

China A-Shares: Completing your portfolio

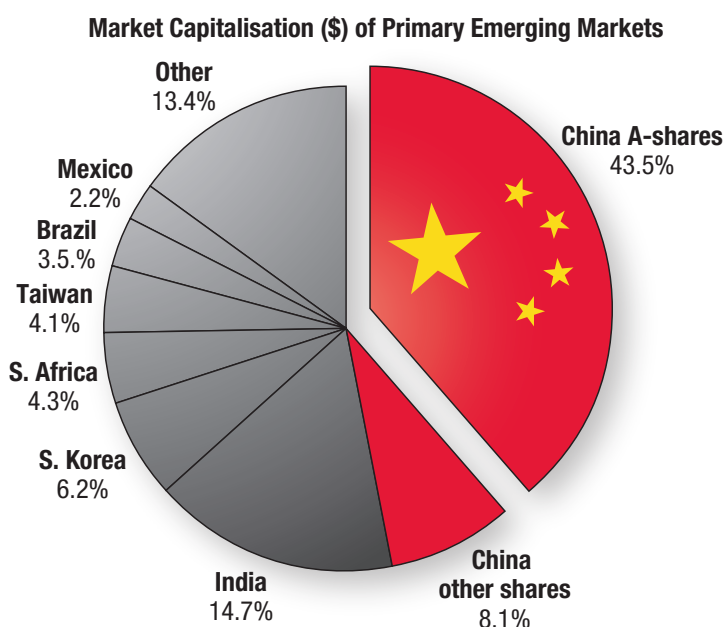
Many stocks listed on China's Shenzhen and Shanghai Stock Exchanges, known as A-shares,* are not listed on other international exchanges. Since much of China's A-share market is accessible only by domestic Chinese investors and certain institutions, it has been difficult for Australian investors and other foreign investors to directly invest in local Chinese companies that may be poised to benefit from China's rapidly growing middle class until now.

Examples of locally listed companies:

- SAIC Motor (*China's largest automaker*)
- Liaoning Cheng Da (*China's largest textiles producer*)
- Kweichow Moutai (*one of China's most prestigious liquor brands*)
- Daqin Railway (*China's largest coal transport network*)
- Qinghai Salt Lake Industry (*China's largest potash producer*)

Important companies are missing from many emerging and China-focused funds.

A-shares represent the largest portion of Chinese and emerging markets.



Data as of 30 June, 2015. Source: Bloomberg, World Federation of Exchanges

CETF Provides Pure Targeted Exposure to China's A-share Market

Market Vectors ChinaAMC A-Share ETF (synthetic), ASX code: CETF, tracks the CSI 300 Index, a market capitalisation weighted index consisting of 300 A-share stocks. Exposure to the China A-share market is primarily provided by A-shares physically held by the fund.

WHAT CETF OFFERS:	HOW CETF PROVIDES IT:	WHY THIS HELPS INVESTORS:
Exposure to A-Shares not included in most China-focused, U.S.-listed ETFs.	CETF tracks the CSI 300 Index, which represents the 300 largest A-Shares.	Broad exposure to the largest portion of China's equity market and domestic consumption growth.

*A-Shares are companies incorporated in China that trade on the Shanghai and Shenzhen Stock Exchanges, are quoted in Renminbi (RMB), and are only available to domestic Chinese investors, Qualified Foreign Institutional Investors (QFIs), and RQFIs (the "R" stands for Renminbi). On NYSE the US Fund has trading code 'PEK'. On ASX the US Fund has trading code 'CETF' and is re-named Market Vectors ChinaAMC A-Share ETF (Synthetic). This is because the US Fund may gain exposure to the China A-Share market by directly investing in China A-shares and investing in swaps that are linked to the performance of China A-shares. Australian regulators require the word "Synthetic" to be added to the US Fund's name because the use of swaps, a form of derivative, may exceed 5% of the net asset value of the US Fund. The ability to use swaps is a backup to ensure the US Fund can continue to track the performance of the CSI 300 Index.

The CSI 300 Index provides coverage of the largest portion of China's equity markets

Index	CSI 300	FTSE China 50	MSCI China	S&P China BMI
Number of Constituents	300	50	145	728
Universe	A-Shares	H-Shares, Red Chips, P Chips	B-Shares, H-Shares, Red Chips, and P-Chips	All listed Chinese companies available to foreign investors except A-Shares
Market Capitalization (USD \$B)	5,495	743	994	1,355
% Onshore Market Cap	100.0%	0.0%	~3.7%^	~2.8%^

Source: MSCI, FTSE, S&P Dow Jones Indices, FactSet, Bloomberg. All data as of 30 June, 2015. "% Onshore Market Cap" refers to the percentage of the index's weight that consists of A-Shares or B-Shares. ^Estimated using Bloomberg.

Comparison of sector and holding diversification

Index	CSI 300		FTSE China 50		MSCI China		S&P China BMI	
Top 3 Sectors	Financial Services	37.3%	Financial Services	51.3%	Financial Services	43.2%	Financial Services	34.0%
	Industrials	18.7%	Energy	13.2%	Information Technology	13.4%	Information Technology	21.5%
	Consumer Discretionary	10.9%	Information Technology	11.9%	Telecommunication Services	10.1%	Industrials	9.2%
Top 5 Holdings	Ping An Insurance	3.9%	Tencent	9.4%	Tencent	10.4%	Tencent	7.9%
	China Merchants Bank	2.7%	China Construct Bank	8.7%	China Mobile	7.9%	China Construct Bank	5.5%
	China Minsheng Banking	2.6%	China Mobile	7.7%	China Construct Bank	7.7%	China Mobile	5.2%
	CITIC Securities	1.9%	ICBC	6.6%	ICBC	5.9%	ICBC	4.8%
	Industrial Bank	1.7%	Bank of China	5.9%	Bank of China	5.2%	Baidu	4.1%
Top 10 Total Weighting	20.2%		58.2%		51.0%		39.5%	

Source: FTSE, MSCI, S&P Dow Jones Indices, FactSet. Values are approximate. All data as of 30 June, 2015.

INDEX DESCRIPTIONS: The CSI 300 Index consists of 300 stocks with the largest market capitalisations and liquidity among A-shares listed on the Shanghai and Shenzhen Stock Exchanges. FTSE China 50 Index includes the largest 50 Chinese stocks (H-shares, Red chips, and P chips) listed on the Hong Kong Stock Exchange, ranked by full market capitalisation. MSCI China Index seeks to measure the performance of the top 85% of equity securities by market capitalisation in the Chinese equity markets. S&P China BMI Index is a benchmark that defines and measures the investable universe of publicly traded companies domiciled in China, but are legally available to foreign investors.

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Past performance is not a reliable indicator of current or future performance. No member of the Van Eck Global group of companies or MVET guarantees the repayment of capital, the performance, or any particular rate of return from the US Fund.

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An investment in the US Fund involves a significant degree of risk, including, but not limited to, the Adviser's and Sub-Adviser's ability to manage the US Fund, which depends upon the availability of China A-shares and the willingness of swap counterparties to engage in swaps linked to the performance of China A-shares. The US Fund may invest in swaps and derivatives which entail certain risks, including limited availability of swaps, counterparty risk, liquidity risk, risks of A-shares and the RQFII system, tax risk (including short-term capital gains and/or ordinary income) and currency risk. The US Fund may also invest in shares of other funds and absorb duplicate levels of fees with respect to these investments.

The US Fund is subject to elevated risks associated with investments in Chinese securities, including A-shares, which include, among others, political and economic instability, inflation, confiscatory taxation, nationalisation, and expropriation, market volatility, less reliable financial information, differences in accounting, auditing, and financial standards and requirements, and uncertainty of implementation of Chinese law. In addition, the US Fund is also subject to liquidity and valuation risks, currency risk, non-diversification risk, and other risks associated with foreign and emerging markets investments.

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