) from financing activities	**10,624**	(1,442)
Net increase/(decrease) in cash and cash equivalents	**(173)**	-
Cash and cash equivalents at the beginning of the half-year	**(1,149)**	(980)
Cash and cash equivalents at the end of the half-year	**(1,322)**	(980)

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

Contents of the notes to the financial statements

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1 General information

These financial statements for the half-year ended 31 December 2017 cover the VanEck Vectors Australian Property ETF (the "Fund") as an individual entity. The Fund was constituted on 5 August 2013. The Fund will terminate in accordance with the provisions of the Fund's Constitution.

The Responsible Entity of the Fund is VanEck Investments Limited (the "Responsible Entity"). The Responsible Entity's registered office is Aurora Place, Level 4, Suite 3, 88 Phillip Street, SYDNEY, NSW, AUSTRALIA, 2000.

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

The Fund invests in largest and most liquid Australian Real Estate Investment Trusts (A-REITs) securities including industrial, commercial, retail and residential property segments in accordance with the provisions of the product disclosure statement of the Fund and the Fund's Constitution.

The financial statements were authorised for issue by the directors on 13 March 2018. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

2 Summary of significant accounting policies

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

(a) Basis of preparation

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

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

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

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

These interim financial statements do not include all the notes of the type normally included in the annual financial statements. Accordingly, these interim financial statements are to be read in conjunction with the Fund's annual report for the year ended 30 June 2017 and any public announcements made in respect of the Fund during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Comparative information has been revised where appropriate to enhance comparability. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current period.

(b) Changes in accounting standards

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the period beginning 1 July 2017 that have a material impact on the Fund.

(c) Significant accounting judgements and estimates

The preparation of the Fund's financial statements requires management to make judgements, estimates and assumptions that affect the amounts recognised in the financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

The significant accounting policies have been consistently applied in the current financial period and the comparative period, unless otherwise stated.

3 Fair value measurement

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

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

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

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

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);

(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3)

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

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

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

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

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

(ii) Valuation techniques used to derive level 2 and level 3 fair value

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions.

For other pricing models, inputs are based on market data at the end of the reporting period. Fair values for unquoted equity investments are estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

The fair value of derivatives that are not exchange traded is estimated at the amount that the Fund would receive or pay to terminate the contract at the end of the reporting period taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties. The fair value of a forward contract is determined as a net present value of estimated future cash flows, discounted at appropriate market rates as at the valuation date.

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Fund holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including liquidity risk and counterparty risk.

3 Fair value measurement (continued)

Recognised fair value measurements

The table below presents the Fund's financial assets measured at fair value according to the fair value hierarchy as at 31 December 2017.

As at 31 December 2017	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial assets				
Financial assets designated at fair value through profit or loss:				
Unit trusts	**77,737**	**-**	**-**	**77,737**
Total	**77,737**	**-**	**-**	**77,737**

As at 30 June 2017	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets				
Financial assets designated at fair value through profit or loss:				
Unit trusts	58,670	-	-	58,670
Total	58,670	-	-	58,670

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

(i) Transfers between levels

There were no transfers between the levels in the fair value hierarchy for the half-year ended 31 December 2017 and year ended 30 June 2017. There were also no changes made to any of the valuation techniques applied as at 31 December 2017.

(ii) Fair value measurements using significant unobservable inputs (level 3)

The Fund did not hold any financial instruments with fair value measurements using significant unobservable inputs during the half-year ended 31 December 2017 or year ended 30 June 2017.

(iii) Fair values of other financial instruments

The Fund did not hold any financial instruments which were not measured at fair value in the Statement of financial position. Due to their short-term nature, the carrying amounts of receivables and payables are assumed to approximate fair value.

4 Financial assets held at fair value through profit or loss

	As at	
	31 December 2017	30 June 2017
	$'000	$'000
Designated at fair value through profit or loss		
Unit trusts	**77,737**	58,670
Total designated at fair value through profit or loss	**77,737**	58,670
Total financial assets held at fair value through profit or loss	**77,737**	58,670

5 Units in issue

Movements in the number of units during the half-year were as follows:

	Half-year ended	
	31 December 2017	31 December 2016
	No.'000	No.'000
Opening balance	**3,053**	2,701
Applications	**629**	1
Units issued upon reinvestment of distributions	**2**	-
Closing balance	**3,684**	2,702

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

Capital risk management

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

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

6 Distributions to unitholders

The distributions during the half-year were as follows:

	Half-year ended			
	31 December 2017	**31 December 2017**	31 December 2016	31 December 2016
	$'000	**CPU**	$'000	CPU
Distributions payable	**2,137**	**58.00**	-	-
Total distributions	**2,137**	**58.00**	-	-

7 Events occurring after the reporting period

No significant events have occurred since the end of the reporting period which would impact on the financial position of the Fund disclosed in the Statement of financial position as at 31 December 2017 or on the results and cash flows of the Fund for the half-year ended on that date.

8 Contingent assets and liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 31 December 2017 and 30 June 2017.

Directors' declaration

In the opinion of the directors of the Responsible Entity:

(a) the interim financial statements and notes set out on pages 6 to 15 are in accordance with the *Corporations Act 2001*, including:

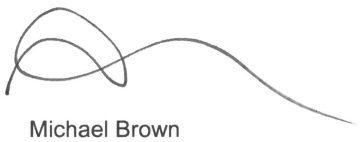
  (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

  (ii) giving a true and fair view of the Fund's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and

(b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

(c) Note 2(a) confirms that the financial statements also comply with the International Financial Reporting Standards IAS 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board.

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



Michael Brown
Director

Sydney
13 March 2018

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Independent Auditor's Review Report to the unit holders of VanEck Vectors Australian Property ETF

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of VanEck Vectors Australian Property ETF ("the Fund"), which comprises the statement of financial position as at 31 December 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

a) giving a true and fair view of the Fund's financial position as at 31 December 2017 and of its financial performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Fund's financial position as at 31 December 2017 and its financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Fund, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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Independence

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

Ernst & Young

Rohit Khanna
Partner
Sydney
13 March 2018

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