

# **Market Vectors Small Cap Dividend Payers ETF**

ARSN 605 328 087

**Interim financial report  
for the period from 26 May 2015 (commencement of operations) to 31 December  
2015**

# Market Vectors Small Cap Dividend Payers ETF

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## Interim financial report for the period from 26 May 2015 (commencement of operations) to 31 December 2015

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These interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with any public announcements made in respect of Market Vectors Small Cap Dividend Payers ETF during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

This interim financial report covers Market Vectors Small Cap Dividend Payers ETF as an individual entity.

The Responsible Entity of Market Vectors Small Cap Dividend Payers ETF is Market Vectors Investments Limited (ABN 22 146 596 116).

The Responsible Entity's registered office is Gold Fields House, Level 3, 1 Alfred Street, Sydney, NSW 2000.

**Market Vectors Small Cap Dividend Payers ETF**  
**Directors' report**

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**For the reporting period from 26 May 2015 (commencement of operations) to 31 December 2015**

## Directors' report

The directors of Market Vectors Investments Limited (ABN 22 146 596 116), the Responsible Entity of Market Vectors Small Cap Dividend Payers ETF ("the Fund"), present their report together with the financial report of the Fund for the period from 26 May 2015 to 31 December 2015.

### Principal activities

The Fund aims to provide investment returns (before management costs) that closely track the returns of the Market Vectors Australia Small-Cap Dividend Payers Index.

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

The Fund was registered by Australian Securities and Investments Commission (ASIC) as a managed investment scheme on 27 April 2015.

The Fund is traded on the Australian Securities Exchange (ASX). The admission date was 28 May 2015.

During the period, the Fund invested in Australian listed equities and listed property trusts in accordance with the product disclosure statement of the Fund and the provisions of the Fund's Constitution.

The Fund did not have any employees during the reporting period.

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

### Directors

The following persons held office as directors of Market Vectors Investments Limited during the period and up to the date of this report.

Jan van Eck	appointed 12 April 2013
Bruce Smith	appointed 12 April 2013
Joseph McBrien	appointed 12 April 2013 (resigned 23 July 2015)
Lars Hamich	appointed 15 June 2012
Arian Neiron	appointed 12 April 2013
Michael Brown	appointed 27 December 2013
Jonathan Simon	appointed 19 August 2015

### Review and results of operations

The Fund commenced operations on 26 May 2015. During the period 26 May 2015 to 31 December 2015, the Fund invested in accordance with the product disclosure statement of the Fund and the provisions of the Fund's Constitution.

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

	<b>For the period</b> <b>26 May 2015 to 31</b> <b>December 2015</b> <b>\$'000</b>
Net operating profit/(loss) before distributions	<u><b>(1,047)</b></u>
<i>Distributions</i>	
Distributions paid & payable (\$'000)	<u><b>73</b></u>
Distributions (cents per unit "CPU")	<u><b>4.0800</b></u>

## **Directors' report (continued)**

### **Significant changes in state of affairs**

In the opinion of the directors, there were no significant changes in the state of affairs of the Fund that occurred during the reporting period.

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

On 11 January 2016 a distribution was declared of \$564,716 which was paid in full on 28 January 2016.

There are no other matter or circumstance has arisen since 31 December 2015 that has significantly affected, or may significantly affect:

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

### **Likely developments and expected results of operations**

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

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

Further information on likely developments in the operations of the Fund and the expected results of those operations have not been included in this report because the Responsible Entity believes it would be likely to result in unreasonable prejudice to the Fund.

### **Indemnification and insurance of officers and auditors**

No insurance premiums are paid for out of the assets of the Fund in regards to insurance cover provided to either the officers of Market Vectors Investments Limited or the auditors of the Fund. The officers of Market Vectors Investments Limited are not directly indemnified out of the assets of the Fund. However, so long as Market Vectors Investments Limited acts in accordance with the Fund's Constitution and the Law, Market Vectors Investments Limited is indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund. The auditors of the Fund are in no way indemnified out of the assets of the Fund.

### **Environmental regulation**

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

### **Rounding of amounts to the nearest thousand dollars**

The amounts contained in this report and in the financial report have been rounded under the option available to the Fund under ASIC Class Order 98/100. The Fund is an entity to which the Class Order applies, and in accordance with that Class Order, amounts in the Directors' report and the financial report have been rounded to the nearest thousand dollars (where rounding is appropriate).

## Directors' report (continued)

### Auditor's independence declaration

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 4.

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



Arian Neiron  
Director

Sydney  
8 March 2016


## **Auditor's Independence Declaration to the Directors of Market Vectors Investments Limited, as Responsible Entity for Market Vectors Small Cap Dividend Payers ETF**

As lead auditor for the review of Market Vectors Small Cap Dividend Payers ETF for the period ended 31 December 2015, I declare to the best of my knowledge and belief, there have been:

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

Ernst & Young

Ernst & Young



Rohit Khanna  
Partner  
Sydney  
8 March 2016

**Market Vectors Small Cap Dividend Payers ETF**  
**Statement of comprehensive income**  
For the reporting period from 26 May 2015 (commencement of operations) to 31 December 2015

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**Statement of comprehensive income**

	For the period 26 May 2015 to 31 December 2015 \$'000
<i>Investment income</i>	
Dividends	565
Trust distributions revenue	188
Net gains/(losses) on financial instruments held at fair value through profit or loss	<u>(1,704)</u>
<i>Total investment income/(loss)</i>	<u>(951)</u>
<i>Expenses</i>	
Management fees	83
Transaction costs	7
Interest expense	3
Other operating expenses	<u>3</u>
<i>Total expenses</i>	<u>96</u>
<i>Profit/(loss) for the period</i>	<u>(1,047)</u>
Other comprehensive income for the period	<u>-</u>
<i>Total comprehensive income/(loss) for the period</i>	<u>(1,047)</u>

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

**Market Vectors Small Cap Dividend Payers ETF**  
**Statement of financial position**  
**As at 31 December 2015**

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**Statement of financial position**

	Notes	As at 31 December 2015 \$'000
<b><i>Assets</i></b>		
Cash and cash equivalents		10
Trust distribution receivable		84
Dividend receivable		9
Receivables		5
Financial assets held at fair value through profit or loss	5	<u>33,263</u>
<b><i>Total assets</i></b>		<u><b>33,371</b></u>
<b><i>Liabilities</i></b>		
Borrowings		93
Payables		14
Distributions payable	3	<u>-</u>
<b><i>Total liabilities</i></b>		<u><b>107</b></u>
<b><i>Equity</i></b>		<u><b>33,264</b></u>

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

**Market Vectors Small Cap Dividend Payers ETF**  
**Statement of changes in equity**  
**For the reporting period from 26 May 2015 (commencement of operations) to 31 December 2015**

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**Statement of changes in equity**

	Notes	For the period 26 May 2015 to 31 December 2015 \$'000
<b>Total equity at the beginning of the period</b>		-
Issue of redeemable participating shares		34,384
Redemption of redeemable participating shares		-
Total comprehensive income		(1,047)
Distributions	3	<u>(73)</u>
<b>Total equity at the end of the period</b>		<u><b>33,264</b></u>

Movement in the units in issue are disclosed in Note 4.

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

**Market Vectors Small Cap Dividend Payers ETF**  
**Statement of cash flows**  
**For the reporting period from 26 May 2015 (commencement of operations) to 31 December 2015**

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**Statement of cash flows**

	For the period 26 May 2015 to 31 December 2015 \$'000
<i><b>Cash flows from operating activities</b></i>	
Proceeds from sale of financial instruments held at fair value through profit or loss	9,000
Purchase of financial instruments held at fair value through profit or loss	(43,967)
Transaction costs on purchase of financial instruments held at fair value through profit or loss	(7)
Dividends received	556
Trust distributions received	104
Management fees paid	(69)
Payment of other expenses	<u>(11)</u>
<i><b>Net inflow/(outflow) from operating activities</b></i>	<u><b>(34,394)</b></u>
<i><b>Cash flows from financing activities</b></i>	
Proceeds from applications by unitholders	34,384
Distributions paid	<u>(73)</u>
<i><b>Net inflow/(outflow) from financing activities</b></i>	<u><b>34,311</b></u>
<i><b>Net increase/(decrease) in cash and cash equivalents</b></i>	<b>(83)</b>
Cash and cash equivalents at the beginning of the period	<u>-</u>
<i><b>Cash and cash equivalents at the end of the period</b></i>	<u><b>(83)</b></u>

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

**Market Vectors Small Cap Dividend Payers ETF**  
**Notes to the financial statements**

**For the reporting period from 26 May 2015 (commencement of operations) to 31 December 2015**

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## **1 General information**

These interim financial statements cover the Market Vectors Small Cap Dividend Payers ETF ("the Fund") as an individual entity.

The Fund was registered by Australian Securities and Investments Commission (ASIC) as a managed investment scheme on 27 April 2015 and commenced operations on 26 May 2015.

The Fund is traded on the Australian Securities Exchange (ASX). The admission date was 28 May 2015.

The Fund will terminate in accordance with the provisions of the Fund's Constitution.

During the reporting period, the Fund invests in Australian listed equities and listed property trusts in accordance with the product disclosure statement of the Fund and the provisions of the Fund's Constitution.

The Responsible Entity of the Fund is Market Vectors Investments Limited (the "Responsible Entity"). The Responsible Entity's registered office is Gold Fields House, Level 3, 1 Alfred Street, Sydney, NSW 2000. The administrator and the custodian of the Fund is JP Morgan Chase Bank N.A. Sydney Branch.

The financial statements of the Fund for the reporting period from 26 May 2015 to 31 December 2015 were authorised for issue in accordance with a resolution of the directors on 8 March 2016. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

## **2 Summary of significant accounting policies**

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

### **(a) Basis of preparation**

This interim financial report for the period 26 May 2015 to 31 December 2015 has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards IAS 34 *Interim Financial Reporting*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with any public announcements made with respect to Market Vectors Small Cap Dividend Payers ETF during the reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with AASB 134 *Interim Financial Reporting* and other applicable accounting standards.

### **(b) Financial instruments**

#### **(i) Classification**

The Fund's investments are categorised as at fair value through profit or loss in accordance with AASB 139 *Financial Instruments: Recognition and Measurement*. They comprise:

- Financial instruments designated at fair value through profit or loss upon initial recognition

These include investments in listed equity securities and listed property trusts that are not held for trading. These financial assets are designated on the basis that they are part of a group of financial assets which are managed and have their performance evaluated on a fair value basis in accordance with risk management and investment strategies of the Fund as set out in the Fund's product disclosure statement. The financial information about these financial assets is provided internally on that basis to the Investment Manager and to the Board of Directors or delegated authority.

## **2 Summary of significant accounting policies (continued)**

### **(b) Financial instruments (continued)**

#### ***(ii) Recognition***

The Fund recognises a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument.

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace are recognised on the trade date, i.e., the date that the Fund commits to purchase or sell the asset.

#### ***(iii) Derecognition***

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- i. The rights to receive cash flows from the asset have expired; or
- ii. The Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and
- iii. Either (a) the Fund has transferred substantially all the risks and rewards of the asset, or (b) the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled or expires.

#### ***(iv) Initial measurement***

Financial assets and financial liabilities at fair value through profit or loss are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in profit or loss.

For financial assets and liabilities where the fair value at initial recognition does not equal the transaction price, the Fund recognises the difference in the statement of comprehensive income, unless specified otherwise.

#### ***(v) Subsequent measurement***

After initial measurement, the Fund measures financial instruments which are classified as at fair value through profit or loss at fair value. Subsequent changes in the fair value of those financial instruments are recorded in 'Net gains/(losses) on financial instruments held at fair value through profit or loss'. Interest earned is recorded in 'Interest income' according to the terms of the contract. Dividend revenue is recorded in 'Dividend revenue'.

The effective interest method is a method of calculating the amortised cost of a receivable or a financial liability, other than those classified as at fair value through profit or loss, and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instruments but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

### **(c) Redeemable participating shares**

Units are redeemable at the unitholders' option and are classified as equity. The units can be put back to the Fund at any time for cash based on the redemption price. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the end of the reporting period if unitholders exercised their right to redeem the units in the Fund.

### **(d) Unit prices**

Unit prices are determined in accordance with the Fund's Constitution and are calculated as the net assets attributable to unitholders of the Fund, less estimated costs, divided by the number of units on issue, on a forward pricing basis, as determined by the Responsible Entity.

## **2 Summary of significant accounting policies (continued)**

### **(e) Capital management**

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

The Responsible Entity monitors the level of daily applications and redemptions relative to the liquid assets in the Fund.

In order to maintain or adjust the capital structure, the Responsible Entity may return capital to unitholders. The Fund is not subject to any externally imposed capital requirements.

### **(f) Cash and cash equivalents**

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

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

### **(g) Investment income**

Interest income is recognised in the statement of comprehensive income for all financial instruments that are not held at fair value through profit or loss on accrual basis.

Trust distributions are recognised on an entitlement basis.

Dividend income is recognised on the ex-dividend date.

### **(h) Expenses**

All expenses, including management costs are recognised in the statement of comprehensive income on an accruals basis.

### **(i) Income tax**

Under current legislation, the Fund is not subject to income tax provided the taxable income of the Fund is fully distributed either by way of cash or reinvestment. Unitholders are presently entitled to the income of the Fund.

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

### **(j) Distribution**

In accordance with the Fund's Constitution, the Fund fully distributes its distributable income to unitholders.

Distributions are payable at the end of each half-year. Such distributions are determined by reference to the net taxable income of the Fund.

Distributable income includes capital gains arising from the disposal of investments. Unrealised gains and losses are transferred to net assets attributable to unitholders and are not assessable or distributable until realised. Capital losses are not distributed to unitholders but are retained to be offset against any future realised capital gains. Distributions to unitholders are recognised in the statement of changes in equity.

### **(k) Due from/to brokers**

Amounts due from/to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet delivered by the end of the reporting period. Trades are recorded on trade date, and normally settled within three business days.

### **(l) Receivables**

Receivables may include amounts for dividends revenue, trust distributions revenue and interest. Dividends revenue and trust distributions revenue are accrued when the right to receive payment is established. Interest is accrued at the reporting date from the time of last payment. Amounts are generally received within 30 days of being recorded as receivables. Collectability of trade receivables is reviewed on an ongoing basis.

## **2 Summary of significant accounting policies (continued)**

### **(m) Payables**

Payables include liabilities and accrued expenses owing by the Fund which are unpaid as at end of the reporting date. The amounts are unsecured and usually paid within 30 days of recognition.

The distributions amount payable to unitholders as at the end of each reporting period is recognised separately in the balance sheet when unitholders are presently entitled to the distributable income under the Fund's Constitution.

### **(n) Applications and redemptions**

Applications received for units in the Fund are recorded net of any entry fees payable prior to the issue of units in the Fund. Redemptions from the Fund are recorded gross of any exit fees payable after the cancellation of units redeemed.

### **(o) Goods and Services Tax ("GST")**

The GST incurred on the costs of various services provided to the Fund by third parties such as management services has been passed onto the Fund. The Fund qualifies for Reduced Input Tax Credits ("RITC") hence management fees have been recognised in the statement of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office ("ATO"). Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the statement of financial position. Cash flows relating to GST are included in the statement of cash flows on a gross basis.

### **(p) Use of estimates**

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

For certain financial instruments, including amounts due from/to brokers and payables, the carrying amounts approximate fair value due to the immediate or short term nature of these financial instruments.

### **(q) New accounting standards and interpretations**

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2015 reporting period. The directors' assessment of the impact of these new standards (to the extent relevant to the Fund) and interpretations is set out below:

- *AASB 9 Financial Instruments (2009 or 2010 version), AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010), AASB 2012-6 Australian Accounting Standards - Mandatory Effective Date of AASB 9 and Transition Disclosures and AASB 2013-9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments* (effective from 1 January 2018).

*AASB 9 Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. It has now also introduced revised rules around hedge accounting. The standard is not applicable until 1 January 2018 but is available for early adoption. The directors do not expect this to have a significant impact on the recognition and measurement of the Fund's financial instruments as they are carried at fair value through profit or loss. The derecognition rules have not been changed from the previous requirements, and the Fund does not apply hedge accounting. The Fund has not yet decided when to adopt AASB 9.

There are no other standards that are not yet effective and that are expected to have a material impact on the Fund in the current or future reporting periods and on foreseeable future transactions.

### **(r) Rounding of amounts**

The Fund is an entity of the kind referred to in Class Order 98/100 (as amended), issued by Australian Securities and Investments Commission (ASIC), relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded off to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated. Due to rounding, rounded components presented throughout the financial statements may not add up precisely to the rounded sum.

**Market Vectors Small Cap Dividend Payers ETF**  
**Notes to the financial statements**  
**For the reporting period from 26 May 2015 (commencement of operations) to 31 December 2015**

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### 3 Distributions to unitholders

	<b>For the period 26 May 2015 to 31 December 2015</b>	
	<b>\$'000</b>	<b>CPU</b>
Distributions paid - 30 June 2015	<u>73</u>	<u>4.0800</u>
	<u>73</u>	<u>4.0800</u>

### 4 Units in issue

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

	<b>For the period 26 May 2015 to 31 December 2015 \$'000</b>
Units outstanding at the beginning of the period	-
Applications	2,040
Redemptions	<u>-</u>
<b>Units outstanding at the end of the period</b>	<u><u>2,040</u></u>

As stipulated within the Fund's Constitution, each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund. Each unit has the same rights attaching to it as all other units of the Fund.

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

	<b>As at 31 December 2015 \$'000</b>
<b>Designated at fair value through profit or loss</b>	
Listed equity securities	29,273
Listed property trusts	<u>3,990</u>
Total designated at fair value through profit or loss	<u>33,263</u>
<b>Total financial assets held at fair value through profit or loss</b>	<u><u>33,263</u></u>

## 6 Fair values of financial assets and liabilities

### (a) Fair value estimation

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

The fair value of financial assets and liabilities traded in active markets (such as listed property trusts and listed property trusts) is based on bid prices at the end of the reporting period without any deduction for estimated future selling costs. For the majority of financial assets and liabilities, information provided by the quoted market independent pricing services is relied upon for valuation.

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

An active market is a market in which transactions for the financial asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

### (b) Fair value hierarchy

The Fund classifies fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

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

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

The tables below set out the Fund's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at 31 December 2015.

<b>31 December 2015</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Financial assets designated at fair value through profit or loss:				
Listed equity securities	29,273	-	-	29,273
Listed property trusts	3,990	-	-	3,990
<b>Total</b>	<b>33,263</b>	<b>-</b>	<b>-</b>	<b>33,263</b>

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equities and certain listed unit trusts.

The Fund did not hold any Level 3 instruments during the period 26 May 2015 to 31 December 2015.

### (c) Transfers between levels

There have been no transfers between levels for the period 26 May 2015 to 31 December 2015.

## **7 Events occurring after the reporting period**

On 11 January 2016 a distribution was declared of \$564,716 which was paid in full on 28 January 2016.

No other significant events have occurred since the end of the reporting period which would impact on the financial position of the Fund disclosed in the balance sheet as at 31 December 2015 or on the results and cash flows of the Fund for the period ended on that date.

## **8 Contingent assets and liabilities and commitments**

There were no outstanding contingent assets, liabilities or commitments as at 31 December 2015.

**Market Vectors Small Cap Dividend Payers ETF**  
**Directors' declaration**  
**For the reporting period from 26 May 2015 (commencement of operations) to 31 December 2015**

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**Directors' declaration**

In the opinion of the directors of the Responsible Entity :

- (a) the interim financial statements and notes set out on pages 5 to 15 are in accordance with the *Corporations Act 2001*, including
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the Fund's financial position as at 31 December 2015 and of its performance for the financial half-year ended on that date; and
- (b) Note 2(a) confirms that the financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board; and
- (c) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable; and
- (d) the financial statements are in accordance with the Fund's Constitution.

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



Arian Neiron  
Director

Sydney  
8 March 2016

## **Independent auditor's report to the unit holders of Market Vectors Small Cap Dividend Payers ETF**

### **Report on the Interim Financial Report**

We have reviewed the accompanying interim financial report of Market Vectors Small Cap Dividend Payers ETF ("the Fund"), which comprises the Statement of Financial Position as at 31 December 2015, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the period from 26 May 2015 (commencement of operation) to 31 December 2015, notes comprising a description of significant accounting policies and other explanatory information, and the Directors' Declaration.

#### **Directors' Responsibility for the Interim Financial Report**

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

#### **Auditors' Responsibility**

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2015 and its performance for the period ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Market Vectors Small Cap Dividend Payers ETF, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

#### **Independence**

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the Fund a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Market Vectors Small Cap Dividend Payers ETF is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the company's financial position as at 31 December 2015 and of its performance for the period ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Ernst & Young

Ernst & Young



Rohit Khanna  
Partner  
Sydney  
8 March 2016