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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 is changed to Level 47, Suite 2, 25 Martin Place, Sydney NSW 2000 and are renamed as follows:

<b>Code</b>	<b>Previous name</b>	<b>New name</b>
<b>FLOT</b>	VanEck Vectors Australian Floating Rate ETF	VanEck Australian Floating Rate ETF
<b>PLUS</b>	VanEck Vectors Australian Corporate Bond Plus ETF	VanEck Australian Corporate Bond Plus 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 funds 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.



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# Australian Fixed Income ETFs

## Product Disclosure Statement

Incorporating the following Funds:

<b>ASX code</b>	<b>Fund name</b>	<b>ARSN</b>
FLOT	VanEck Vectors Australian Floating Rate ETF	619 241 851
PLUS	VanEck Vectors Australian Corporate Bond Plus ETF	617 941 241

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 Fixed Income ETFs named on the front cover and throughout this PDS (collectively '**the Funds**' and individually '**a Fund**'). This PDS combines and replaces the VanEck Vectors Australian Corporate Bond Plus ETF PDS dated 19 April 2017 and the VanEck Vectors Australian Floating Rate ETF PDS dated 19 June 2017.

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 ('**ASX**'). 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 33 and 34.

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 (see section 11 for details), or by investing on ASX.

### ASX Investors

Investors, including Authorised Participants, may also purchase ETF Units on ASX, like purchasing shares ('**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 complete 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.

VanEck®, VanEck Vectors® and Van Eck® are trademarks of Van Eck Associates Corporation.

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# Section 1

## About VanEck®

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### 1.1 VanEck Investments Limited

#### - 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 the 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 asset 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 Fixed Income ETFs			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 generally aims to track the performance, before fees and other costs, of a financial market index by investing in a portfolio of securities that are components of 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>	Section 6	
	FLOT	The Fund gives investors access to a portfolio of Australian dollar denominated Floating Rate Bonds, also known as Floating Rate Notes or 'FRNs'.		
	PLUS	The Fund gives investors access to a portfolio of higher yielding Australian dollar denominated Fixed Rate Bonds.		
<b>Investment objective</b>	Each Fund aims to provide investment returns before fees and other costs that track the performance of its Reference Index.		Sections 6, 7, 8	
<b>Reference Index</b>	<b>Fund</b>	<b>Reference Index</b>	Sections 7, 8	
	FLOT	Bloomberg AusBond Credit FRN 0+ Yr Index		BAFRN0
	PLUS	Markit iBoxx AUD Corporates Yield Plus Index		IBXXAU1
<b>Investment strategy</b>	Each Fund employs a management strategy of investing directly in a portfolio of securities intended to replicate the risk profile and track the performance of its 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 diversified portfolio of Australian issued bonds 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 at live prices on ASX; potentially lower costs; 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	
Investing in a Fund				
All investors				
<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 closing prices of the securities in the Fund's portfolio for that day.		Section 11	
Authorised Participants – transacting under this PDS				
<b>Transacting with VanEck</b>	Authorised Participants must enter into an AP Agreement with VanEck and must submit an application for a creation or redemption 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 Fund's NAV calculated following the close of trading for that day, plus or minus fees and other costs.			Section 11
<b>Cut-off time</b>	12 noon on each ASX Trading Day unless we agree otherwise.			
<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 securities ('<b>Standard Basket</b>') 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>	<p>ETF Units can only be redeemed in multiples of Redemption Units, unless we agree otherwise.</p> <p>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.</p>			
<b>APs minimum transaction size</b>	<b>Fund</b>	<b>No. of ETF Units per Creation Unit</b>	<b>No. of ETF Units per Redemption Unit</b>	
	FLOT	40,000	40,000	
	PLUS	60,000	60,000	
<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 the 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 offer in this PDS or to trading of ETF Units on ASX.			
<b>Fees and other costs</b>				
<b>All investors</b>				Section 10
<b>Management costs</b>	<b>Fund</b>	<b>Management cost (% p.a.)</b>		
	FLOT	0.22		
	PLUS	0.32		
	Management fees may be negotiated by wholesale clients.			
<b>Transactional and operational costs</b>	Additional costs relating to trading in the portfolios and associated operational activities will also apply – see section 10.3.			
<b>Authorised Participants only – also pay</b>				
<b>Transaction fees for all creations and redemptions</b>	<b>Fund</b>	<b>Contribution fees / withdrawal fees (excl GST) per transaction</b>		
	FLOT	\$300		
	PLUS	\$300		
	Contribution and withdrawal fees may be negotiated and may change without notice.			
<b>Additional costs for cash transactions</b>	The estimated additional transactional and operational costs incurred by the Funds in relation to cash transactions are charged to Authorised Participants as a buy/sell spread on creations and redemptions or recovered from APs by way of a true up following settlement.			

Dividends			
Frequency	Fund	Expected frequency per year	Section 12
	FLOT	Four	
	PLUS	Four	
Dividend Reinvestment Plan	A Dividend Reinvestment Plan ('DRP') is available subject to the DRP Rules. Dividends will be paid as cash to your nominated bank account unless you contact the Registrar and elect to have dividends reinvested. Your dividends will then appear as additional ETF Units in your account.		
Additional information			
Website	<p>The following information is available at <a href="http://www.vaneck.com.au">www.vaneck.com.au</a>:</p> <ul style="list-style-type: none"> <li>o Fund Net Asset Value;</li> <li>o 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>		
Statements	<p>The following statements will be provided to investors:</p> <ul style="list-style-type: none"> <li>o holding statement – for any transactions made during the month;</li> <li>o annual tax statement – 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 – provided annually and on 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 ETF 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 its 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 fees 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 Easy access via ASX to a portfolio of fixed income assets

Each Fund provides investors with easy access to a portfolio of fixed income assets via a single trade on ASX.

**FLOT** gives investors easy access to a portfolio of Australian dollar denominated Floating Rate Bonds. See sections 6 and 7 for more details.

**PLUS** gives investors easy access to a portfolio of Australian dollar denominated Fixed Rate Bonds. See sections 6 and 8 for more details.

### 4.5 Flexibility of trading on exchange

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

### 4.6 Transparency

ETFs 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).

### 4.7 Pricing throughout the day on ASX

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

# 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 bonds, or cash with which we buy bonds, determined in accordance with a Fund's investment strategy. The bonds 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 bonds 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 AP, a Market Maker or other ASX Investors, in exchange for cash through CHESSE.

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 bonds, 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 based on 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 will 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.

## Section 6

# Investment objective, strategy and performance of the Funds

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### 6.1 Investment objective of the Funds

Each 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 individual security weightings will differ from the Reference Index as a Fund will generally only hold a representative sample of the Reference Index constituents. A Fund may also hold bonds and other securities or financial products that are not in the Reference Index. See section 6.2.
- o a Fund may not be able to achieve the same trading price for securities as that determined for the Reference Index;
- o differences in the timing of income recognition between the Reference Index and a Fund;
- o there are fees and expenses applicable to a Fund associated with operating the Fund which do not apply to the Reference Index (see section 10); and
- o a Fund may hold an amount of cash.

### 6.2 Investment strategy of the Funds

#### 6.2.1 Replicate Reference Index Risk Exposure

Each Fund aims to hold an appropriate number of bonds so as to produce a portfolio risk exposure profile consistent with that of its Reference Index. This is generally achieved by holding a representative sample of the bonds in the Reference Index. Weightings in a Fund may vary from the Reference Index weightings. A Fund may also invest in other securities determined by us as necessary to achieve a Fund's investment objective and as permitted under the AQUA Rules.

Both Reference Indexes are reviewed monthly based on minimum Credit Rating and time to maturity requirements (see sections 7.1 and 8.1). The Reference Index for PLUS is also reviewed quarterly to include the top 50% of the highest yielding Fixed Rate Bonds (see section 8).

Every time a security is either added to or removed from a Fund's Reference Index, the composition and risk exposure profile of the Reference Index changes and may require us to rebalance the respective Fund's portfolio.

#### 6.2.2 Use of derivatives

A Fund may use derivatives to manage the overall interest rate and credit risk exposure of its portfolio. These may include over-the-counter (OTC) derivatives and futures. Derivatives will not exceed 5% of the total NAV of a Fund. Derivatives will not be used for speculative purposes or to leverage the assets of a Fund. See section 9.2.14 for more information on derivatives risk.

### 6.3 Performance information

Up to date performance information for each Funds and historical performance relative to the Reference Index is published on our website at: [www.vaneck.com.au](http://www.vaneck.com.au). The performance of a Fund will differ to that of its Reference Index. For more information see sections 6.1 and 9.2.10.

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 9.2.10, 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 the Fund.

### 6.7 Securities lending

The Fund will not engage in securities lending.

# Section 7

## Reference Index - FLOT

### 7.1 FLOT Index description

FLOT aims to generally track the **Bloomberg AusBond Credit FRN 0+ Yr Index** ('FLOT Index') which is a market value weighted index comprising Australian dollar denominated Floating Rate Bonds that are of Investment Grade quality. The FLOT Index typically includes Floating Rate Bonds issued by corporate entities such as the four largest banks in Australia, foreign banks, other lending institutions and Australian listed property trusts (A-REITs).

To be included in the FLOT Index a Floating Rate Bond issue must have a published Investment Grade Credit Rating from at least one Recognised Rating Agency a minimum outstanding face value of \$100 million and a minimum of 1 month to maturity. The bonds must also be issued in the Australian debt market under Australian law.

The FLOT Index is rebalanced monthly on the last business day of the month to comply with the Investment Grade Credit Rating and minimum 1 month to maturity criteria. For a new Floating Rate Bond to be included in the following month, an Investment Grade Credit Rating must be assigned to the bond issue prior to the last business day of the month and it must not have a Credit Rating less than Investment Grade assigned to it by any Recognised Rating Agency. If a Recognised Rating Agency downgrades the Credit Rating of an included bond issue below Investment Grade then any Floating Rate Bonds from the issue will be removed from the FLOT Index at the end of the month in which the rating downgrade occurs.

### 7.2 Index Provider

The FLOT Index is the property of Bloomberg ('Bloomberg' or 'the Index Provider') and has been licensed to VanEck for use in connection with the VanEck Vectors Australian Floating Rate ETF. Bloomberg is not a related body corporate of VanEck.

The FLOT Index is part of the Bloomberg AusBond Index Family. The index guide containing further information about Bloomberg and the FLOT Index methodology, is available at [www.bloombergindices.com/ausbond](http://www.bloombergindices.com/ausbond).

### 7.3 Description of Floating Rate Notes (FRN's)

Floating Rate Notes, also known as 'FRNs' or 'Floating Rate Bonds' are a type of bond that pay a coupon rate which moves up and down, i.e. it

'floats', with changes in a recognised reference interest rate. The coupon rate is the sum of the reference rate and a spread or margin. For example, the rate might be quoted as three-month BBSW plus 100 basis points, or '3mth BBSW + 1%'.

ASX Benchmarks became the administrator of the Bank Bill Swap Rate (BBSW) Benchmark from 1st January 2017 (with AFMA continuing as the calculation agent for an interim period), and will commence full management of the rates from mid-2017. For more information on BBSW see <http://www.asx.com.au/services/benchmark.htm>.

### 7.4 Bloomberg Disclaimer

BLOOMBERG and the Bloomberg AusBond Credit FRN 0+ Yr Index are trademarks or service marks of Bloomberg Finance L.P. and its affiliates (collectively, "Bloomberg"). Bloomberg or Bloomberg's licensors own all proprietary right in the FLOT Index. Bloomberg does not guarantee the timeliness, accuracy or completeness of any data or information relating to the FLOT Index. Bloomberg makes no warranty, express or implied, as to the FLOT Index or any data or values relating thereto or results to be obtained therefrom, and expressly disclaims all warranties of merchantability and fitness for a particular purpose with respect thereto. It is not possible to invest directly in an index. Back-tested performance is not actual performance. To the maximum extent allowed by law, Bloomberg, its licensors, and its and their respective employees, contractors, agents, suppliers and vendors shall have no liability or responsibility whatsoever for any injury or damages - whether direct, indirect, consequential, incidental, punitive or otherwise - arising in connection with the FLOT Index or any data or values relating thereto - whether arising from their negligence or otherwise. Nothing in the FLOT Index shall constitute or be construed as an offering of financial instruments or as investment advice or investment recommendations (i.e., recommendations as to whether or not to "buy", "sell", "hold", or to enter or not to enter into any other transaction involving any specific interest or interests) or a recommendation as to an investment or other strategy by Bloomberg. Data and other information available via the FLOT Index should not be considered as information sufficient upon which to base an investment decision. All information provided by the FLOT Index is impersonal and not tailored to the needs of any person, entity or group of persons. Bloomberg does not express an opinion on the future or expected value of any security or other interest.

# Section 8

## Reference Index - PLUS

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### 8.1 PLUS Index description

The Markit iBoxx AUD Corporates Yield Plus Index (Bloomberg index ticker: IXBBAUY1) is designed to reflect the performance of the higher-yielding AUD denominated Fixed Rate Bond market with Credit Ratings from AAA to BB-.

Investment Grade bonds must make up at least 80% of the PLUS Index at the quarterly review. The PLUS Index typically includes Australian dollar denominated Fixed Rate Bonds issued in Australia by corporate entities such as the four largest banks in Australia, foreign banks, other lending institutions and property trusts. AUD Fixed Rate Bonds issued by foreign governments and foreign semi-government instrumentalities may also be included. Australian government and semi-government bonds are excluded from the PLUS Index.

Fixed Rate Bonds are included in the PLUS Index based on issue size, amount outstanding, time to maturity and type. Markit iBoxx selects the top 50% highest yielding fixed rate bonds from their universe of AUD corporate Fixed Rate Bonds using a methodology which focuses on each bond's yield relative to an Australian Commonwealth Government bond with a similar maturity.

To enter the PLUS Index a Fixed Rate Bond must have at least \$200m outstanding face value, a Credit Rating of Investment Grade from a Recognised Rating Agency and have a time to maturity of between 2 and 10 years. If a bond is rated by more than one of the Recognised Rating Agencies, then the Markit iBoxx rating is the average of the provided ratings. To remain in the PLUS Index the bond must have at least a Markit iBoxx rating of BB- and have a time to maturity of at least 1.25 years. The portion of bonds with a rating below Investment Grade may not exceed 20% of the PLUS Index at the quarterly review.

The PLUS Index is reviewed every month and adjusted to comply with the minimum BB- rating and term to maturity criteria. The 80% investment grade and 50% highest yield criteria are reviewed on a quarterly basis. The weighting of each bond in the PLUS Index is based on the market value of the specific bond issue, with an issuer cap of 5% and a sector cap of 50%.

Further information about the PLUS Index and Markit is available at [www.markit.com](http://www.markit.com).

### 8.2 Index Provider – Markit Indices Limited

Markit iBoxx AUD Corporates Yield Plus Index is the property of Markit Indices Limited ('Markit' or 'the Index Provider') and has been licensed for use in connection with the VanEck Vectors Australian Corporate Bond Plus ETF. Markit is not a related body corporate of VanEck.

### 8.3 Markit Disclaimer

Each party acknowledges and agrees that the Fund is not sponsored, endorsed or promoted by Markit. Markit makes no representation whatsoever, whether express or implied, and hereby expressly disclaim all warranties (including, without limitation, those of merchantability or fitness for a particular purpose or use), with respect to the PLUS Index or any data included therein or relating thereto, and in particular disclaim any warranty either as to the quality, accuracy and/or completeness of the PLUS Index or any data included therein, the results obtained from the use of the PLUS Index and/or the composition of the PLUS Index at any particular time on any particular date or otherwise and/or the creditworthiness of any entity, or the likelihood of the occurrence of a credit event or similar event (however defined) with respect to an obligation, in the PLUS Index at any particular time on any particular date or otherwise. Markit shall not be liable (whether in negligence or otherwise) to the parties or any other person for any error in the PLUS Index, and Markit is under no obligation to advise the parties or any person of any error therein.

Markit makes no representation whatsoever, whether express or implied, as to the advisability of purchasing or selling the VanEck Vectors Australian Corporate Bond Plus ETF, the ability of the PLUS Index to track relevant markets' performances, or otherwise relating to the PLUS Index or any transaction or product with respect thereto, or of assuming any risks in connection therewith. Markit has no obligation to take the needs of any party into consideration in determining, composing or calculating the PLUS Index. No party purchasing or selling the Fund, nor Markit, shall have any liability to any party for any act or failure to act by Markit in connection with the determination, adjustment, calculation or maintenance of the PLUS Index. Markit and its affiliates may deal in any obligations that compose the PLUS Index, and may, where permitted, accept deposits from, make loans or otherwise extend credit to, and generally engage in any kind of commercial or investment banking or other business with the issuers of such obligations or their affiliates, and may act with respect to such business as if the PLUS Index did not exist, regardless of whether such action might adversely affect the PLUS Index or the Fund.

# Section 9

## Risks

### 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 Fund and to understand that:

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

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

### 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 predominantly of bonds having a Credit Rating of Investment Grade.

#### 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. Fixed income assets such as bonds and cash generally have relatively lower market risk than growth assets such as shares. However, investors

should be aware that markets can fluctuate affecting the returns on an investment portfolio from day-to-day. This volatility may cause the value of an investment in the Fund to decrease.

#### 9.2.2 Security/bond issuer specific risk

The value of a bond can be influenced by changes in and factors affecting the issuer and the market in which it operates. In the case of a corporate issuer these factors include company management, its business environment or profitability. In the case of a semi-government issuer these factors include broader economic and political stability. These risks can impact the issuer's profitability, its ability to repay its debt and ultimately the value of its bonds.

#### 9.2.3 Credit/Default risk

This is the risk that issuers of the bonds held in the Fund fail to pay the interest and/or principal payments owing to investors (including the Fund). They may not pay them on time or at all. Any such default would cause the price and the value of bonds to decrease. Negative perceptions, whether supported in fact or not, of the issuer's ability to make the payments will also result in a fall in the price and value of the associated bonds. For example, an issuer credit downgrade, reflected in a Credit Rating downgrade, would devalue that issuer's bonds.

#### 9.2.4 Credit Rating risk

Credit Ratings are not opinions about volatility risk or liquidity risk and are generally based on assumptions at a particular point in time. Some bond issuers may pay the ratings agency for their securities to be rated. They are not and should not be used as an indicator of future returns. Investment decisions should not be based on these ratings alone. You should consult your financial adviser for further information about the impact of Credit Ratings on investments.

#### 9.2.5 Interest rate risk in FLOT

This is the risk that the income paid by the Floating Rate Bonds in the FLOT portfolio falls as a result of falls in market interest rates.

#### 9.2.6 Interest rate risk in PLUS

This is the risk that the value of the Fixed Rate Bonds in the PLUS portfolio falls as a result of rises in market interest rates. Generally, when market interest rates rise, the value of Fixed Rate Bonds will fall and when market interest rates fall, the value of Fixed Rate Bonds will rise. The degree of change varies depending on the term to maturity of the bonds. Longer term bonds are generally more impacted by interest rate risk than short term bonds.

### **9.2.7 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 applications for creations and redemptions for Authorised Participants may be suspended or modified.

### **9.2.8 Liquidity risk**

This is the risk that an investment in a Fund may not be able to be sold quickly enough to prevent or minimise a loss. A lack of liquidity in a Fund may also affect the amount of time it takes us to satisfy a redemption request.

### **9.2.9 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. A Market Maker retains for its own account any trading profits and bears any losses which may be generated by its market making activities.

### **9.2.10 Tracking error risk**

This is the risk that the performance of a Fund differs from the performance of its Reference Index. The difference between the performance of a Fund and the performance of its Reference Index is dependent on a number of factors including: the extent to which the Fund replicates the Reference Index, fees and other costs, asset valuations and corporate actions. See sections 6.1, 6.2, 7.1 and 8.1.

### **9.2.11 Investment strategy risk**

This is the risk that a Fund's portfolio has different characteristics to its Reference Index resulting in difference performance including but not limited to: yield; income; total return and volatility. See sections 6.1, 6.2, 7.1 and 8.1.

### **9.2.12 Concentration risk**

There is a risk that a Reference Index is concentrated in a particular market sector. There is also a risk that the investment strategy of a Fund may result in a greater percentage of its assets being invested in a particular issuer or being more concentrated in a particular sector than its Reference Index.

### **9.2.13 Trading price risk**

This is the risk that the trading price of 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.

### **9.2.14 Derivatives risk**

Derivatives may be used by a Fund as described in section 6.2.2. Derivatives derive their value from the performance of a reference asset, for example a bond, 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 9.2.21 'Counterparty risk'.

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.

### **9.2.15 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 accrued in the 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 the Fund could be terminated.

### **9.2.16 Index risk**

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

### **9.2.17 Operational risk**

Each 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 a 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.

#### **9.2.18 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.

#### **9.2.19 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 appropriate, to facilitate the achievement of the Fund's investment objectives.

Investors should consult their own professional independent tax advisers before making an investment decision. Further information in relation to tax is set out in section 13.

#### **9.2.20 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.

#### **9.2.21 Counterparty risk**

This is the risk that a Fund's 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. See also 'Derivatives risk' in section 9.2.14.

# 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 the Fund as a whole.

Taxation information in relation to the Fund 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> The fee to open your investment	Nil	Not applicable
<i>Contribution fee:</i> The fee on each amount contributed to your investment	Nil	Not applicable
<i>Withdrawal fee</i> <sup>2</sup> : The fee on each amount you take out of your investment	Nil <sup>2</sup>	Not applicable
<i>Exit fee:</i> The fee to close your investment	Nil	Not applicable
<b>Management costs<sup>3</sup></b>		
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.
<b>FLOT</b> Management fee Indirect costs	0.22 % p.a. Nil	
<b>PLUS</b> Management fee Indirect costs	0.32 % p.a. Nil	
<b>Service fees</b>		
<i>Switching fee:</i> The fee for changing investment options	Nil	Not applicable

- 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 additional information.
- Except in limited circumstances ASX Investors are not eligible to redeem ETF Units with VanEck directly. See section 14.2.11.
- 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 Corporate Bond Plus ETF** can affect your investment over a one year period. You should use this table to compare this product with other managed investment products.

EXAMPLE: VANECK VECTORS AUSTRALIAN CORPORATE BOND PLUS 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.
Management costs	0.32% p.a. <sup>1</sup>	<b>And</b> , for every \$50,000 you have in the Fund you will be charged \$160 each year.
EQUALS 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>\$160 to \$176</b> <sup>1,2</sup> <b>What it costs you will depend on the fees you negotiate.</b>

- Management fees may be negotiated by wholesale clients. Additional costs may apply. See section 10.3.
- 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 Fund</b>		
<b>Establishment fee:</b> The fee to open your investment	Nil	Not applicable
<b>Contribution fee<sup>2</sup>:</b> The fee on each amount contributed to your investment	\$300	Payable only by Authorised Participants per creation at the time of application for the creation of ETF Units by a Standard Basket Transaction. These costs may be negotiated.
<b>Withdrawal fee<sup>2</sup>:</b> The fee on each amount you take out of your investment	\$300	Payable only by Authorised Participants per redemption at the time of applying for the redemption of ETF Units by a Standard Basket Transaction. These costs may be negotiated
<b>Exit fee:</b> The fee to close your investment	Nil	Not applicable
<b>Management costs<sup>2</sup></b>		
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.
<b>FLOT</b> Management fee	0.22 % p.a.	
Indirect costs	Nil	
<b>PLUS</b> Management fee	0.32 % p.a.	
Indirect costs	Nil	
Indirect costs applicable to the Funds	Nil	
<b>Service fees</b>		
<b>Investment switching fee:</b> The fee for changing investment options.	Nil	Not applicable

1. All fees and costs are inclusive of GST and net of any RITC. Other fees and costs may apply. See section 10.3 for more information.
2. 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

The 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 investment returns.

The management costs 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 the 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
- o 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.

#### *Costs on creations and redemptions*

VanEck uses its best efforts to recover the transactional and operational costs associated with creations and redemptions of ETF Units by Authorised Participants from the APs. Any shortfall is an additional indirect cost to Unitholders. These costs are paid out of the assets of the Funds and reflected in the Unit Price as and when they arise. We expect over a 12 month period any shortfall will be zero or not material for the reasons set out below.

Transactional and operational costs are not incurred by the Funds on Standard Basket Transactions. For Non-Standard Transactions, transactional and operational costs incurred by the Funds in relation to creations and redemptions are recovered from the AP by:

- o a buy/sell spread covering an estimate of the costs included with the transaction, which we notify to APs electronically from time to time. The actual costs may differ from our estimate. Any shortfall is borne by the Funds and any excess is retained by the Funds. We expect these amounts to net off over a 12 month period; or
- o an invoice for the actual costs incurred 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.

#### *Other transactional and operational costs*

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.

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

Fund	Transactional and operational costs p.a.	Cost per \$50,000 p.a.
FLOT	0.15 %	\$75
PLUS	0.16 %	\$80

### 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 costs figure set out in sections 10.1 and 10.2 and may be recovered from the

assets of the relevant Fund and accounted for in the Unit Price of that Fund as and when they arise. At the date of this PDS the estimate of abnormal expenses of the Funds that will apply for the current financial year (adjusted to reflect a 12 month period) is: 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:

- o Management fee: 5.0% p.a. of the Fund's NAV
- o Application and Redemption fee (contribution and withdrawal fees): Up to \$10,000 per creation or redemption.

Currently we pay all costs and expenses of the 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 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 the 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 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 Prior to transacting

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

#### 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 12 noon 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 bonds in the Reference Index and any other securities determined by VanEck as necessary to achieve the Fund's investment objective.

#### 11.4 Minimum transaction size for APs

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

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 for APs

Fund	One Creation Unit / Redemption Unit (ETF Units)
FLOT	60,000
PLUS	40,000

#### 11.5 Settlement via CHESS of ETF Units

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

#### 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 the Fund becomes illiquid.

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

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

## 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.

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 each Fund's 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

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### 12.1 Payment of dividends

You may earn income from the Funds paid in the form of dividends. A dividend may include interest earned by the Fund and changes in the value of bonds in the portfolio.

We will provide details in advance of any dividend payments by the Funds via the ASX Market Announcements Platform. We do not guarantee that any 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.

### 12.2 Frequency of dividends

Dividends for the Funds are generally paid four times a year. 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 a dividend 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 a dividend 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 for the Funds.

If you elect to participate in the DRP the amounts of any dividends will be credited to you as additional ETF Units on 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

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### 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 a Fund. 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.

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

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### 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 the Funds;
- o address and respond to investor enquiries, complaints and notification requirements;

- o co-ordinate Unitholder updates and reports, resolutions and Unitholder meetings and attend to all issues in relation to the Constitutions as appropriate;
- o prepare, maintain and implement policies regarding the operation of the Funds including the 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 the Authorised Participants, Market Makers, and Brokers.

### 14.2 The Constitution

VanEck's responsibilities and obligations and Unitholders' rights are governed primarily by the relevant Fund's 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 Constitutions each give VanEck the right to be paid fees and expenses from the Fund and governs matters such as the rights of Unitholders, conducting Unitholder meetings, the creation and redemption of ETF Units and unit pricing, as well as what happens when the Fund is terminated. We will provide potential investors and Unitholders with a paper copy of the Constitution on request.

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

#### 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 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 the Fund.

Unitholders also have limited rights to call meetings and have the right to vote at any Unitholder meetings in accordance with the Constitution and *Corporations Act*. Except where the Constitution or *Corporations Act* provides otherwise, a resolution of Unitholders must be passed by Unitholders who hold 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 the Fund against any expenses, loss, costs, damages and liabilities that may be incurred in properly performing any of its duties or prosecuting or defending any action or suit in connection with the Fund, other than if it arises out of its fraud, breach of trust or negligence.

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

#### **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 the Fund in favour of a lender. This may involve delivering some of the securities in the portfolio to the lender as collateral for repayment of the loan in accordance with usual commercial borrowing arrangements. The costs of any borrowing would be 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 a Fund**

VanEck may wind up a Fund at any time in accordance with the Constitution, *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 the Fund in any material way.

We are required under the Constitution to provide a Unitholder with 60 days' notice of a compulsory redemption of some or all of their Units (except in circumstances where the Unitholder is not entitled to hold Units under an applicable law, in which case we will provide 3 days' notice).

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

#### **14.4 Compliance committee**

VanEck has a compliance committee which comprises at least three members, of which the majority are external members. The compliance committee monitors VanEck compliance with a 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 CHES**

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

#### **14.6 Market Maker**

Under the AQUA Rules, VanEck is required to facilitate an orderly and liquid market in a 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. We may also use Van Eck Associates Corporation based in New York or related entities as a sub- adviser in relation to the investment management of a Fund's portfolio. 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 Custodian and Fund Administrator**

VanEck has appointed State Street Australia Limited ('State Street') as the Custodian and Fund Administrator of FLOT. At the date of this PDS until or about 12 November 2017, J.P. Morgan Chase Bank, N.A. (Sydney Branch) ('JP Morgan') is the Custodian and Fund Administrator of PLUS. Effective on or about 13 November 2017 State Street will act as Custodian and Fund Administrator of both FLOT and PLUS.

State Street and JP Morgan provide custodial services, including the holding of all assets on behalf of the Funds and certain fund administration services, such as fund accounting, calculation of dividends and unit pricing, for the Funds. State Street and JP Morgan have not been involved in any way in the preparation of this PDS and are named only for information purposes.

#### **14.9 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 Bay A14  
Sydney South, NSW, 1235  
Telephone: 1300 68 38 37

#### 14.10 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.

#### 14.11 Annual report

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

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

In circumstances where a Fund hold cash, any interest earned on those amounts will be retained for the benefit of all Unitholders. 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.

#### 14.13 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 detailing 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.

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

Investment in a Fund 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 Common Reporting Standard in respect of other countries.

#### 14.16 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:

Compliance 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

#### 14.17 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 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 Bay A14, Sydney South, NSW, 1235, or contact your Broker.

#### 14.18 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.

*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 a 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 an 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 Funds 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 is an unlisted disclosing entity. The Responsible Entity will comply with the continuous disclosure requirements of the Corporations Act as if each Fund is 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 available 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>	The Australian Securities Exchange operated by ASX Limited
<b>ASX Investors</b>	Unitholders who acquire ETF Units on ASX.
<b>ASX Rules</b>	ASX Operating Rules and ASX Settlement Operating Rules and any other applicable rules and procedures as issued, amended, varied or waived by ASX 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 a Fund and who has entered into an agreement with VanEck.
<b>Bloomberg</b>	Bloomberg Finance L.P., the Index Provider for FLOT. See section 7.
<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 us.
<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 section 11.4.
<b>Credit Rating</b>	Credit ratings are levels determined by a ratings agency and attributed to a particular security. Ratings are provided by specialist research firms who conduct their own research into issuers' financial strength based on publicly available information and proprietary analysis. Credit ratings are not opinions about volatility risk or liquidity risk and are generally based on assumptions at a particular point in time. Some bond issuers may pay the ratings agency for their securities to be rated. They are not and should not be used as an indicator of future returns. Investment decisions should not be based on these ratings alone. You should consult your financial adviser for further information about the impact of ratings on investments.
<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 14.8
<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 the dividend as 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>Fixed Rate Bond</b>	In relation to PLUS, a type of bond that pays a coupon rate which is fixed on the issue date and does not change for the duration of the bond.
<b>Floating Rate Bond also known as 'Floating Rate Notes' or 'FRNs'</b>	In relation to FLOT, a type of bond that pays a coupon rate which moves up and down, i.e. it 'floats', with changes in a recognised reference interest rate. See section 7.3 for more information.
<b>Foreign Investor</b>	A person who is not an Australian resident for income tax purposes.
<b>Fund</b>	Any one of the ETFs named on the front cover of this PDS as the context requires.
<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 14.8.
<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>Index Provider</b>	<b>Bloomberg</b> and/or <b>Markit</b> individually or collectively as the context requires. See sections 7 and 8 for more information.
<b>Investment Grade</b>	A Credit Rating of BBB- or higher from Fitch and Standard & Poor's and Baa3 or higher from Moody's. Bonds with an Investment Grade rating are generally likely to have a high probability of payment of interest and repayment of capital.
<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>Markit</b>	Markit Indices Limited, the Index Provider for PLUS. See section 8.
<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>Recognised Rating Agency</b>	Standard & Poor's, Moody's or Fitch.
<b>Redemption Unit</b>	The minimum number of ETF Units that an Authorised Participant must apply to redeem in a redemption application specified in section 11.4.
<b>Reference Index</b>	The underlying index that a Fund aims to generally 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 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>Standard Basket</b>	The parcel of securities required for a Standard Basket Transaction comprising bonds in the Reference Index and any other securities determined by us necessary to achieve a Fund's investment objective.
<b>Standard Basket Transaction</b>	A creation or redemption 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>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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The logo for VanEck, featuring the word "VanEck" in a stylized, outlined font with a small "TM" trademark symbol to the upper right of the "k".