

20 May 2019

ASX Limited

Market Announcements Office

FUND: VANECK VECTORS S&P/ASX FRANKED DIVIDEND ETF
ASX CODE: FDIV
**ANNOUNCEMENT: CHANGE OF BENCHMARK INDEX, ETF NAME AND ASX CODE –
EFFECTIVE 25 JUNE 2019**

[FOR RELEASE UNDER EACH ASX CODE LISTED IN THE TABLE BELOW]

VanEck Investments Limited announces that it will be making certain changes to FDIV which are expected to be implemented on 25 June 2019.

Enclosed is a copy of the *Supplementary Product Disclosure Statement No.1 dated 20 May 2019* which has today been lodged with the Australian Securities & Investments Commission. The SPDS supplements the VanEck Australian Equity ETFs PDS dated 22 September 2017 which covers the following VanEck exchange traded funds:

ASX code	Fund
FDIV	VanEck Vectors S&P/ASX Franked Dividend ETF
MVA	VanEck Vectors Australian Property ETF
MVB	VanEck Vectors Australian Banks ETF
MVE	VanEck Vectors S&P/ASX MidCap ETF
MVR	VanEck Vectors Australian Resources ETF
MVS	VanEck Vectors Small Companies Masters ETF
MWW	VanEck Vectors Australian Equal Weight ETF

Please refer to the attached notice to investors for details.

For more information:

- Call 1300 68 38 37
- Go to vaneck.com.au



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20 May 2019

«Name» «AC_designation»
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Dear Investor,

**VanEck Vectors S&P/ASX Franked Dividend ETF (ARSN 611 368 499/ ASX code: FDIV) (“the Fund”)
Notice of change of investment strategy, Fund name and ASX code from 25 June 2019**

I am writing to you as an investor in the VanEck Vectors S&P/ASX Franked Dividend ETF (ASX code: FDIV) to inform you about some upcoming changes to the Fund.

The current investment strategy of the Fund is to provide investors access to a diversified portfolio of ASX-listed securities that pay 100% franked dividends. The Fund currently tracks the S&P/ASX Franked Dividend Index (the “Franked Dividend Index”).

As responsible entity of the Fund, VanEck is obligated to take reasonable steps to ensure the Fund is continually operated in investors' best interests. VanEck has a history of investing going back to 1955. We have determined that continuing to track the Franked Dividend Index is no longer in investors' best interests.

We have resolved to replace the Franked Dividend Index with the MSCI Australia IMI Select SRI Screened Index a sustainable Australian equity strategy that we have developed with MSCI, a world leading index and ESG research provider. Under the index rules, MSCI screens companies based on their business activity, controversies, nutrition and ESG rating, resulting in a portfolio of the most sustainable and ethical companies listed on ASX, diversified across industry sectors and subsectors.

The **Appendix** to this letter sets out the key differences between the Franked Dividend Index and the MSCI Australia IMI Select SRI Screened Index.

The change to the Fund's reference index is planned to come into effect on market open on **25 June 2019**. This will be confirmed by a further announcement on ASX. At the same time the Fund's name will change to '**VanEck Vectors MSCI Australian Sustainable Equity ETF**' and the ASX code will change to '**GRNV**'. There will be no change to the Fund's management costs of 0.35% p.a. A supplement to the current product disclosure statement setting out the changes to disclosure resulting from the change in investment strategy is enclosed with this letter. The SPDS is also available on our website.

What does this mean for you?

If you remain in the Fund after 24 June 2019, you will have exposure to the portfolio comprising the companies in the MSCI Australia IMI Select SRI Screened Index. You should read Appendix 1 and with your financial adviser or stock broker consider whether continuing to remain in the Fund following the change of reference index is appropriate for your individual objectives, financial situation and needs.

If you wish to remain in the Fund you do not need to take any action. If you do not wish to remain in the Fund you can sell your units on ASX at any time. This may have tax consequences.

Any questions?

If you have any questions, please contact Investor Services on 1300 68 38 37. We will make any further announcements in relation to the upcoming changes via the ASX.

We look forward to your continuing support.

Yours sincerely,

Arian Neiron
Managing Director and Head of Asia Pacific
VanEck Investments Limited

Appendix 1: Key differences between the Franked Dividend Index and the Custom Ethical Australian Index

	S&P/ASX Franked Dividend Index	MSCI Australia IMI Select SRI Screened Index
Index Calculation Methodology	<p>S&PDJI calculates the S&P/ASX Franked Dividend Index as follows:</p> <ol style="list-style-type: none"> The eligible universe of securities is the S&P/ASX 200 Index. S&PDJI screens the eligible universe and narrows it down to an 'investible universe' based on the following criteria: <ol style="list-style-type: none"> Liquidity: Existing companies in the Reference Index must have a minimum three-month average daily traded value of \$1.5 million. New companies require a minimum three-month average daily traded value of \$2.0 million; Franking percentage: Companies must have paid out 100% franked dividends over the past two years. All companies in the investible universe are ranked according to Free-Float Market Capitalisation and the following process undertaken to derive a target number of 30 constituents in the Reference Index: <ol style="list-style-type: none"> The largest 24 companies are automatically included; The remaining 6 are taken from the next 12 companies that rank from 25 to 36 with first priority given to companies already in the Reference Index and the remainder, if any, made up of the next largest, until the total equals 30. The constituent companies are then weighted by Free-Float Market Capitalisation, subject to the weight of any individual company being capped at 8%. 	<p>MSCI Inc. calculates the MSCI Australia IMI Select SRI Screened Index as follows:</p> <ol style="list-style-type: none"> The eligible universe of securities is the MSCI Australia IMI Domestic (~220 stocks). Business involvement screening Securities are screened for exclusion based on the following business activities: <ul style="list-style-type: none"> o Adult entertainment o Alcohol o Animal welfare o Civilian Firearms o Conventional weapons o Controversial weapons o Fossil fuels o Gambling o Genetically modified organisms (GMO) o Nuclear power o Nuclear weapons o Tobacco Controversies exclusion Companies are excluded based on MSCI flags in respect of Environmental, Social and Governance (ESG) controversies. Nutrition screening <ul style="list-style-type: none"> o Soft drinks o Nutrition and health ESG ratings exclusion All companies with ESG ratings lower than 'A' (based on MSCI's scale from 'AAA' to 'CCC') are excluded. Only companies with rating 'A', 'AA' and 'AAA' are included. Size select - Threshold for inclusion: <ul style="list-style-type: none"> o New constituents – US\$750m o Existing constituents – US\$500m The remaining securities are then weighted by their Free Float Market Capitalisation subject to a 5% weighting cap.
Number of constituents	30	~60

20 May 2019

Supplementary Product Disclosure Statement No.1 to the VanEck Australian Equity ETFs Product Disclosure Statement

incorporating the following Funds:

ASX code	Fund name	ARSN
FDIV	VanEck Vectors S&P/ASX Franked Dividend ETF	611 368 499
MVA	VanEck Vectors Australian Property ETF	165 151 771
MVB	VanEck Vectors Australian Banks ETF	165 150 854
MVE	VanEck Vectors S&P/ASX MidCap ETF	165 153 944
MVR	VanEck Vectors Australian Resources ETF	165 153 695
MVS	VanEck Vectors Small Companies Masters ETF	605 328 087
MVW	VanEck Vectors Australian Equal Weight ETF	167 523 211

Changes to ASX: FDIV | VanEck Vectors® S&P/ASX Franked Dividend ETF

This Supplementary Product Disclosure Statement No.1 (**SPDS**) is issued by VanEck Investments Limited ABN 22 146 596 116 AFSL 416755 (**'VanEck'**) and supplements the VanEck Australian Equity ETFs product disclosure statement dated 22 September 2017 (**'PDS'**) in respect of the offer of ETF Units in the VanEck Vectors S&P/ASX Franked Dividend ETF (**"the Fund"**).

A copy of this SPDS has been lodged with the Australian Securities and Investments Commission (**'ASIC'**) and released to the Australian Securities Exchange (**'ASX'**) on 20 May 2019. Neither ASIC nor ASX takes any responsibility for the contents of this SPDS. Capitalised terms defined in the PDS have the same meaning when used in this SPDS unless otherwise defined in this SPDS. This SPDS should be read with the PDS.

CHANGE OF INVESTMENT STRATEGY, CHANGE OF NAME AND CHANGE OF ASX CODE FOR THE FUND

On 20 May 2019 VanEck announced via ASX the decision to change the Reference Index and thereby change the Investment Objective for the Fund, effective 25 June 2019. As a result of the announcement the information in the PDS is changed as set out below.

A. Effective 20 May 2019 the following wording is inserted into the PDS on page 2 under the heading 'IMPORTANT INFORMATION':

NOTICE OF CHANGE OF INVESTMENT STRATEGY FOR FDIV EFFECTIVE 25 JUNE 2019

On 20 May 2019, VanEck announced the following key changes to the VanEck Vectors S&P/ASX Franked Dividend ETF will come into effect at the commencement of trading on 25 June 2019:

1. New Reference Index

The Fund will cease tracking the S&P/ASX Franked Dividend Index effective close of trading on Monday 24 June 2019 and will commence tracking the MSCI Australia IMI Select SRI Screened Index (**"the MSCI Index"**) effective the open of trading on Tuesday 25 June 2019.

2. New name and ASX code

As a result of the change of investment strategy the Fund will be renamed VanEck Vectors MSCI Australian Sustainable Equity ETF and the ASX code will change from FDIV to GRNV.



B. Effective 25 June 2019 the information in the PDS will change as follows:

1. The content of Section 8.1 is deleted and replaced with the words "Intentionally deleted" and all other references to "FDIV", "VanEck Vectors S&P/ASX Franked Dividend ETF" and the "S&P/ASX Franked Dividend Index" are deleted.
2. The front cover is amended by the addition of:

ASX code	Fund name	ARSN	iNAV code
GRNV	VanEck Vectors MSCI Australian Sustainable Equity ETF	611 368 499	YGRN

3. The PDS is supplemented in Sections 2, 11 and 12 for GRNV as applicable, as follows:

For all investors	GRNV
Investment purpose	The Fund gives investors access to returns from a diversified portfolio of sustainable Australian equities selected on the basis of in-depth analysis by world leading research agency MSCI ESG Research LLC.
Reference Index	MSCI Australia IMI Select SRI Screened Index
Management costs	0.35% p.a.
Expected dividend frequency	Four times per year
For Authorised Participants only	GRNV
APs minimum transaction size	80,000 ETF Units
APs contribution/withdrawal fees	\$1000

4. A new **Section 6A Reference Index – MSCI** is inserted as follows:

6A GRNV - VanEck Vectors MSCI Australian Sustainable Equity ETF

Reference Index	MSCI Australia IMI Select SRI Screened Index
Index Provider	MSCI Inc. (' MSCI '). MSCI is not a related body corporate of VanEck.
Overview/objective	The Reference Index aims to represent the performance of a diversified portfolio of sustainable Australian equities by applying a broad range of exclusions based on business activities and ESG ratings determined by MSCI.
Summary of Index methodology	<ol style="list-style-type: none"> 1. Eligible universe Securities in the MSCI Australia Domestic IMI Index. 2. Business involvement screening Securities are screened for exclusion based on the following business activities: <ul style="list-style-type: none"> o Adult entertainment o Alcohol o Animal welfare o Civilian Firearms o Conventional weapons o Controversial weapons o Fossil fuels o Gambling o Genetically modified organisms (GMO) o Nuclear power o Nuclear weapons o Tobacco



	<ol style="list-style-type: none"> 3. Controversies exclusion Companies are excluded based on MSCI flags in respect of Environmental, Social and Governance (ESG) controversies. 4. Nutrition screening <ul style="list-style-type: none"> o Soft drinks o Nutrition and health 5. ESG ratings exclusion All companies with ESG ratings lower than 'A' (based on MSCI's scale from 'AAA' to 'CCC') are excluded. Only companies with rating 'A', 'AA' and 'AAA' are included. 6. Size select Threshold for inclusion: <ul style="list-style-type: none"> o New constituents – US\$750m o Existing constituents – US\$500m 7. Component weighting and capping The remaining securities are then weighted by their Free Float Market Capitalisation subject to a 5% weighting cap.
Rebalances	<p>The Reference Index is rebalanced quarterly, usually as of the close of the last business day in February, May, August, and November.</p> <p>Exclusions are applied on a monthly basis</p>
More information	<p>More detailed information in relation to MSCI's process can be found at www.msci.com/index-methodology</p>
MSCI disclaimer	<p>THE FUND IS NOT SPONSORED, ENDORSED, SOLD OR PROMOTED BY MSCI LIMITED ('MSCI'), ANY OF ITS AFFILIATES, ANY OF ITS INFORMATION PROVIDERS OR ANY OTHER THIRD PARTY INVOLVED IN, OR RELATED TO, COMPILING, COMPUTING OR CREATING ANY MSCI INDEX (COLLECTIVELY, THE "MSCI PARTIES"). THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES ARE SERVICE MARK(S) OF MSCI OR ITS AFFILIATES AND HAVE BEEN LICENSED FOR USE FOR CERTAIN PURPOSES BY VANECK INVESTMENTS LIMITED. NONE OF THE MSCI PARTIES MAKES ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, TO THE ISSUER OR OWNERS OF THIS FUND OR ANY OTHER PERSON OR ENTITY REGARDING THE ADVISABILITY OF INVESTING IN FUNDS GENERALLY OR IN THIS FUND PARTICULARLY OR THE ABILITY OF ANY MSCI INDEX TO TRACK CORRESPONDING STOCK MARKET PERFORMANCE. MSCI OR ITS AFFILIATES ARE THE LICENSORS OF CERTAIN TRADEMARKS, SERVICE MARKS AND TRADE NAMES AND OF THE MSCI INDEXES WHICH ARE DETERMINED, COMPOSED AND CALCULATED BY MSCI WITHOUT REGARD TO THIS FUND OR THE ISSUER OR OWNERS OF THIS FUND OR ANY OTHER PERSON OR ENTITY. NONE OF THE MSCI PARTIES HAS ANY OBLIGATION TO TAKE THE NEEDS OF THE ISSUER OR OWNERS OF THIS FUND OR ANY OTHER PERSON OR ENTITY INTO CONSIDERATION IN DETERMINING, COMPOSING OR CALCULATING THE MSCI INDEXES. NONE OF THE MSCI PARTIES IS RESPONSIBLE FOR OR HAS PARTICIPATED IN THE DETERMINATION OF THE TIMING OF, PRICES AT, OR QUANTITIES OF THIS FUND TO BE ISSUED OR IN THE DETERMINATION OR CALCULATION OF THE EQUATION BY OR THE CONSIDERATION INTO WHICH THIS FUND IS REDEEMABLE. FURTHER, NONE OF THE MSCI PARTIES HAS ANY OBLIGATION OR LIABILITY TO THE ISSUER OR OWNERS OF THIS FUND OR ANY OTHER PERSON OR ENTITY IN CONNECTION WITH THE ADMINISTRATION, MARKETING OR OFFERING OF THIS FUND.</p> <p>ALTHOUGH MSCI SHALL OBTAIN INFORMATION FOR INCLUSION IN OR FOR USE IN THE CALCULATION OF THE MSCI INDEXES FROM</p>



	<p>SOURCES THAT MSCI CONSIDERS RELIABLE, NONE OF THE MSCI PARTIES WARRANTS OR GUARANTEES THE ORIGINALITY, ACCURACY AND/OR THE COMPLETENESS OF ANY MSCI INDEX OR ANY DATA INCLUDED THEREIN. NONE OF THE MSCI PARTIES MAKES ANY WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY THE ISSUER OF THE FUND, OWNERS OF THE FUND, OR ANY OTHER PERSON OR ENTITY, FROM THE USE OF ANY MSCI INDEX OR ANY DATA INCLUDED THEREIN. NONE OF THE MSCI PARTIES SHALL HAVE ANY LIABILITY FOR ANY ERRORS, OMISSIONS OR INTERRUPTIONS OF OR IN CONNECTION WITH ANY MSCI INDEX OR ANY DATA INCLUDED THEREIN. FURTHER, NONE OF THE MSCI PARTIES MAKES ANY EXPRESS OR IMPLIED WARRANTIES OF ANY KIND, AND THE MSCI PARTIES HEREBY EXPRESSLY DISCLAIM ALL WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO EACH MSCI INDEX AND ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL ANY OF THE MSCI PARTIES HAVE ANY LIABILITY FOR ANY DIRECT, INDIRECT, SPECIAL, PUNITIVE, CONSEQUENTIAL OR ANY OTHER DAMAGES (INCLUDING LOST PROFITS) EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.</p> <p>No purchaser, seller or holder of this security, product or fund, or any other person or entity, should use or refer to any MSCI trade name, trademark or service mark to sponsor, endorse, market or promote this security without first contacting MSCI to determine whether MSCI's permission is required. Under no circumstances may any person or entity claim any affiliation with MSCI without the prior written permission of MSCI.</p>
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5. In Section 9.2.7 the reference to section 8.1 is deleted and replaced with 6.1.
6. Section 10 Fees and other costs is supplemented with the following information for GRNV:

TYPE OF FEE OR COST ¹	AMOUNT	HOW AND WHEN PAID
Fees when your money moves in or out of the Funds		
Establishment fee: The fee to open your investment	Nil	Not applicable
Contribution fee: The fee on each amount contributed to your investment	ASX investors: Nil APs: \$1000	Payable only by Authorised Participants per creation at the time of application for the creation of ETF Units by a Standard Basket Transaction. The amount of these costs may be negotiated.
Withdrawal fee²: The fee on each amount you take out of your investment	ASX investors: Nil ² APs: \$1000	Payable only by Authorised Participants per creation at the time of application for the creation of ETF Units by a Standard Basket Transaction. The amount of these costs may be negotiated.
Exit fee: The fee to close your investment	Nil	Not applicable



Management costs ³		
The fees and costs for managing your investment		Management fees are calculated and accrued daily on the Fund Net Asset Value and reflected in the daily Unit Price of that Fund and payable to us from the assets of that Fund on a monthly basis on or about the first Business Day of the following month. Management fees may be negotiated by wholesale clients.
Management fees:	0.35	
Indirect costs	<u>0.00</u>	
Total management costs	<u>0.35</u> % p.a.	
Service fees		
The fee for changing investment options	Nil	Not applicable

- 1 All fees and costs are inclusive of goods and services tax (GST) and net of any reduced input tax credits (RITC). A worked dollar example is shown below. Other fees and costs may apply. See section 10.3 for more information.
- 2 Except in limited circumstances ASX Investors are not eligible to redeem ETF Units with VanEck directly. See section 14.2.11 for more information.
- 3 See section 10.3 'Additional explanation of fees and costs' for more information.

Example of annual fees and costs for ASX Investors

This table gives an example of how the fees and costs for the **VanEck Vectors MSCI Australian Sustainable Equity 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 MSCI AUSTRALIAN SUSTAINABLE EQUITY 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.
PLUS Management costs	0.35% p.a. ¹	And , for every \$50,000 you have in the Fund you will be charged \$175 each year.
EQUALS Cost of Fund		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees from: \$175 to \$192.50^{1,2} What it costs you will depend on the fees negotiated.

- 1 Management fees may be negotiated by wholesale clients. See section 10.3 for more information.
- 2 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.

Transactional and operational costs

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

ASX code	Transactional and operational costs p.a.	Cost per \$50,000 p.a.
GRNV	0.05%	\$25



7. Section 14.8 is deleted and replaced with the following:

14.8 Index Providers

We have appointed MSCI, MVIS and S&PDJI as the Index Providers for the Funds. Please refer to sections 6A, 7 and 8 for a full description of the Reference Indices. MSCI, MVIS and S&PDJI have given and as at the date of this PDS have not withdrawn their consent to be named as the Index Providers in this PDS and to the statements in sections 6A, 7 and 8 of this PDS respectively.

8. In the Glossary of Terms – the following terms are updated:

Term	Meaning
ASX	The Australian Securities Exchange operated by ASX Limited
ASX Rules	The Operating Rules, Settlement Operating Rules and any other applicable rules and procedures as issued, amended, varied or waived by ASX Limited from time to time
Custodian	State Street Australia Limited ABN 21 002 965 200
Fund Administrator	State Street Australia Limited ABN 21 002 965 200
Index Provider	MSCI Inc. (MSCI) MV Index Solutions (MVIS) and S&P Dow Jones Indices (S&PDJI) individually or collectively as the context requires. See sections 6A, 7 and 8 for more information.

IMPORTANT NOTICE ABOUT THIS SPDS

This SPDS contains general information only and is not financial advice. It is not a recommendation by us or any other person to invest in a Fund. The information does not take into account the individual investment objectives, financial situation or needs of any person. Before making an investment decision, you should consider (in consultation with a financial adviser) if the decision is appropriate for your personal financial situation, needs and objectives.

An investment in a Fund is subject to various risks which may have the effect of reducing the value of the Fund, resulting in a loss of your capital invested in the Fund and/or a lack of income from the Fund. You should carefully consider the risks set out in section 9 of the PDS before deciding to invest in a Fund. 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.

ENDS