

28 May 2015

ASX Limited

Market Announcements Office

COMMENCEMENT OF TRADING & PRODUCT DISCLOSURE STATEMENT

Market Vectors Investments Limited makes this announcement regarding the following new Market Vectors exchange traded fund (**Fund**):

ASX code	Fund
MVS	Market Vectors Small Cap Dividend Payers ETF

The Fund will commence trading on ASX today, 28 May 2015.

A copy of the Fund's Product Disclosure Statement dated 6 May 2015 is attached.

For more information about Market Vectors:

- Call 1300 MV ETFS (1300 68 3837)
- Go to marketvectors.com.au

Important Notice: This information is issued by Market Vectors Investments Limited ABN 22 146 596 116 AFSL 416755 as responsible entity ('MVIL') of the Australian domiciled Market Vectors ETFs ('Funds'). MVIL is a wholly owned subsidiary of Van Eck Associates Corporation based in New York, United States ('Van Eck Global').

This is general information only and not financial advice. It does not take into account any person's individual objectives, financial situation nor needs ('circumstances'). Before making an investment decision in relation to a Fund, you should read the applicable product disclosure statement ('PDS') and with the assistance of a financial adviser consider if it is appropriate for your circumstances. PDSs are available at www.marketvectors.com.au or by calling 1300 MV ETFS (1300 68 3837).

The Funds are subject to investment risk, including possible delays in repayment and loss of capital invested. Past performance is not a reliable indicator of current or future performance. No member of the Van Eck Global group of companies guarantees the repayment of capital, the performance, or any particular rate of return from any Fund. Market Vectors® and Van Eck® are registered trademarks of Van Eck Global.



MARKET VECTORS® ETFs

by **Van Eck Global**

Market Vectors Small Cap Dividend Payers ETF

PRODUCT DISCLOSURE STATEMENT

ARSN 605 328 087 | ASX CODE: MVS

- Issued by Market Vectors Investments Limited
ABN 146 596 116 AFSL No 416755
A wholly owned subsidiary of Van Eck Global

Dated: 6 May 2015

Van Eck Global
SINCE 1955

IMPORTANT INFORMATION BEFORE YOU START

This product disclosure statement ('PDS') is issued by Market Vectors Investments Limited ABN 22 146 596 116 AFSL No 416755 as responsible entity of Market Vectors Small Cap Dividend Payers ETF ARSN 605 328 087 ('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 'Market Vectors', 'us', 'we', 'our' or 'Responsible Entity' are a reference to Market Vectors 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 32 to 34.

A copy of this PDS has been lodged with the Australian Securities and Investments Commission (ASIC) and the ASX. Neither ASIC nor the ASX take any responsibility for the contents of this PDS. We have applied to the ASX under the AQUA Rules for the Fund to be admitted to trading on the ASX 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 Market Vectors (Authorised Participants or APs) and who are Australian residents and have received this PDS in Australia (electronically or otherwise).

ASX Investors

Other investors may purchase ETF Units on the ASX, like purchasing shares (ASX Investors), and may use this PDS for information purposes only. Certain sections of the PDS (particularly section 10 'Transacting with Market Vectors') are only relevant to Authorised Participants. ASX Investors may buy and sell ETF Units on the ASX through their online broker, stockbroker or financial adviser (Broker).

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 lodgement 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 is admitted to trading on the ASX under the AQUA Rules (refer to 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), Market Vectors is permitted to establish different classes of units and may do so in the future.

Up to date information

All information in this PDS is current as at the date of this PDS. Unless otherwise stated, Market Vectors 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 publish changes that are not materially adverse to investors on our website www.marketvectors.com.au. If a change is considered materially adverse we will issue a supplementary or replacement PDS.

A paper copy of this PDS and any updated information will be provided free of charge on request by contacting us at 1300 MV ETFS (1300 68 3837).

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' on page 14 for further details), including possible delays in repayment and loss of income and capital invested. None of Market Vectors Investments Limited, Market Vectors Australia Pty Ltd, Van Eck Associates Corporation (Van Eck Global) or their related entities, directors or officers, gives any guarantee or assurance as to the performance of the Fund, or the repayment of capital invested.

Foreign Investors

This PDS does not constitute an offer or invitation in any jurisdiction other than in 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 the 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. This PDS does not constitute an offer or recommendation of securities in any jurisdiction outside Australia, or to any person to whom it would be unlawful to make such an offer.

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Table of Contents

Section	Title	Page
1.	About Market Vectors	4
2.	Summary of the Fund	5
3.	The AQUA Rules of the ASX	7
4.	Benefits of the Fund	9
5.	How the Fund works	10
6.	Reference Index - Market Vectors Australia Small-Cap Dividend Payers Index	11
7.	Investment objective, strategy and performance of the Fund	13
8.	Risks	14
9.	Fees and costs	16
10.	Transacting with Market Vectors (for Authorised Participants only)	20
11.	Distributions	22
12.	Taxation	23
13.	Other information you need to know	24
	Glossary of terms	32
	Corporate directory	35

Section 1

About Market Vectors

1.1 Market Vectors Investments Limited

- the responsible entity

Market Vectors 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 Market Vectors' powers and duties as responsible entity see section 13.1.

- wholly owned subsidiary of Van Eck Global

Market Vectors Investments Limited is the wholly owned Australian subsidiary of New York based investment manager Van Eck Associates Corporation (**Van Eck Global**).

Market Vectors' exchange traded products ('ETPs') have been offered in the US since 2006 and span many asset classes including equities, fixed income (municipal and global bonds) and currency markets.

As at 31 March 2015 the Market Vectors family of ETPs totalled US\$22.4 billion in assets under management, making it one of the largest ETP families worldwide.

1.2 Van Eck Global

Founded in 1955, Van Eck Global was among the first US money managers helping investors achieve greater diversification through global investing.

Today, the firm continues this tradition by offering innovative investment choices in hard assets, emerging markets, precious metals including gold, and other alternative asset classes.

Headquartered in New York, Van Eck Global has offices in Australia, China, Germany, Spain and Switzerland and as at 31 March 2015, managed approximately US\$30.5 billion in investor assets including its Market Vectors ETFs business.

For more information on Van Eck Global, visit www.vaneck.com.

1.3 Market Vectors Index Solutions GmbH

– the Index Provider

Headquartered in Frankfurt, Germany, Market Vectors Index Solutions GmbH (**MVIS**) is a member of the Van Eck Global group that develops, monitors and markets the Market Vectors indices, including the Reference Index tracked by the Fund.

Market Vectors indices are specifically designed to be investable and licensed as the basis for financial products. At the date of this PDS, MVIS has developed and maintains 72 indices worldwide.

The introduction of MVIS has expanded Van Eck Global's successful Market Vectors brand from exchange traded products to indices and the current portfolio of indices reflects the company's in-depth expertise related to emerging markets, hard assets and specialty asset classes.

For more information about the Market Vectors Australia Small-Cap Dividend Payers Index (**Reference Index**), see section 6.

Section 2

Summary of the Fund

For more
information

About the Fund					
Full legal name		ARSN	ASX code	iNAV code	Section 5
Market Vectors Small Cap Dividend Payers ETF		605 328 087	MVS	YMVS	
Responsible Entity	Market Vectors Investments Limited, a Sydney based investment manager who specialises in issuing and operating ETFs. Market Vectors is a wholly owned subsidiary of Van Eck Global (New York).				
Type of investment – index tracking exchange traded fund (ETF)	An index tracking ETF is an open-ended fund that aims to track the performance (before costs) of a financial market index by investing in a portfolio of securities that constitute the index. Units in an ETF are generally quoted and available for trading on the ASX. As such, ETFs give investors simple and cost effective exposure to the entire portfolio of securities held by the fund via a single trade on the ASX. As easy as trading shares.				Section 3
Investment objective	The Fund aims to provide investment returns (before management costs) that closely track the returns of the Reference Index.				Section 7
Reference Index	Market Vectors Australia Small-Cap Dividend Payers Index				Section 6
Bloomberg Index Ticker	MVMVSTRG				
Index Provider	Market Vectors Index Solutions GmbH (Frankfurt)				
Investment strategy	A passive management strategy of replicating the Reference Index which is designed to closely track the performance of the Reference Index.				Section 7
Benefits	The benefits of the Fund include: access to a diversified portfolio of ASX listed small cap dividend paying companies in a single trade on the ASX; lower costs and tax relative to actively managed funds; diversification; liquidity; transparency and intraday trading.				Section 4
Risks	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
Transacting under this PDS – Authorised Participants only					
Transacting with Market Vectors	Only Authorised Participants are eligible to apply to create or redeem ETF Units with Market Vectors directly except in limited circumstances where ASX Investors will have the right to redeem their ETF Units with Market Vectors directly (see section 13). Authorised Participants must be an Australian resident and must complete the Application Form. Other investors can buy and sell ETF Units on the ASX through their online broker, stockbroker or financial adviser (Broker).				Section 10
Creations	ETF Units can only be acquired 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 quoted securities (Standard Basket) transferred through CHESS plus or minus a residual cash amount (Standard Basket Transaction). If agreed by us, payment may also be made by: (i) cash, or (ii) a combination of securities and cash (Non-Standard Transaction).				
Redemptions	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.				

Standard Basket Transaction – minimum size	Creation Unit	Redemption Unit	Section 10
	120,000 ETF Units	120,000 ETF Units	
Cut-off time (APs only)	4pm on each ASX Trading Day		
Price for Authorised Participants	The price of the ETF Units at which Authorised Participants transact with Market Vectors is the Fund Net Asset Value per ETF Unit, referred to as the ‘Unit Price’ or ‘NAV’ . The Unit Price is generally calculated daily based on the closing price of the securities on the ASX.		
Cooling-off	There are no cooling-off rights applicable to the offer in this PDS.		
Transacting via the ASX – all ASX Investors			
Buying and selling ETF Units on the ASX	ASX Investors may buy and sell ETF Units on the ASX just like trading shares. The minimum creation and redemption amounts for Authorised Participants do not apply to ETF Units purchased on the ASX.		Section 3
Fees and costs			
ALL INVESTORS			Section 9
Management costs	0.49% p.a.		
AUTHORISED PARTICIPANTS ONLY			
Standard Basket Transaction fees	Contribution fee	\$1,650 per creation	
	Withdrawal fee	\$1,650 per redemption	
	Contribution and withdrawal fees may change without notice.		
Distributions			
Frequency	Semi-annually, plus to Authorised Participants on redemption and such other times as we determine.		Section 11
Reinvestment	Distributions will be paid as cash to your nominated bank account unless you elect to have distributions reinvested. You can request to reinvest distributions which will then appear as additional ETF Units in your account by contacting the Registrar.		
Additional information			
Website	The following information is available for the Fund by visiting our website at: www.marketvectors.com.au : <ul style="list-style-type: none">• Fund Net Asset Value – available monthly;• Unit Price – available daily;• Standard Basket for creations or redemptions – updated daily;• number of ETF Units outstanding – available monthly;• latest copy of this PDS, any supplementary PDS and any changes that are not materially adverse to investors;• Distribution Reinvestment Plan (‘DRP’) Rules;• Unit Pricing Policy;• information about any distributions;• copies of 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• copies of annual reports, and half-year reports (including financial statements).		
Statements	The following statements will be made available to investors: <ul style="list-style-type: none">• holding statement – for any transactions made during the month;• annual tax statement – after 30 June each year;• distribution advice – each time a distribution is made; and• periodic statement showing your transactions and investments in the Fund – sent annually and on exit from the Fund.		

Section 3

The AQUA Rules of the ASX

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 the ASX may require the issuer to facilitate liquidity of the AQUA-quoted securities 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 the 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.

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

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 quoted 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 MVS, the value of the Fund reflects the value of the underlying portfolio of securities in the Fund and not the value of Market Vectors' business.

The following table highlights the key differences between the ASX Listing Rules and the AQUA Rules.

3.3 Table 1 Key differences between the ASX Listing Rules and the AQUA Rules

ASX Listing Rules	AQUA Rules
Continuous disclosure	
Issuers are subject to the continuous disclosure requirements under Listing Rule 3.1 and section 674 of the <i>Corporations Act</i> .	<p>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:</p> <ul style="list-style-type: none"> • ETF Units outstanding on a monthly basis; • dividends, distributions and other disbursements; • 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 • 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.
Periodic disclosure	
Issuers are required to disclose their half-yearly and annual financial information or annual reports to the ASX under Chapter 4 of the Listing Rules	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 financial reports required under Chapter 2M of the <i>Corporations Act</i> .
Corporate control	
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 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.
Related party transactions	
Chapter 10 of the Listing Rules, which relates to transactions between an entity and persons in a position to influence the entity, specifies controls over related party transactions.	Chapter 10 of the Listing Rules does not apply to AQUA products. Products quoted under the AQUA Rules which are registered managed investment schemes remain subject to the related party requirements in Part 5C.7 and Chapter 2E of the <i>Corporations Act</i> .
Auditor rotation obligations	
There are specific requirements in relation to auditor rotation under Part 2M.4 Division 5 of the <i>Corporations Act</i> .	Issuers of products quoted under the AQUA Rules are not subject to the requirements under Part 2M.4 Division 5 of the <i>Corporations Act</i> . Responsible entities of registered managed investment schemes will continue to be required to undertake an independent audit of its compliance with the 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).
Disclosure documentation	
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 quoted 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 Exchange Traded Funds

Exchange Traded Funds or 'ETFs' are passively managed funds, interests in which are quoted for trading on a stock exchange, in this case the ASX.

Being passively managed means they aim to closely track the performance of a reference stockmarket index by investing in the securities that make up that index.

ETFs thereby combine key advantages of index managed funds and listed shares. When compared with actively managed funds, they generally come with the benefits of low costs, broad diversification, transparency of holdings, and tax advantages.

Unlike traditional index funds, exchange traded funds trade on a stock exchange so they also benefit from simple trading and intraday pricing. This means you can buy and sell them the same way you buy and sell a single share, but with an ETF you get exposure to a diversified portfolio of securities in a single trade, saving you time and money.

4.2 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. Brokerage or adviser fees may also apply when buying or selling ETF Units. (See section 9 for more information).

4.3 Diversification with a single trade

The Fund in this PDS provides you with a simple way to access a diversified portfolio of listed small cap Australian equities via a single trade on the ASX.

4.4 Liquidity

You can buy and sell your investment on the ASX. Liquidity in the ETF is facilitated by a Market Maker. The Market Maker's role is to match buy and sell orders for ETF Units from ASX Investors.

4.5 Flexibility

As the ETF Units are quoted on the 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 as well as indicative intraday movements in the Unit Price (iNAV).

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

The portfolio of securities in the Fund is published daily on our website www.marketvectors.com.au.

The iNAV (indicative Unit Price) for the Fund is also available and is updated generally every 30 seconds but no less than every 15 minutes throughout each ASX Trading Day.

The iNAV enables you to see indicative changes in the Unit Price throughout the day and to trade the ETF Units with a much greater degree of certainty of pricing compared to unlisted managed funds which typically only calculate and publish a single unit price on the following day, based on the NAV at the close of trading the previous day.

The iNAV for the Fund is available from third party broker websites by entering the iNAV code: YMVS. For more information see sections 8.2.8 and 13.27.

4.7 Taxation advantages

As the Fund invests in Australian securities you will receive the benefits of franking credits.

In contrast to an unlisted actively managed fund, the turnover of the underlying portfolio in an index-tracking ETF is generally low, reducing the level of capital gains and associated capital gains tax payable by you.

Distributions are paid to Authorised Participants when they redeem, which reduces the tax burden on the remaining Unitholders. Unlisted managed funds typically do not do this.

For full details on taxation, see section 12.

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 the 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 an 'interest' in the form of ETF Units.

The value of your investment is reflected in the Unit Price. The Unit Price changes throughout each ASX Trading Day (like a share price) to reflect changes in the performance (rises and falls in value) of the underlying assets.

Authorised Participants can apply to create or redeem ETF Units based on the Unit Price at the end of the relevant Business Day. ASX Investors can generally trade throughout each ASX Trading Day based on market prices quoted on the ASX.

If you invest in the Fund (either as an Authorised Participant via this PDS or as an ASX Investor) then 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.

5.2 Table 2 Roles and responsibilities

There are a number of key parties involved in the operation and administration of the Fund as follows:

Role	Responsibility
Responsible Entity	Issues the ETF Units and this PDS and responsible for operating the Fund.
Investment Manager	Manages the investment portfolio of the Fund in line with the Fund's investment strategy.
Custodian	Holds the assets of the Fund for safe-keeping on behalf of the responsible entity and Unitholders.
Fund Administrator	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.
Index Provider	Develops and maintains the Reference Index that the Fund aims to track.
Registrar	Maintains the register of Unitholders including: quantity of securities held, tax file numbers and DRP details; and issues all correspondence to Unitholders on behalf of the Responsible Entity.
Authorised Participants	Transact directly with the Responsible Entity to create (or redeem) ETF Units (primary market) and then quote the ETF Units on the ASX for sale to other investors via the ASX (secondary market).
Market Maker	Subject to certain conditions, provides liquidity in the Fund on the ASX by acting as a buyer and a seller on the ASX throughout the ASX Trading Day.

Market Vectors may change the parties performing the roles named above at any time in its discretion with the exception of the Responsible Entity which can only be changed in accordance with the *Corporations Act*.

Section 6

Reference Index – Market Vectors Australia Small-Cap Dividend Payers Index

The Fund aims to closely track the Market Vectors Australia Small-Cap Dividend Payers Index (**Reference Index**). The Reference Index was purpose-built for the Fund by Market Vectors Index Solutions (**MVIS**), a member of the Van Eck Global group of companies based in Frankfurt, Germany.

Fund	ASX Code	Index	Bloomberg Code
Market Vectors Small Cap Dividend Payers ETF	MVS	Market Vectors Australia Small-Cap Dividend Payers Index	MVMVSTRG

6.1 Index construction

There are four key steps involved in constructing the Reference Index:

1. Index universe
2. Investable index universe
3. Index constituents
4. Weighting by Free-Float

6.1.1 Index universe

To be included in the index universe for the Market Vectors Australia Small-Cap Dividend Payers Index a security must meet the following assessment:

- Have a full market capitalisation exceeding USD50 million;
- Did not omit their last dividend payment;
- Be a local company incorporated in Australia with an ASX listing or be an offshore company incorporated outside of Australia with an ASX listing but generate at least 50% of their revenues (or, where applicable, have at least 50% of their assets) in Australia.

6.1.2 Investable index universe

When MVIS develops and maintains indices, its key focus is on investability. Stringent rules in respect of liquidity are applied when screening potential components for inclusion in the Reference Index. Reviews of the Reference Index are carried out every 3 months.

In reviewing the Reference Index, each Reference Index component is assessed based on the following investability criteria (depending on whether the component is an existing component of the Reference Index or is being assessed as a new component for inclusion in the Reference Index):

Investability criteria	Existing components	New components
Non-trading days over last 3 months:	< 10 non-trading days; AND	< 10 non-trading days ; AND
Free-Float:	≥ 5%; AND	≥10%; AND
Market Capitalisation (total):	> US\$75 million; AND	> US\$150 million;
3-month average-daily-trading volume:	EITHER: at least US\$600,000 at the current review or at one of the previous two reviews;	PLUS: at least US\$1 million at this review and also at the previous two reviews;
Shares traded per month over the last 6 months:	OR: at least 200,000 at the current review or at one of the previous two reviews.	AND: at least 250,000 at this review and also at the previous two reviews.

Existing components that fail to meet the relevant criteria above will be excluded from the Reference Index. New components must meet the relevant criteria above before they are included in the Reference Index.

6.1.3 Index constituents

Determining the Reference Index constituents involves applying target coverage criteria and applying a review procedure. These concepts are explained below.

Target coverage: the target coverage for the Reference Index is 100% of the Free-Float Market Capitalisation of the investable index universe, with the Reference Index comprising at least 25 securities.

Review procedure:

1. All securities in the investable index universe are sorted by their full market capitalisation in descending order;
2. Companies covering the top 90% of the full market capitalisation are excluded. Securities which are between 90% and 98% of the investable index universe qualify for selection;
3. Existing components that rank between 85% and 90% or 98% and 99% will also qualify for continued selection for the Reference Index if they did not omit their latest dividend.

Index reviews for the Market Vectors Australia Small-Caps Dividend Payers Index are currently carried out on a quarterly basis. The reviews are currently based on the (adjusted) closing data on the last business day in February, May, August and November. The underlying Reference Index data is announced on the second Friday in March, June, September and December (**quarter-end month**). Changes to the Reference Index are typically implemented (**rebalancing**) on the third Friday of each quarter-end month. MVIS may change the above timings without prior notice at its discretion. Refer to the section 6.6 below for details of how to access the most up to date index guide.

6.1.4 Weighting by Free-Float

The weighting of each Reference Index component is calculated by determining the Free-Float Market Capitalisation for each component and then sorting the components in a descending order.

6.2 Transparency

MVIS aims to provide the best possible transparency so that interested parties have access to all relevant information. You can register free of charge at www.marketvectorindices.com to access a copy of the *Market Vectors Global Equity Index Guide* containing up-to-date Reference Index rules, full methodology details and selection and review processes. Registration also enables you to access information on current Reference Index values (15 minutes delayed), constituent weightings and other statistical information.

6.3 Governance arrangements regarding related party index provider

MVIS is a related body corporate of Market Vectors. In order to minimise any potential for conflicts caused by the fact that MVIS provides indices for Market Vectors ETFs including the Reference Index, MVIS has retained Solactive AG, an unaffiliated third party, as the calculation agent for the indices. Solactive calculates, maintains and disseminates each of MVIS's indices on a daily basis in accordance with the rules-based methodology developed by MVIS. MVIS monitors the results produced by Solactive to help ensure that the indices are calculated in accordance with the applicable rules-based methodology. MVIS, Market Vectors and Van Eck Global have established policies and procedures designed to prevent (1) non-public information about pending changes to the indices from being used or disseminated in an improper manner; and (2) improper use and dissemination of non-public information about an ETF's portfolio management from having any influence on the construction of the rule-based methodologies.

6.4 Disclaimer

The Fund is not sponsored, endorsed, sold or promoted by MVIS. MVIS makes no representation or warranty, express or implied, to Market Vectors or any member of the public regarding the advisability of investing in securities generally or in the Fund particularly. The Reference Index is determined and composed by MVIS without regard to Market Vectors or the Fund. MVIS has no obligation to take the needs of Market Vectors or any Unitholders into consideration in determining or composing the Reference Index. MVIS is not responsible for and has not participated in the determination of the timing of, prices at, or quantities of ETF Units to be issued or in the determination or calculation of the equation by which the Fund is to be converted into cash. MVIS has no obligation or liability in connection with the administration, marketing or trading of the Fund.

MVIS DOES NOT GUARANTEE THE ACCURACY AND/OR THE COMPLETENESS OF THE REFERENCE INDEX OR ANY DATA INCLUDED THEREIN AND MVIS SHALL HAVE NO LIABILITY FOR ANY ERRORS, OMISSIONS, OR INTERRUPTIONS THEREIN. MVIS MAKES NO WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY MARKET VECTORS OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE REFERENCE INDEX OR ANY DATA INCLUDED THEREIN. MVIS MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE REFERENCE INDEX OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL MVIS HAVE ANY LIABILITY FOR ANY SPECIAL, PUNITIVE, INDIRECT, OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

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 closely track the returns of the Market Vectors Australia Small-Caps Dividend Payers Index. It does not aim to perfectly replicate the Reference Index on a one-to-one basis for a number of reasons, including:

- differences in the timing of dividends and corporate actions between the Reference Index and the Fund;
- fees and expenses associated with operating the Fund which do not apply to the Reference Index (see section 9);
- the Fund may invest in securities:
 - that have been (but are no longer) included in the Reference Index; or
 - which are reasonably expected to be included in the Reference Index within 6 months,
- the Fund may hold a small amount of cash, and
- we may allow individual security weightings to vary marginally from the Reference Index.

7.2 Investment strategy of the Fund

The Fund employs a passive management strategy of physically replicating the Reference Index by investing directly in the underlying securities comprising the Reference Index in proportion to their relative weightings in the Reference Index. From time to time the number of securities in the Reference index may change due to factors such as index rebalancing and the Fund may hold other securities determined by us as necessary to achieve the Fund's investment objective. We will only purchase securities that are traded on an exchange approved under the AQUA Rules.

Futures traded on a licensed exchange may be used in the Fund in exceptional circumstances to gain market exposure without investing directly in underlying securities in the Reference Index. This allows Market Vectors to maintain the Fund's liquidity without being under-invested. Importantly, derivatives are not used in the Fund for leverage or speculative purposes. For more information see section 8.2.9.

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.marketvectors.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 reported for the Fund will differ from that of the Reference Index. See sections 7.1 and 8.2.6 for more information.

7.4 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.

We will not make any significant change to the investment objective or strategy except in accordance with the AQUA Rules which may require us to first obtain approval by a resolution of 75% of the votes cast by Unitholders entitled to vote at a meeting convened for the purposes of voting on a resolution.

7.5 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.

7.6 Proxy voting

We intend to vote all proxies in accordance with the best interests of Unitholders without influence by real or apparent conflicts of interest. To assist in our responsibility for voting proxies and the overall voting process, we have engaged a third party proxy voting specialist. The services provided by the specialist include in-depth research, issuer analysis and voting recommendations, as well as vote execution, reporting and recordkeeping.

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:

- your investment goals;
- your age;
- your investment time frame;
- where other parts of your wealth are invested; and
- your overall risk tolerance.

It is important for you to carefully consider the risks of investing in the Fund and to understand that:

- the value of your investment will vary;
- investment returns will vary and future returns may differ from past returns;
- returns are not guaranteed and you may lose money; and
- 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 Significant risks associated with the Market Vectors Small Cap Dividend Payers 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 shares listed on the ASX.

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. Growth investments such as shares generally have relatively higher market risk than property securities, bonds and cash. Markets are volatile and fluctuate from day-to-day. This volatility may cause the value of an investment in the Fund to decrease. Small cap companies tend to demonstrate higher volatility relative to larger cap companies.

8.2.2 Security specific risk

The value of a company's shares which make up part of the underlying assets in the Fund can be influenced by changes in and factors affecting company management, its business environment or profitability. These risks can impact the company's ability to repay its debt, its profitability and ultimately the value of its shares. By diversifying its holdings across market sectors, the Fund is generally insulated from the specific risks of individual securities.

8.2.3 Trading risk

Secondary market trading of ETF Units on the 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 creation and redemption process for Authorised Participants may be suspended or modified.

8.2.4 Liquidity risk

This is the risk that an investment may not be able to be sold quickly enough to prevent or minimise a loss. A lack of liquidity may also affect the amount of time it takes us to satisfy a redemption request. As the underlying assets of the Fund are ASX listed securities and a Market Maker has been appointed, to support liquidity on the ASX, the ETF Units should generally be liquid.

8.2.5 Market Maker risk

Although the Fund is quoted on the 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. Unitholders should be aware that a Market Maker may be paid fees. The Market Maker will also retain for its own account any trading profits and bear any losses which may be generated by its market making activities.

8.2.6 Tracking error risk

This is the risk that the Fund fails to meet its investment objective and 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. The Fund may hold cash from time to time pending investment in line with the Reference Index. As a result there will be times when the Fund will not fully replicate the Reference Index and will hold a sub-set of the Reference Index components in order to track the Reference Index as closely as possible. See section 7.1 for more information.

8.2.7 **Trading price risk**

This is the risk that the trading price of an ETF Unit on the ASX will differ from the Unit Price. This is because the trading price of an ETF Unit on the 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 the ASX at a significant discount or premium to the Unit Price.

8.2.8 **iNAV risk**

This is the risk that the Indicative Unit Price or 'iNAV' for the Fund may differ from the trading price of the ETF Units on the ASX. This risk is dependent on a number of factors. The iNAV is calculated based on a portfolio of assets that reflects the portfolio held by the Fund at open of trading on the relevant ASX Trading Day, and varies throughout the day based on quotes and last sale prices of those assets. Changes to the portfolio, including rebalancing and movements of securities into or out of the portfolio during the day are not reflected in the iNAV. Consequently the iNAV should be considered as just that, indicative only, and should not be viewed as a 'real time' update of the Unit Price, which is only calculated once a day.

8.2.9 **Derivatives risk**

In exceptional circumstances, futures (a form of derivative) may be used to gain market exposure to the securities in the Reference Index on a short-term basis. Derivatives are not used for speculation or to leverage the Fund's portfolio. Derivatives derive their value from the performance of a reference asset, for example a share, 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 risks of using derivatives include, but are not limited to, the value 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.

The risk that the Fund may not be able to close out a derivatives position is minimised by entering into such transactions on an exchange with an active and liquid secondary market.

8.2.10 **Currency risk**

This is the risk that unfavourable fluctuations in the value of the Australian dollar relative to other currencies will adversely affect the value of underlying securities in the Reference Index due to those underlying securities having exposures to foreign currencies. The Fund does not have any direct currency exposure, as it does not invest in foreign currency denominated securities, however, the securities in the portfolio held by the Fund may have currency exposures due to their business operations in foreign countries.

8.2.11 **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 or capital gains 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.

8.2.12 **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 was to occur, Market Vectors 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.

8.2.13 **Operational risk – 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.

8.2.14 **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 Market Vectors 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.

8.2.15 **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.

8.2.16 **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. Refer to 'Derivatives risk' above for more information.

Section 9

Fees and 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) has a managed funds fee calculator to help you check out different fee options.

Fees and other costs

This section shows fees and 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

MARKET VECTORS SMALL CAP DIVIDEND PAYERS ETF		
TYPE OF FEE OR COST ¹	AMOUNT	HOW AND WHEN PAID
Fees when your money moves in or out of the Fund		
Establishment fee: The fee to open your investment	Nil	Not applicable
Contribution fee: The fee on each amount contributed to your investment	Nil	Not applicable
Withdrawal fee²: The fee on each amount withdrawn from your investment	Nil ²	Not applicable
Exit fee: The fee to close your investment	Nil	Not applicable
Management costs		
The fees and costs for managing your investment	0.49 % p.a.	Calculated and accrued daily on the Fund Net Asset Value, reflected in the daily Unit Price and payable 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. ³
Service fees		
Switching fee: 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). See section 9.3 for more information. A worked dollar example is shown below.
- 2 Except in limited circumstances ASX Investors are not eligible to redeem ETF Units with Market Vectors directly. See section 13.13 for more information.
- 3 The fees and costs set out in the table above may be negotiated by wholesale clients. See section 9.3.5 for more information.

Example of annual fees and costs for ASX Investors

The following table provides an example of how the fees and costs for **Market Vectors Small Cap Dividend Payers 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: MARKET VECTORS SMALL CAP DIVIDEND PAYERS 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	0.49 % p.a. ¹	And , for every \$50,000 you have in the Fund you will be charged \$245 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 of: \$245 to \$269.50^{1,2} depending on when you made the additional contribution and what fees you negotiate.

- 1 The fees in this example may be negotiated by wholesale clients. Additional costs may apply. See section 9.3 for more information.
- 2 This example assumes that the investment amounts do not rise or fall in value and remain invested for a full year.

9.2 Fees and costs for Authorised Participants

MARKET VECTORS SMALL CAP DIVIDEND PAYERS ETF		
TYPE OF FEE OR COST ¹	AMOUNT	HOW AND WHEN PAID
Fees when your money moves in or out of the Fund		
Establishment fee: The fee to open your investment	Nil	Not applicable
Contribution fee²: The fee on each amount contributed to your investment	\$1,650	Payable only by Authorised Participants per creation at the time of application for the creation of ETF Units in relation to Standard Basket Transactions. This fee may be negotiated by wholesale clients. ³
Withdrawal fee²: The fee on each amount withdrawn from your investment	\$1,650	Payable only by Authorised Participants per redemption at the time of applying for the redemption of ETF Units in relation to Standard Basket Transactions. This fee may be negotiated by wholesale clients. ³
Exit fee: The fee to close your investment	Nil	Not applicable
Management costs		
The fees and costs for managing your investment:	0.49% p.a.	Calculated and accrued daily on the Fund Net Asset Value, reflected in the daily Unit Price and payable 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. ³
Service fees		
Investment switching fee: 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). See section 9.3 for more information. A worked dollar example for the Fund is shown below.
- 2 Additional Contribution and Withdrawal Costs will apply to Non-Standard Transactions as agreed with us from time to time. See section 9.3.4 for more information.
- 3 The fees and costs set out in the table above may be negotiated by wholesale clients. See section 9.3.5 for more information.

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;
- Custodian and Fund Administrator fees (excluding brokerage and transaction-based costs);
- Market Maker fees;
- accounting and audit fees;
- Reference Index license fees;
- Registrar service fees (excluding transaction-based costs);
- other recoverable expenses under the Fund's Constitution, including but not limited to the cost of preparing the Constitution and any PDS, fund administration and reporting; and
- allowance for GST and any input tax credits.

The management costs are calculated and accrued daily and reflected in the daily Unit Price. The management costs are paid to us from the assets of the Fund on a monthly basis on or about the first Business Day of the following month. The management costs are capped at the amounts stated

in the tables in sections 9.1 and 9.2 while this PDS is current.

9.3.2 Transaction costs incurred by the Fund

Transaction costs incurred by the Fund when buying and selling the underlying securities as part of rebalancing the portfolios. These including things such as brokerage and settlement charges. Transaction costs are not included in the management costs cap set out in the tables in sections 9.1 and 9.2 and may be recovered from the assets of the Fund and accounted for in the Unit Price when they arise.

9.3.3 Contribution and withdrawal fees for Authorised Participants

The contribution and withdrawal fees set out in the table above are charged to Authorised Participants to cover the estimated costs incurred by the Fund in relation to Standard Basket Transaction. These costs include custody and administration charges and management of accounts that underlie the transaction. The actual costs will be incurred by the Fund. These costs may be negotiated by wholesale clients and do not apply to ASX Investors. Additional Contribution and Withdrawal Costs will apply to Non-Standard Transactions. See section 9.3.4.

9.3.4 **Additional Contribution and Withdrawal Costs for Non-Standard Transactions**

Additional Contribution and Withdrawal Costs will apply to any Non-Standard Transactions, equal to the difference between: the price at which the Fund purchases relevant securities (on a creation) or sells relevant securities (on a redemption); and the value of those securities used in the relevant Unit Price; plus other costs incurred by the Fund in connection with the transaction (including brokerage, custody and administration charges). All Additional Contribution and Withdrawal Costs will be payable by the Authorised Participant to the Fund.

9.3.5 **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 the tables in sections 9.1 and 9.2 by contacting Market Vectors. 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 Market Vectors' discretion and expense if agreed.

9.3.6 **Borrowing costs**

Any costs and interest charges incurred in respect of any borrowing for the purpose of short term management of cash flows are not included in the management costs set out in the tables 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. Borrowing may only be undertaken to manage certain cash flows to reduce tracking error risk. See section 8.2.6.

9.3.7 **Broker fees**

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

9.3.8 **Incidental fees**

Incidental fees and costs such as regulatory levies and charges are not included in the management costs set out in the tables in sections 9.1 and 9.2, and may be recovered from the assets of the Fund and accounted for in the Unit Price when they arise.

9.3.9 **Abnormal expenses**

Abnormal expenses are expenses 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 cap set out in the tables in sections 9.1 and 9.2 and may be recovered from the assets of the Fund and accounted for in the Unit Price when they arise.

9.3.10 **Notification of changes to fees**

We may vary fees or introduce new fees up to the maximums described in the Constitution. Under the Constitution for the Fund, we are entitled to charge the following relevant maximum fees:

- Management fee: 5.0% p.a. of the Fund's NAV
- 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 the ASX Market Announcements Platform.

9.3.11 **Related party payments**

We may pay fees to related parties and associates of Market Vectors Investments 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 are currently paid by us out of management costs.

9.3.12 **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.

Section 10

(For Authorised Participants only)

Transacting with Market Vectors

IMPORTANT NOTICE

This section provides a summary of the creation and redemption process that applies to transactions between Market Vectors and Authorised Participants only. These processes do not apply to ASX Investors and are provided for information purposes only.

ASX Investors may trade ETF Units on the ASX via their Broker just like trading listed shares.

10.1 AP Agreement and AP Procedures

Full details of creation and redemption procedures will be agreed between Market Vectors and Authorised Participants on a case by case basis and contained in an AP Agreement and related AP Procedures document. AP Procedures are subject to change without notice to ASX Investors, as agreed between Market Vectors and Authorised Participants from time to time.

10.2 Prior to transacting

Authorised Participants must complete an AP Agreement with Market Vectors prior to transacting directly with us. For a copy please contact us on (02) 8038 3300.

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 4pm on an ASX Trading Day. We may accept or reject applications in a different form at our discretion. We may, in our sole discretion and without giving any reason, accept or reject all or part of an application for a creation or redemption.

10.3 Primary and secondary market transactions

Large numbers of ETF Units are first issued by Market Vectors to investors in the **'primary market'** who are ASX Trading Participants (Market Maker and Authorised Participants) in exchange for a specified parcel of ASX listed securities determined in accordance with the Fund's investment strategy. The securities become the assets of the Fund designed to meet the Fund's investment objective. The issuing of ETF Units is known as a **'creation'**. When ETF Units are bought back by the Fund in the primary market (in exchange for securities) this is known as a **'redemption'**.

Once ETF Units have been received by the Market Maker and Authorised Participants (in exchange for securities or cash), they make the ETF Units available for trading on the **'secondary market'**, in this case, the ASX. ASX Investors can then trade the ETF Units with the Market Maker, the Authorised Participant or other ASX Investors in exchange for cash.

10.4 Types of primary market transactions

Applications to Market Vectors for creations or redemptions of ETF Units may only be made by way of Standard Basket Transactions unless we agree otherwise.

10.5 Standard Basket Transactions

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 is published at www.marketvectors.com.au on a daily basis.

A Standard Basket for the Fund consists of:

- (a) a parcel of securities comprising underlying securities in the Reference Index; or
- (b) any other securities determined by Market Vectors as necessary to achieve the Fund's investment objective.

10.6 Minimum transaction size for APs

Applications for creations and redemptions by Authorised Participants can only be made by way of Standard Basket Transactions 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.

Table: Standard Basket Transaction minimum size

Minimum size (APs only)	Standard Basket (ETF Units)
Creation Unit	120,000
Redemption Unit	120,000

10.7 Settlement via CHESS

All applications for creations and redemptions 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 third ASX Trading Day after the effective trade date (T+3) in line with the relevant ASX Rules.

10.8 Cooling-off

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

10.9 '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*.

10.10 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 suspend creations or redemptions in other circumstances. We will notify you of any suspension. We may process applications for creations in instalments over a period of time and may 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.

10.11 Valuations and pricing

The NAV or Unit Price is calculated by dividing the Fund Net Asset Value by the number of ETF Units outstanding. The Unit Price is determined as at the close of trading for each ASX Trading Day.

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 valuation methods applied by Market Vectors to value the Fund's assets and liabilities are consistent with applicable industry standards.

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.

10.12 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 on our website at www.marketvectors.com.au. We will send you a paper copy of the policy free of charge on request.

Section 11

Distributions

10.1 Payment of distributions

You may earn income from the Fund paid in the form of distributions. A distribution may include dividends, interest, other assessable income and realised capital gains.

We will provide details in advance of any distribution by the Fund to the 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.

To reduce any capital gains due to redemptions by Authorised Participants being left in the Fund and payable to remaining ASX investors as distributable income, the Fund will distribute realised capital gains to redeeming Authorised Participants. This means ASX Investors will generally pay less capital gains tax on any distributable income than they would on distributions received from a comparable unlisted managed fund.

10.2 Frequency of distributions

Distributions for the Fund are usually paid semi-annually. We may make additional 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.

10.3 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.

10.4 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 following 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 Market Vectors from time to time. A copy of the DRP Rules is available at www.marketvectors.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 Market Vectors Small Cap Dividend Payers 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.

10.1 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. It can include capital gains made by the Fund, which may be taxed at a discounted rate.

The Fund may generate franking credits through investment in Australian shares. Franking credits may reduce your tax liability and in some circumstances will be refunded by the Australian Taxation Office.

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.

10.2 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.

10.3 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 Market Vectors' 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 Market Vectors in relation to the Fund under the *Corporations Act* include:

- act honestly;
- exercise the degree of care and diligence that a reasonable person would exercise if they were in Market Vectors' position;
- act in the best interests of Unitholders and, if there is a conflict between their interests and Market Vectors' interests, give priority to Unitholders' interests;
- ensure that property in the Fund is clearly identified as property of the Fund and held separately from property of Market Vectors, property of the Custodian and property of any other fund, except as permitted by the *Corporations Act*;
- ensure that the assets in the Fund are valued at regular intervals;
- ensure that payments out of Fund property are made in accordance with the Constitution and the *Corporations Act*; and
- 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:

- manage all income and monitor the expenses of the Fund and arrange for payments to all creditors of the Fund;
- determine and arrange payment of all distributions in respect of the Fund and administer all distribution and taxation statements and notifications;
- process and administer all creation and redemption transactions in relation to the Fund;
- co-ordinate and manage all communications with the ASX in relation to the ongoing quotation of the ETF Units on the ASX and communicate with ASIC and other regulators as appropriate in relation to the Fund;
- address and respond to all investor and Unitholder enquiries, complaints and notification requirements;
- co-ordinate all Unitholder updates and reports, resolutions and Unitholder meetings and attend to all issues in relation to the Constitution as appropriate;
- 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
- 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

Market Vectors' responsibilities and obligations and Unitholders' rights are governed primarily by the Constitution, the *Corporations Act* and this PDS.

Under the Constitution, Market Vectors has all the powers of a natural person in respect of the operation of the Fund. The Constitution gives Market Vectors 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:

13.3 Rights of a Unitholder

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.

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.

13.4 Reimbursement of expenses

Market Vectors 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. Market Vectors 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 Market Vectors has properly performed its duties as responsible entity, Market Vectors is not liable for any loss unless the loss is caused by our fraud, negligence or breach of trust without due care.

13.5 Retirement of Market Vectors as responsible entity

Generally, Market Vectors 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. Market Vectors 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*. Market Vectors may retire or be removed as responsible entity in certain other circumstances prescribed under the *Corporations Act*.

13.6 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.

13.7 Meeting of Unitholders

Market Vectors 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.

13.8 Limitation of liability and indemnity of Market Vectors

In general, Market Vectors may act in good faith on the opinion of, advice of and information obtained from, advisers and experts. Market Vectors 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 Market Vectors, 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. Market Vectors' liability to any person in respect of a fund is limited to our actual indemnification from the assets of that fund for that liability.

13.9 Borrowings

Market Vectors 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 (see section 8.2.6 for more information). In such circumstances, Market Vectors may grant security over the assets held by the Fund in favour of the lender, this may include delivering some of the securities in the portfolio to the lender as collateral for repayment of the loan.

13.10 Amendments to the Constitution

Market Vectors may amend the Constitution from time to time, subject to the provisions of the Constitution and the *Corporations Act*. Generally, Market Vectors 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.

13.11 Termination of the Fund

Market Vectors 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.

13.12 Compulsory redemption of ETF Units

In certain circumstances under the Constitution, Market Vectors 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).

13.13 ASX Investor redemptions

ASX Investors will normally sell their ETF Units by trading on the 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 quotation on the ASX for more than 5 consecutive ASX Trading Days, ASX Investors will have the right to directly redeem their ETF Units for cash unless:

- the Fund has been terminated;
- the Fund is not a liquid scheme; or
- Market Vectors 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

13.14 Compliance plan

Market Vectors 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 Market Vectors' compliance with the compliance plan is independently audited, as required by the *Corporations Act*, and the auditor's report is lodged with ASIC.

13.15 Compliance committee

Market Vectors 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 Market Vectors 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 Market Vectors, and in some circumstances to ASIC.

13.16 Unit Pricing Policy

Market Vectors has a documented Unit Pricing Policy that sets out how we exercise any discretions in relation to the calculation of the Unit Prices, including: the valuation methodology, the rounding of decimal places, and the frequency of income distributions. A copy of our Unit Pricing Policy is available on our website at www.marketvectors.com.au. We will send you a paper copy of the policy free of charge on request.

13.17 Settlement via CHESS

All transactions by ASX Investors will be settled via CHESS in accordance with the ASX rules. Settlement generally occurs on the third ASX Trading Day after the effective trade date (T+3) in line with the relevant ASX rules.

13.18 Market Maker

Under the AQUA Rules, Market Vectors 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 the ASX, while potentially also hedging their underlying positions.

13.19 Related party contracts

At the date of this PDS Market Vectors has entered into a number of arrangements with related parties from the Van Eck Global group. These include: Market Vectors Index Solutions GmbH, the Index Provider that developed and manages the Reference Index; and Market Vectors Australia Pty Ltd for business administration and support services. We may also use Van Eck Global or related entities as a sub-adviser in relation to the investment management of the Fund's portfolio. Where related parties receive a financial benefit, those payments are made out of the management costs and are not an additional cost incurred by Unitholders. Such arrangements are entered into on arms' length commercial terms after considering the requirements of Market Vectors' conflicts of interest policy.

13.20 Index Provider

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

13.21 Solactive Disclaimer

The Reference Index is the exclusive property of MVIS, which has contracted with Solactive to maintain and calculate the Reference Index. The Fund is not sponsored, promoted, sold or supported in any other manner by Solactive nor does Solactive offer any express or implicit guarantee or assurance either with regard to the results of using the Reference Index and/or the Reference Index trademarks or the Reference Index prices at any time or in any other respect.

Solactive uses its best efforts to ensure that the Reference Index is calculated correctly. Irrespective of its obligations towards MVIS, Solactive has no obligation to point out errors in the Reference Index to third parties including but not limited to Unitholders and/or financial intermediaries of the financial instrument.

Neither publication of the Reference Index by Solactive nor the licensing of them or their respective trademarks for the purpose of use in connection with the Fund constitutes a recommendation by Solactive to invest capital in the Fund nor does it in any way represent an assurance or opinion of Solactive with regard to any investment in the Fund.

Solactive is not responsible for fulfilling the legal requirements concerning the accuracy and completeness of this PDS.

13.22 Custodian and Fund Administrator

We have appointed J.P. Morgan Chase Bank, N.A. (Sydney Branch) as the Custodian and Fund Administrator of the Fund. J.P. Morgan Chase Bank, N.A. (Sydney Branch) will provide custodial services, including the holding of all ETF assets and certain fund administration services, such as fund accounting, calculation of distributions and unit pricing, to the Fund. J.P. Morgan Chase Bank, N.A. (Sydney Branch) has not been involved in any way in the preparation of this PDS and is named only for information purposes. J.P. Morgan Chase Bank, N.A. (Sydney Branch) has given and, as at the date of this PDS, has not withdrawn its consent to be named as the Custodian and Fund Administrator in this PDS.

13.23 Registrar

Market Vectors has appointed Link Market Services Limited ('Link') as Registrar to maintain Unitholder records such as quantity of ETF Units held, tax file number and details of participation in the Distribution Reinvestment Plan. The Registrar can be contacted as follows:

Locked Bay A14
Sydney South, NSW, 1235
Telephone: 1300 MV ETFS (1300 683 837)

Link has given and as at the date of this PDS has not withdrawn its consent to be named as the Registrar in the form and context in which it is named. 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.

13.24 Continuous disclosure

Market Vectors 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.

13.25 Information available at Market Vectors' website

The following information related to the Fund is available at www.marketvectors.com.au:

- Fund Net Asset Value – available monthly;
- Unit Price – available daily;
- Standard Basket for creations or redemptions – updated daily;
- number of ETF Units outstanding – available monthly;
- latest copy of this PDS, any supplementary PDS and any changes that are not materially adverse to investors;
- DRP Rules;
- Unit Pricing Policy;
- information about any distributions;
- copies of 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
- copies of annual reports, and half-year reports (including financial statements).

13.26 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 on our website at the same time they are filed with ASIC each year.

13.27 *iNAV (Indicative Unit Price)*

The iNAV is an estimate only of the then current Unit Price of the Fund calculated based on the Fund's portfolio as at the open of trading that day and adjusted throughout the day, using market data, based on quotes and last sale prices.

At the date of this PDS we have arranged for ASX to calculate and distribute the iNAV for the Fund to third party Broker websites and other financial information service providers. We may change providers at our discretion. The iNAV code for the Fund is YMVS.

An iNAV is not, and should not be relied on as being the value of a Unit or the price at which ETF Units may be applied for or redeemed, or bought or sold on the ASX. An iNAV should be considered as indicative only and investors should consider other available market information when making any investment decision. Only Authorised Participants can trade based on the Unit Price.

The ASX generally updates and disseminates the iNAV every 30 seconds. We will take reasonable steps to ensure that the iNAV is available and updated no less than every 15 minutes, however, no assurance is given that iNAV will be published continuously, or will be up to date or free from error and neither Market Vectors nor any other party involved in the operation of the Fund accepts any liability to any person who relies on an iNAV. For more information on the risks of relying on the iNAV, see section 8.2.8.

13.28 *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 will be retained by the Registrar.

13.29 *Investor identification and verification*

Market Vectors 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.

13.30 *The U.S. Foreign Account Tax Compliance Act (FATCA)*

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 Government of the United States of America and the Government of Australia 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 an 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 IGA exempts the Fund from compliance with the FATCA reporting requirements until the end of a transitional period, which at the date of this PDS is scheduled for 1 January 2016. The Fund is registered for FATCA purposes and will comply with FATCA requirements.

13.31 *Complaints*

Market Vectors 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
Market Vectors Investments Limited
Gold Fields House, Level 3
1 Alfred Street
Sydney NSW 2000

Telephone: (02) 8038 3300

Email: complaints@marketvectors.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 \$280,000.

You can contact FOS as follows:

Telephone 1300 780 808 (local call)

Facsimile: (03) 9613 6399

Email: info@fos.org.au

Website: www.fos.org.au

Mail: Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001

13.32 **Privacy Notice**

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

Market Vectors and the Registrar may collect, hold and use Unitholders' personal information in order to process applications, administer Unitholders' investments and provide Unitholders with services related to the investment and with information about other products and services offered by or through Market Vectors, in accordance with Market Vectors Privacy Policy.

By signing and lodging an Application Form, you confirm you have read Market Vectors' Privacy Policy and agree to Market Vectors collecting, storing, using and disclosing your personal information in accordance with our Privacy Policy and this notice. This includes using your personal information to process your application and manage your investment, market products and services to you and comply with relevant laws. If you do not provide the personal information required, your application may not be processed.

For example your information may be used to:

- 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
- ensure compliance with the *Anti-Money Laundering and Counter-Terrorism Financing Act*.

Market Vectors 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:

- marketing products and services to you; and
- improving customer service.

This is to keep you informed of Market Vectors and Van Eck Global 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@marketvectors.com.au.

Market Vectors' 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 Market Vectors' Privacy Policy at www.marketvectors.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 MV ETFS (1300 68 3837), or in writing addressed to: Link Market Services Limited, Locked Bay A14, Sydney South, NSW, 1235, or for CHESS holdings contact your broker.

13.33 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 secondary market. However, if the ETF Units are suspended from trading on the 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:

- the Fund is being wound-up;
- the Fund is not liquid as defined in subsection 601KA(4) of the *Corporations Act*; or
- the Responsible Entity has suspended the redemption of ETF Units in accordance with the Constitution.

Exemption – Unequal treatment in provision of information to authorised participants

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 the Responsible Entity from providing information to Authorised Participants before other members about:

- (a) the Reference Index; and
- (b) scheme property specifying:

- (i) the number and class of securities and any other property required to acquire an ETF Unit by Authorised Participants on the ASX Trading Day that first ends after the information is provided; and
- (ii) the number and class of securities and any other property transferred on withdrawal from an ETF Unit by Authorised Participants on the ASX Trading Day that first ends after the information is provided.

The ASIC Class Order relief applies while the ETF Units are able to be traded on the ASX. The Responsible Entity will provide information about the Reference Index, and the number and identity of securities in the Fund, to Authorised Participants before other members. This information is publicly disclosed to the ASX and on marketvectors.com.au prior to the commencement of the ASX Trading Day after the day on which such disclosure is made to Authorised Participants. Market Vectors will take reasonable steps to ensure that the iNAV is available and updated no less than every 15 minutes during each ASX Trading Day.

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 the 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 a 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.marketvectors.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 Class Order relief under sections 1020F(1)(a) and 1020F(1)(c) of the *Corporations Act* so that periodic statements are not required to be provided in respect of the Fund for each reporting period ending on or before 31 December 2013. For subsequent reporting periods, 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 the 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
Additional Contribution and Withdrawal Costs	Costs payable by Authorised Participants in respect of Non-Standard Transactions, in addition to the usual contribution and withdrawal fees stated in the fee table in section 9.2. See section 9.3.4 for more information.
AP Procedures	The procedures for transacting with Market Vectors in relation to the Fund as agreed in writing with Authorised Participants from time to time.
Application Form	The application form for use by Authorised Participants to make applications for creations and redemptions of ETF Units available at www.marketvectors.com.au or by contacting us on 1300 MV ETFS (1300 68 3837).
AQUA Rules	Schedule 10A of the ASX Operating Rules and related rules and procedures, as amended, varied or waived from time to time.
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange operated by ASX Limited
ASX Investors	Unitholders who acquire ETF Units by transacting on the ASX.
ASX Trading Day	A day that the ASX is open for trading.
ATO	Australian Taxation Office
AUSTRAC	Australian Transaction Reports and Analysis Centre
Authorised Participant or 'AP'	A 'Trading Participant' as that term is defined in the ASX Operating Rules who has entered into an agreement with Market Vectors.
Broker	Online broker, stockbroker or financial adviser
Business Day	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 Market Vectors.
CHESS	The Clearing House Electronic Sub-register System owned and operated by the ASX.
Constitution	The trust deed establishing the managed investment scheme underlying the Fund.
Corporations Act	The <i>Corporations Act 2001 (Cth)</i>
Creation Unit	The minimum number of ETF Units that must be applied for in the Fund by an Authorised Participant in an application for ETF Units.
Custodian	J.P. Morgan Chase Bank, N.A. (Sydney Branch) ABN 43 074 112 011
Distribution Reinvestment Plan or DRP	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 bank account.
DRP Rules	The rules relating to a Unitholder's participation in the DRP a copy of which are available at www.marketvectors.com.au .
ETF	Means 'Exchange Traded Fund' and used in this PDS to refer to ETFs generally or the Small Cap Dividend Payers ETF specifically, as the context requires.

ETF Units	Interests issued by the Responsible Entity in the Fund pursuant to this PDS, the Fund's Constitution and the Corporations Act.
Exchange Traded Fund	A fund which is designed to closely track the value of an underlying index or other asset and is admitted to trading on the ASX.
Foreign Investor	A person who is not an Australian resident for income tax purposes.
Free-Float Market Capitalisation	Means the portion of a company's Market Capitalisation that is freely available for trading in the market.
Fund	Market Vectors Small Cap Dividend Payers ETF ARSN 605 328 087
Fund Administrator	J.P. Morgan Chase Bank N.A. (Sydney Branch) ABN 43 074 112 011
Fund Net Asset Value	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.
iNAV or Indicative Unit Price	Indicative NAV of an ETF Unit disseminated by the ASX at regular intervals throughout each ASX Trading Day. See sections 4.6, 8.2.8 and 13.27.
Index Provider	Market Vectors Index Solutions GmbH ('MVIS')
Investment Manager	A company within the Van Eck Global group of companies.
Market Capitalisation	The total value of the issued shares of a publicly traded company. It equals the share price times the number of shares on issue.
Market Maker	An institution appointed by Market Vectors to assist it in maintaining liquidity of trading of the ETF Units on the ASX. See section 13.18.
MVIS	Means Market Vectors Index Solutions GmbH, the Index Provider. See section 6 for more information.
MVS	The ASX trading code for the Fund.
NAV	The Unit Price
Non-Standard Transaction	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 Market Vectors.
PDS	Means this product disclosure statement.
Redemption Unit	The minimum number of ETF Units that must be redeemed by an Authorised Participant in the event of a redemption.
Reference Index	Market Vectors Australia Small-Caps Dividend Payers Index, having Bloomberg index ticker MVMVSTRG.
Registrar	Link Market Services Limited ABN 54 083 214 537
Responsible Entity	Market Vectors Investments Limited ABN 22 146 596 116 AFSL 416755
Standard Basket	The parcel of securities required for a Standard Basket Transaction as published on our website at www.marketvectors.com.au on a daily basis comprising underlying securities in the Reference Index and any other securities determined by Market Vectors as necessary to achieve the Fund's investment objective.
Standard Basket Transaction	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.

Unit Price or NAV	The Fund Net Asset Value divided by the number of ETF Units outstanding.
Unit Pricing Policy	Market Vectors' Unit Pricing Discretions Policy that sets out how Market Vectors exercises any discretions in relation to the calculation of the Unit Prices. Available at www.marketvectors.com.au .
Unitholder	The person named as the holder of ETF Units in the Fund as recorded in the register maintained by the Registrar.
Van Eck Global	Van Eck Associates Corporation, Market Vectors' parent company headquartered in New York.

Corporate directory

Responsible Entity

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Custodian and Fund Administrator

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Sydney, NSW, 2000

Registrar

Link Market Services

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MARKET VECTORS[®] ETFs

by **Van Eck[®] Global**