



Access the opportunities.

# VanEck Vectors Australian Floating Rate ETF

ASX code: FLOT

ARSN: 619 241 851

## Product Disclosure Statement

Issued by VanEck Investments Limited

ABN 22 146 596 116 | AFSL No 416755

Dated: 19 June 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 VanEck Vectors Australian Floating Rate ETF ARSN 619 241 851 ('the Fund'). The Fund is a registered managed investment scheme, a class of units of which is expected to be admitted to quotation and trading as an Exchange Traded Fund ('ETF') on the Australian Securities Exchange ('ASX').

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 Fund.

Capitalised terms (Like This) used in this PDS are defined in the 'Glossary of terms' on pages 33 to 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. We have applied to ASX for Units in the Fund to be admitted to trading status on ASX under the AQUA Rules as an ETF. As at the date of this PDS, Units in the Fund ('ETF Units') are yet to be quoted.

### Authorised Participants

The offer of ETF Units in this PDS is only for ASX "Trading Participants" (as that term is defined in the ASX Operating Rules) who have entered into an agreement with VanEck ('Authorised Participants' or 'APs') and who are Australian residents and have received this PDS in Australia (electronically or otherwise).

### 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 Form under this PDS.

### Exposure period

No applications for creations of ETF Units will be accepted until the exposure period for this PDS has expired. The exposure period expires seven days after lodgment of this PDS with ASIC, subject to possible extension by ASIC for a further period of up to seven days.

### Classes of units

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

### Up to date information and notification of changes

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 or issue a supplementary or replacement PDS by publishing a notice at [www.vaneck.com.au](http://www.vaneck.com.au) and making 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 the 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 the Fund is subject to various risks (refer to section 8 '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 Fund, the payment of income or the repayment of capital invested.

### Foreign Investors

This PDS does not constitute an offer in any jurisdiction other than Australia. Persons who are not Australian residents ('Foreign Investors') are not eligible to submit an Application Form directly to us, however, Foreign Investors may transact in the Fund on ASX including via their stockbroker or their financial adviser in the same way as they trade other ASX listed or quoted securities. For the avoidance of doubt, ETF Units are not intended to be sold to United States ('US') Persons as defined under Regulation S of the US federal securities laws.

# Table of Contents

---

Section	Title	Page
1.	About VanEck	4
2.	Summary of the Fund	5
3.	The AQUA Rules	8
4.	Benefits of the Fund	10
5.	How the Fund works	11
6.	Reference Index	12
7.	Investment objective, strategy and performance of the Fund	13
8.	Risks	14
9.	Fees and other costs	17
10.	Transacting with VanEck (for Authorised Participants only)	22
11.	Distributions	24
12.	Taxation	25
13.	Other information you need to know	26
	Glossary of terms	33
	Corporate directory	35

For personal use only

# Section 1

## About VanEck

---

### 1.1 VanEck Investments Limited

#### - Responsible Entity

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

For more information about VanEck's powers and duties as Responsible Entity see section 13.1.

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

### 1.2 VanEck Vectors

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 May 2017 the VanEck Vectors family of ETPs totaled over \$43 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, Madrid and Zurich, VanEck offers investors broad investment reach with deep experience.

As at 31 May 2017, managed over \$54 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).

For personal use only

## Section 2

# Summary of the Fund

VanEck Vectors Australian Floating Rate ETF ARSN 619 241 851		For more information
<b>ASX trading code</b>	FLOT	Section 4
<b>Responsible Entity</b>	VanEck Investments Limited, a Sydney based investment manager specialising in issuing and operating ETFs.	Section 1
<b>Type of investment – Index-tracking ETF</b>	An index-tracking ETF is an open-ended exchange traded fund that generally aims to track the performance (before costs) of a financial market index by investing in a portfolio of securities that are components of the index.  Units in an ETF are generally quoted and available for trading on ASX. As such, an ETF gives investors easy access and cost effective exposure to the entire portfolio of securities held by the ETF via a single trade on ASX.	Sections 4, 5 and 7
<b>Investment purpose</b>	The Fund gives investors access to a portfolio of Floating Rate Bonds, also known as floating rate notes.	Section 7
<b>Investment objective</b>	The Fund aims to provide investment returns (before management costs) that generally track the returns of the Reference Index.	Section 7
<b>Reference Index</b>	Bloomberg AusBond Credit FRN 0+ Yr Index	Section 6
<b>Bloomberg Index Ticker</b>	BAFRN0	
<b>Index Provider</b>	Bloomberg Finance L.P. (' <b>Bloomberg</b> ')	
<b>Investment strategy</b>	The Fund employs a management strategy of investing directly in a portfolio of securities designed to generally track the performance of the Reference Index.	Section 7
<b>Benefits</b>	Compared to unlisted actively managed funds, investors benefit from: live trading via market prices on ASX; lower costs; transparency and intraday trading.	Section 4
<b>Risks</b>	There are risks associated with an investment in the Fund. You should carefully consider the risks before deciding to invest in the Fund.	Section 8
<b>Investing in the Fund</b>		
<b>All investors</b>		
<b>Unit Price or 'NAV'</b>	The Unit Price or NAV 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 10
<b>Authorised Participants – transacting under this PDS</b>		
<b>Transacting with VanEck</b>	Authorised Participants must be an Australian resident and must complete the Application Form.	Section 10
<b>Creations</b>	ETF Units can only be created in multiples of Creation Units for the Fund, unless we agree otherwise.  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 agreed by us, payment may also be made by: (i) cash, or (ii) a combination of securities and cash (' <b>Non-Standard Transaction</b> ').	

For personal use only

<b>Redemptions</b>	ETF Units can only be redeemed in multiples of Redemption Units, unless agreed otherwise. To redeem Authorised Participants must be an Australian resident and must complete the Application Form. Payment of redemption proceeds will primarily be in the form of a Standard Basket Transaction. If agreed by us, the redemption proceeds may also be paid by a Non-Standard Transaction.		
<b>APs minimum transaction size</b>	<b>One Creation Unit</b>	<b>One Redemption Unit</b>	
	40,000 ETF Units	40,000 ETF Units	
<b>Cut-off time</b>	12 noon on each ASX Trading Day unless otherwise agreed by us.		
<b>Price for Authorised Participants</b>	Authorised Participants transact with VanEck for creations or redemptions of ETF Units at the NAV calculated following the close of trading for that day, plus or minus fees and other costs.		
<b>Investing in the Fund via ASX – ASX Investors</b>			
<b>Buying/selling ETF Units on ASX</b>	ASX Investors may buy and sell ETF Units in the Fund 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.		Sections 3, 4
<b>ASX prices</b>	ASX Investors trade the ETF Units at market prices quoted on ASX throughout each ASX Trading Day. The presence of a Market Maker means market prices should remain close to the NAV, adjusted for any changes in value of the underlying securities during the ASX Trading Day.		Section 5
<b>Minimum trade size on ASX</b>	The minimum transaction sizes for APs (above) do not apply to ASX Investors.		
<b>Cooling-off</b>	There are no cooling-off rights applicable to the offer in this PDS.		
<b>Fees and other costs</b>			
<b>All investors</b>			Section 9
<b>Management costs</b>	0.22% p.a.		
<b>Transactional and operational costs</b>	Additional costs associated with the operation of the Fund will also apply.		
<b>Authorised Participants only</b>			
<b>Transaction fees for all creations and redemptions</b>	<b>Contribution fee</b>	\$300 per creation	
	<b>Withdrawal fee</b>	\$300 per redemption	
	Management costs may be negotiated by wholesale clients. Contribution and withdrawal fees may change without notice.		
<b>Additional transactional and operational costs for cash transactions</b>	The estimated transaction costs incurred by the Fund in relation to cash transactions are charged to Authorised Participants as a buy/sell spread.		
<b>Distributions</b>			
<b>Frequency</b>	Generally four times a year		Section 11
<b>Reinvestment Plan</b>	A Distribution Reinvestment Plan ('DRP') is available subject to the DRP Rules. Distributions will be paid as cash to your nominated bank account unless you contact the Registrar and elect to have distributions reinvested. Your distributions will then appear as additional ETF Units in your account.		

Additional information		
<b>Website</b>	<p>The following information is available at <a href="http://www.vaneck.com.au">www.vaneck.com.au</a>:</p> <ul style="list-style-type: none"> <li>○ Fund Net Asset Value;</li> <li>○ Unit Price;</li> <li>○ portfolio holdings;</li> <li>○ number of ETF Units outstanding;</li> <li>○ the current PDS, any supplementary PDS and notice of any changes that are not materially adverse to investors;</li> <li>○ DRP Rules;</li> <li>○ Unit Pricing Policy;</li> <li>○ information about any distributions;</li> <li>○ 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>○ annual reports and half-year reports (including financial statements).</li> </ul>	Section 13
<b>Statements</b>	<p>The following statements will be provided to investors:</p> <ul style="list-style-type: none"> <li>○ holding statement – for any transactions made during the month;</li> <li>○ annual tax statement – after 30 June each year;</li> <li>○ distribution advice – each time a distribution is made; and</li> <li>○ periodic statement showing your transactions and investments in the Fund – provided annually and on exit from the Fund.</li> </ul>	

---

## Section 3

### The AQUA Rules

---

#### 3.1 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 structured products on the 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 distributions 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, the Fund is expected to remain liquid. For more information see section 5 '*How the Fund works*'.

#### 3.2 AQUA product issuer has no influence or control over the value of the underlying assets

The key difference between products admitted to trading status under the ASX Listing Rules and those admitted to trading status 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 status 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.

In the case of FLOT, the value of the Fund reflects the value of the underlying portfolio of securities in the 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>o ETF Units outstanding on a monthly basis;</li> <li>o dividends, distributions and other disbursements;</li> <li>o 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>o 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 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. Product 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 or 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 Fund

---

### 4.1 Reference Index strategy

The Fund provides investors access to the performance of the Reference Index. For more information on the Reference Index methodology see Section 6.

### 4.2 Exchange Traded Fund

The Fund is an index-tracking ETF. The Fund issues 'units' ('**ETF Units**') in the same way a company issues shares. Like listed companies' shares, ETF Units are admitted to trading on ASX. This means investors can buy and sell ETF Units the same way they buy and sell listed company 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 a share of an entire portfolio of securities not just a share of a single company, saving money and time.

In addition, as an ETF, the Fund offers potential advantages to investors, including low costs (see 4.3) and full daily transparency of the underlying portfolio holdings (see 4.6).

### 4.3 Lower costs

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

As is the case when trading shares, brokerage or adviser fees may also apply when buying or selling ETF Units on ASX. See section 9 for more information.

### 4.4 Easy access to a portfolio of Floating Rate Bonds on ASX

The Fund provides investors with easy access to a portfolio of Floating Rate Bonds via a single trade on ASX.

### 4.5 Flexibility of trading on ASX

As the ETF Units are quoted on ASX, you have the flexibility to trade in the 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 the Fund is published daily at [www.vaneck.com.au](http://www.vaneck.com.au).

### 4.7 Pricing throughout the day on ASX

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

## Section 5

# How the Fund works

### 5.1 Registered managed investment scheme

The Fund is a registered managed investment scheme registered with ASIC. Units in the scheme are admitted to trading status on ASX.

The Fund operates like most other managed investment schemes. Your money is pooled together with other investors' money to buy investments which are managed on behalf of all investors. When you invest via the Fund, you gain exposure to investments, skills and knowledge that you may not have access to, if you invest on your own.

The Fund is constituted as a 'unit trust'. When you invest you acquire a beneficial 'interest' in the Fund in the form of ETF Units.

### 5.2 Primary and secondary markets

Large numbers of ETF Units are first issued by VanEck to institutional investors in the 'primary market' (Authorised Participants) in exchange for a specified basket of Bonds determined in accordance with the Fund's investment strategy or, if agreed by us, cash or a combination of Bonds and cash. The Bonds become the assets of the Fund designed to meet the Fund's investment objective.

Once ETF Units have been received by the Authorised Participant (in exchange for Bonds or cash or a combination of both), the ETF Units are made available

for trading on the 'secondary market', in this case, ASX. ASX Investors can then buy and sell the ETF Units with a Market Maker or other ASX Investors, in exchange for cash through CHES.

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 market prices quoted on ASX.

### 5.3 Rights of a Unitholder

Whether you invest in the 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. For more information on your rights as a Unitholder see section 13.2.

### 5.4 Roles and responsibilities

The key parties involved in the operation of the Fund 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 Fund.
<b>Investment manager</b>	Manages the investment portfolio of the 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 the Fund for safe-keeping on behalf of the Responsible Entity and Unitholders.
<b>Fund Administrator</b>	Processes creations, redemptions and other requests from Unitholders and maintains the books and records of the Fund, including: fund accounting; calculating Unit Prices; distributions and taxation.
<b>Index Provider</b>	Develops and maintains the Reference Index that the Fund aims to generally track.
<b>Registrar</b>	Maintains the register of Unitholders including: quantity of ETF Units held, tax file numbers and DRP details; and issues all 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 Fund 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

# Reference Index

### 6.1 Reference Index description

The **Bloomberg AusBond Credit FRN 0+ Yr Index** ('**Reference Index**') is a market value weighted index comprising Floating Rate Bonds that are of Investment Grade quality. The Reference Index typically includes 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 Reference Index a Floating Rate Bond issue must have a published Investment Grade Credit Rating from at least one of S&P, Moody's or Fitch ('**Recognised Rating Agencies**') 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 Reference 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 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 Bonds from the issue will be removed from the Reference Index at the end of the month in which the rating downgrade occurs.

### 6.2 Index Provider

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

### 6.3 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>.

### 6.4 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 Reference Index. Bloomberg does not guarantee the timeliness, accuracy or completeness of any data or information relating to the Reference Index. Bloomberg makes no warranty, express or implied, as to the Reference 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 Reference Index or any data or values relating thereto - whether arising from their negligence or otherwise. Nothing in the Reference 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 Reference Index should not be considered as information sufficient upon which to base an investment decision. All information provided by the Reference 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 7

# Investment objective, strategy and performance of the Fund

### 7.1 Investment objective of the Fund

The Fund aims to provide investment returns (before management costs) that generally track the returns of the Reference Index. It does not aim to perfectly replicate the 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 the Fund will generally only hold a representative sample of the Reference Index constituents. The Fund may also hold Bonds that are not in the Reference Index. See section 7.2.
- o differences in the timing of income recognition between the Reference Index and the Fund;
- o there are fees and expenses applicable to the Fund associated with operating the Fund which do not apply to the Reference Index (see section 9);
- o the Fund may hold an amount of cash;
- o the Fund may use derivatives. See section 7.2.

### 7.2 Investment strategy of the Fund

The Fund aims to hold an appropriate number of Bonds so as to produce a portfolio risk exposure profile consistent with that of the Reference Index. This is generally achieved by holding a representative sample of the Bonds in the Reference Index. Weightings in the Fund may vary from the Reference Index weightings. The Fund may also invest in other securities permitted under the AQUA Rules.

The Reference Index is updated monthly. Every time a security is either added to or removed from the Reference Index, the composition and risk exposure profile of the Reference Index changes and may require us to modify the Fund portfolio.

The Fund may utilise derivatives, including over-the-counter (OTC) derivatives and futures, generally to manage the overall interest rate and credit risk exposure of the portfolio. OTC derivatives will not exceed 5% of the total NAV of the Fund. Derivatives will not be used for speculative purposes or to leverage the assets of the Fund.

### 7.3 Performance of the Fund

Up to date performance information for the Fund and historical performance relative to the Reference Index is published at: [www.vaneck.com.au](http://www.vaneck.com.au).

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

Performance for the Fund will differ from that of the Reference Index. For more information see sections 7.1 and 8.2.9.

### 7.4 Borrowing arrangements

VanEck may maintain borrowing arrangements on behalf of the Fund for the purpose of short term management of certain cash flows with the intention of reducing tracking error risk. Borrowing will not be used to leverage the Fund. For more information see sections 8.2.9 and 13.2.7.

### 7.5 Changes to the Fund's investment objective and strategy

We may from time to time vary the Fund's investment objective and strategy. Such variations may include changes to the Reference Index or replacement of it. We will notify Unitholders of any such changes.

### 7.6 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.

### 7.7 Securities lending

The Fund will not engage in securities lending.

## Section 8

### Risks

#### 8.1 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.

#### 8.2 Risks associated with the VanEck Vectors Australian Floating Rate ETF

The significant risks that can affect the performance of the Fund are typical of the risks of managed funds whose portfolios consist primarily of bonds with Credit Rating of Investment Grade or above.

##### 8.2.1 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.

##### 8.2.2 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 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.

##### 8.2.3 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.

##### 8.2.4 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.

##### 8.2.5 Interest rate risk

This is the risk that the income paid by the Bonds in

the portfolio falls as a result of falls in market interest rates.

#### **8.2.6 Trading risk**

Secondary market trading of the ETF Units on ASX may be suspended by the ASX or halted by us because of market conditions or other reasons, for example a failure by the Market Maker to make a market. In these circumstances, ASX Investors will be unable to buy or sell ETF Units and the processing of application for creations and redemptions for Authorised Participants may be suspended or modified.

#### **8.2.7 Liquidity risk**

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

#### **8.2.8 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 may will also retain for its own account any trading profits and bear any losses which may be generated by its market making activities.

#### **8.2.9 Tracking error risk**

This is the risk that the performance of the Fund differs from the performance of the Reference Index. The difference between the performance of the Fund and the performance of the 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 7.1 and 7.2.

#### **8.2.10 Investment strategy risk**

This is the risk that the Fund portfolio has different characteristics to the Reference Index resulting in difference performance including but not limited to: yield; income; total return and volatility. See 7.2.

#### **8.2.11 Concentration risk**

There is a risk that the Reference Index is concentrated in a particular market sector. There is also a risk that the investment strategy of the 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 the Reference Index.

#### **8.2.12 Trading price risk**

This is the risk that the trading price of the ETF Units on ASX will differ from the Unit Price. This is because the trading price of the ETF Units on ASX is influenced by the level of supply and demand for ETF Units. 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.

#### **8.2.13 Derivatives risk**

Derivatives may be used by the Fund as described in section 7.2. 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 the 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 8.2.20 'Counterparty risk'.

The risk that the 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.

#### **8.2.14 Fund risk**

This is the risk that investing via the Fund may result in reduced performance compared to investing in the underlying securities directly because of: the fees and costs involved in investing in the 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 the Fund could change, the Responsible Entity or other parties could change and the Fund could terminate.

#### **8.2.15 Index risk**

There is a risk that the Reference Index ceases to be available for use by the 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 Reference Index. In the unlikely event that an alternative index cannot be secured, there is a risk that the Fund could terminate.

#### **8.2.16 Operational risk**

The Fund is exposed to operational risk arising from a number of factors, including, but not limited to, human error, processing and communication errors, errors of the Fund's service providers, counterparties or other third parties, failed or inadequate processes and technology or system failures. VanEck seeks to reduce these operational risks through controls and procedures. However, these measures do not address every possible risk and may be inadequate for those risks that they are intended to address.

#### **8.2.17 Force majeure**

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

#### **8.2.18 Regulatory and tax risk**

The Fund may be affected by changes to legislation or government policy both in Australia and in other countries in which the securities the Fund invests in are regulated, the relevant company operates or is invested.

The 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.

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 taxation is set out in section 12.

#### **8.2.19 Settlement risk**

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

#### **8.2.20 Counterparty risk**

This is the risk that the Fund's trading counterparties become insolvent or cannot otherwise meet their obligations to the Fund. The Fund may be exposed to counterparty risk through the use of futures. See also 'Derivatives risk' in section 8.2.13.

## Section 9

# 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 12.

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

## 9.1 Fees and costs for ASX Investors

VANECK VECTORS AUSTRALIAN FLOATING RATE ETF		
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>		
<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>1</sup></b>		
The fees and costs for managing your investment		
Management cost	0.22% p.a.	Calculated and accrued daily on the Fund Net Asset Value and reflected in the daily Unit Price and payable to us from the assets of the Fund on a monthly basis on or about the first Business Day of the following month. These costs may be negotiated by wholesale clients. See section 9.3.3.
Indirect costs	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 9.3 for additional information.
- Except in limited circumstances ASX Investors are not eligible to redeem ETF Units with VanEck directly. See section 13.2.11.

### 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 Floating Rate ETF** can affect your investment over a 1 year period. You should use this table to compare this product with other managed investment products.

EXAMPLE: VANECK VECTORS AUSTRALIAN FLOATING RATE 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	0.22% p.a. <sup>1</sup>	<b>And</b> , for every \$50,000 you have in the Fund you will be charged \$110 each year.
<b>EQUALS</b> Cost of Fund		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees from: <b>\$110 to \$121<sup>1,2</sup></b> <b>What it costs you will depend on the fees you negotiate.</b>

- Management costs may be negotiated by wholesale clients. Additional costs may apply. See section 9.3.
- 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.

## 9.2 Fees and costs for Authorised Participants

VANECK VECTORS AUSTRALIAN FLOATING RATE ETF		
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.
<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.
<b>Exit fee:</b> The fee to close your investment	Nil	Not applicable
<b>Management costs<sup>1,2</sup></b>		
The fees and costs for managing your investment: Management costs	0.22% p.a.	Calculated and accrued daily on the Fund Net Asset Value and reflected in the daily Unit Price. Payable from the assets of the Fund on a monthly basis on or about the first Business Day of the following month.
Indirect costs	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 9.3 for more information.

2 These fees and costs may be negotiated by wholesale clients. See section 9.3.3.

## 9.3 Additional explanation of fees and costs

### 9.3.1 Management costs

The management costs represent the ongoing fees, costs and expenses associated with the management of the Fund. The management costs include: investment management fees; custody, fund administration and distribution costs; other recoverable expenses and indirect costs, but do not include transactional and operational costs (see 9.3.2).

Unitholders are charged a management cost of 0.22% p.a. of Fund Net Asset Value which is calculated and accrued daily and reflected in the daily Unit Price however this amount does not include abnormal expenses or borrowing costs. This amount is paid to VanEck from the assets of the Fund on a monthly basis on or about the first Business Day of the following month. VanEck pays the ongoing fees, costs and expenses associated with the management of the Fund from this

amount. Any shortfall is paid by VanEck out of its own resources. Any excess remaining of the amount is retained by VanEck as its management fee.

The expenses paid by VanEck from this amount include but are not limited to:

- o Custodian and Fund Administrator fees;
- o Market Maker fees;
- o accounting and audit fees;
- o Reference Index license fees;
- o Registrar fees; and
- o other recoverable expenses under the Fund's Constitution, including but not limited to the cost of preparing the Constitution and any PDS, and reporting.

#### Indirect Costs

Indirect costs are any amounts paid from the Fund's assets that the Responsible Entity knows or where required, reasonably estimates will reduce the Fund's returns other than the management

costs as set out elsewhere in this section. Indirect costs include (a) the indirect costs that the Responsible Entity knows or ought to know for the previous financial year and (b) where Responsible Entity does not know or ought to know the indirect costs, a reasonable estimate of those indirect costs based on the information available to Responsible Entity as at the date of this PDS. At the date of this PDS the estimate of indirect costs of the Fund that will apply for the current financial year (adjusted to reflect a 12 month period) is nil.

### **9.3.2 Transactional and operational costs**

Transactional and operational costs are incurred by the Fund when buying and selling the underlying securities:

- as part of creations or redemptions by Authorised Participants by way of Non-Standard Transactions; or
- in managing the portfolio.

These costs include brokerage, settlement and registry costs. Transactional and operational costs are not included in the management costs.

The net transactional and operational costs incurred by the Fund are an additional cost to Unitholders and will be paid out of the assets of the Fund and reflected in the Unit Price as and when they arise.

Transactional and operational costs are not incurred by the Fund on Standard Basket Transactions. For Non-Standard Transactions (cash creations and redemptions) estimated transactional and operational costs incurred by the Fund in relation to creations and redemptions of ETF Units are charged to the Authorised Participant as a buy/sell spread, which we will notify to APs electronically from time to time. These actual transactional and operational costs may differ from our estimate. Any shortfall is borne by the Fund and any excess is retained by the Fund. We expect these amounts to net off such that the transactional and operational costs incurred by Unitholders in relation to creations and redemptions of ETF Units over each 12 month period is zero or not material.

We estimate that in managing the portfolio the transactional and operational costs incurred by Unitholders over each financial year will be 0.15% pa of Fund Net Asset Value which is equivalent to \$75 on a \$50,000 investment.

### **9.3.3 Fees and costs may be negotiated by wholesale clients**

Wholesale clients (as defined under the *Corporations Act*) may be able to negotiate the fees and costs set out in sections 9.1 and 9.2 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.

### **9.3.4 Adviser fees**

ASX Investors should obtain advice from a financial adviser before investing in the 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.

### **9.3.5 Brokerage**

ASX Investors will incur customary brokerage fees when buying and selling ETF Units. You should discuss these fees with your Broker prior to investing.

Brokerage is also incurred by investors as part of ongoing transaction costs of operating the Fund. See section 9.3.2.

### **9.3.6 Abnormal expenses**

Abnormal expenses are management costs not generally incurred in the day-to-day operations of the Fund 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 9.1 and 9.2 and may be recovered from the assets of the Fund and accounted for in the Unit Price as and when they arise. At the date of this PDS the estimate of abnormal expenses of the Fund that will apply for the current financial year (adjusted to reflect a 12 month period) is nil.

### **9.3.7 Notification of changes to fees**

We may vary fees or introduce new fees without investor consent up to the maximums described in the Constitution. Under the Constitution for the Fund, 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 application or redemption.

Currently we pay all costs and expenses of the Fund other than transaction costs out of the management costs. We may decide in the future to recover expenses directly from the Fund in

addition to the management costs. We will give 30 days' notice of any proposed increase in fees and costs via a notice on our website at [www.vaneck.com.au](http://www.vaneck.com.au) and the ASX Market Announcements Platform.

#### **9.3.8 Related party payments**

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

#### **9.3.9 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 Fund. These benefits may flow to the Fund 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.

For personal use only

# Section 10

## Transacting with VanEck

(For Authorised Participants only)

### IMPORTANT NOTICE

This section provides a summary of the creation and redemption process that applies to transactions between VanEck and Authorised Participants only. These processes do not apply to ASX Investors and are provided for information purposes only and may change without notice. ASX Investors may trade ETF Units on ASX via a Broker in the same way they trade listed shares.

#### 10.1 Prior to transacting

Full details of creation and redemption procedures will be agreed between VanEck and Authorised Participants from time to time and contained in an AP Agreement and related AP Procedures. Authorised Participants must complete an AP Agreement with VanEck prior to transacting directly with us. Please contact VanEck Capital Markets for more information on (02) 8038 3317.

#### 10.2 Applications by Authorised Participants

Applications for creations and redemptions of ETF Units may only be made by Authorised Participants who are Australian residents by completing the Application Form and delivering it to us by 12 noon on an ASX Trading Day unless agreed by us. 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.

#### 10.3 Standard Basket Transactions

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

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

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

#### 10.4 Minimum transaction size

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.

Transaction	Minimum size (ETF Units)
Creation Unit	40,000
Redemption Unit	40,000

#### 10.5 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.

#### 10.6 Cooling-off

There are no cooling-off rights applicable to the offer in this PDS.

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

The redemption of ETF Units assumes that the 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 the 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 Fund will remain liquid. If the Fund is illiquid, a redemption request will be dealt with in accordance with the Constitution and the *Corporations Act*.

## 10.8 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 distribution period when we are calculating and paying distributions; 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.

## 10.9 Valuations and pricing

### 10.9.1 Unit Price or NAV

The Unit Price or 'NAV' 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 the Fund from the total value of all the assets of the Fund.

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

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

### 10.9.2 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 9.2 and 9.3.2.

### 10.9.3 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 the Fund.

## 10.10 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 Fund, including: the valuation methodology, the rounding of decimal places, cut-off times for receiving instructions and the frequency of income distributions. 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 11

## Distributions

---

### 11.1 Payment of distributions

You may earn income from the Fund paid in the form of distributions. A distribution may include interest and changes in the value of Bonds in the portfolio.

We will provide details in advance of any distribution by the Fund to ASX for public release to the market. We do not guarantee that income will be available for distribution at the end of each distribution period.

The amount of any distributable income will vary between distribution periods and in some cases we may decide not to pay a distribution at our discretion.

### 11.2 Frequency of distributions

Distributions for the Fund are generally paid four times a year. We may make more or fewer distributions at our discretion.

Payments are usually made within 21 days after the end of the distribution period.

Distributions will be paid as cash to your nominated bank account unless you elect to participate in the Distribution Reinvestment Plan.

### 11.3 Transactions prior to a distribution period

The amount of income you are entitled to depends on how many ETF Units you hold at the end of the distribution period as a proportion of the total number of ETF Units outstanding. Therefore, for instance, should the number of ETF Units outstanding increase due to a creation before the end of a distribution period, this may decrease the level of distributable income per ETF Unit that might otherwise have been payable at the end of the distribution period.

Conversely a decrease in the number of ETF Units outstanding as a result of a redemption prior to the end of a distribution period, may increase the distributable income per ETF Unit that might otherwise have been payable.

### 11.4 Distribution Reinvestment Plan

A Distribution Reinvestment Plan is available.

If you elect to participate in the DRP the amounts of any distributions 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 distributions are reinvested in additional ETF Units. Partial DRP participation is not available. If no DRP election is made, distributions will be paid into a nominated Australian bank account, or held pending receipt of Australian bank account details.

# Section 12

## Taxation

### IMPORTANT NOTICE

The Australian tax commentary in this PDS is provided for general information only.

This information is necessarily general in nature and does not take into account the specific circumstances of any person who may invest in the VanEck Vectors Australian Floating Rate ETF. It should not be used as the basis upon which a decision is made to invest in the 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.

#### 12.1 Taxation of Australian resident Investors

No income tax is payable by the Fund. You will pay tax on your share of the Fund's income. Income that is subject to tax will be paid out of the Fund as a distribution.

If you do not quote a tax file number (**TFN**) or Australian business number (**ABN**), tax will be withheld from the distributions 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.

You will be provided with a tax statement after the end of each financial year that will assist you in including the distribution information in 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.

#### 12.2 Tax File Number

Unitholders will be asked to provide their TFN or ABN or claim an exemption in relation to their investment in the 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 may be withheld from the Unitholder's distributions at the highest marginal rate.

#### 12.3 Taxation of Foreign Investors

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

## Section 13

# Other information you need to know

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

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

The duties of VanEck in relation to the 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 the Fund is clearly identified as property of the 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 the Fund are valued at regular intervals;
- o ensure that payments out of Fund 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 the 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 all income and monitor the expenses of the Fund and arrange for payments to all creditors of the Fund;
- o determine and arrange payment of all distributions in respect of the Fund and administer all distribution and taxation statements and notifications;
- o process and administer all creation and redemption transactions in relation to the Fund;
- o co-ordinate and manage all 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 Fund;
- o address and respond to all investor and Unitholder enquiries, complaints and notification requirements;

- o co-ordinate all Unitholder updates and reports, resolutions and Unitholder meetings and attend to all issues in relation to the Constitution as appropriate;
- o prepare, maintain and implement policies in all areas of the operation of the Fund including the compliance plan, Unit Pricing Policy, proxy voting policy and DRP Rules; and
- o market and promote the Fund, providing all information and support as appropriate to the Authorised Participants and other relevant parties including the Market Maker and other appointed brokers or financial advisers to assist in their marketing, promotion and distribution of the Fund.

### 13.2 The Constitution

VanEck's responsibilities and obligations and Unitholders' rights are governed primarily by the Constitution, the *Corporations Act* and this PDS. The terms and conditions of the Constitution are binding on each Unitholder and all persons claiming through them respectively, as if the Unitholder or person were a party to the Constitution.

Under the Constitution, VanEck has all the powers of a natural person, corporation, trustee or Responsible Entity in respect of the operation of the Fund. The Constitution gives VanEck the right to be paid fees and expenses from the 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:

#### 13.2.1 Beneficial interest

An ETF Unit confers a beneficial interest in the assets of the Fund to the Unitholder but not an entitlement or interest in any particular part of the Fund or any particular asset.

#### 13.2.2 Reimbursement of expenses

VanEck is indemnified and entitled to be reimbursed out of, or paid from, the assets of the

Fund for all liabilities, losses and expenses incurred in relation to the proper performance of its duties as Responsible Entity of the 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 the 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.

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

Generally, VanEck may retire as Responsible Entity of the 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*.

### **13.2.4 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.

### **13.2.5 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.

### **13.2.6 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.

### **13.2.7 Borrowings**

Under the Constitution VanEck has the power to enter into borrowing arrangements on behalf of the 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.

### **13.2.8 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.

### **13.2.9 Termination of the Fund**

VanEck may wind up the 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.

### **13.2.10 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).

#### **13.2.11 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 the 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**

#### **13.3 Compliance plan**

VanEck has lodged a compliance plan for the 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.

#### **13.4 Compliance committee**

VanEck has established a compliance committee which comprises at least three members, of which the majority are external members. The compliance committee is required to monitor VanEck compliance with the 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.

#### **13.5 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.

#### **13.6 Market Maker**

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

#### **13.7 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 the Fund's portfolio and for performance attribution. 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.

#### **13.8 Index Provider**

We have appointed Bloomberg as the Index Provider for the Fund. Please refer to section 6 for a full description of the Reference Index. Bloomberg has given and as at the date of this PDS has not withdrawn, its consent to be named as the Index Provider in this PDS and to the statements in section 6 of this PDS.

#### **13.9 Custodian and Fund Administrator**

VanEck has appointed State Street Australia Limited ('State Street') as the Custodian and Fund Administrator of the Fund. State Street will provide custodial services, including the holding of all Fund assets and certain fund administration services, such as fund accounting, calculation of distributions and unit pricing, to the Fund. State Street has not been involved in any way in the preparation of this PDS and is named only for information purposes.

### 13.10 Registrar

VanEck has appointed Link Market Services Limited ('Link') as Registrar to maintain Unitholder records such as quantity of ETF Units held, TFN and details of participation in the DRP. The Registrar can be contacted as follows:

Locked Bay A14  
Sydney South, NSW, 1235  
Telephone: 1300 68 38 37

Link has had no involvement in the preparation of any part of this PDS other than being named as the Registrar for the Fund. Link has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of this PDS.

### 13.11 Continuous disclosure

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

### 13.12 Information available at VanEck's website

The following information related to the Fund is available at [www.vaneck.com.au](http://www.vaneck.com.au):

- o Fund Net Asset Value;
- o Unit Price;
- o number of ETF Units outstanding;
- o portfolio holdings;
- o the current PDS, any supplementary PDS and any changes that are not materially adverse to investors;
- o DRP Rules;
- o Unit Pricing Policy;
- o information about any distributions;
- o any announcements lodged with the ASX Market Announcements Platform (including continuous disclosure notices and any other disclosure document that is made available or provided to Unitholders); and
- o annual reports and half-year reports (including financial statements).

### 13.13 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.

### 13.14 Interest on cash held in the Fund

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

### 13.15 Investor identification and verification

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

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

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

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

Investments in the 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. The Fund will be 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.

### 13.17 Complaints

VanEck has arrangements in place for handling complaints. If you have a complaint regarding the 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

### 13.18 Privacy Notice

This Privacy Notice informs Authorised Participants and ASX Investors how your personal information may be collected, stored, used and disclosed if you invest in the 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 Fund 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.

### 13.19 ASIC Relief

#### *Exemption – Unequal treatment in withdrawal from an AQUA exchange traded fund*

ASIC has granted Class Order relief under section 601QA of the *Corporations Act* from the equal treatment requirement in section 601FC(1)(d), to the extent necessary to allow the Responsible Entity to not treat Unitholders equally to the extent that it restricts withdrawals from the Fund to Authorised Participants.

For the purposes of this relief, except in exceptional circumstances, only Authorised Participants may withdraw from the 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 the 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 the 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 Fund which, at the date of this PDS, employs investment strategies, the implementation of which would not be likely to lead to the scheme property of the Fund including securities in a class of securities that (a) would represent more than 10% by value of scheme property; and (b) were, or would result in the Responsible Entity having a relevant interest in, securities in a listed company, an unlisted company with more than 50 members, a listed body that is formed or incorporated in Australia or a listed scheme.

For the purposes of this relief, we confirm that the investment strategy for the Fund is 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 Fund.

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

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

*Periodic Statements*

ASIC has granted relief under sections 1020F(1)(a) and 1020F(1)(c) of the Corporations Act so that where the Responsible Entity is not aware of the price at which ETF Units are transferred, periodic statements are not required to disclose amounts paid in relation to a transfer of ETF Units or the return on investment during the reporting period (provided that the return on investment is not able to be calculated by the Responsible Entity and the periodic statement explains why this information is not included and describes how it can be obtained or calculated). The periodic statement will itemise transactions by disclosing the date of transfer and whether the Unitholder acquired or disposed of ETF Units and the number of ETF Units transferred, and will explain why prices of ETF Units for transfers and the total dollar value of transfers have not been included. The periodic statement will also include performance information of the 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 the Fund were an unlisted disclosing entity. The Responsible Entity will comply with the continuous disclosure requirements of the Corporations Act as if the Fund were an unlisted disclosing entity.

# Glossary of terms

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

TERM	MEANING
<b>AP Procedures</b>	The procedures for transacting with VanEck in relation to the Fund as agreed in writing with Authorised Participants from time to time.
<b>Application Form</b>	The application form for use by Authorised Participants to make applications for creations and redemptions of ETF Units available at <a href="http://www.vaneck.com.au">www.vaneck.com.au</a> or by contacting us on (02) 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>	Australian Taxation Office
<b>AUSTRAC</b>	The Australian Transaction Reports and Analysis Centre
<b>Authorised Participant or AP</b>	A person who is a 'Trading Participant' as that term is defined in the ASX Operating Rules or has engaged a Trading Participant to act on its behalf to acquire and dispose of interests in the Fund and who has entered into an agreement with VanEck.
<b>Bloomberg</b>	Bloomberg Finance L.P., the Index Provider
<b>Bonds</b>	See Floating Rate Bonds
<b>Broker</b>	Online broker, stockbroker or financial adviser
<b>Business Day</b>	Means a day that is not a Saturday, Sunday, bank holiday or public holiday in NSW, Australia, or such other day or days determined by VanEck.
<b>CHESS</b>	The Clearing House Electronic Sub-register System owned and operated by ASX Settlements Pty Limited, a subsidiary of ASX Limited.
<b>Constitution</b>	The trust deed establishing the managed investment scheme underlying the Fund, dated 5 April 2017, registered with ASIC on 30 May 2017, as amended 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 the Fund by an Authorised Participant in an application for a creation of ETF Units as specified in section 10.4.
<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
<b>Distribution Reinvestment Plan or DRP</b>	The plan available to Unitholders to have any distributions by the Fund reinvested in additional ETF Units to be credited to their account, instead of receiving the distribution as a cash payment to their nominated

	Australian bank account.
<b>ETF</b>	Abbreviation for 'Exchange Traded Fund'.
<b>ETF Units</b>	Interests issued by the Responsible Entity in the 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>'Floating Rate Bonds' or 'Bonds' also known as 'Floating Rate Notes' or 'FRNs'</b>	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 6.3 for more information.
<b>FLOT</b>	VanEck Vectors Australian Floating Rate ETF, the Fund
<b>Foreign Investor</b>	A person who is not an Australian resident for income tax purposes.
<b>Fund</b>	VanEck Vectors Australian Floating Rate ETF ARSN 619 241 851
<b>Fund Administrator</b>	State Street Australia Limited ABN 21 002 965 200
<b>Fund Net Asset Value</b>	The total value of all of the assets of the Fund minus the total value of all of the liabilities and provisions of the Fund.
<b>Index Provider</b>	Bloomberg Finance LP
<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 13.6.
<b>NAV</b>	The Unit Price
<b>Non-Standard Transaction</b>	A creation or redemption where the consideration is paid by way of (i) cash or (ii) a combination of cash and <i>in specie</i> transfer of underlying securities constituting the Standard Basket as agreed in advance by VanEck.
<b>PDS</b>	This product disclosure statement.
<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 10.4.
<b>Reference Index</b>	Bloomberg AusBond Credit FRN 0+ Yr Index, having Bloomberg index ticker: BAFRN0
<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 Fund with responsibility for operating the Fund 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 VanEck as necessary to achieve the 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 the Fund as recorded in the register maintained by the Registrar.

# Corporate directory

---

## Responsible Entity

VanEck Investments Limited  
Aurora Place, Level 4  
88 Phillip Street  
Sydney, NSW, 2000  
Telephone: 1300 68 38 37

Website: [www.vaneck.com.au](http://www.vaneck.com.au)

Postal address:  
PO Box R1775  
Royal Exchange, NSW, 1225

## VanEck Capital Markets

8:30 am to 5:00 pm Sydney time

Monday to Friday

Telephone: (02) 8038 3317

Facsimile: (02) 8038 3349

E-mail: [capital.markets@vaneck.com.au](mailto:capital.markets@vaneck.com.au)

Website: [www.vaneck.com.au](http://www.vaneck.com.au)

## Auditor

Ernst & Young  
The EY Centre  
200 George Street  
Sydney, NSW, 2000

Telephone: (02) 9248 5555

---

## Custodian and Fund Administrator

State Street Australia Limited  
Level 14  
420 George Street  
Sydney, NSW, 2000

## Registrar

Link Market Services  
Locked Bag A14  
Sydney South, NSW, 1235

Telephone (Toll free): 1300 68 38 37

For personal use only

For personal use only

---

Vantek™