

Market Vectors Australian Emerging Resources ETF

ARSN 165 153 944

**Interim financial report
for the half-year ended 31 December 2015**

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

This interim financial report covers Market Vectors Australian Emerging Resources ETF as an individual entity.

The Responsible Entity of Market Vectors Australian Emerging Resources ETF is Market Vectors Investments Limited (ABN 22 146 596 116).

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

Directors' report

The directors of Market Vectors Investments Limited (ABN 22 146 596 116), the Responsible Entity of Market Vectors Australian Emerging Resources ETF ("the Fund"), present their report together with the financial report of the Fund for the half-year ended 31 December 2015.

Principal activities

The Fund aims to provide investment returns (before management costs) that closely track the returns of the Market Vectors Australia Junior Energy & Mining Index.

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

The Fund was registered by Australian Securities and Investments Commission (ASIC) as a managed investment scheme on 19 August 2013.

The Fund is traded on the Australian Securities Exchange (ASX). The admission date was 16 October 2013.

During the period, the Fund invested in Australian listed equities and listed unit trusts in accordance with the governing documents of the Fund and the provisions of the Fund's constitution.

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

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

Directors

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

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

Review and results of operations

During the half-year ended 31 December 2015, the Fund continued to invest in accordance with the product disclosure statement of the Fund and the provisions of the Fund's Constitution.

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

	Half-year ended 31 December 2015	Half-year ended 31 December 2014
	\$	\$
Net operating profit/(loss) before distributions	<u>(382,289)</u>	<u>(214,409)</u>
<i>Distributions</i>		
Distributions paid (\$)	<u>-</u>	<u>-</u>
Distributions (cents per unit "CPU")	<u>-</u>	<u>-</u>

Significant changes in state of affairs

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

Directors' report (continued)

Matters subsequent to the end of the financial period

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

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

Likely developments and expected results of operations

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

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

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

Indemnification and insurance of officers and auditors

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

Environmental regulation

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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 3.

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



Arian Neiron
Director

Sydney
8 March 2016

Auditor's Independence Declaration to the Directors of Market Vectors Investments Limited, as Responsible Entity for Market Vectors Australian Emerging Resources ETF

As lead auditor for the review of Market Vectors Australian Emerging Resources ETF, which has been prepared on a voluntary basis for the half year ended 31 December 2015, I declare to the best of my knowledge and belief, there have been:

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

Ernst & Young

Ernst & Young



Rohit Khanna
Partner
Sydney
8 March 2016

Market Vectors Australian Emerging Resources ETF
Statement of comprehensive income
For the half-year ended 31 December 2015

Statement of comprehensive income

	Half-year ended 31 December 2015	Half-year ended 31 December 2014
	\$	\$
<i>Investment income</i>		
Dividends	17,257	10,106
Trust distributions revenue	9,762	3,569
Net gains/(losses) on financial instruments held at fair value through profit or loss	(404,553)	(226,185)
Other investment income	<u>14</u>	<u>116</u>
<i>Total investment income/(loss)</i>	<u>(377,520)</u>	<u>(212,394)</u>
<i>Expenses</i>		
Management fees	4,115	1,918
Transaction costs	435	97
Interest expense	218	-
Other operating expenses	<u>1</u>	<u>-</u>
<i>Total expenses</i>	<u>4,769</u>	<u>2,015</u>
<i>Profit/(loss) for the half-year</i>	<u>(382,289)</u>	<u>(214,409)</u>
Other comprehensive income for the half-year	<u>-</u>	<u>-</u>
<i>Total comprehensive income/(loss) for the half-year</i>	<u>(382,289)</u>	<u>(214,409)</u>

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

Market Vectors Australian Emerging Resources ETF
Statement of financial position
As at 31 December 2015

Statement of financial position

		As at	
	Notes	31 December 2015	30 June 2015
		\$	\$
<i>Assets</i>			
Cash and cash equivalents		1,503	1,938
Due from brokers - receivable for securities sold		-	22,472
Trust distribution receivable		4,719	5,989
Receivables		800	121
Financial assets held at fair value through profit or loss	4	1,608,075	1,989,691
<i>Total assets</i>		1,615,097	2,020,211
<i>Liabilities</i>			
Borrowings		4,679	5,937
Payables		1,353	860
Distributions payable		-	22,101
<i>Total liabilities</i>		6,032	28,898
<i>Equity</i>		1,609,065	1,991,313

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

Market Vectors Australian Emerging Resources ETF
Statement of changes in equity
For the half-year ended 31 December 2015

Statement of changes in equity

	Half-year ended 31 December 2015	Half-year ended 31 December 2014
	\$	\$
Total equity at the beginning of the half-year	1,991,313	862,090
Issue of redeemable participating shares	41	27
Redemption of redeemable participating shares	-	-
Total comprehensive loss	<u>(382,289)</u>	<u>(214,409)</u>
Total equity at the end of the half-year	<u>1,609,065</u>	<u>647,708</u>

Movement in the units in issue are disclosed in Note 3.

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

Market Vectors Australian Emerging Resources ETF
Statement of cash flows
For the half-year ended 31 December 2015

Statement of cash flows

	Half-year ended 31 December 2015	Half-year ended 31 December 2014
	\$	\$
<i>Cash flows from operating activities</i>		
Proceeds from sale of financial instruments held at fair value through profit or loss	683,428	146,433
Purchase of financial instruments held at fair value through profit or loss	(683,893)	(149,802)
Transaction costs on purchase of financial instruments held at fair value through profit or loss	(435)	(97)
Dividends received	17,257	10,106
Trust distributions received	11,032	4,017
Other income received	14	26
Management fees paid	(4,302)	-
Payment of other expenses	(218)	(1,430)
<i>Net inflow/(outflow) from operating activities</i>	<u>22,883</u>	<u>9,253</u>
<i>Cash flows from financing activities</i>		
Proceeds from applications by unitholders	41	27
Distributions paid	(22,101)	(8,174)
<i>Net inflow/(outflow) from financing activities</i>	<u>(22,060)</u>	<u>(8,147)</u>
<i>Net increase/(decrease) in cash and cash equivalents</i>	823	1,106
Cash and cash equivalents at the beginning of the half-year	(3,999)	476
<i>Cash and cash equivalents at the end of the half-year</i>	<u>(3,176)</u>	<u>1,582</u>

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

1 General information

These interim financial statements cover the Market Vectors Australian Emerging Resources ETF ("the Fund") as an individual entity.

The Fund was registered by Australian Securities and Investments Commission (ASIC) as a managed investment scheme on 19 August 2013 and commenced operations on 14 October 2013.

The Fund is traded on the Australian Securities Exchange (ASX). The admission date was 16 October 2013.

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

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

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

The financial statements of the Fund for the half-year ended 31 December 2015 were authorised for issue in accordance with a resolution of the directors on 8 March 2016. The directors of the Responsible Entity have the power to amend and reissue the interim financial statements.

2 Basis of preparation and significant accounting policies

The accounting policies applied in these interim financial statements are the same as those applied to the Fund's financial statements for the year ended 30 June 2015.

(a) Basis of preparation

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

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual financial statements for the year ended 30 June 2015 and any public announcements made with respect to Market Vectors Australian Emerging Resources ETF during the half-year ended 31 December 2015 in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

(b) Changes in accounting standards

The significant accounting policies adopted in the preparation of these interim financial statements are consistent with those followed in the preparation of the Fund's financial statements for the year ended 30 June 2015, except for the adoption of new standards and interpretations noted below:

AASB 2015-3 *Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality* (effective from 1 July 2015).

The Standard completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards.

The adoption of the amendments had no material impact on the financial statements of the Fund.

(c) Use of estimates

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

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

Market Vectors Australian Emerging Resources ETF
Notes to the financial statements
For the half-year ended 31 December 2015

3 Units in issue

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

	Half-year ended 31 December 2015 No.	Half-year ended 31 December 2014 No.
Units outstanding at the beginning of the half-year	294,562	94,559
Applications	<u>6</u>	<u>3</u>
Units outstanding at the end of the half-year	<u>294,568</u>	<u>94,562</u>

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

4 Financial assets held at fair value through profit or loss

	As at	
	31 December 2015 \$	30 June 2015 \$
Designated at fair value through profit or loss		
Listed equity securities	1,366,390	1,661,820
Listed unit trusts	<u>241,685</u>	<u>327,871</u>
Total designated at fair value through profit or loss	<u>1,608,075</u>	<u>1,989,691</u>
Total financial assets held at fair value through profit or loss	<u>1,608,075</u>	<u>1,989,691</u>

5 Fair values of financial assets and liabilities

(a) Fair value estimation

(i) Fair value in an active market

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

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

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

5 Fair values of financial assets and liabilities (continued)

(b) Fair value hierarchy

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

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

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

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

The tables below set out the Fund's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at 31 December 2015 and 30 June 2015.

31 December 2015	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets designated at fair value through profit or loss:				
Listed equity securities	1,366,390	-	-	1,366,390
Listed unit trusts	<u>241,685</u>	<u>-</u>	<u>-</u>	<u>241,685</u>
Total	<u>1,608,075</u>	<u>-</u>	<u>-</u>	<u>1,608,075</u>
30 June 2015	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets designated at fair value through profit and loss:				
Listed equity securities	1,660,535	1,285	-	1,661,820
Listed unit trusts	<u>327,871</u>	<u>-</u>	<u>-</u>	<u>327,871</u>
Total	<u>1,988,406</u>	<u>1,285</u>	<u>-</u>	<u>1,989,691</u>

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

The Fund did not hold any Level 3 instruments during the half-year ended 31 December 2015 (30 June 2015: \$Nil).

(c) Transfers between levels

There have been no transfers between levels for the half-year ended 31 December 2015 (30 June 2015: \$Nil).

6 Events occurring after the reporting period

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

7 Contingent assets and liabilities and commitments

There were no outstanding contingent assets, liabilities or commitments as at 31 December 2015 and 30 June 2015.

Directors' declaration

In the opinion of the directors of the Responsible Entity :

- (a) the interim financial statements and notes set out on pages 4 to 11 are in accordance with the *Corporations Act 2001*, including
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Fund's financial position as at 31 December 2015 and of its performance for the financial half-year ended on that date; and
- (b) Note 2(a) confirms that the financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board; and
- (c) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable; and
- (d) the financial statements are in accordance with the Fund's Constitution.

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



Arian Neiron
Director

Sydney
8 March 2016

Independent auditor's report to the unit holders of Market Vectors Australian Emerging Resources ETF

Report on the Interim Financial Report

We have reviewed the accompanying interim financial report of Market Vectors Australian Emerging Resources ETF ("the Fund"), which comprises the Statement of Financial Position as at 31 December 2015, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the half-year ended on that date, notes comprising a description of significant accounting policies and other explanatory information, and the Directors' Declaration.

Directors' Responsibility for the Interim Financial Report

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

Auditors' Responsibility

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

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

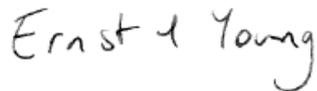
Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Market Vectors Australian Emerging Resources ETF is not in accordance with the *Corporations Act 2001* and prepared on a voluntary basis, including:

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



Ernst & Young



Rohit Khanna
Partner
Sydney
8 March 2016