

VanEck Vectors ETF Trust
Form 497
February 01, 2019

VANECK VECTORS ETF TRUST

This Statement of Additional Information (“SAI”) is not a prospectus. It should be read in conjunction with the current prospectuses (each, a “Prospectus” and together, the “Prospectuses”) of each fund (each, a “Fund” and together, the “Funds”) listed below for the VanEck Vectors® ETF Trust (the “Trust”), relating to each of the series of the Trust listed below, as it may be revised from time to time.

| Fund | Principal U.S. Listing Exchange | Ticker | Fiscal Year End* | Prospectus Date |
|-------------|--|---------------|-----------------------------|----------------------------|
|-------------|--|---------------|-----------------------------|----------------------------|

Statement of Additional Information**February 1, 2019**

| | | | | |
|------------------------------------|-------------------------|-------------------|----------------------------|--------------------------|
| Biotech ETF | NASDAQ Stock Market LLC | BBH | September 30 th | February 1 st |
| Environmental Services ETF | NYSE Arca, Inc. | EVX [®] | September 30 th | February 1 st |
| Gaming ETF | NYSE Arca, Inc. | BJK [®] | September 30 th | February 1 st |
| Generic Drugs ETF | NASDAQ Stock Market LLC | GNRX | September 30 th | February 1 st |
| Morningstar Durable Dividend ETF | NYSE Arca, Inc. | DURA [™] | September 30 th | February 1 st |
| Morningstar Global Wide Moat ETF | NYSE Arca, Inc. | GOAT [™] | September 30 th | February 1 st |
| Morningstar International Moat ETF | NYSE Arca, Inc. | MOTI [®] | September 30 th | February 1 st |
| Morningstar Wide Moat ETF | NYSE Arca, Inc. | MOAT [®] | September 30 th | February 1 st |
| NDR CMG Long/Flat Allocation ETF | NYSE Arca, Inc. | LFEQ [®] | September 30 th | February 1 st |
| Pharmaceutical ETF | NASDAQ Stock Market LLC | PPH [®] | September 30 th | February 1 st |
| Real Asset Allocation ETF | NYSE Arca, Inc. | RAAX [®] | September 30 th | February 1 st |
| Retail ETF | NYSE Arca, Inc. | RTH [®] | September 30 th | February 1 st |
| Semiconductor ETF | NYSE Arca, Inc. | SMH [®] | September 30 th | February 1 st |
| Video Gaming and eSports ETF | NYSE Arca, Inc. | ESPO [™] | September 30 th | February 1 st |

Statement of Additional Information**April 1, 2018, as revised on February 1, 2019**

| | | | | |
|------------------------------------|-----------------|-------------------|---------------------------|-----------------------|
| High Income Infrastructure MLP ETF | NYSE Arca, Inc. | YMLI [®] | November 30 th | April 1 st |
| High Income MLP ETF | NYSE Arca, Inc. | YMLP [®] | November 30 th | April 1 st |

Statement of Additional Information**May 1, 2018, as revised on February 1, 2019**

| | | | | |
|-------------------------------|-----------------|-------------------|---------------------------|---------------------|
| Africa Index ETF | NYSE Arca, Inc. | AFK [®] | December 31 st | May 1 st |
| Agribusiness ETF | NYSE Arca, Inc. | MOO [®] | December 31 st | May 1 st |
| Brazil Small-Cap ETF | NYSE Arca, Inc. | BRF [®] | December 31 st | May 1 st |
| ChinaAMC CSI 300 ETF | NYSE Arca, Inc. | PEK [®] | December 31 st | May 1 st |
| ChinaAMC SME-ChiNext ETF | NYSE Arca, Inc. | CNXT [®] | December 31 st | May 1 st |
| Coal ETF | NYSE Arca, Inc. | KOL [®] | December 31 st | May 1 st |
| Egypt Index ETF | NYSE Arca, Inc. | EGPT [®] | December 31 st | May 1 st |
| Global Alternative Energy ETF | NYSE Arca, Inc. | GEX [®] | December 31 st | May 1 st |

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| Fund | Principal U.S. Listing Exchange | Ticker | Fiscal Year End* | Prospectus Date |
|---------------------------------|--|-------------------|---------------------------|------------------------|
| Gold Miners ETF | NYSE Arca, Inc. | GDX [®] | December 31 st | May 1 st |
| India Small-Cap Index ETF | NYSE Arca, Inc. | SCIF [®] | December 31 st | May 1 st |
| Indonesia Index ETF | NYSE Arca, Inc. | IDX [®] | December 31 st | May 1 st |
| Israel ETF | NYSE Arca, Inc. | ISRA [®] | December 31 st | May 1 st |
| Junior Gold Miners ETF | NYSE Arca, Inc. | GDXJ [®] | December 31 st | May 1 st |
| Natural Resources ETF | NYSE Arca, Inc. | HAP [®] | December 31 st | May 1 st |
| Oil Refiners ETF | NYSE Arca, Inc. | CRAK [®] | December 31 st | May 1 st |
| Oil Services ETF | NYSE Arca, Inc. | OIH [®] | December 31 st | May 1 st |
| Poland ETF | NYSE Arca, Inc. | PLND [®] | December 31 st | May 1 st |
| Rare Earth/Strategic Metals ETF | NYSE Arca, Inc. | REMX [®] | December 31 st | May 1 st |
| Russia ETF | NYSE Arca, Inc. | RSX [®] | December 31 st | May 1 st |
| Russia Small-Cap ETF | NYSE Arca, Inc. | RSXJ [®] | December 31 st | May 1 st |
| Steel ETF | NYSE Arca, Inc. | SLX [®] | December 31 st | May 1 st |
| Unconventional Oil & Gas ETF | NYSE Arca, Inc. | FRAK [®] | December 31 st | May 1 st |
| Uranium+Nuclear Energy ETF | NYSE Arca, Inc. | NLR [®] | December 31 st | May 1 st |
| Vietnam ETF | NYSE Arca, Inc. | VNM [®] | December 31 st | May 1 st |

Statement of Additional Information

September 1, 2018, as revised on February 1, 2019

| | | | | |
|---|-------------------------|-------------------|------------------------|---------------------------|
| AMT-Free Intermediate Municipal Index ETF | Cboe BZX Exchange, Inc. | ITM [®] | April 30 th | September 1 st |
| AMT-Free Long Municipal Index ETF | Cboe BZX Exchange, Inc. | MLN [®] | April 30 th | September 1 st |
| AMT-Free Short Municipal Index ETF | Cboe BZX Exchange, Inc. | SMB [®] | April 30 th | September 1 st |
| BDC Income ETF | NYSE Arca, Inc. | BIZD [®] | April 30 th | September 1 st |
| CEF Municipal Income ETF | Cboe BZX Exchange, Inc. | XMPT [®] | April 30 th | September 1 st |
| ChinaAMC China Bond ETF | NYSE Arca, Inc. | CBON [®] | April 30 th | September 1 st |
| Emerging Markets Aggregate Bond ETF | NYSE Arca, Inc. | EMAG [®] | April 30 th | September 1 st |
| Emerging Markets High Yield Bond ETF | NYSE Arca, Inc. | HYEM [®] | April 30 th | September 1 st |
| Fallen Angel High Yield Bond ETF | NYSE Arca, Inc. | ANGL [®] | April 30 th | September 1 st |
| Green Bond ETF | NYSE Arca, Inc. | GRNB [®] | April 30 th | September 1 st |
| High-Yield Municipal Index ETF | Cboe BZX Exchange, Inc. | HYD [®] | April 30 th | September 1 st |
| International High Yield Bond ETF | NYSE Arca, Inc. | IHY [®] | April 30 th | September 1 st |
| Investment Grade Floating Rate ETF | NYSE Arca, Inc. | FLTR [®] | April 30 th | September 1 st |
| J.P. Morgan EM Local Currency Bond ETF | NYSE Arca, Inc. | EMLC [®] | April 30 th | September 1 st |
| Mortgage REIT Income ETF | NYSE Arca, Inc. | MORT [®] | April 30 th | September 1 st |

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Preferred Securities ex Financials ETF

NYSE Arca, Inc.

PFXF® April 30th

September
1st

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| Fund | Principal U.S. Listing Exchange | Ticker | Fiscal Year End* | Prospectus Date |
|--------------------------------------|--|---------------|-------------------------|---------------------------|
| Pre-Refunded Municipal Index ETF | Cboe BZX Exchange, Inc. | PRB® | April 30 th | September 1 st |
| Short High-Yield Municipal Index ETF | Cboe BZX Exchange, Inc. | SHYD® | April 30 th | September 1 st |

*Certain information provided in this SAI is indicated to be as of the end of a Fund's last fiscal year or during a Fund's last fiscal year. The term "last fiscal year" means the most recently completed fiscal year for each Fund.

A copy of each Prospectus may be obtained without charge by writing to the Trust or the Distributor (defined herein). The Trust's address is 666 Third Avenue, 9th Floor, New York, New York 10017. Capitalized terms used herein that are not defined have the same meaning as in the Prospectuses, unless otherwise noted. The audited financial statements, including the financial highlights, appearing in the Trust's most recent Annual Report to shareholders for each Fund's corresponding fiscal year end and filed electronically with the Securities and Exchange Commission (the "SEC"), are incorporated by reference and made part of this SAI. The unaudited financial statements appearing in the Trust's most recent Semi-Annual Report to shareholders for each Fund's corresponding fiscal year end, as applicable, and filed electronically with the SEC are also incorporated by reference and made part of this SAI.

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GENERAL DESCRIPTION OF THE TRUST

The Trust is an open-end management investment company. The Trust currently consists of 58 investment portfolios. This SAI relates to all Funds of the Trust as set forth on the cover page. The Trust was organized as a Delaware statutory trust on March 15, 2001. The shares of each Fund are referred to herein as “Shares.”

Each Fund that is classified as a “diversified” fund under the Investment Company Act of 1940, as amended (the “1940 Act”) is required to meet certain diversification requirements under the 1940 Act. Each Fund that is classified as a “non-diversified” fund under the 1940 Act may invest a relatively high percentage of its assets in a smaller number of issuers or may invest a larger proportion of its assets in a single issuer. The following chart indicates the diversification classification for each Fund:

| Fund | Classification as Diversified or Non-Diversified |
|---|---|
| Municipal ETFs | |
| AMT-Free Intermediate Municipal Index ETF | Diversified |
| AMT-Free Long Municipal Index ETF | Diversified |
| AMT-Free Short Municipal Index ETF | Diversified |
| CEF Municipal Income ETF | Diversified |
| High-Yield Municipal Index ETF | Diversified |
| Pre-Refunded Municipal Index ETF | Diversified |
| Short High-Yield Municipal Index ETF | Diversified |
| Equity/Fixed Income ETFs | |
| BDC Income ETF | Diversified |
| ChinaAMC China Bond ETF | Non-Diversified |
| Emerging Markets Aggregate Bond ETF | Non-Diversified |
| Emerging Markets High Yield Bond ETF | Diversified |
| Fallen Angel High Yield Bond ETF | Diversified |
| Green Bond ETF | Non-Diversified |
| International High Yield Bond ETF | Diversified |
| Investment Grade Floating Rate ETF | Non-Diversified |
| J.P. Morgan EM Local Currency Bond ETF | Non-Diversified |
| Morningstar Durable Dividend ETF | Non-Diversified |
| Mortgage REIT Income ETF | Non-Diversified |
| Preferred Securities ex Financials ETF | Non-Diversified |
| Industry/Strategic Equity/Guided Allocation ETFs | |
| Biotech ETF | Non-Diversified |
| Environmental Services ETF | Non-Diversified |
| Gaming ETF | Non-Diversified |
| Generic Drugs ETF | Non-Diversified |
| Morningstar Global Wide Moat ETF | Non-Diversified |
| Morningstar International Moat ETF | Diversified |
| Morningstar Wide Moat ETF | Non-Diversified |
| NDR CMG Long/Flat Allocation ETF | Non-Diversified |
| Pharmaceutical ETF | Non-Diversified |

Real Asset Allocation ETF

Non-Diversified

Retail ETF

Non-Diversified

1

| Fund | Classification as Diversified or Non-Diversified |
|------------------------------------|---|
| Semiconductor ETF | Non-Diversified |
| Video Gaming and eSports ETF | Non-Diversified |
| MLP ETFs | |
| High Income Infrastructure MLP ETF | Non-Diversified |
| High Income MLP ETF | Non-Diversified |
| Hard Assets ETFs | |
| Agribusiness ETF | Non-Diversified |
| Coal ETF | Non-Diversified |
| Global Alternative Energy ETF | Non-Diversified |
| Gold Miners ETF | Non-Diversified |
| Junior Gold Miners ETF | Non-Diversified |
| Natural Resources ETF | Diversified |
| Oil Refiners ETF | Non-Diversified |
| Oil Services ETF | Non-Diversified |
| Rare Earth/Strategic Metals ETF | Non-Diversified |
| Steel ETF | Non-Diversified |
| Unconventional Oil & Gas ETF | Non-Diversified |
| Uranium+Nuclear Energy ETF | Non-Diversified |
| Country/Regional ETFs | |
| Africa Index ETF | Diversified |
| Brazil Small-Cap ETF | Diversified |
| ChinaAMC CSI 300 ETF | Diversified |
| ChinaAMC SME-ChiNext ETF | Diversified |
| Egypt Index ETF | Non-Diversified |
| India Small-Cap Index ETF | Diversified |
| Indonesia Index ETF | Non-Diversified |
| Israel ETF | Non-Diversified |
| Poland ETF | Non-Diversified |
| Russia ETF | Non-Diversified |
| Russia Small-Cap ETF | Non-Diversified |
| Vietnam ETF | Non-Diversified |

The Funds offer and issue Shares at their net asset value (“NAV”) only in aggregations of a specified number of Shares (each, a “Creation Unit”). Similarly, Shares are redeemable by the Funds only in Creation Units, as further described in the chart below. The Shares of the Funds are listed on either NYSE Arca, Inc. (“NYSE Arca”), The NASDAQ Stock Market LLC (“NASDAQ”) or the Cboe BZX Exchange, Inc. (“Cboe”) as set forth on the cover page of this SAI, and Shares of each Fund trade in the secondary market at market prices that may differ from the Shares’ NAV. NYSE Arca, NASDAQ and Cboe are each referred to as an “Exchange” and collectively, the “Exchanges.” The Trust reserves the right to permit or require a “cash” option for creations and redemptions of Shares (subject to applicable legal requirements) to the extent Shares are not created or redeemed wholly in cash.

Creation and Redemption Features

The chart below sets forth certain relevant information regarding the creation and redemption features pertaining to each Fund.

| Fund Name | In Kind | In Cash | Partially In Cash/Partially In Kind | Primarily in Cash/Partially In Kind | Primarily In Kind/Partially in Cash | Creation Unit Size | Transaction Fee |
|---|----------------|----------------|--|--|--|---------------------------|------------------------|
| Municipal ETFs | | | | | | | |
| AMT-Free Intermediate Municipal Index ETF | | | X | | | 50,000 | \$500 |
| AMT-Free Long Municipal Index ETF | | | X | | | 50,000 | \$500 |
| AMT-Free Short Municipal Index ETF | | | X | | | 50,000 | \$500 |
| CEF Municipal Income ETF | X | | | | | 50,000 | \$500 |
| High-Yield Municipal Index ETF | | | X | | | 50,000 | \$500 |
| Pre-Refunded Municipal Index ETF | X | | | | | 50,000 | \$500 |
| Short High-Yield Municipal Index ETF | X | | | | | 50,000 | \$500 |
| Equity/Fixed Income ETFs | | | | | | | |
| BDC Income ETF | X | | | | | 50,000 | \$500 |
| ChinaAMC China Bond ETF | | X | | | | 100,000 | \$1,500 |
| Emerging Markets Aggregate Bond ETF | | | X | | | 50,000 | \$1,000 |
| Emerging Markets High Yield Bond ETF | | | X | | | 200,000 | \$1,000 |
| Fallen Angel High Yield Bond ETF | | | X | | | 50,000 | \$500 |
| Green Bond ETF | | | X | | | 50,000 | \$1,000 |
| International High Yield Bond ETF | X | | | | | 200,000 | \$1,000 |
| Investment Grade Floating Rate ETF | X | | | | | 50,000 | \$500 |

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| Fund Name | In Kind | In Cash | Partially In Cash/Partially In Kind | Primarily in Cash/Partially In Kind | Primarily In Kind/Partially in Cash | Creation Unit Size | Transaction Fee |
|---|----------------|----------------|--|--|--|---------------------------|------------------------|
| J.P. Morgan EM Local Currency Bond ETF | | | X | | | 100,000 | \$1,000 |
| Morningstar Durable Dividend ETF | X | | | | | 50,000 | \$500 |
| Mortgage REIT Income ETF | X | | | | | 50,000 | \$500 |
| Preferred Securities ex Financials ETF | X | | | | | 50,000 | \$500 |
| Industry/Strategic Equity/Guided Allocation ETFs | | | | | | | |
| Biotech ETF | X | | | | | 50,000 | \$500 |
| Environmental Services ETF | X | | | | | 50,000 | \$500 |
| Gaming ETF | | | | | X | 50,000 | \$1,000 |
| Generic Drugs ETF | | | | | X | 50,000 | \$1,500 |
| Morningstar Global Wide Moat ETF | X | | | | | 50,000 | \$500 |
| Morningstar International Moat ETF | | | | | X | 50,000 | \$1,000 |
| Morningstar Wide Moat ETF | X | | | | | 50,000 | \$500 |
| NDR CMG Long/Flat Allocation ETF | X | | | | | 50,000 | \$500 |
| Pharmaceutical ETF | X | | | | | 50,000 | \$500 |
| Real Asset Allocation ETF | | | | | X | 50,000 | \$500 |
| Retail ETF | X | | | | | 50,000 | \$500 |
| Semiconductor ETF | X | | | | | 50,000 | \$500 |
| Video Gaming and eSports ETF | | | | | X | 50,000 | \$500 |
| MLP ETFs | | | | | | | |
| High Income Infrastructure MLP ETF | | | X | | | 50,000 | \$500 |
| High Income MLP ETF | | | X | | | 50,000 | \$500 |
| Hard Assets ETFs | | | | | | | |
| Agribusiness ETF | | | | | X | 50,000 | \$1,000 |
| Coal ETF | X | | | | | 50,000 | \$1,000 |

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| Fund Name | In Kind | In Cash | Partially In Cash/Partially In Kind | Primarily in Cash/Partially In Kind | Primarily In Kind/Partially in Cash | Creation Unit Size | Transaction Fee |
|---------------------------------|----------------|----------------|--|--|--|---------------------------|------------------------|
| Global Alternative Energy ETF | X | | | | | 50,000 | \$1,000 |
| Gold Miners ETF | X | | | | | 50,000 | \$500 |
| Junior Gold Miners ETF | X | | | | | 50,000 | \$1,000 |
| Natural Resources ETF | | | | | X | 50,000 | \$1,000 |
| Oil Refiners ETF | | | | | X | 50,000 | \$1,000 |
| Oil Services ETF | X | | | | | 50,000 | \$500 |
| Rare Earth/Strategic Metals ETF | | | | | X | 50,000 | \$1,000 |
| Steel ETF | X | | | | | 50,000 | \$1,000 |
| Unconventional Oil & Gas ETF | X | | | | | 50,000 | \$1,000 |
| Uranium+Nuclear Energy ETF | | | | | X | 50,000 | \$1,000 |
| Country/Regional ETFs | | | | | | | |
| Africa Index ETF | | | | | X | 50,000 | \$1,000 |
| Brazil Small-Cap ETF | | | | X | | 50,000 | \$1,000 |
| ChinaAMC CSI 300 ETF | | X | | | | 50,000 | \$4,200 |
| ChinaAMC SME-ChiNext ETF | | X | | | | 50,000 | \$2,200 |
| Egypt Index ETF | | | | X | | 50,000 | \$1,000 |
| India Small-Cap Index ETF | | | | X | | 50,000 | \$1,000 |
| Indonesia Index ETF | X | | | | | 50,000 | \$1,000 |
| Israel ETF | X | | | | | 50,000 | \$1,000 |
| Poland ETF | X | | | | | 50,000 | \$1,000 |
| Russia ETF | X | | | | | 50,000 | \$1,000 |
| Russia Small-Cap ETF | X | | | | | 50,000 | \$1,000 |
| Vietnam ETF | | | | X | | 50,000 | \$1,000 |

INVESTMENT POLICIES AND RESTRICTIONS

General

Each of VanEck Vectors CEF Municipal Income ETF and VanEck Vectors Real Asset Allocation ETF is a “fund of funds.” VanEck Vectors CEF Municipal Income ETF invests all or a portion of its assets in other funds (the “Underlying Funds”). The performance of VanEck Vectors CEF Municipal Income ETF is dependent on the performance of the Underlying Funds. VanEck Vectors CEF Municipal Income ETF will be subject to the risks of the Underlying Funds’ investments. Because the investment characteristics of VanEck Vectors CEF Municipal Income ETF will correspond directly to those of the Underlying Funds, the following applies to both VanEck Vectors CEF Municipal Income ETF and the Underlying Funds, as applicable, and except where otherwise indicated, this SAI uses the term “Fund,” when referring to VanEck Vectors CEF Municipal Income ETF to mean VanEck Vectors CEF Municipal Income ETF and the Underlying Funds, as applicable. VanEck Vectors Real Asset Allocation ETF invests all or a portion of its assets in exchange traded products that are registered under the federal securities laws (“Exchange Traded Products”), including exchange-traded funds (“ETFs”) and exchange-traded notes (“ETNs”). The performance of VanEck Vectors Real Asset Allocation ETF is dependent on the performance of the Exchange Traded Products. VanEck Vectors Real Asset Allocation ETF will be subject to the risks of the Exchange Traded Products’ investments.

VanEck Vectors AMT-Free Intermediate Municipal Index ETF, VanEck Vectors AMT-Free Long Municipal Index ETF, VanEck Vectors AMT-Free Short Municipal Index ETF, VanEck Vectors CEF Municipal Income ETF, VanEck Vectors ChinaAMC China Bond ETF, VanEck Vectors Emerging Markets Aggregate Bond ETF, VanEck Vectors Emerging Markets High Yield Bond ETF, VanEck Vectors Fallen Angel High Yield Bond ETF, VanEck Vectors Green Bond ETF, VanEck Vectors High-Yield Municipal Index ETF, VanEck Vectors International High Yield Bond ETF, VanEck Vectors Investment Grade Floating Rate ETF, VanEck Vectors J.P. Morgan EM Local Currency Bond ETF, VanEck Vectors Pre-Refunded Municipal Index ETF, and VanEck Vectors Short High-Yield Municipal Index ETF are each defined as a “Fixed Income Fund” and collectively as the “Fixed Income Funds.”

VanEck Vectors India Small-Cap Index ETF seeks to achieve its investment objective by investing substantially all of its assets in a wholly-owned subsidiary in Mauritius, MV SCIF Mauritius, a private company limited by shares incorporated in Mauritius (the “Mauritius Subsidiary”), that has the same investment objective as VanEck Vectors India Small-Cap Index ETF. Because the investment characteristics of VanEck Vectors India Small-Cap Index ETF will correspond directly to those of the Mauritius Subsidiary (which is managed by and its decisions are taken by its independent Board of Directors), the following applies to both VanEck Vectors India Small-Cap Index ETF and the Mauritius Subsidiary, as applicable, and except where otherwise indicated, this SAI uses the term “Fund” when referring to VanEck Vectors India Small-Cap Index ETF to mean VanEck Vectors India Small-Cap Index ETF and/or the Mauritius Subsidiary, as applicable.

Municipal Securities

Certain Funds may invest in securities issued by states, municipalities and other political subdivisions, agencies, authorities and instrumentalities of states and multi-state agencies or authorities. Municipal securities share the attributes of debt/fixed income securities in general, but are generally issued by states, municipalities and other political subdivisions, agencies, authorities and instrumentalities of states and multi-state agencies or authorities. The municipal securities which each certain Funds may purchase include general obligation bonds and limited obligation bonds (or revenue bonds), including industrial development bonds issued pursuant to former federal tax law. General obligation bonds are obligations involving the credit of an issuer possessing taxing power and are payable from such issuer's general revenues and not from any particular source. Limited obligation bonds are payable only from the revenues

derived from a particular facility or class of facilities or, in some cases, from the proceeds of a special excise or other specific revenue source. Tax-exempt industrial development bonds generally are also revenue bonds and thus are not payable from the issuer's general revenues. The credit and quality of industrial development bonds are usually related to the credit of the corporate user of the facilities. Payment of interest on and repayment of principal of such bonds is the responsibility of the corporate user (and/or any guarantor). In addition, certain Funds may invest in lease obligations. Lease obligations may take the form of a lease or an installment purchase contract issued by public authorities to acquire a wide variety of equipment and facilities. The securities of state and municipal governments and their political subdivisions are not considered to be issued by members of any industry.

Repurchase Agreements

The Funds may invest in repurchase agreements with commercial banks, brokers or dealers to generate income from their excess cash balances and to invest securities lending cash collateral. A repurchase agreement is an agreement under which a Fund acquires a money market instrument (generally a security issued by the U.S. Government or an agency thereof, a banker's acceptance or a certificate of deposit) from a seller, subject to resale to the seller at an agreed-upon price and date (normally, the next business day). A repurchase agreement may be considered a loan collateralized by securities. The resale price reflects an agreed upon interest rate effective for the period the instrument is held by a Fund and is unrelated to the interest rate on the underlying instrument.

In these repurchase agreement transactions, the securities acquired by a Fund (including accrued interest earned thereon) must have a total value at least equal to the value of the repurchase agreement and are held by the Trust's custodian bank until repurchased. In addition, the Trust's Board of Trustees ("Board" or "Trustees") has established guidelines and standards for review of the creditworthiness of any bank, broker or dealer counterparty to a repurchase agreement with each Fund. No more than an aggregate of 15% of each Fund's net assets will be invested in repurchase agreements having maturities longer than seven days.

The use of repurchase agreements involves certain risks. For example, if the other party to the agreement defaults on its obligation to repurchase the underlying security at a time when the value of the security has declined, the Funds may incur a loss upon disposition of the security. If the other party to the agreement becomes insolvent and subject to liquidation or reorganization under the Bankruptcy Code or other laws, a court may determine that the underlying security is collateral not within the control of a Fund and, therefore, the Fund may incur delays in disposing of the security and/or may not be able to substantiate its interest in the underlying security and may be deemed an unsecured creditor of the other party to the agreement.

Futures Contracts and Options

Futures contracts generally provide for the future purchase or sale of a specified instrument, index or commodity at a specified future time and at a specified price. Stock or bond index futures contracts and other types of futures contracts are settled daily with a payment by the Fund (or exchange) to an exchange (or Fund) of a cash amount based on the

difference between the level of the stock or bond index or underlying instrument specified in the contract from one day to the next. Futures contracts are standardized as to maturity date and underlying instrument and are traded on futures exchanges. The Funds may use futures contracts and options on futures contracts which, in the case of all Funds other than VanEck Vectors Real Asset Allocation ETF, Van Eck Associates Corporation (“VEAC” or the “Adviser” with respect to all Funds other than VanEck Vectors Real Asset Allocation ETF) believes to be representative of each Fund’s respective benchmark index (each, an “Index”) and, in the case of VanEck Vectors Real Asset Allocation ETF, Van Eck Absolute Return Advisers Corporation (“VEARA” or the “Adviser” with respect to VanEck Vectors Real Asset Allocation ETF and, together with VEAC, the “Advisers”) believes to be appropriate based on other indices or combinations of indices.

An option is a contract that provides the holder of the option the right to buy or sell shares or other assets at a fixed price, within a specified period of time. An American call option gives the option holder the right to buy the underlying security from the option writer at the option exercise price at any time prior to the expiration of the option. A European call option gives the option holder the right to buy the underlying security from the option writer only on the option expiration date. An American put option gives the option holder the right to sell the underlying security to the option writer at the option exercise price at any time prior to the expiration of the option. A European put option gives the option holder the right to sell the underlying security to the option writer at the option exercise price only on the option expiration date.

Although futures contracts (other than cash settled futures contracts including most stock or bond index futures contracts) by their terms call for actual delivery or acceptance of the underlying instrument or commodity, in most cases the contracts are closed out before the maturity date without the making or taking of delivery. Closing out an open futures position is done by taking an opposite position (buying the same contract which was previously sold or selling the same contract previously purchased) in an identical contract to terminate the position. Brokerage commissions are incurred when a futures contract position is opened or closed.

Futures traders are required to make a margin deposit (typically in cash or government securities) with a broker or custodian to initiate and maintain open positions in futures contracts. A margin deposit is intended to assure completion of the contract (delivery or acceptance of the underlying instrument or commodity or payment of the cash settlement amount) if it is not terminated prior to the specified delivery date. Brokers may establish deposit requirements that are higher than the exchange minimums. Futures contracts are customarily purchased and sold on margin deposits which may range upward from less than 5% of the value of the contract being traded.

After a futures contract position is opened, the value of the contract is marked-to-market daily. If the futures contract price changes to the extent that the margin on deposit does not satisfy margin requirements, payment of additional "variation" margin will be required.

Conversely, a change in the contract value may reduce the required margin, resulting in a repayment of excess margin to the contract holder. Variation margin payments are made to and from the futures broker for as long as the contract remains open. The Funds expect to earn interest income on their margin deposits in the form of cash.

The Funds may use futures contracts and options thereon, together with positions in cash and money market instruments, to simulate full investment in each Fund's respective Index. Under such circumstances, the Adviser and/or Sub-Adviser, as applicable (as defined below) (with respect to VanEck Vectors ChinaAMC China Bond ETF, VanEck Vectors ChinaAMC CSI 300 ETF and VanEck Vectors ChinaAMC SME-ChiNext ETF (together, the "China Funds")) may seek to utilize other instruments that it believes to be correlated to each Fund's respective Index components or a subset of the components. Liquid futures contracts may not be currently available for the Index of each Fund.

Positions in futures contracts and options may be closed out only on an exchange that provides a secondary market therefor. However, there can be no assurance that a liquid secondary market will exist for any particular futures contract or option at any specific time. Thus, it may not be possible to close a futures or options position. In the event of adverse price movements, the Funds would continue to be required to make daily cash payments to maintain its required margin. In such situations, if a Fund has insufficient cash, it may have to sell portfolio securities to meet daily margin requirements at a time when it may be disadvantageous to do so. In addition, the Funds may be required to make delivery of the instruments underlying futures contracts they have sold.

The Funds will seek to minimize the risk that they will be unable to close out a futures or options contract by only entering into futures and options for which there appears to be a liquid secondary market.

The risk of loss in trading futures contracts or uncovered call options in some strategies (*e.g.*, selling uncovered stock or bond index futures contracts) is potentially unlimited. The Funds do not plan to use futures and options contracts in this way. The risk of a futures position may still be large as traditionally measured due to the low margin deposits required. In many cases, a relatively small price movement in a futures contract may result in immediate and substantial loss or gain to the investor relative to the size of a required margin deposit.

Utilization of futures transactions by certain Funds involves the risk of imperfect or even negative correlation to each Fund's respective Index if the index underlying the futures contracts differs from the Index. There is also the risk of loss by the Funds of margin deposits in the event of the bankruptcy or other similar insolvency with respect to a broker with whom a Fund has an open position in the futures contract or option.

Certain financial futures exchanges limit the amount of fluctuation permitted in futures contract prices during a single trading day. The daily limit establishes the maximum amount that the price of a futures contract may vary either up or down from the previous day's settlement price at the end of a trading session. Once the daily limit has been reached in a particular type of contract, no trades may be made on that day at a price beyond that limit. The daily limit governs only price movements during a particular trading day and therefore does not limit potential losses, because the limit may prevent the liquidation of unfavorable positions. Futures contract prices have occasionally moved to the daily limit for several consecutive trading days with little or no trading, thereby preventing prompt liquidation of future positions and subjecting some futures traders to substantial losses.

Except as otherwise specified in the Funds' Prospectuses or this SAI, there are no limitations on the extent to which the Funds may engage in transactions involving futures and options thereon. With respect to certain Funds, under applicable Indian securities regulations, there are position limits on foreign portfolio investor ("FPI") investments in index futures and index futures contracts on a particular underlying index under the Foreign Portfolio Investors Regulations, 2014 ("FPI Regulations") of the Securities and Exchange Board of India ("SEBI"). The Funds will take steps to prevent their futures positions from "leveraging" their securities holdings. When a Fund has a long futures position requiring physical settlement, it will maintain with its custodian bank, cash or liquid securities having a value equal to the notional value of the contract (less any margin deposited in connection with the position). When a Fund has a short futures position requiring physical settlement, the Fund will maintain with its custodian bank assets substantially identical to those underlying the contract or cash and liquid securities (or a combination of the foregoing) having a value equal to the net obligation of the Fund under the contract (less the value of any margin deposits in connection with the position).

Swaps

Over-the-counter (“OTC”) swap agreements are contracts between parties in which one party agrees to make payments to the other party based on the change in market value or level of a specified index or asset. In return, the other party agrees to make payments to the first party based on the return of a different specified index or asset, usually an interest rate. Although OTC swap agreements entail the risk that a party will default on its payment obligations thereunder, each Fund seeks to reduce this risk generally by receiving (or paying) collateral daily and entering into agreements that involve payments no less frequently than quarterly. The net amount of the excess, if any, of a Fund’s obligations over its entitlements with respect to each swap is accrued on a daily basis and an amount of cash or highly liquid securities having an aggregate value at least equal to the accrued excess is maintained in an account at the Trust’s custodian bank.

In addition, certain Funds may enter into interest rate swaps and credit default swaps. Interest rate swaps are typically exchange-traded contracts in which a party agrees to make periodic payments on certain referenced interest rates (e.g., a fixed rate or a floating rate) applied to a specified notional amount. A credit default swap on a security is a bilateral contract that enables an investor to buy or sell protection against a defined-issuer credit event. Credit default swaps referencing fixed income indices are generally traded on exchanges. Certain Funds may enter into credit default swap agreements either as a buyer or a seller. A Fund may buy protection to attempt to mitigate the risk of default or credit quality deterioration in one or more of its individual holdings or in a segment of the fixed income securities market to which it has exposure, or to take a “short” position in individual bonds or market segments which it does not own. A Fund may sell protection in an attempt to gain exposure to the credit quality characteristics of particular bonds or market segments without investing directly in those bonds or market segments. As the protection seller in a credit default swap, a Fund effectively adds economic leverage to its portfolio because, in addition to being subject to investment exposure on its total net assets, the Fund is subject to investment exposure on the notional amount of the swap.

The use of such swap agreements involves certain risks. For example, if the counterparty under an OTC swap agreement defaults on its obligation to make payments due from it as a result of its bankruptcy or otherwise, the Funds may lose such payments altogether or collect only a portion thereof, which collection could involve costs or delays.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) and related regulatory developments require the clearing and exchange-trading of certain standardized OTC derivative instruments that the Commodity Futures Trading Commission (“CFTC”) and the SEC defined as “swaps” and “security-based swaps,” respectively. Mandatory exchange-trading and clearing is occurring on a phased-in basis based on the type of market participant and CFTC approval of contracts for central clearing and exchange trading. In a cleared swap, a Fund’s ultimate counterparty is a central clearinghouse rather than a swap dealer, bank or other financial institution. A Fund enters into cleared swaps through an executing broker. Such transactions are then submitted for clearing and, if cleared, will be held at regulated futures commission merchants (“FCMs”) that are members of the clearinghouse that serves as the central counterparty. When a Fund enters into a cleared swap, it must deliver to the central counterparty (via an FCM) an amount referred to as “initial margin.” Initial margin requirements are determined by the central counterparty, but an FCM may require additional initial margin above the amount required by the central counterparty. During the term of the swap agreement, a “variation margin” amount may also be required to be paid by a Fund or may be received by the Fund in accordance with margin controls set for such accounts, depending upon changes in the price of the underlying reference asset subject to the swap agreement. At the conclusion of the term of the swap agreement, if a Fund has a loss equal to or greater than the margin amount, the margin amount is paid to the FCM along with any loss in excess of the margin amount. If a Fund has a loss of less than the margin amount, the excess margin is returned to the Fund. If a Fund has a gain, the full margin amount and the amount of the gain is paid to the Fund.

Central clearing is designed to reduce counterparty credit risk compared to uncleared swaps because central clearing interposes the central clearinghouse as the counterparty to each participant’s swap, but it does not eliminate those risks completely. There is also a risk of loss by a Fund of the initial and variation margin deposits in the event of bankruptcy of the FCM with which the Fund has an open position in a swap contract. The assets of a Fund may not be fully protected in the event of the bankruptcy of the FCM or central counterparty because the Fund might be limited to recovering only a pro rata share of all available funds and margin segregated on behalf of an FCM’s customers or central counterparty’s clearing members. If the FCM does not provide accurate reporting, a Fund is also subject to the risk that the FCM could use the Fund’s assets, which are held in an omnibus account with assets belonging to the

FCM's other customers, to satisfy its own financial obligations or the payment obligations of another customer to the central counterparty. Certain swaps have begun trading on exchanges called swap execution facilities. Exchange-trading is expected to, but may not necessarily, increase the liquidity of swaps trading.

In addition, with respect to cleared swaps, a Fund may not be able to obtain as favorable terms as it would be able to negotiate for an uncleared swap. In addition, an FCM may unilaterally impose position limits or additional margin requirements for certain types of swaps in which a Fund may invest. Central counterparties and FCMs generally can require termination of existing cleared swap transactions at any time, and can also require increases in margin above the margin that is required at the initiation of the swap agreement. Margin requirements for cleared swaps vary on a number of factors, and the margin required under the rules of the clearinghouse and FCM may be in excess of the collateral required to be posted by a Fund to support its obligations under a similar uncleared swap. However, regulators recently adopted rules imposing certain margin requirements, including minimums and required daily margin transfers on uncleared swaps.

The Funds are also subject to the risk that, after entering into a cleared swap with an executing broker, no FCM or central counterparty is willing or able to clear the transaction. In such an event, the central counterparty would void the trade. Before a Fund can enter into a new trade, market conditions may become less favorable to the Fund.

The Adviser will continue to monitor developments regarding trading and execution of cleared swaps on exchanges, particularly to the extent regulatory changes affect a Fund's ability to enter into swap agreements and the costs and risks associated with such investments.

SEBI has prohibited FPIs (in their capacity as issuers of offshore derivative instruments ("ODIs")) from issuing ODIs that have derivatives as their underlying instruments, unless such exposure is for hedging purposes. ODIs are defined under the FPI Regulations as any instrument issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognized stock exchange in India or unlisted debt securities or securitized debt instruments as its underlying instrument.

Warrants and Subscription Rights

Warrants are equity securities in the form of options issued by a corporation which give the holder the right, but not the obligation, to purchase stock, usually at a price that is higher than the market price at the time the warrant is issued. A purchaser takes the risk that the warrant may expire worthless because the market price of the common stock fails to rise above the price set by the warrant.

Currency Forwards

A currency forward transaction is a contract to buy or sell a specified quantity of currency at a specified date in the future at a specified price which may be any fixed number of days from the date of the contract agreed upon by the parties at a price set at the time of the contract. Currency forward contracts may be used to increase or reduce exposure to currency price movements.

The use of currency forward transactions involves certain risks. For example, if the counterparty under the contract defaults on its obligation to make payments due from it as a result of its bankruptcy or otherwise, a Fund may lose such payments altogether or collect only a portion thereof, which collection could involve costs or delays.

In early 2018, SEBI and the Reserve Bank of India (the “RBI”) introduced new regulation that permits FPIs to take long or short positions without having to establish underlying exposure up to a single limit of \$100 million or its equivalent, across all currency pairs involving Indian rupees combined across all stock exchanges in India. FPIs are required to ensure that their short positions on all stock exchanges across all contracts in foreign currency-Indian rupee (“FCY-INR”) pairs do not exceed \$100 million. In the event an FPI breaches the short position limit, a stock exchange shall restrict the FPI from increasing its existing short positions or creating new short positions in the currency pair until such time the FPI is in compliance with the existing requirements. To take long positions in excess of \$100 million in all contracts

in FCY-INR pairs, FPIs are required to have an underlying exposure in Indian debt or equity securities, including units of equity or debt funds.

Convertible Securities

A convertible security is a bond, debenture, note, preferred stock, right, warrant or other security that may be converted into or exchanged for a prescribed amount of common stock or other security of the same or a different issuer or into cash within a particular period of time at a specified price or formula. A convertible security generally entitles the holder to receive interest paid or accrued on debt securities or the dividend paid on preferred stock until the convertible security matures or is redeemed, converted or exchanged. Before conversion, convertible securities generally have characteristics similar to both debt and equity securities. The value of convertible securities tends to decline as interest rates rise and, because of the conversion feature, tends to vary with fluctuations in the market value of the underlying securities. Convertible securities ordinarily provide a stream of income with generally higher yields than those of common stock of the same or similar issuers. Convertible securities generally rank senior to common stock in a corporation's capital structure but are usually subordinated to comparable nonconvertible securities. Convertible securities generally do not participate directly in any dividend increases or decreases of the underlying securities although the market prices of convertible securities may be affected by any dividend changes or other changes in the underlying securities.

Structured Notes

A structured note is a derivative security for which the amount of principal repayment and/or interest payments is based on the movement of one or more "factors." These factors include, but are not limited to, currency exchange rates, interest rates (such as the prime lending rate or LIBOR), referenced bonds and stock indices. Some of these factors may or may not correlate to the total rate of return on one or more underlying instruments referenced in such notes. Investments in structured notes involve risks including interest rate risk, credit risk and market risk. Depending on the factor(s) used and the use of multipliers or deflators, changes in interest rates and movement of such factor(s) may cause significant price fluctuations. Structured notes may be less liquid than other types of securities and more volatile than the reference factor underlying the note.

Participation Notes

Participation notes ("P-Notes") are issued by banks or broker-dealers and are designed to offer a return linked to the performance of a particular underlying equity security or market. P-Notes can have the characteristics or take the form of various instruments, including, but not limited to, certificates or warrants. The holder of a P-Note that is linked to a particular underlying security is entitled to receive any dividends paid in connection with the underlying security. However, the holder of a P-Note generally does not receive voting rights as it would if it directly owned the underlying security. P-Notes constitute direct, general and unsecured contractual obligations of the banks or broker-dealers that issue them, which therefore subject a Fund to counterparty risk, as discussed below. Investments in

P-Notes involve certain risks in addition to those associated with a direct investment in the underlying foreign securities or foreign securities markets whose return they seek to replicate. For instance, there can be no assurance that the trading price of a P-Note will equal the value of the underlying foreign security or foreign securities market that it seeks to replicate. As the purchaser of a P-Note, a Fund is relying on the creditworthiness of the counterparty issuing the P-Note and has no rights under a P-Note against the issuer of the underlying security. Therefore, if such counterparty were to become insolvent, a Fund would lose its investment. The risk that a Fund may lose its investments due to the insolvency of a single counterparty may be amplified to the extent the Fund purchases P-Notes issued by one issuer or a small number of issuers. P-Notes also include transaction costs in addition to those applicable to a direct investment in securities. In addition, a Fund's use of P-Notes may cause the Fund's performance to deviate from the performance of the portion of the Index to which the Fund is gaining exposure through the use of P-Notes.

Due to liquidity and transfer restrictions, the secondary markets on which P-Notes are traded may be less liquid than the markets for other securities, which may lead to the absence of readily available market quotations for securities in a Fund's portfolio and may cause the value of the P-Notes to decline. The ability of a Fund to value its securities becomes more difficult and the Adviser's and/or Sub- Adviser's judgment in the application of fair value procedures may play a greater role in the valuation of a Fund's securities due to reduced availability of reliable objective pricing data. Consequently, while such determinations will be made in good faith, it may nevertheless be more difficult for a Fund to accurately assign a daily value to such securities.

P-Notes eligible for subscription by certain Funds must be issued by banks or broker-dealers that are registered with the SEBI as an eligible FPI to issue ODIs. Under the FPI Regulations, subject to certain other conditions being met, ODIs, including P-Notes, can be issued only to persons who satisfy the conditions under Regulation 4 of the FPI Regulations and are regulated by an appropriate foreign regulatory authority subject to compliance with the specified 'know-your-client' ("KYC") norms. However, certain categories of FPIs, specifically Category III FPIs and Category II FPIs, which are unregulated broad-based funds and are classified as a Category II FPI by virtue of their investment manager being appropriately regulated and registered with SEBI as a Category II FPI, are not permitted to issue, subscribe to or otherwise deal in ODIs, including P-Notes. FPIs shall have to fully disclose to SEBI any information concerning the terms of and parties to ODIs entered into by such FPI relating to any securities listed or proposed to be listed on any stock exchange in India. On November 24, 2014, SEBI issued a circular aligning the conditions for subscription of ODIs to those applicable to FPIs. The circular makes the ODI subscription more restrictive.

The existing ODI positions will not be affected by the circular until the expiry of such ODI contracts. However, the circular specifies that there will not be a rollover of existing ODI positions and, for any new ODI positions, new contracts will have to be entered into in accordance with the rules specified in the circular.

Further, SEBI issued a circular on June 10, 2016 on the KYC norms applicable to ODI subscribers, transferability of ODIs, reporting of suspicious transactions, periodic review of systems and modified ODI reporting format. With regards to KYC of ODI subscribers, ODI Issuers shall now be required to identify and verify the beneficial owners in the subscriber entities, who hold in excess of the threshold as defined under Rule 9 of the Prevention of Money-laundering (Maintenance of Records) Rules, 2005 (*i.e.* 25 % in case of a company and 15 % in case of partnership firms/trusts unincorporated bodies). ODI issuers shall also be required to identify and verify the persons who control the operations, when no beneficial owner is identified based on the above materiality threshold.

It was also clarified by SEBI in a circular dated June 29, 2016 that the ODI subscribers who have subscribed to ODIs under the prior SEBI (Foreign Institutional Investors) Regulations, 1995 ("FII Regulations") can continue to subscribe to ODIs under the FPI regime, subject to the condition that they comply with Regulation 22 of FPI Regulations and meet the eligibility criteria as laid down in the SEBI circular dated November 24, 2014 along with other norms which may be given notice of by SEBI from time to time. Those ODI subscribers who do not meet the norms, including unregulated funds whose investment manager is appropriately regulated, may continue to hold the position until the date of expiry of such positions or until December 31, 2020, whichever is earlier. Such subscribers cannot take fresh positions or renew the old positions. Fresh ODIs can be issued to those entities which comply with the circular dated November 24, 2014 along with other conditions that may be given notice of by SEBI from time to time and Regulation 22 of FPI Regulations.

Further, as previously stated, SEBI has prohibited FPIs from issuing ODIs and/or P-Notes that have derivatives as their underlying instrument unless such exposure is for hedging purposes. For more information, please see “Investment Policies and Restrictions – Swaps.”

SEBI Takeover Regulations

Under the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (“Takeover Code”), any acquirer who holds, together with persons acting in concert with him, 5% or more of the shares or voting rights of a listed public Indian company, is required to notify the company and the stock exchanges on which the shares of such company are listed about its holding within the prescribed time period. Furthermore, any acquirer who holds, together with persons acting in concert with him, 5% or more of shares or voting rights is required to inform the company and the stock exchange about any change in its holding by 2% or more of the shares or voting rights in the target company.

Upon the acquisition of 25% or more of shares or voting rights or an acquisition of control of the company, whether directly or indirectly, the acquirer is required to make an open offer to the other shareholders offering to purchase at least 26% of all the outstanding shares of the company at an offer price as determined pursuant to the provisions of the Takeover Code. Further, under the provisions of the Takeover Code, any existing shareholder of a listed public Indian company, holding 25% or more but less than 75% of the shares of the company, is entitled to acquire up to 5% voting rights of the company, in any financial year ending March 31 without making a public offer for such an acquisition.

There are certain exemptions under the Takeover Code from the public offer provisions in certain specific instances such as an *inter se* transfer of shares amongst the persons named as promoters in the shareholding pattern filed by the target company in terms of the listing agreement or the Takeover Code for not less than three years prior to the proposed acquisition and transfer of shares pursuant to an arrangement involving the target company as a transferor company or as a transferee company, or reconstruction of the target company, including amalgamation, merger or demerger, pursuant to an order of a court or a competent authority under any law or regulation, Indian or foreign. Certain Funds and/or their subsidiaries, as applicable, may invest through subscription of shares under the preferential route or purchase of shares from existing promoters or shareholders, in which case they would be required to comply with the public offer provisions of the Takeover Code if the post-acquisition holding of the Fund and/or subsidiary is in excess of the prescribed thresholds.

Insider Trading

Pursuant to the new SEBI (Prohibition of Insider Trading) Regulations, 2015 (“Insider Trading Regulations”), which came into effect May 15, 2015, disclosure filing is now required only for promoters, key managerial personnel and directors of a company whose securities are listed or proposed to be listed on stock exchanges. The prohibition on insider trading consists of the following key components: (i) prohibition on communicating unpublished price sensitive information (“UPSI”) by an insider; (ii) prohibition on other persons on procurement of UPSI; and (iii)

prohibition on trading by an insider while in possession of UPSI. Under the Insider Trading Regulations, an 'insider' has been defined to mean any person who is (i) a connected person or (ii) in possession of or having access to UPSI. An outsider (*i.e.* a person who is not a 'connected person') would qualify as an 'insider' if such person was 'in possession of' or 'having access to' UPSI.

Future Developments

The Funds may take advantage of opportunities in the area of options, futures contracts, options on futures contracts, warrants, swaps and any other investments which are not presently contemplated for

use or which are not currently available, but which may be developed, to the extent such investments are considered suitable for a Fund by the Adviser or Sub-Adviser.

Investment Restrictions

The Trust and the Board of Directors of the Mauritius Subsidiary (to the extent that such restrictions are applicable to the VanEck Vectors India Small-Cap Index ETF) have adopted the following investment restrictions as fundamental policies with respect to each Fund (and the Mauritius Subsidiary), unless otherwise noted. These restrictions cannot be changed with respect to a Fund (or the Mauritius Subsidiary) without the approval of the holders of a majority of such Fund's (or Mauritius Subsidiary's) outstanding voting securities. For purposes of the 1940 Act, a majority of the outstanding voting securities of a Fund means the vote, at an annual or a special meeting of the security holders of the Trust, of the lesser of (1) 67% or more of the voting securities of the Fund present at such meeting, if the holders of more than 50% of the outstanding voting securities of the Fund are present or represented by proxy, or (2) more than 50% of the outstanding voting securities of the Fund. Similar voting requirements apply with respect to a change in the fundamental investment policies of the Mauritius Subsidiary. If VanEck Vectors India Small-Cap Index ETF, as an investor in the Mauritius Subsidiary, is requested to vote on a change in the fundamental investment policies of the Mauritius Subsidiary, the Fund will either call a meeting of its shareholders and will vote its shares in the Mauritius Subsidiary in accordance with instructions it receives from its shareholders or otherwise vote as required under the 1940 Act.

The following investment restrictions are applicable to each Fund (unless otherwise noted) except VanEck Vectors High Income MLP ETF and VanEck Vectors High Income Infrastructure MLP ETF (collectively, the "MLP ETFs"):

1. Each Fund may not make loans, except that a Fund may (i) lend portfolio securities, (ii) enter into repurchase agreements, (iii) purchase all or a portion of an issue of debt securities, bank loan or participation interests, bank certificates of deposit, bankers' acceptances, debentures or other securities, whether or not the purchase is made upon the original issuance of the securities and (iv) participate in an interfund lending program with other registered investment companies;
2. Each Fund may not borrow money, except as permitted under the 1940 Act, and as interpreted or modified by regulation from time to time;
3. Each Fund may not issue senior securities except as permitted under the 1940 Act, and as interpreted or modified by regulation from time to time;
4. Each of VanEck Vectors Africa Index ETF, VanEck Vectors AMT-Free Intermediate Municipal Index ETF, VanEck Vectors AMT-Free Long Municipal Index ETF, VanEck Vectors AMT-Free Short Municipal Index ETF, VanEck Vectors BDC Income ETF, VanEck Vectors Brazil Small-Cap ETF, VanEck Vectors CEF Municipal Income ETF, VanEck Vectors ChinaAMC CSI 300 ETF, VanEck Vectors ChinaAMC SME-ChiNext ETF, VanEck Vectors Emerging Markets High Yield Bond ETF, VanEck Vectors Fallen Angel High Yield Bond ETF, VanEck

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Vectors High-Yield Municipal Index ETF, VanEck Vectors India Small-Cap Index ETF, VanEck Vectors International High Yield Bond ETF, VanEck Vectors Morningstar International Moat ETF, VanEck Vectors Natural Resources ETF, VanEck Vectors Pre-Refunded Municipal Index ETF and VanEck Vectors Short High-Yield Municipal Index ETF may not invest in a manner inconsistent with its classification as a “diversified company” as provided by (i) the 1940 Act, as

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amended from time to time, (ii) the rules and regulations promulgated by the SEC under the 1940 Act, as amended from time to time, or (iii) an exemption or other relief applicable to the Fund from the provisions of the 1940 Act, as amended from time to time;

5. VanEck Vectors Africa Index ETF, VanEck Vectors Agribusiness ETF, VanEck Vectors AMT-Free Intermediate Municipal Index ETF, VanEck Vectors AMT-Free Long Municipal Index ETF, VanEck Vectors AMT-Free Short Municipal Index ETF, VanEck Vectors Brazil Small-Cap ETF, VanEck Vectors ChinaAMC CSI 300 ETF, VanEck Vectors Coal ETF, VanEck Vectors Environmental Services ETF, VanEck Vectors Gaming ETF, VanEck Vectors Global Alternative Energy ETF, VanEck Vectors Gold Miners ETF, VanEck Vectors High-Yield Municipal Index ETF, VanEck Vectors Indonesia ETF, VanEck Vectors Natural Resources ETF, VanEck Vectors Pre-Refunded Municipal Index ETF, VanEck Vectors Russia ETF, VanEck Vectors Steel ETF, VanEck Vectors Uranium+Nuclear Energy ETF and VanEck Vectors Vietnam ETF may not purchase a security (other than obligations of the U.S. Government, its agencies or instrumentalities) if, as a result, 25% or more of its total assets would be invested in a single issuer;

6. Each Fund may not purchase or sell real estate, except that a Fund may (i) invest in securities of issuers that invest in real estate or interests therein; (ii) invest in mortgage-related securities and other securities that are secured by real estate or interests therein; and (iii) hold and sell real estate acquired by the Fund as a result of the ownership of securities;

7. Each Fund may not engage in the business of underwriting securities issued by others, except to the extent that the Fund may be considered an underwriter within the meaning of the Securities Act of 1933, as amended (the "Securities Act"), in the disposition of restricted securities or in connection with its investments in other investment companies;

8. Each Fund may not purchase or sell commodities, unless acquired as a result of owning securities or other instruments, but it may purchase, sell or enter into financial options and futures, forward and spot currency contracts, swap transactions and other financial contracts or derivative instruments and may invest in securities or other instruments backed by commodities. In addition, VanEck Vectors Gold Miners ETF may invest up to 25% of its total assets in gold and silver coins, which are legal tender in the country of issue and gold and silver bullion, and palladium and platinum group metals bullion; and

9. Each Fund (except VanEck Vectors BDC Income ETF, VanEck Vectors Biotech ETF, VanEck Vectors Global Alternative Energy ETF, VanEck Vectors Gold Miners ETF, VanEck Vectors Mortgage REIT Income ETF, VanEck Vectors Oil Services ETF, VanEck Vectors Pharmaceutical ETF, VanEck Vectors Real Asset Allocation ETF, VanEck Vectors Retail ETF, VanEck Vectors Semiconductor ETF and VanEck Vectors Unconventional Oil & Gas ETF) may not purchase any security if, as a result of that purchase, 25% or more of its total assets would be invested in securities of issuers having their principal business activities in the same industry, except that the Fund may invest 25% or more of the value of its total assets in securities of issuers in any one industry or group of industries if the index that the Fund replicates concentrates in an industry or group of industries. VanEck Vectors Real Asset Allocation ETF may not purchase any security if, as a result of that purchase, 25% or more of its total assets would be invested in securities of issuers having their principal business activities in the same industry.
VanEck Vectors Gold Miners ETF

may not purchase any security if, as a result of that purchase, 25% or more of its total assets would be invested in securities of issuers having their principal business activities in the same industry except that the Fund will invest 25% or more of its total assets in the gold-mining industry. VanEck Vectors Global Alternative Energy ETF may not purchase any security if, as a result of that purchase, 25% or more of its total assets would be invested in securities of issuers having their principal business activities in the same industry except that the Fund will invest 25% or more of its total assets in the alternative energy industry. Each of VanEck Vectors BDC Income ETF, VanEck Vectors Biotech ETF, VanEck Vectors Mortgage REIT Income ETF, VanEck Vectors Oil Services ETF, VanEck Vectors Pharmaceutical ETF, VanEck Vectors Retail ETF, VanEck Vectors Semiconductor ETF and VanEck Vectors Unconventional Oil & Gas ETF may not purchase any security if, as a result of that purchase, 25% or more of its total assets would be invested in securities of issuers having their principal business activities in the same industry, except that the Fund will invest 25% or more of the value of its total assets in securities of issuers in any one industry or group of industries if the index that the Fund replicates concentrates in an industry or group of industries. These limits do not apply to securities issued or guaranteed by the U.S. Government, its agencies or instrumentalities.

In addition, each of VanEck Vectors AMT-Free Intermediate Municipal Index ETF, VanEck Vectors AMT-Free Long Municipal Index ETF, VanEck Vectors AMT-Free Short Municipal Index ETF, VanEck Vectors High-Yield Municipal Index ETF, VanEck Vectors Pre-Refunded Municipal Index ETF and VanEck Vectors Short High-Yield Municipal Index ETF (collectively, the “Municipal Funds”) has adopted a fundamental investment policy to invest at least 80% of its assets in investments suggested by its name. For purposes of this policy, the term “assets” means net assets plus the amount of borrowings for investment purposes. Accordingly, each Municipal Fund will invest at least 80% of its assets in municipal securities. VanEck Vectors CEF Municipal Income ETF has adopted a fundamental investment policy to invest at least 80% of its total assets in investments the income from which is exempt from U.S. federal income tax (other than the AMT). VanEck Vectors CEF Municipal Income ETF may count securities that generate income subject to the AMT toward the 80% investment requirement.

In addition to the investment restrictions (and with respect to the Municipal Funds and VanEck Vectors CEF Municipal Income ETF, the applicable policy) adopted as fundamental policies as set forth above, each Fund (except the MLP ETFs) observes the following non-fundamental investment restrictions, which may be changed by the Board without a shareholder vote. Under these restrictions:

1. Each Fund will not invest in securities which are “illiquid” securities if the result is that more than 15% of a Fund’s net assets would be invested in such securities.
2. Each Fund will not make short sales of securities.

3. Each Fund (except for VanEck Vectors Real Asset Allocation ETF) will not purchase any security on margin, except for such short-term loans as are necessary for clearance of securities transactions. The deposit or payment by a Fund or initial or variation margin in connection with futures contracts or related options thereon is not considered the purchase of a security on margin. VanEck Vectors Real Asset Allocation ETF will not purchase any security on margin, except for such short-term loans as are necessary for clearance of securities transactions. The deposit or payment by VanEck Vectors Real Asset Allocation ETF or initial or variation margin in connection with futures contracts, options on futures contracts or other derivative instruments shall not constitute the purchase of a security on margin.

Each Fund will not participate in a joint or joint-and-several basis in any trading account in securities, although
4. transactions for the Funds and any other account under common or affiliated management may be combined or
allocated between a Fund and such account.

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VanEck Vectors BDC Income ETF, VanEck Vectors CEF Municipal Income ETF, VanEck Vectors NDR CMG Long/Flat Allocation ETF and VanEck Vectors Real Asset Allocation ETF will not purchase securities of open-end or closed-end investment companies except in compliance with the 1940 Act or an exemption or other relief applicable to the Fund from the provisions of the 1940 Act, as amended from time to time. Each Fund (except 5. VanEck Vectors BDC Income ETF, VanEck Vectors CEF Municipal Income ETF, VanEck Vectors NDR CMG Long/Flat Allocation ETF and VanEck Vectors Real Asset Allocation ETF) will not purchase securities of open-end or closed-end investment companies except in compliance with the 1940 Act, although the Funds may not acquire any securities of registered open-end investment companies or registered unit investment trusts in reliance on Sections 12(d)(1)(F) or 12(d)(1)(G) of the 1940 Act.

In addition to the fundamental and non-fundamental investment restrictions set forth above, each of VanEck Vectors Agribusiness ETF, VanEck Vectors Biotech ETF, VanEck Vectors Brazil Small-Cap ETF, VanEck Vectors Coal ETF, VanEck Vectors Emerging Markets High Yield Bond ETF, VanEck Vectors Gold Miners ETF, VanEck Vectors Green Bond ETF, VanEck Vectors Indonesia Index ETF, VanEck Vectors International High Yield Bond ETF, VanEck Vectors J.P. Morgan EM Local Currency Bond ETF, VanEck Vectors Junior Gold Miners ETF, VanEck Vectors Morningstar Wide Moat ETF, VanEck Vectors Natural Resources ETF, VanEck Vectors Oil Services ETF, VanEck Vectors Pharmaceutical ETF, VanEck Vectors Preferred Securities ex Financials ETF, VanEck Vectors Rare Earth/Strategic Metals ETF, VanEck Vectors Russia ETF, VanEck Vectors Steel ETF, and VanEck Vectors Semiconductor ETF observes the following additional restrictions, which may be changed by the Board without a shareholder vote: under normal market conditions (i) any borrowings by the Fund will be on a temporary basis and will not exceed 10% of the Fund's net assets; and (ii) the Fund's investments in the securities of other pooled investment vehicles will not exceed 10% of the Fund's net assets. For purposes of restriction (ii), real estate investment trusts are not considered to be pooled investment vehicles. In addition, each of VanEck Vectors Global Alternative Energy ETF, VanEck Vectors Gold Miners ETF, VanEck Vectors India Small-Cap ETF, VanEck Vectors Junior Gold Miners ETF and VanEck Vectors Semiconductor ETF will invest at least 51% of its net assets in equity securities. This may be changed by the Board without a shareholder vote.

If a percentage limitation is adhered to at the time of investment or contract, a later increase or decrease in percentage resulting from any change in value or total or net assets will not result in a violation of such restriction, except that the percentage limitation with respect to the borrowing of money described above in fundamental restriction 2 will be continuously complied with.

With respect to fundamental restriction 2, the 1940 Act permits each Fund to borrow money from banks in an amount up to one-third of its total assets (including the amount borrowed) less its liabilities (not including any borrowings but including the fair market value at the time of computation of any other senior securities then outstanding). Each Fund may also borrow an additional 5% of its total assets without regard to the foregoing limitation for temporary purposes such as clearance of portfolio transactions. Practices and investments that may involve leverage but are not considered to be borrowings are not subject to the policy.

With respect to fundamental restriction 3, the 1940 Act prohibits each Fund from issuing senior securities, except that the Fund may borrow money in amounts of up to one-third of the Fund's total assets from banks for any purpose. Each Fund may also borrow money or engage in economically similar transactions if those transactions do not constitute "senior securities" under the 1940 Act. The policy above will be interpreted not to prevent collateral arrangements with respect to swaps, options, forward or futures contracts or other derivatives, or the posting of initial or variation

margin.

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With respect to fundamental restriction 9, investment companies are not considered to be part of an industry. In accordance with each of VanEck Vectors NDR CMG Long/Flat Allocation ETF's and VanEck Vectors Real Asset Allocation ETF's principal investment strategies as set forth in its Prospectus, each of VanEck Vectors NDR CMG Long/Flat Allocation ETF and VanEck Vectors Real Asset Allocation ETF may invest its assets in underlying investment companies. Although each of VanEck Vectors NDR CMG Long/Flat Allocation ETF and VanEck Vectors Real Asset Allocation ETF does not have a policy to concentrate its investments in a particular industry, 25% or more of VanEck Vectors NDR CMG Long/Flat Allocation ETF's and VanEck Vectors Real Asset Allocation ETF's total assets may be indirectly exposed to a particular industry or group of related industries through its investment in one or more underlying investment companies.

VanEck Vectors Real Asset Allocation ETF may invest its remaining assets in securities, which may include but may not be limited to, money market instruments or funds which reinvest exclusively in money market instruments, stocks that are in the relevant market and/or in combinations of certain stock index futures contracts, options on such futures contracts, stock options, stock index options, options on the Shares, and stock index swaps and swaptions. These investments may be made to invest uncommitted cash balances or, in limited circumstances, to assist in meeting shareholder redemptions of Creation Units. VanEck Vectors Real Asset Allocation ETF may also invest in money market instruments for cash management purposes or as part of a temporary defensive strategy to protect against potential stock market declines.

Each Fixed Income Fund may invest its remaining assets in securities not included in its respective Index, municipal bonds (with respect to VanEck Vectors CEF Municipal Income ETF), money market instruments, repurchase agreements or funds which reinvest exclusively in money market instruments, convertible securities (with respect to VanEck Vectors Green Bond ETF), structured notes (notes on which the amount of principal repayment and interest payments are based on the movement of one or more specified factors, such as the movement of a particular stock or stock index) (with respect to VanEck Vectors Green Bond ETF), certain derivatives (with respect to VanEck Vectors Green Bond ETF), in bonds that are in the relevant market but not the Fund's respective Index and/or in combinations of certain bond index futures contracts, options on such futures contracts, bond options, bond index options, options on the Shares, and bond index swaps and swaptions, each with a view towards providing each Fund with exposure to the securities in its respective Index.

Each Fund (other than the Fixed Income Funds and VanEck Vectors Real Asset Allocation ETF) may invest its remaining assets in securities not included in its respective Index, which may include but is not limited to money market instruments or funds which reinvest exclusively in money market instruments, in stocks that are in the relevant market but not its Index, and/or in combinations of certain stock index futures contracts, options on such futures contracts, stock options, stock index options, options on the Shares, and stock index swaps and swaptions, each with a view towards providing each Fund with exposure to the securities in its respective Index.

These investments may be made to invest uncommitted cash balances or, in limited circumstances, to assist in meeting shareholder redemptions of Creation Units. Each Fund (except VanEck Vectors Real Asset Allocation ETF) also will not invest in money market instruments for cash management purposes or as part of a temporary defensive strategy to protect against potential stock or bond market declines.

The following fundamental investment restrictions are applicable to only the MLP ETFs. Each MLP ETF may not:

Concentrate its investments in an industry or group of industries (i.e., hold 25% or more of its total assets in the
1. stocks of a particular industry or group of industries), except that the Fund will concentrate to approximately the
same extent that its Index concentrates in the

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stocks of such particular industry or group of industries. For purposes of this limitation, securities of the U.S. government (including its agencies and instrumentalities), repurchase agreements collateralized by U.S. government securities and securities of state or municipal governments and their political subdivisions are not considered to be issued by members of any industry.

Borrow money or issue senior securities (as defined under the 1940 Act), except to the extent permitted under the 1940 Act, the rules and regulations thereunder or any exemption therefrom, as such statute, rules or regulations may be amended or interpreted from time to time.

3. Make loans, except to the extent permitted under the 1940 Act, the rules and regulations thereunder or any exemption therefrom, as such statute, rules or regulations may be amended or interpreted from time to time.

4. Purchase or sell commodities or real estate, except to the extent permitted under the 1940 Act, the rules and regulations thereunder or any exemption therefrom, as such statute, rules or regulations may be amended or interpreted from time to time.

5. Underwrite securities issued by other persons, except to the extent permitted under the 1940 Act, the rules and regulations thereunder or any exemption therefrom, as such statute, rules or regulations may be amended or interpreted from time to time..

In addition to the investment restrictions adopted as fundamental policies as set forth above, each MLP ETF observes the following non-fundamental investment restrictions, which may be changed by the Board without a shareholder vote. Under these restrictions:

1. Each Fund will not invest in securities which are “illiquid” securities if the result is that more than 15% of a Fund’s net assets would be invested in such securities.

2. Under normal circumstances, each Fund will not invest less than 80% of its net assets, plus the amount of any borrowings for investment purposes, in securities of Master Limited Partnerships (“MLPs”). Prior to any change in this 80% investment policy, such Fund will provide shareholders with 60 days’ written notice.

If a percentage limitation is adhered to at the time of investment or contract, a later increase or decrease in percentage resulting from any change in value or total or net assets will not result in a violation of such restriction, except that the percentage limitation with respect to the borrowing of money described above in fundamental restriction 2 will be continuously complied with.

With respect to fundamental restriction 2, the 1940 Act permits a Fund to borrow money from banks in an amount up to one-third of its total assets (including the amount borrowed) less its liabilities (not including any borrowings but including the fair market value at the time of computation of any other senior securities then outstanding). A Fund

may also borrow an additional 5% of its total assets without regard to the foregoing limitation for temporary purposes such as clearance of portfolio transactions. Practices and investments that may involve leverage but are not considered to be borrowings are not subject to the policy.

With respect to fundamental restriction 2, the 1940 Act prohibits a Fund from issuing senior securities, except that a Fund may borrow money in amounts of up to one-third of the Fund's total assets from banks for any purpose. A Fund may also borrow money or engage in economically similar transactions if those transactions do not constitute "senior securities" under the 1940 Act. The policy above will be

interpreted not to prevent collateral arrangements with respect to swaps, options, forward or futures contracts or other derivatives, or the posting of initial or variation margin.

Each MLP ETF may invest its remaining assets in securities not included in its respective Index, which may include but is not limited to money market instruments or funds which reinvest exclusively in money market instruments, in stocks that are in the relevant market but not the Fund's respective Index, and/or in combinations of certain stock index futures contracts, options on such futures contracts, stock options, stock index options, options on the Shares, and stock index swaps and swaptions, each with a view towards providing each Fund with exposure to the securities in its respective Index. These investments may be made to invest uncommitted cash balances or, in limited circumstances, to assist in meeting shareholder redemptions of Creation Units. Each Fund will not invest in money market instruments as part of a temporary defensive strategy to protect against potential stock market declines.

Indian Investment Restrictions

The investment restrictions described below only apply to investments in Indian issuers made by VanEck Vectors India-Small Cap ETF (or the Mauritius Subsidiary) or VanEck Vectors Generic Drugs ETF.

Each of VanEck Vectors Generic Drugs ETF and the Mauritius Subsidiary is registered as a Category II FPI with the SEBI. Investments under the FPI Regulations and Foreign Exchange Management (transfer or issue of security by a person resident outside India) Regulations, 2017 are permitted only in the following: (i) shares, debentures and warrants of companies listed or to be listed on a recognized stock exchange in India through primary and secondary markets; (ii) units of schemes floated by domestic mutual funds, whether or not they are listed on a recognized stock exchange in India or units of a scheme floated by a collective investment scheme; (iii) dated government securities; (iv) derivatives traded on a recognized stock exchange in India; (v) security receipts of asset reconstruction companies registered with the RBI; (vi) Indian Depository Receipts; (vii) rupee-denominated credit enhanced bonds; (viii) perpetual debt instruments eligible for inclusion as Tier I capital and debt capital instruments as upper Tier II capital issued by banks in India to augment their capital (Tier I capital and Tier II capital as defined by the RBI and modified from time to time) provided that the investment all eligible investors in perpetual debt instruments (Tier I) shall not exceed an aggregate ceiling of 49% of each issue and investment by an individual FPI shall not exceed the limit of 10% of each issue; (ix) listed and unlisted non-convertible debentures/bonds issued by an Indian company in the infrastructure sector, where 'infrastructure' is defined in terms of the extant External Commercial Borrowings (ECB) guidelines; (x) non-convertible debentures or bonds issued by Non-banking financial companies categorized as Infrastructure Finance Companies by the RBI; (xi) unlisted non-convertible debentures/bonds issued by an Indian company subject to the guidelines issued by the Indian government's Ministry of Corporate Affairs from time to time; (xii) securitized debt instruments, including: (a) any certificate of or instrument issued by a special purpose vehicle set up for securitization of asset/s with banks, financial institutions or non-banking financial institutions as originators; and (b) any certificate or instrument issued and listed in terms of the SEBI (Public Offer and Listing of Securitised Debt Instruments) Regulations, 2008; (xiii) rupee-denominated bonds or units issued by infrastructure debt funds; and (xiv) such other instruments as may be specified by SEBI from time to time.

Further, foreign financial institutions (“FIIs”) and FPIs are allowed to engage in delivery-based trading and short selling in compliance with the short selling and securities borrowing and lending framework laid down by SEBI, and also in a manner consistent with the procedures laid down by the respective stock exchanges, including execution of trades involving derivatives on a recognized stock exchange. FPIs are allowed to tender their shares in case of an open offer following the takeover bid by an acquirer.

FPIs which have issued derivative instruments based on underlying Indian securities such as P-Notes and any other equivalent instruments are required to make a monthly disclosure to the SEBI regarding the details of the instrument as well as the ultimate investor in such instruments.

The extent to which percentage positions may be taken in index options and index futures by VanEck Vectors Generic Drugs ETF or the Mauritius Subsidiary would be restricted to the limits prescribed by applicable regulators from time to time. Separately, the following are the regulatory positions that VEAC, as Adviser to the VanEck Vectors Generic Drugs ETF, or the Mauritius Subsidiary would have to observe certain regulatory positions under the applicable provisions of the securities laws of India.

Various ownership restrictions are applicable to FPIs.

Further, by way of a SEBI circular, FPIs are allowed to participate in the exchange traded currency derivative segment to the extent of their Indian rupee exposure in India, subject to conditions and restrictions under applicable law. FPIs may take long as well as short positions in the permitted currency pairs up to \$10 million/5 million euro/5 million British pounds/200 million Japanese yen, as applicable, per stock exchange, without having to establish the existence of any underlying exposure. To take long positions beyond the prescribed limit, FPIs are required to have an underlying exposure in Indian debt or equity securities, including units of equity/debt mutual funds.

The RBI and SEBI by way of separate circulars dated February 3, 2015 have restricted the ability of FPIs to invest in debt securities having a residual maturity of less than 3 years. In addition, FPIs cannot invest in debt securities with residual maturity of more than 3 years but having optionality clauses exercisable within 3 years.

SPECIAL CONSIDERATIONS AND RISKS

A discussion of the risks associated with an investment in each Fund is contained in each Fund's Prospectus under the headings "Summary Information—Principal Risks of Investing in the Fund" with respect to the applicable Fund and "Additional Information About the Funds' Investment Strategies and Risks—Risks of Investing in the Funds." The discussion below supplements, and should be read in conjunction with, such sections of each Fund's Prospectus.

General

An investment in each Fund should be made with an understanding that the value of the Fund's portfolio securities may fluctuate in accordance with changes in the financial condition of the issuers of the portfolio securities, the value of securities generally and other factors.

(All Funds except VanEck Vectors Real Asset Allocation ETF)

An investment in each Fixed Income Fund should be made with an understanding of the risks inherent in an investment in fixed income securities. An issuer may have the right to redeem or "call" a bond before maturity, in which case the investor may have to reinvest the proceeds at lower market rates. Most bonds bear interest income at a "coupon" rate that is fixed for the life of the bond. The value of a fixed rate bond usually rises when market interest rates fall, and falls when market interest rates rise. Accordingly, a fixed rate bond's yield (income as a percent of the bond's current value) may differ from its coupon rate as its value rises or falls. Other types of bonds bear income at an interest rate that is adjusted periodically. Because of their adjustable interest rates, the values of "floating-rate" or "variable-rate" bonds generally fluctuate less in response to market interest rate movements than the value of similar fixed rate bonds. The Fixed Income Funds may treat some of these bonds as having a shorter maturity for purposes of calculating the weighted average maturity of its investment portfolio. Generally, prices of higher quality issues tend to fluctuate more with changes in market interest rates than prices of lower quality issues and prices of longer maturity issues tend to fluctuate more than prices of shorter maturity issues. Bonds may be senior or subordinated obligations. Senior obligations generally have the first claim on a corporation's earnings and assets and, in the event of liquidation, are paid before subordinated obligations. Bonds may be unsecured (backed only by the issuer's general creditworthiness) or secured (also backed by specified collateral).

An investment in each Fund (other than the Fixed Income Funds) should be made with an understanding of the risks inherent in an investment in equity securities, including the risk that the financial condition of issuers may become impaired or that the general condition of the stock market may deteriorate (either of which may cause a decrease in the value of the portfolio securities and thus in the value of Shares). Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. These investor perceptions are based on various and unpredictable factors, including expectations regarding government, economic, monetary and fiscal policies, inflation and interest rates, economic expansion or contraction, and global or regional political, economic and banking crises. Holders of common stocks incur more risk

than holders of preferred stocks and debt obligations because common stockholders, as owners of the issuer, have generally inferior rights to receive payments from the issuer in comparison with the rights of creditors of, or holders of debt obligations or preferred stocks issued by, the issuer. Further, unlike debt securities which typically have a stated principal amount payable at maturity (whose value, however, will be subject to market fluctuations prior thereto), or preferred stocks which typically have a liquidation preference and which may have stated optional or mandatory redemption provisions, common stocks have neither a fixed principal amount nor a maturity. Common stock values are subject to market fluctuations as long as the common stock remains outstanding. In the event that the securities in a Fund's Index (except with respect to the Fixed Income Funds) are not listed on a national securities exchange, the principal trading market for some may be in the over the counter market. The existence of a liquid trading market for certain securities may

depend on whether dealers will make a market in such securities. There can be no assurance that a market will be made or maintained or that any such market will be or remain liquid. The price at which securities may be sold and the value of a Fund's Shares (except with respect to the Fixed Income Funds) will be adversely affected if trading markets for a Fund's portfolio securities (except with respect to the Fixed Income Funds) are limited or absent or if bid/ask spreads are wide.

With the exception of VanEck Vectors Real Asset Allocation ETF, the Funds are not actively managed by traditional methods, and therefore the adverse financial condition of any one issuer will not result in the elimination of its securities from the securities held by a Fund unless the securities of such issuer are removed from its respective Index.

An investment in each Fund should be made with an understanding that the Fund will not be able to replicate exactly the performance of its respective Index because the total return generated by the securities will be reduced by transaction costs incurred in adjusting the actual balance of the securities and other Fund expenses, whereas such transaction costs and expenses are not included in the calculation of its respective Index. In addition, certain Funds' use of a representative sampling approach may cause each such Fund to not be as well correlated with the return of its respective Index as would be the case if the Fund purchased all of the securities in its respective Index in the proportions represented in such Index. The risk of non-correlation may be higher than other ETFs which utilize a sampling approach to the extent that a Fund invests a portion of its assets in securities that have economic characteristics that are substantially identical to the securities comprising its respective Index, but which are not included in such Index. It is also possible that for periods of time, a Fund may not fully replicate the performance of its respective Index due to the temporary unavailability of certain Index securities in the secondary market or due to other extraordinary circumstances. Such events are unlikely to continue for an extended period of time because the Fund is required to correct such imbalances by means of adjusting the composition of the securities. It is also possible that the composition of a Fund (other than the MLP ETFs) may not exactly replicate the composition of its respective Index if the Fund has to adjust its portfolio holdings in order to continue to qualify as a regulated investment company ("RIC") under the U.S. Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), or, in the case of VanEck Vectors BDC Income ETF, to comply with the provisions of the 1940 Act that limit the amount the Fund and its affiliates, in the aggregate, can invest in any one business development company.

Each Fund (other than the Fixed Income Funds) is subject to the risks of an investment in an economic sector or industry in which the Fund's Index is highly concentrated. In addition, because it is the policy of each Fund (other than the Fixed Income Funds) to generally invest in the securities that comprise the Fund's respective Index, the portfolio of securities ("Fund Securities") held by such Fund (other than the Fixed Income Funds) also will be concentrated in that economic sector or industry.

The use of OTC derivatives with respect to VanEck Vectors ChinaAMC CSI 300 ETF is managed to ensure that the aggregate exposure of the Fund to OTC derivative counterparties does not exceed 10% of the NAV of the Fund. The exposure to OTC derivative counterparties is monitored each trading day and if exposure for VanEck Vectors ChinaAMC CSI 300 ETF exceeds 10%, steps are taken to reduce exposure below 10% within 2 trading days. The aggregate OTC derivatives holdings and the exposure to OTC derivative counterparties for VanEck Vectors ChinaAMC CSI 300 ETF is disclosed at www.vaneck.com.

Regulatory developments affecting the exchange-traded and OTC derivatives markets may impair a Fund's ability to manage or hedge its investment portfolio through the use of derivatives. The Dodd-Frank Act and the rules promulgated thereunder may limit the ability of a Fund to enter into one or more exchange-traded or OTC derivatives transactions.

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(All Funds except VanEck Vectors BDC Income ETF, VanEck Vectors CEF Municipal Income ETF, VanEck Vectors Mortgage REIT Income ETF, VanEck Vectors Preferred Securities ex Financials ETF and VanEck Vectors Real Asset Allocation ETF)

The Trust, on behalf of the Funds, has filed a notice of eligibility with the National Futures Association claiming an exclusion from the definition of the term “commodity pool operator” (“CPO”) pursuant to CFTC Regulation 4.5, as promulgated under the Commodity Exchange Act (“CEA”), with respect to the Funds’ operations. Therefore, neither the Funds nor VEAC (with respect to the Funds) is subject to registration or regulation as a commodity pool or CPO under the CEA. If a Fund becomes subject to these requirements, a Fund may incur additional compliance and other expenses.

Each Fund’s use of derivatives may also be limited by the requirements of the Internal Revenue Code for qualification as a RIC for U.S. federal income tax purposes.

With respect to investments in swap transactions, commodity futures, commodity options or certain other derivatives used for purposes other than bona fide hedging purposes, an investment company must meet one of the following tests under the amended regulations in order to claim an exemption from being considered a “commodity pool” or CPO. First, the aggregate initial margin and premiums required to establish an investment company’s positions in such investments may not exceed five percent (5%) of the liquidation value of the investment company’s portfolio (after accounting for unrealized profits and unrealized losses on any such investments). Alternatively, the aggregate net notional value of such instruments, determined at the time of the most recent position established, may not exceed one hundred percent (100%) of the liquidation value of the investment company’s portfolio (after accounting for unrealized profits and unrealized losses on any such positions). In addition to meeting one of the foregoing trading limitations, the investment company may not market itself as a commodity pool or otherwise as a vehicle for trading in the commodity futures, commodity options or swaps and derivatives markets. In the event that an Adviser is required to register as a CPO, the disclosure and operations of the Funds would need to comply with all applicable CFTC regulations. Compliance with these additional registration and regulatory requirements would increase operational expenses. Other potentially adverse regulatory initiatives could also develop.

(VanEck Vectors BDC Income ETF, VanEck Vectors CEF Municipal Income ETF, VanEck Vectors Mortgage REIT Income ETF and VanEck Vectors Preferred Securities ex Financials ETF only)

Each of VanEck Vectors BDC Income ETF, VanEck Vectors CEF Municipal Income ETF, VanEck Vectors Mortgage REIT Income ETF and VanEck Vectors Preferred Securities ex Financials ETF has claimed a temporary exemption from the definition of the term CPO under the CEA, and therefore, is not currently subject to registration or regulation as commodity pools under the CEA. When the temporary exemption expires, to the extent VanEck Vectors BDC Income ETF, VanEck Vectors CEF Municipal Income ETF, VanEck Vectors Mortgage REIT Income ETF or VanEck Vectors Preferred Securities ex Financials ETF are not otherwise eligible to claim an exclusion from CFTC regulation, VanEck Vectors BDC Income ETF, VanEck Vectors CEF Municipal Income ETF, VanEck Vectors Mortgage REIT Income ETF or VanEck Vectors Preferred Securities ex Financials ETF, as applicable, may determine to operate subject to CFTC regulation and may incur additional expenses.

Specific Risks Applicable to the Municipal Funds and VanEck Vectors CEF Municipal Income ETF

Municipal Securities Risk. Municipal securities are subject to the risk that litigation, legislation or other political events, local business or economic conditions, credit rating downgrades or the bankruptcy, of the issuer could have a significant effect on an issuer's ability to make payments of principal and/or interest or otherwise affect the value of such securities. In addition, there is a risk that, as a result of the recent economic crisis, the ability of any issuer to pay, when due, the principal or interest on its municipal

bonds may be materially affected. Certain municipalities may have difficulty meeting their obligations due to, among other reasons, changes in underlying demographics.

Municipal securities can be significantly affected by political changes as well as uncertainties in the municipal market related to government regulation, taxation, legislative changes or the rights of municipal security holders. Because many municipal securities are issued to finance similar projects, especially those relating to education, health care, transportation, utilities and water and sewer, conditions in those sectors can affect the overall municipal market. In addition, changes in the financial condition of an individual municipal insurer can affect the overall municipal market. A number of municipalities have had significant financial problems recently, and these and other municipalities could, potentially, continue to experience significant financial problems resulting from lower tax revenues and/or decreased aid from state and local governments in the event of an economic downturn. This could potentially decrease the Fund's income or hurt its ability to preserve capital and liquidity. Municipal securities may include revenue bonds, which are generally backed by revenue from a specific project or tax. The issuer of a revenue bond makes interest and principal payments from revenues generated from a particular source or facility, such as a tax on particular property or revenues generated from a municipal water or sewer utility or an airport. Revenue bonds generally are not backed by the full faith and credit and general taxing power of the issuer. Municipal securities backed by current or anticipated revenues from a specific project or specific assets can be negatively affected by the discontinuance of the taxation supporting the project or assets or the inability to collect revenues for the project or from the assets due to factors such as lower property tax collections as a result of lower home values, lower sales tax revenues as a result of consumers cutting back spending and lower income tax revenue as a result of a higher unemployment rate. In addition, since some municipal obligations may be secured or guaranteed by banks and other institutions, the risk to the Fund could increase if the banking or financial sector suffers an economic downturn and/or if the credit ratings of the institutions issuing the guarantee are downgraded or at risk of being downgraded by a national rating organization.

If the Internal Revenue Service ("IRS") determines that an issuer of a municipal security has not complied with applicable tax requirements, interest from the security could become taxable and the security could decline significantly in value.

The market for municipal bonds may be less liquid than for taxable bonds. There may also be less publicly available information on the financial condition of issuers of municipal securities than for public corporations. This means that it may be harder to buy and sell municipal securities, especially on short notice, and municipal securities may be more difficult for a Fund (and the Underlying Funds in which VanEck Vectors CEF Municipal Income ETF invests) to value accurately than securities of public corporations. Since the Funds (and the Underlying Funds in which VanEck Vectors CEF Municipal Income ETF invests) invest a significant portion of their portfolio in municipal securities, each Fund's (and each Underlying Fund's) portfolio may have greater exposure to liquidity risk than a fund that invests in non-municipal securities. In addition, the value and liquidity of many municipal securities have decreased as a result of the recent financial crisis, which has also adversely affected many municipal securities issuers and may continue to do so. The markets for many credit instruments, including municipal securities, have experienced periods of illiquidity and extreme volatility since the latter half of 2007. In response to the global economic downturn, governmental cost burdens may be reallocated among federal, state and local governments. In addition, issuers of municipal securities may seek protection under the bankruptcy laws. For example, Chapter 9 of the Bankruptcy Code provides a financially distressed municipality protection from its creditors while it develops and negotiates a plan for reorganizing its debts. "Municipality" is defined broadly by the Bankruptcy Code as a "political subdivision or public agency or instrumentality of a state" and may include various issues of securities in which the Fund invests. The reorganization of a municipality's debts may include extending debt maturities, reducing the amount of principal or

interest, refinancing the debt or taking other measures, which may significantly affect the rights of creditors and the value of the securities issued by the municipality and the value of a Fund's investments.

Many state and local governments that issue municipal securities are currently under significant economic and financial stress and may not be able to satisfy their obligations. The taxing power of any governmental entity may be limited and an entity's credit may depend on factors which are beyond the entity's control.

Education Bond Risk. In general, there are two types of education-related bonds: those issued to finance projects for public and private colleges and universities, and those representing pooled interests in student loans. Bonds issued to supply educational institutions with funds are subject to the risk of unanticipated revenue decline, primarily the result of decreasing student enrollment or decreasing state and federal funding. Among the factors that may lead to declining or insufficient revenues are restrictions on students' ability to pay tuition, availability of state and federal funding, and general economic conditions. Student loan revenue bonds are generally offered by state (or sub-state) authorities or commissions and are backed by pools of student loans. Underlying student loans may be guaranteed by state guarantee agencies and may be subject to reimbursement by the United States Department of Education through its guaranteed student loan program. Others may be private, uninsured loans made to parents or students which are supported by reserves or other forms of credit enhancement. Recoveries of principal due to loan defaults may be applied to redemption of bonds or may be used to re-lend, depending on program latitude and demand for loans. Cash flows supporting student loan revenue bonds are impacted by numerous factors, including the rate of student loan defaults, seasoning of the loan portfolio and student repayment deferral periods of forbearance. Other risks associated with student loan revenue bonds include potential changes in federal legislation regarding student loan revenue bonds, state guarantee agency reimbursement and continued federal interest and other program subsidies currently in effect.

Electric Utilities Bond Risk. The electric utilities industry has been experiencing, and will continue to experience, increased competitive pressures. Federal legislation may open transmission access to any electricity supplier, although it is not presently known to what extent competition will evolve. Other risks include: (a) the availability and cost of fuel; (b) the availability and cost of capital; (c) the effects of conservation on energy demand; (d) the effects of rapidly changing environmental, safety and licensing requirements, and other federal, state and local regulations, (e) timely and sufficient rate increases and governmental limitations on rates charged to customers; (f) the effects of opposition to nuclear power; (h) increases in operating costs; and (i) obsolescence of existing equipment, facilities and products.

General Obligation Bond Risk. General obligation bonds are not backed by revenues from a specific project or source. Instead, general obligation bonds are backed by the "full faith and credit" of the issuer, which has the power to tax residents to pay bondholders. Timely payments depend on the issuer's credit quality, ability to raise tax revenues and ability to maintain an adequate tax base.

Health Care Bond Risk. The health care industry is subject to regulatory action by a number of private and governmental agencies, including federal, state and local governmental agencies. A major source of revenues for the health care industry is payments from Medicare and Medicaid programs. As a result, the industry is sensitive to legislative changes and reductions in governmental spending for such programs. Numerous other factors may also affect the industry and the value and credit quality of health care bonds, such as general and local economic conditions, demand for services, expenses (including malpractice insurance premiums) and competition among health care providers. The following elements may adversely affect health care facility operations: the implementation of national and/or state-specific health insurance exchanges; other national, state or local health care reform measures; medical and technological advances which dramatically alter the need for health services or the way in which such services are delivered; changes in medical coverage which alter the traditional fee-for-service revenue stream; efforts

by employers, insurers, and governmental agencies to reduce the costs of health insurance and health care services; and increases and decreases in the cost and availability of medical products.

Housing Bond Risk. Housing revenue bonds are generally issued by a state, county, city, local housing authority or other public agency. They generally are secured by the revenues derived from mortgages purchased with the proceeds of the bond issue. It is extremely difficult to predict the supply of available mortgages to be purchased with the proceeds of an issue or the future cash flow from the underlying mortgages. Consequently, there are risks that proceeds will exceed supply, resulting in early retirement of bonds, or that homeowner repayments will create an irregular cash flow. Many factors may affect the financing of multi-family housing projects, including acceptable completion of construction, proper management, occupancy and rent levels, economic conditions and changes to current laws and regulations.

Industrial Development Bond Risk. Industrial developments bonds are revenue bonds issued by or on behalf of public authorities to obtain funds to finance various public and/or privately operated facilities, including those for business and manufacturing, housing, sports, pollution control, airport, mass transit, port and parking facilities. These bonds are normally secured only by the revenues from the project and not by state or local government tax payments. Consequently, the credit quality of these securities is dependent upon the ability of the user of the facilities financed by the bonds and any guarantor to meet its financial obligations. Payment of interest on and repayment of principal of such bonds are the responsibility of the user and/or any guarantor. These bonds are subject to a wide variety of risks, many of which relate to the nature of the specific project. Generally, the value and credit quality of these bonds are sensitive to the risks related to an economic slowdown.

There is no guarantee that a Fund's income will be exempt from federal or state income taxes. Events occurring after the date of issuance of a municipal bond or after a Fund's acquisition of a municipal bond may result in a determination that interest on that bond is includible in gross income for U.S. federal income tax purposes retroactively to its date of issuance. Such a determination may cause a portion of prior distributions by a Fund to its shareholders to be taxable to those shareholders in the year of receipt. Federal or state changes in income or alternative minimum tax rates or in the tax treatment of municipal bonds may make municipal bonds less attractive as investments and cause them to lose value.

Lease Obligations Risk. Lease obligations may have risks not normally associated with general obligation or other revenue bonds. Leases and installment purchase or conditional sale contracts (which may provide for title to the leased asset to pass eventually to the issuer) have developed as a means for governmental issuers to acquire property and equipment without the necessity of complying with the constitutional statutory requirements generally applicable for the issuance of debt. Certain lease obligations contain "non-appropriation" clauses that provide that the governmental issuer has no obligation to make future payments under the lease or contract unless money is appropriated for that purpose by the appropriate legislative body on an annual or other periodic basis. Consequently, continued lease payments on those lease obligations containing "nonappropriation" clauses are dependent on future legislative actions. If these legislative actions do not occur, the holders of the lease obligation may experience difficulty in exercising their rights, including disposition of the property. In such circumstances, a Fund might not recover the full principal amount of the obligation.

Municipal Market Disruption Risk. The value of municipal securities may be affected by uncertainties in the municipal market related to legislation or litigation involving the taxation of municipal securities or the rights of municipal securities holders in the event of a bankruptcy. Proposals to restrict or eliminate the federal income tax exemption for interest on municipal securities are introduced before Congress from time to time. Proposals also may

be introduced before state legislatures that would affect the state tax treatment of a municipal fund's distributions. If such proposals were enacted, the availability of municipal securities and the value of a municipal fund's holdings would be affected. Municipal bankruptcies are relatively rare, and certain provisions of the U.S. Bankruptcy Code governing such bankruptcies are unclear and remain untested. Further, the application of state law to municipal issuers could produce varying results among the states or among municipal securities issuers within a state. These

legal uncertainties could affect the municipal securities market generally, certain specific segments of the market, or the relative credit quality of particular securities. There is also the possibility that as a result of litigation or other conditions, the power or ability of issuers to meet their obligations for the payment of interest and principal on their municipal securities may be materially affected or their obligations may be found to be invalid or unenforceable. Such litigation or conditions may from time to time have the effect of introducing uncertainties in the market for municipal securities or certain segments thereof, or of materially affecting the credit risk with respect to particular bonds. Adverse economic, business, legal or political developments might affect all or a substantial portion of the Funds' municipal securities in the same manner. Any of these effects could have a significant impact on the prices of some or all of the municipal securities held by a Fund.

Resource Recovery Bond Risk. Resource recovery bonds are a type of revenue bond issued to build facilities such as solid waste incinerators or waste-to-energy plants. Typically, a private corporation is involved, at least during the construction phase, and the revenue stream is secured by fees or rents paid by municipalities for use of the facilities. These bonds are normally secured only by the revenues from the project and not by state or local government tax receipts. Consequently, the credit quality of these securities is dependent upon the ability of the user of the facilities financed by the bonds and any guarantor to meet its financial obligations. The viability of a resource recovery project, environmental protection regulations, and project operator tax incentives may affect the value and credit quality of resource recovery bonds.

Special Tax Bond Risk. Special tax bonds are usually backed and payable through a single tax, or series of special taxes such as incremental property taxes. The failure of the tax levy to generate adequate revenue to pay the debt service on the bonds may cause the value of the bonds to decline. Adverse conditions and developments affecting a particular project may result in lower revenues to the issuer of the municipal securities, which may adversely affect the value of a Fund's portfolio.

Tax Risks. As with any investment, you should consider how your investment in Shares of a Fund will be taxed. The tax information in the Prospectus and SAI is provided as general information. You should consult your own tax professional about the tax consequences of an investment in Shares of a Fund.

Tobacco Bond Risk. Tobacco settlement revenue bonds are generally neither general nor legal obligations of a state or any of its political subdivisions and neither the full faith and credit nor the taxing power nor any other assets or revenues of a state or of any political subdivision will be pledged to the payment of any such bonds. In addition, tobacco companies' profits from the sale of tobacco products are inherently variable and difficult to estimate. There can be no guarantee that tobacco companies will earn enough revenues to cover the payments due under tobacco bonds. The revenues of tobacco companies may be adversely affected by the adoption of new legislation and/or by litigation.

Transportation Bond Risk. Transportation debt may be issued to finance the construction of airports, toll roads, highways or other transit facilities. Airport bonds are dependent on the general stability of the airline industry and on the stability of a specific carrier who uses the airport as a hub. Air traffic generally follows broader economic trends and is also affected by the price and availability of fuel. Toll road bonds are also affected by the cost and availability

of fuel as well as toll levels, the presence of competing roads and the general economic health of an area. Fuel costs and availability also affect other transportation-related securities, as do the presence of alternate forms of transportation, such as public transportation. Municipal securities that are issued to finance a particular transportation project often depend solely on revenues from that project to make principal and interest payments. Adverse conditions and developments affecting a particular project may result in lower revenues to the issuer of the municipal securities.

Water and Sewer Bond Risk. Water and sewer revenue bonds are often considered to have relatively secure credit as a result of their issuer's importance, monopoly status and generally unimpeded ability to

raise rates. Despite this, lack of water supply due to insufficient rain, run-off or snow pack is a concern that has led to past defaults. Further, public resistance to rate increases, costly environmental litigation, and federal environmental mandates are challenges faced by issuers of water and sewer bonds.

U.S. Federal Tax Treatment of Futures Contracts and Certain Option Contracts

Each Fund may be required for federal income tax purposes to mark-to-market and recognize as income for each taxable year their net unrealized gains and losses on certain futures contracts and option contracts as of the end of the year as well as those actually realized during the year. Gain or loss from futures contracts required to be marked-to-market will be 60% long-term and 40% short-term capital gain or loss. Application of this rule may alter the timing and character of distributions to shareholders. Each Fund may be required to defer the recognition of losses on futures contracts or certain option contracts to the extent of any unrecognized gains on related positions held by the Fund.

In order for a Fund to continue to qualify for U.S. federal income tax treatment as a RIC, at least 90% of its gross income for a taxable year must be derived from qualifying income, *i.e.*, dividends, interest, income derived from loans of securities, gains from the sale of securities or of foreign currencies or other income derived with respect to the Fund's business of investing in securities. It is anticipated that any net gain realized from the closing out of futures contracts or certain option contracts will be considered gain from the sale of securities and therefore will be qualifying income for purposes of the 90% requirement.

Each Fund distributes to shareholders annually any net capital gains which have been recognized for U.S. federal income tax purposes (including unrealized gains at the end of the Fund's fiscal year on certain futures transactions and certain option contracts). Such distributions are combined with distributions of capital gains realized on each Fund's other investments and shareholders are advised on the nature of the distributions.

Concentration Considerations

To the extent that a Fund's investments are concentrated in a particular sector or sectors or industry or group of industries, the Fund will be subject to the risk that economic, political or other conditions that have a negative effect on that sector or industry will negatively impact the Fund to a greater extent than if the Fund's assets were invested in a wider variety of sectors or industries. The securities of state and municipal governments and their political subdivisions are not considered to be issued by members of any industry.

Cyber Security

The Funds, their service providers, each Exchange and Authorized Participants (defined below) are susceptible to cyber security risks that include, among other things, theft, unauthorized monitoring, release, misuse, loss, destruction or corruption of confidential and highly restricted data; denial of service attacks; unauthorized access to relevant systems, compromises to networks or devices that the Funds and their service providers use to service the Fund's operations; or operational disruption or failures in the physical infrastructure or operating systems that support the Funds and their service providers. Cyber attacks against or security breakdowns of the Funds, their service providers, an Exchange or Authorized Participants may adversely impact the Funds and their shareholders, potentially resulting in, among other things, financial losses; the inability of Fund shareholders to transact business and the Fund to process transactions; inability to calculate the Fund's NAV; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs; and/or additional compliance costs. The Fund may incur additional costs for cyber security risk management and remediation purposes. In addition, cyber security risks may also impact issuers of securities in which a Fund invests, which may cause the Fund's investment in such issuers to lose value. There can be no assurance that the Funds, their service

providers, an Exchange or Authorized Participants will not suffer losses relating to cyber attacks or other information security breaches in the future.

Securities Lending

Certain Funds may lend its portfolio securities to brokers, dealers and other financial institutions desiring to borrow securities to complete transactions and for other purposes. In connection with such loans, the Fund will receive cash, U.S. government securities and stand-by letters of credit not issued by the Funds' bank lending agent equal to at least 102% of the value of the portfolio securities being loaned. This collateral is marked-to-market on a daily basis. Although a Fund will receive collateral in connection with all loans of its securities holdings, the Fund would be exposed to a risk of loss should a borrower fail to return the borrowed securities (e.g., the Fund would have to buy replacement securities and the loaned securities may have appreciated beyond the value of the collateral held by the Fund) or become insolvent. A Fund may pay fees to the party arranging the loan of securities. In addition, a Fund will bear the risk that it may lose money because the borrower of the loaned securities fails to return the securities in a timely manner or at all. The Fund could also lose money in the event of a decline in the value of any cash collateral or in the value of the investments made with the cash collateral. These events could trigger adverse tax consequences for a Fund. Substitute payments for dividends received by a Fund for securities loaned out by the Fund will not be considered qualified dividend income.

Inability to Pass Through Deduction from MLPs (*The MLP ETFs only*)

Under recent tax legislation, individuals and certain other noncorporate entities are generally eligible for a 20% deduction with respect to certain taxable income from MLPs. The Funds, as "C" corporations, will not be eligible for the 20% deduction and will not pass through the 20% deduction to Fund shareholders. As a result, in comparison, investors investing directly in MLPs would be eligible for the 20% deduction for such taxable income from these investments while investors investing in MLPs held indirectly through a Fund would not be eligible for the 20% deduction for their share of such taxable income.

Risks Relating to VanEck Vectors India Small-Cap Index ETF

Tax Risks. The taxation of income and capital gains of the VanEck Vectors India Small-Cap Index ETF is subject to the fiscal laws and practices of different jurisdictions. Any of those jurisdictions may change their fiscal laws and practices (or interpretation thereof) and enforcement policies, possibly with retroactive effect. The VanEck Vectors India Small-Cap Index ETF's investment in the Mauritius Subsidiary involves certain tax risks. Changes to the Double Taxation Avoidance Treaty (the "Treaty") between Mauritius and India (or its interpretation) may adversely affect the ability of the Mauritius Subsidiary to realize efficiently income or capital gains. Consequently, it is possible that Mauritius Subsidiary may face unfavorable tax treatment, which may materially adversely affect the value of its investments or the feasibility of making investments in India.

The Mauritius Subsidiary is a wholly-owned subsidiary of the Trust in Mauritius. The following tax risks are relevant in this regard.

Indirect Transfer Risk: Where Shares are sold by investors/redeemed by the Fund, gains from such transfer could be subject to tax in India if certain thresholds are met. For more information about this issue, please see “Indian Tax Status” of this SAI. Category I (sovereign funds) and Category II (broad-based funds) FPIs have been exempted by the Finance Act, 2017 from the application of the indirect transfer tax provisions.

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Exposure to Permanent Establishment (“PE”): There is a risk that the Indian tax authorities may claim that the Mauritius Subsidiary or the Advisor has a PE in India in light of factors like presence of an investment advisor in India, etc. If the Fund and/or the Advisor is considered to have a PE in India, then the net profits of the Mauritius Subsidiary (to the extent attributable to the PE) would be subject to taxation in India at 40% (excluding surcharge and cess).

Introduction of General Anti-Avoidance Rules (“GAAR”) in India: GAAR, as contained in the Income Tax Act (“ITA”), became effective April 1, 2017. GAAR empowers the tax authorities to investigate and declare an arrangement as an “impermissible avoidance arrangement” and, consequently, the authorities can disregard entities in a structure, reallocate income and expenditure between parties to the arrangement, alter the tax residence of such entities and the legal *situs* of assets involved, treat debt as equity and vice versa. An ‘impermissible avoidance arrangement’ is an arrangement entered into with the main purpose of obtaining a tax benefit and satisfying one or more of the following: (a) non-arm’s length dealings; (b) misuse or abuse of the provisions of the domestic income tax provisions; (c) lack of commercial substance; or (d) arrangement similar to that employed for non-bona fide purposes.

The Income Tax Rules, 1962 and subsequent amendments provide that GAAR is not applicable in respect of any income arising from transfer of investments which were made before April 1, 2017. Further, the Central Board of Direct Taxes (“CBDT”) has clarified that GAAR will not interplay with the right of the taxpayer to select or choose method of implementing a transaction. GAAR shall not be invoked merely on the ground that the entity is located in a tax efficient jurisdiction.

If the Indian Tax authorities deem the Fund’s structure to be an “impermissible avoidance arrangement”, then the Mauritius Subsidiary may not be able to claim benefits under the Treaty. Inability of the Mauritius Subsidiary to claim the tax benefits under the Treaty could have an adverse impact on the tax liabilities of the Mauritius Subsidiary, and would likely have an adverse impact on the returns to the Fund.

Renegotiation of the India-Mauritius Double Taxation Avoidance Treaty: India and Mauritius signed a protocol (“2016 Protocol”) on May 10, 2016 amending the Treaty. The 2016 Protocol gives India a source based right to tax capital gains which arise from alienation of shares of an Indian resident company acquired by a Mauritian tax resident (as opposed to the previous residence based tax regime under the Treaty). However, the 2016 Protocol provides for grandfathering of investments and stipulates that the revised position shall only be applicable to investments made on or after April 1, 2017. There can be no assurance that the terms of the Treaty will not be further amended in the future or be subject to a different interpretation or that the Mauritius Subsidiary will continue to be deemed a tax resident by Mauritius, allowing it favorable tax treatment. Any further changes in the provisions of the Treaty or in its applicability to the Mauritius Subsidiary could result in the imposition of withholding and other taxes on the Mauritius Subsidiary by India, which would reduce the return to the Fund on its investments.

Exposure to Place of Effective Management (“POEM”) risk: As per Section 6(3) of the Indian Income Tax Act, 1961 (“ITA 1961”), a company established outside India is said to be a tax resident of India in a particular financial year (April 1 to March 31) if its POEM in that financial year is in India.

The term POEM is defined as the place where key management and commercial decisions that are necessary for the conduct of the business of an entity as a whole are, in substance, made. POEM requirements have been effective since the financial year 2016-2017. The CBDT has recently clarified that POEM shall not apply to a company with turnover or gross receipts of 50 crore rupees or less in a financial year. The CBDT released the Guiding Principles for determination of POEM of a Company on January 24, 2017 (available at http://www.incometaxindia.gov.in/communications/circular/circular06_2017.pdf).

While the Mauritius Subsidiary believes that the activities of the Mauritius Subsidiary or Adviser described in the Prospectus or this SAI should not lead to a situation where the POEM of the Mauritius Subsidiary or the Adviser is considered to be in India, there may be a risk that the Indian tax authorities will claim that these activities have resulted in a POEM of the Mauritius Subsidiary and/or the Adviser in India. If for any reason the activities are held to be a POEM of the Mauritius Subsidiary and/or the Adviser in India, then the worldwide profits of the Mauritius Subsidiary would be subject to taxation in India as per the ITA 1961.

Limitations on the Mauritius Subsidiary's Ability to Make Distributions or Pay Redemption Proceeds to the Fund. Certain limitations under the Mauritius Companies Act 2001 may adversely affect the ability of the Mauritius Subsidiary and the VanEck Vectors India Small-Cap Index ETF to make distributions or pay the redemption proceeds to the investors. If VanEck Vectors India Small-Cap Index ETF's ability to make distributions is adversely affected, VanEck Vectors India Small-Cap Index ETF may be unable to satisfy distribution requirements applicable to RICs under the Internal Revenue Code, and be subject to income and/or excise tax at the Fund level. See "Taxes."

Mauritius Subsidiary Risks. The Fund may cease utilizing the Mauritius Subsidiary in the future. Ceasing to utilize the Mauritius Subsidiary could result in realized gains for the Fund, in capital gains tax liability and other tax liability in India and Mauritius and in other associated liabilities.

RQFII Program Risk (*the China Funds only*)

The Adviser allocates a portion of VanEck Vectors ChinaAMC CSI 300 ETF's and VanEck Vectors ChinaAMC SME-ChiNext ETF's assets to an unaffiliated sub-adviser with a Renminbi Qualified Foreign Institutional Investor ("RQFII") license for purposes of investing in China A-shares ("A-shares"). The Adviser allocates a portion of VanEck Vectors ChinaAMC China Bond ETF's assets to an unaffiliated sub-adviser with an RQFII license for purposes of investing in Renminbi ("RMB") denominated debt obligations issued within the People's Republic of China ("PRC"). China Asset Management (Hong Kong) Limited (the "Sub-Adviser") currently acts as the sub-adviser for the China Funds for these purposes.

The RQFII regulations provide that the size of a RQFII's quota ("RQFII quota") may be reduced or cancelled by China's State Administration of Foreign Exchange ("SAFE") if the RQFII is unable to use all or a portion of its RQFII quota effectively. Pursuant to PRC and RQFII regulations, SAFE is vested with the power to impose regulatory sanctions if the Sub-Adviser, in its capacity as RQFII, or the PRC sub-custodian violates any provision of the RQFII regulations. Any such violations could result in the revocation of the Sub-Adviser's RQFII quota or other regulatory sanctions and may adversely impact the portion of the Sub-Adviser's RQFII quota granted with respect to the China Funds.

If SAFE reduces the Sub-Adviser's RQFII quota, it may affect the ability of the China Funds to effectively pursue their respective investment strategy.

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In addition to the RQFII quota, the Sub-Adviser's RQFII status could be suspended or revoked. There can be no assurance that the Sub-Adviser will continue to maintain its RQFII status or be able to acquire additional RQFII quota. In the event the Sub-Adviser is unable to maintain its RQFII status or its RQFII quota becomes inadequate, and the Adviser is not able to retain another or an additional sub-adviser with an RQFII quota (or, in the case of VanEck Vectors ChinaAMC China Bond ETF, to identify other methods to invest in RMB Bonds), the China Funds may be unable to gain exposure to A-shares or RMB Bonds through the RQFII program. In such event it is possible that the trading price of the China Funds' Shares on the Exchange will be at a significant premium or discount to the NAV (which may also increase tracking error of the Fund) and could experience significant redemptions.

The current RQFII regulations include rules on investment restrictions applicable to the China Funds. Transaction sizes for RQFIIs are relatively large, with the corresponding heightened risk of exposure to decreased market liquidity and significant price volatility leading to possible adverse effects on the timing and pricing of acquisition or disposal of securities.

The regulations which regulate investments by RQFIIs in the PRC and the repatriation of capital from RQFII investments are relatively new. The application and interpretation of such investment regulations are therefore relatively untested and there is no certainty as to how they will be applied as the PRC authorities and regulators have been given wide discretion in such investment regulations and there is no precedent or certainty as to how such discretion may be exercised now or in the future. The future application and/or interpretation of such regulations may create difficulties with respect to the manner in which the China Funds seek to invest in A-shares and/or RMB Bonds in furtherance of its investment objective.

Stock Connect Program Risks (VanEck Vectors ChinaAMC CSI 300 ETF, VanEck Vectors ChinaAMC SME-ChiNext ETF and VanEck Vectors Rare Earth/Strategic Metals ETF Only)

VanEck Vectors ChinaAMC CSI 300 ETF, VanEck Vectors ChinaAMC SME-ChiNext ETF and VanEck Vectors Rare Earth/Strategic Metals ETF may invest in A-shares listed and traded on the Shanghai Stock Exchange and the Shenzhen Stock Exchange through the Shanghai-Hong Kong Stock Connect Program and the Shenzhen-Hong Kong Stock Connect Program (together, "Stock Connect"), or on such other stock exchanges in China which participate in Stock Connect from time to time or in the future. Trading through Stock Connect is subject to a number of restrictions that may affect a Fund's investments and returns. For example, trading through Stock Connect is subject to daily quotas that limit the maximum daily net purchases on any particular day, which may restrict or preclude a Fund's ability to invest in Stock Connect A-shares. In addition, investments made through Stock Connect are subject to trading, clearance and settlement procedures that are relatively untested in the PRC, which could pose risks to a Fund. Furthermore, securities purchased via Stock Connect will be held via a book entry omnibus account in the name of Hong Kong Securities Clearing Company Limited ("HKSCC"), Hong Kong's clearing entity, at the China Securities Depository and Clearing Corporation Limited ("CSDCC"). A Fund's ownership interest in Stock Connect securities will not be reflected directly in book entry with CSDCC and will instead only be reflected on the books of its Hong Kong sub-custodian. A Fund may therefore depend on HKSCC's ability or willingness as record-holder of Stock Connect securities to enforce the Fund's shareholder rights. PRC law did not historically recognize the concept of beneficial ownership; while PRC regulations and the Hong Kong Stock Exchange have issued clarifications and guidance supporting the concept of beneficial ownership via Stock Connect, the interpretation of beneficial ownership in the PRC by regulators and courts may continue to evolve. Moreover, Stock Connect A-shares generally may not be sold,

purchased or otherwise transferred other than through Stock Connect in accordance with applicable rules.

A primary feature of Stock Connect is the application of the home market's laws and rules applicable to investors in A-shares. Therefore, a Fund's investments in Stock Connect A-shares are

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generally subject to PRC securities regulations and listing rules, among other restrictions. A Fund will not benefit from access to Hong Kong investor compensation funds, which are set up to protect against defaults of trades, when investing through Stock Connect. Stock Connect is only available on days when markets in both the PRC and Hong Kong are open, which may limit the Fund's ability to trade when it would be otherwise attractive to do so. Since the inception of Stock Connect, foreign investors (including the Fund) investing in A-shares through Stock Connect would be temporarily exempt from the PRC corporate income tax and value-added tax on the gains on disposal of such A-shares. Dividends would be subject to PRC corporate income tax on a withholding basis at 10%, unless reduced under a double tax treaty with China upon application to and obtaining approval from the competent tax authority. Aside from these temporary measures, uncertainties in permanent PRC tax rules governing taxation of income and gains from investments in Stock Connect A-shares could result in unexpected tax liabilities for each Fund.

The Stock Connect program is a relatively new program and may be subject to further interpretation and guidance. There can be no assurance as to the program's continued existence or whether future developments regarding the program may restrict or adversely affect a Fund's investments or returns. In addition, the application and interpretation of the laws and regulations of Hong Kong and the PRC, and the rules, policies or guidelines published or applied by relevant regulators and exchanges in respect of the Stock Connect program are uncertain, and they may have a detrimental effect on a Fund's investments and returns.

Risk of Investing through the CIBM Direct Access Program (*VanEck Vectors ChinaAMC China Bond ETF only*)

The China interbank bond market ("CIBM") is an OTC market established in 1997, and accounts for more than 95% of outstanding bond values of the total trading volume in the PRC. On CIBM, domestic institutional investors and certain foreign institutional investors can trade, on a one-to-one quote-driven basis, sovereign bonds, government bonds, corporate bonds, bond repo, bond lending, bills issued by the People's Bank of China ("PBOC") and other financial debt instruments.

CIBM is regulated and supervised by the PBOC. The PBOC is responsible for, among others, promulgating the applicable CIBM listing, trading and operating rules, and supervising the market operators of CIBM. CIBM provides for two trading models: (i) bilateral negotiation and (ii) "click-and-deal". The China Foreign Exchange Trading System ("CEFTS") is the unified trading platform for CIBM, on which all products are traded through independent bilateral negotiation on a transaction by transaction basis, and spot bonds and interest rate derivatives are traded by "click-and-deal". A market-making mechanism has also been introduced to improve market liquidity and enhance efficiency with respect to trading on CIBM.

Once a transaction is agreed, the parties will, in accordance with the terms of the transaction, promptly send instructions for the delivery of bonds and funds. Parties are required to have sufficient bonds and funds for delivery on the agreed delivery date. CSDCC will deliver bonds according to the instructions sent by the parties. Funds clearing banks will handle the transfer and settlement of the payments of the bonds on behalf of the parties.

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Pursuant to the Announcement (2016) No. 3 issued by the PBOC on February 24, 2016, eligible foreign institutional investors can conduct trading on the CIBM under a program established by the PBOC (“CIBM Direct Access Program”) subject to other rules and regulations as promulgated by the PRC authorities. There is no trading quota limitation.

The Fund’s investments in bonds through the CIBM Direct Access Program will be subject to a number of additional risks and restrictions that may affect the Fund’s investments and returns.

The CIBM Direct Access Program is relatively new. Laws, rules, regulations, policies, notices, circulars or guidelines relating to the CIBM Direct Access Program as published or applied by the PBOC and other PRC authorities are untested and are subject to change from time to time. There can be no assurance that the CIBM Direct Access Program will not be restricted, suspended or abolished. If such event occurs, the Fund's ability to invest in the CIBM through the IBM Direct Access Program will be adversely affected, and if the Fund is unable to adequately access the CIBM through other means, the Fund's ability to achieve its investment objective will be adversely affected.

Under the prevailing PRC regulations, eligible foreign institutional investors who wish to invest directly in CIBM through the CIBM Direct Access Program may do so through an onshore settlement agent, who would be responsible for making the relevant filings and account opening with the relevant authorities. The Fund is therefore subject to the risk of default or errors on the part of such agent.

Bond Connect Risks (*VanEck Vectors ChinaAMC China Bond ETF only*)

The “Mutual Bond Market Access between Mainland China and Hong Kong” (“Bond Connect”) program is a new initiative established by China Foreign Exchange Trade System & National Interbank Funding Centre (“CFETS”), China Central Depository & Clearing Co., Ltd (“CSDCC”), Shanghai Clearing House (“SHCH”), and Hong Kong Exchanges and Clearing Limited (“HKEx”) and Central Moneymarkets Unit (“CMU”) of the Hong Kong Monetary Authority (“HKMA”) to facilitate investors from Mainland China and Hong Kong to trade in each other’s bond markets through connection between the Mainland China and Hong Kong financial institutions.

Under the prevailing PRC regulations, eligible foreign investors will be allowed to invest in the bonds available on the CIBM through the northbound trading of the Bond Connect (“Northbound Trading Link”). There will be no investment quota for the Northbound Trading Link.

Under the Northbound Trading Link, eligible foreign investors are required to appoint the CFETS or other institutions recognized by the PBOC as registration agents to apply for registration with the PBOC.

The Northbound Trading Link refers to the trading platform that is located outside of Mainland China and is connected to CFETS for eligible foreign investor to submit their trade requests for bonds circulated in the CIBM through the Bond Connect. HKEx and CFETS will work together with offshore electronic bond trading platforms to provide electronic trading services and platforms to allow direct trading between eligible foreign investors and approved onshore dealers in Mainland China through CFETS.

Eligible foreign investors may submit trade requests for bonds circulated in the CIBM through the Northbound Trading Link provided by offshore electronic bond trading platforms, which will in turn transmit their requests for quotation to CFETS. CFETS will send the requests for quotation to a number of approved onshore dealers (including market makers and others engaged in the market making business) in Mainland China. The approved onshore dealers will respond to the requests for quotation via CFETS, and CFETS will send their responses to those eligible foreign investors through the same offshore electronic bond trading platforms. Once the eligible foreign investor accepts the quotation, the trade is concluded on CFETS.

On the other hand, the settlement and custody of bond securities traded in the CIBM under the Bond Connect will be done through the settlement and custody link between the CMU, as an offshore custody agent, and the CSDCC and the SHCH, as onshore custodian and clearing institutions in Mainland China. Under the settlement link, CSDCC or the SHCH will effect gross settlement of confirmed trades onshore and the CMU will process bond settlement instructions from the CMU members on behalf of eligible foreign investors in accordance with its relevant rules.

Pursuant to the prevailing regulations in Mainland China, the CMU, being the offshore custody agent recognized by the HKMA, open omnibus nominee accounts with the onshore custody agent recognized by the PBOC (i.e., the CSDCC and Interbank Clearing Company Limited). All bonds traded by eligible foreign investors will be registered in the name of the CMU, which will hold such bonds as a nominee owner.

The Bond Connect is relatively new. Laws, rules, regulations, policies, notices, circulars or guidelines relating to the Bond Connect (the “Applicable Bond Connect Regulations”) as published or applied by any of the Bond Connect Authorities (as defined below) are untested and are subject to change from time to time. There can be no assurance that the Bond Connect will not be restricted, suspended or abolished. If such event occurs, the Fund’s ability to invest in the CIBM through the Bond Connect will be adversely affected, and if the Fund is unable to adequately access the CIBM through other means, the Fund’s

ability to achieve its investment objective will be adversely affected. “Bond Connect Authorities” refers to the exchanges, trading systems, settlement systems, governmental, regulatory or tax bodies which provide services and/or regulate Bond Connect and activities relating to Bond Connect, including, without limitation, the PBOC, the HKMA, the HKEx, the CEFTS, the CMU, the CSDCC and the SHCH and any other regulator, agency or authority with jurisdiction, authority or responsibility in respect of Bond Connect.

Under the prevailing Applicable Bond Connect Regulations, eligible foreign investors who wish to participate in the Bond Connect may do so through an offshore custody agent, registration agent or other third parties (as the case may be), who would be responsible for making the relevant filings and account opening with the relevant authorities. The Fund is therefore subject to the risk of default or errors on the part of such agents.

Trading through the Bond Connect is performed through newly developed trading platforms and operational systems. There is no assurance that such systems will function properly (in particular, under extreme market conditions) or will continue to be adapted to changes and developments in the market. In the event that the relevant systems fails to function properly, trading through the Bond Connect may be disrupted. The Fund’s ability to trade through the Bond Connect (and hence to pursue its investment strategy) may therefore be adversely affected. In addition, where the Fund invests in the CIBM through the Bond Connect, it may be subject to risks of delays inherent in the order placing and/or settlement.

The CMU (i.e. the HKMA) is the “nominee holder” of the bonds acquired by the Fund through the Bond Connect. Whilst the Bond Connect Authorities have expressly stated that investors will enjoy the rights and interests of the bonds acquired through the Bond Connect in accordance with applicable laws, the exercise and the enforcement of beneficial ownership rights over such bonds in the courts in China is yet to be tested. In addition, in the event that the nominee holder (i.e. the HKMA) becomes insolvent, such bonds may form part of the pool of assets of the nominee holder available for distribution to its creditors and the Fund, as a beneficial owner, may have no rights whatsoever in respect thereof.

Specific Risks Applicable to VanEck Vectors Real Asset Allocation ETF

Under normal circumstances, the Fund, through a wholly-owned subsidiary of the Fund (the “Cayman Subsidiary”), invests in Exchange Traded Products that invest in physical commodities and futures and derivatives of physical commodities (“Commodities Instruments”).

Cayman Subsidiary. The Fund may invest up to 25% of the value of its total assets at each quarter-end of the Fund’s fiscal year in the Cayman Subsidiary. The Cayman Subsidiary may invest in Commodities Instruments, as described under “Commodities Instruments” below. Because the Fund may invest a substantial portion of its assets in the Cayman Subsidiary, which may hold certain of the investments described in the Prospectus and this SAI, the Fund may be considered to be investing indirectly in those investments through the Cayman Subsidiary. Therefore, except as otherwise noted, for purposes of this disclosure, references to the Fund’s investments strategies and risks include those

of the Cayman Subsidiary.

The Cayman Subsidiary is not registered under the 1940 Act and is not directly subject to its investor protections, except as noted in the Prospectus or this SAI. However, the Cayman Subsidiary is wholly-owned and controlled by the Fund and is advised by VEARA. The Trust's Board of Trustees has oversight responsibility for the investment activities of the Fund, including its investment in the Cayman Subsidiary, and the Fund's role as the sole shareholder of the Cayman Subsidiary. The Cayman Subsidiary will also enter into separate contracts for the provision of custody, transfer agency, and accounting agent services with the same service providers or with affiliates of the same service providers that provide those services to the Fund.

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Changes in the laws of the United States (where the Fund is organized) and/or the Cayman Islands (where the Cayman Subsidiary is incorporated) could prevent the Fund and/or the Cayman Subsidiary from operating as described in the Prospectus and this SAI and could negatively affect the Fund and its shareholders. For example, the Cayman Islands currently does not impose certain taxes on the Cayman Subsidiary, including income and capital gains tax, among others. If Cayman Islands laws were changed to require the Cayman Subsidiary to pay Cayman Islands taxes, the investment returns of the Fund would likely decrease.

The financial statements of the Cayman Subsidiary will be consolidated with the Fund's financial statements in the Fund's annual and semi-annual reports.

Commodities Instruments. The Fund gains exposure to Commodities Instruments primarily through the Cayman Subsidiary. Additional information on the Cayman Subsidiary is set forth under "Cayman Subsidiary" above. Additional information regarding specific Commodities Instruments is set forth below. The Fund, either directly or through the Cayman Subsidiary, may also gain exposure to Commodities Instruments through investment in certain investment companies, including ETFs, and in ETNs.

The Fund may invest up to 25% of its total assets in the Cayman Subsidiary, portions of which will be committed as "initial" and "variation" margin to secure the Cayman Subsidiary's positions in Commodities Instruments. These assets are placed in accounts maintained by the Cayman Subsidiary at the Cayman Subsidiary's clearing broker or FCM, and are held in cash or invested in U.S. Treasury bills and other direct or guaranteed debt obligations of the U.S. government maturing within less than one year at the time of investment.

In the event that the securities are not listed on a national securities exchange, the principal trading market for some may be in the OTC market. The existence of a liquid trading market for certain securities may depend on whether dealers will make a market in such securities. There can be no assurance that a market will be made or maintained or that any such market will be or remain liquid. The price at which securities may be sold and the value of the Fund's Shares will be adversely affected if trading markets for the Fund's portfolio securities are limited or absent or if bid/ask spreads are wide.

The Fund may also invest in securities issued by other investment companies, equity securities, fixed income securities and money market instruments, including repurchase agreements. For temporary defensive purposes, the Fund may invest without limit in money market instruments, including repurchase agreements or other funds which invest exclusively in money market instruments.

The Fund is an actively managed ETF that does not seek to replicate the performance of a specified index.

Regulatory developments affecting the exchange-traded and OTC derivatives markets may impair the Fund's ability to manage or hedge its investment portfolio through the use of derivatives. The Dodd-Frank Act and the rules promulgated thereunder may limit the ability of the Fund to enter into one or more exchange-traded or OTC derivatives transactions.

Changes in the laws or regulations of the United States or the Cayman Islands, including any changes to applicable tax laws and regulations, could impair the ability of the Fund to achieve its investment objective and could increase the operating expenses of the Fund or the Cayman Subsidiary. CFTC regulations require an investment adviser of a registered investment company to register with the CFTC as a CPO if the investment company either markets itself as a vehicle for trading commodity interests or conducts more than a de minimis amount of speculative trading in commodity interests. Based on the Fund's

and the Cayman Subsidiary's current investment strategies, the Fund and the Cayman Subsidiary are each a "commodity pool" and VEARA, which is currently registered with the CFTC as a CPO and commodity trading adviser under the CEA, is considered a CPO with respect to the Fund and the Cayman Subsidiary. Accordingly, the Fund and VEARA are subject to dual regulation by the CFTC and the SEC. Pursuant to certain CFTC regulations, the Fund and VEARA have elected to meet the requirements of certain CFTC regulations by complying with specific SEC rules and regulations relating to disclosure and reporting requirements. The CFTC could deem the Fund or VEARA in violation of an applicable CFTC regulation if the Fund or VEARA failed to comply with a related SEC regulatory requirement. In addition, the Fund and VEARA will remain subject to certain CFTC-mandated disclosure, reporting and recordkeeping regulations with respect to the Fund and the Cayman Subsidiary. Compliance with the CFTC regulations could increase the Fund's expenses, adversely affecting the Fund's total return. In addition, the CFTC or the SEC could at any time alter the regulatory requirements governing the use of commodity index-linked notes, commodity futures, options on commodity futures or swap transactions by investment companies, which could result in the inability of the Fund to achieve its investment objective through its current strategies.

The Fund and the Cayman Subsidiary may utilize futures contracts. The use of futures is subject to applicable regulations of the SEC, the several exchanges upon which they are traded, the CFTC and various state regulatory authorities.

Futures Contracts. The Fund may purchase and sell futures contracts. The Fund (directly or through the Cayman Subsidiary) may invest in commodity futures contracts. Commodity futures contracts are generally based upon commodities within the six principal commodity groups: energy, industrial metals, agriculture, precious metals, foods and fibers, and livestock. The price of a commodity futures contract will reflect the storage costs of purchasing the physical commodity. These storage costs include the time value of money invested in the physical commodity plus the actual costs of storing the commodity less any benefits from ownership of the physical commodity that are not obtained by the holder of a futures contract (this is sometimes referred to as the "convenience yield"). To the extent that these storage costs change for an underlying commodity while the Fund is in a long position on that commodity, the value of the futures contract may change proportionately.

Commodity futures contracts are traded on futures exchanges. These futures exchanges offer a central marketplace in which to transact futures contracts, a clearing corporation to process trades, a standardization of expiration dates and contract sizes, and the availability of a secondary market. Futures markets also specify the terms and conditions of delivery as well as the maximum permissible price movement during a trading session. Additionally, the commodity futures exchanges may have position limit rules that limit the amount of futures contracts that any one party may hold in a particular commodity at any point in time. These position limit rules are designed to prevent any one participant from controlling a significant portion of the market. In the commodity futures markets, the exchange clearing corporation takes the other side in all transactions, either buying or selling directly to the market participants. The clearinghouse acts as the counterparty to all exchange-traded futures contracts, that is, the Fund's or the Cayman Subsidiary's obligation is to the clearinghouse, and the Fund or the Cayman Subsidiary will look to the clearinghouse to satisfy the Fund's or the Cayman Subsidiary's rights under a commodity futures contract.

Transaction costs are incurred when a futures contract is bought or sold and margin deposits must be maintained. A futures contract may be satisfied by delivery or purchase, as the case may be, of the instrument or by payment of the change in the cash value of the index. More commonly, futures contracts are closed out prior to delivery by entering

into an offsetting transaction in a matching futures contract. Although the value of an index might be a function of the value of certain specified securities, no physical delivery of those securities is made. If the offsetting purchase price is less than the original sale price, a

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gain will be realized; if it is more, a loss will be realized. Conversely, if the offsetting sale price is more than the original purchase price, a gain will be realized; if it is less, a loss will be realized. The transaction costs must also be included in these calculations. There can be no assurance, however, that the Fund or the Cayman Subsidiary will be able to enter into an offsetting transaction with respect to a particular futures contract at a particular time. If the Fund or the Cayman Subsidiary is not able to enter into an offsetting transaction, the Fund or the Cayman Subsidiary will continue to be required to maintain the margin deposits on the futures contract.

Margin is the amount of funds that must be deposited by the Fund or the Cayman Subsidiary with its custodian or FCM in a segregated account in the name of the futures commission merchant in order to initiate futures trading and to maintain the Fund's or the Cayman Subsidiary's open positions in futures contracts. A margin deposit is intended to ensure the Fund's or the Cayman Subsidiary's performance of the futures contract. The margin required for a particular futures contract is set by the exchange on which the futures contract is traded and may be significantly modified from time to time by the exchange during the term of the futures contract. Futures contracts are customarily purchased and sold on margins that may range upward from less than 5% of the value of the futures contract being traded.

If the price of an open futures contract changes (by increase in the case of a sale or by decrease in the case of a purchase) so that the loss on the futures contract reaches a point at which the margin on deposit does not satisfy margin requirements, the broker will require an increase in the margin. However, if the value of a position increases because of favorable price changes in the futures contract so that the margin deposit exceeds the required margin, the broker will pay the excess to the Fund or the Cayman Subsidiary. In computing daily net asset value, the Fund or the Cayman Subsidiary will mark to market the current value of its open futures contracts. The Fund and the Cayman Subsidiary expect to earn interest income on their margin deposits.

Because of the low margin deposits required, futures trading involves an extremely high degree of leverage. As a result, a relatively small price movement in a futures contract may result in immediate and substantial loss, as well as gain, to the investor. For example, if at the time of purchase, 10% of the value of the futures contract is deposited as margin, a subsequent 10% decrease in the value of the futures contract would result in a total loss of the margin deposit, before any deduction for the transaction costs, if the account were then closed out. A 15% decrease would result in a loss equal to 150% of the original margin deposit, if the futures contract were closed out. Thus, a purchase or sale of a futures contract may result in losses in excess of the amount initially invested in the futures contract. However, the Fund or the Cayman Subsidiary would presumably have sustained comparable losses if, instead of investing in the futures contract, it had invested in the underlying financial instrument and sold it after the decline.

Most U.S. futures exchanges limit the amount of fluctuation permitted in futures contract prices during a single trading day. The day limit establishes the maximum amount that the price of a futures contract may vary either up or down from the previous day's settlement price at the end of a trading session. Once the daily limit has been reached in a particular type of futures contract, no trades may be made on that day at a price beyond that limit. The daily limit governs only price movement during a particular trading day and therefore does not limit potential losses, because the limit may prevent the liquidation of unfavorable positions. Futures contract prices have occasionally moved to the daily limit for several consecutive trading days with little or no trading, thereby preventing prompt liquidation of futures positions and subjecting some futures traders to substantial losses. Despite the daily price limits on various futures exchanges, the price volatility of commodity futures contracts has been historically greater than that for traditional securities such as stocks and bonds. To the extent that the Fund or the Cayman Subsidiary invests in

commodity futures contracts, the assets of the Fund and the Cayman Subsidiary, and therefore the prices of Fund shares, may be subject to greater volatility.

There can be no assurance that a liquid market will exist at a time when the Fund or the Cayman Subsidiary seeks to close out a futures contract. The Fund or the Cayman Subsidiary would continue to be required to meet margin requirements until the position is closed, possibly resulting in a decline in the Fund's net asset value. There can be no assurance that an active secondary market will develop or continue to exist.

Regulatory Aspects of Investments in Futures. VEARA has registered as a CPO with the CFTC. VEARA's investment decisions may need to be modified, and commodity contract positions held by the Fund and/or the Cayman Subsidiary may have to be liquidated at disadvantageous times or prices, to avoid exceeding position limits established by the CFTC, potentially subjecting the Fund to substantial losses. The regulation of commodity transactions in the United States is subject to ongoing modification by government, self-regulatory and judicial action. The effect of any future regulatory change on the Fund is impossible to predict, but could be substantial and adverse to the Fund.

Asset Coverage for Futures and other Derivatives Positions. The Fund and the Cayman Subsidiary, on a consolidated basis, will comply with SEC guidance with respect to coverage of futures positions by registered investment companies. SEC guidance may require the Fund, in certain circumstances, to segregate cash or liquid securities on its books and records, or engage in other appropriate measures to "cover" its obligations under certain futures or derivative contracts. For example, with respect to futures that are not cash settled, the Fund is required to segregate liquid assets equal to the full notional value of the futures contract. For futures and other derivatives contracts that are cash settled, the Fund is required to segregate liquid assets in an amount equal to the Fund's daily mark-to-market (net) obligation (i.e., the Fund's daily net liability) under the contract. Securities earmarked or held in a segregated account cannot be sold while the Fund's futures or other derivatives position is outstanding, unless replaced with other permissible assets (or otherwise covered), and will be marked-to-market daily. As an alternative to segregating assets, for any futures contract held by the Fund, the Fund could purchase a put option on that same futures contract with a strike price as high or higher than the price of the contract held or the Fund could engage in other cover transactions with respect to other types of contracts. The Cayman Subsidiary may not enter into futures positions if such positions will require the Fund to set aside or earmark more than 100% of its net assets.

Federal Income Tax Treatment of Investments in the Cayman Subsidiary. The Fund must derive at least 90% of its gross income from certain qualifying sources of income in order to qualify as a RIC under the Internal Revenue Code. The IRS issued a revenue ruling in December 2005 which concluded that income and gains from certain commodity-linked derivatives is not qualifying income under Subchapter M of the Internal Revenue Code. As a result, the Fund's ability to invest directly in commodity-linked futures contracts or swaps or in certain exchange traded trusts that hold commodities as part of its investment strategy is limited by the requirement that it receive no more than ten percent (10%) of its gross income from such investments. The IRS has issued private letter rulings to other taxpayers in which the IRS specifically concluded that that income derived from a fund's investment in a controlled foreign corporation ("CFC") also will constitute qualifying income to the fund, even if the CFC itself owns commodity-linked futures contracts or swaps. A private letter ruling cannot be used or cited as precedent and is binding on the IRS only for the taxpayer that receives it. The Fund has not obtained a ruling from the IRS with respect to its investments or its structure. The IRS has currently suspended the issuance of private letter rulings relating to the tax treatment of income generated by investments in a subsidiary. The IRS has proposed regulations that, if finalized, would generally treat a fund's income inclusion with respect to an investment in a non-U.S. company generating investment income as qualifying income only if there is a current-year distribution out of the earnings and profits of the non-U.S. company that are attributable to such income inclusion. The proposed regulations, if adopted, would apply to taxable years beginning on or after 90 days after the regulations are published as final. The Fund intends to treat its income from the Cayman Subsidiary as qualifying income without any such ruling from the IRS. There can be no assurance that the

IRS will not

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change its position with respect to some or all of these issues or if the IRS did so, that a court would not sustain the IRS's position. Furthermore, the tax treatment of the Fund's investments in the Cayman Subsidiary may be adversely affected by future legislation, court decisions, future IRS guidance or Treasury regulations. If the IRS were to change its position or otherwise determine that income derived from the Fund's investment in the Cayman Subsidiary does not constitute qualifying income and if such positions were upheld, or if future legislation, court decisions, future IRS guidance or Treasury regulations were to adversely affect the tax treatment of such investments, the Fund might cease to qualify as a RIC and would be required to reduce its exposure to such investments which could result in difficulty in implementing its investment strategy. If the Fund did not qualify as a RIC for any taxable year, the Fund's taxable income would be subject to tax at the Fund level at regular corporate tax rates (without reduction for distributions to shareholders) and to a further tax at the shareholder level when such income is distributed. In such event, in order to re-qualify for taxation as a RIC, the Fund may be required to recognize unrealized gains, pay substantial taxes and interest and make certain distributions.

Cayman Subsidiary. Investments in the Cayman Subsidiary are expected to provide the Fund with exposure to the commodity markets within the limitations of Subchapter M of the Internal Revenue Code and recent IRS revenue rulings and proposed regulations, as discussed above under "Federal Income Tax Treatment of Investments in the Cayman Subsidiary" and below under "Taxes." The Cayman Subsidiary is a company organized under the laws of the Cayman Islands and is overseen by its own board of directors. The Fund is the sole shareholder of the Cayman Subsidiary, and it is not currently expected that shares of the Cayman Subsidiary will be sold or offered to other investors. It is expected that the Cayman Subsidiary will primarily invest in Commodities Instruments. To the extent that the Fund invests in the Cayman Subsidiary, the Fund may be subject to the risks associated with such Commodities Instruments.

While the Cayman Subsidiary may be considered similar to investment companies, it is not registered under the 1940 Act and, unless otherwise noted in the Prospectus and this SAI, is not subject to all of the investor protections of the 1940 Act and other U.S. regulations. Changes in the laws of the United States and/or the Cayman Islands could result in the inability of the Fund and/or the Cayman Subsidiary to operate as described in the Prospectus and this SAI and could eliminate or severely limit the Fund's ability to invest in the Cayman Subsidiary which may adversely affect the Fund and its shareholders.

EXCHANGE LISTING AND TRADING

A discussion of exchange listing and trading matters associated with an investment in each Fund is contained in each Fund's Prospectus under the headings "Summary Information—Principal Risks of Investing in the Fund" with respect to the applicable Fund, "Additional Information About the Funds' Investment Strategies and Risks—Risks of Investing in the Funds," "Shareholder Information—Determination of NAV" and "Shareholder Information—Buying and Selling Exchange-Traded Shares." The discussion below supplements, and should be read in conjunction with, such sections of each Fund's Prospectus.

The Shares of each Fund are listed on either NYSE Arca, NASDAQ or Cboe and trade in the secondary market at prices that may differ to some degree from their NAV. An Exchange may but is not required to remove the Shares of the Funds from listing if: (1) following the initial twelve-month period beginning upon the commencement of trading of the Funds, there are fewer than 50 beneficial holders of the Shares for 30 or more consecutive trading days, (2) the value of a Fund's respective Index or portfolio of securities on which the Fund is based is no longer calculated or available or (3) such other event shall occur or condition exists that, in the opinion of the Exchange, makes further dealings on the Exchange inadvisable. In addition, the Exchange will remove the Shares from listing and trading upon termination of the Trust. There can be no assurance that the requirements of the Exchange necessary to maintain the listing of Shares of the Funds will continue to be met.

As in the case of other securities traded on an Exchange, brokers' commissions on secondary market transactions in Shares of each of the Funds will be based on negotiated commission rates at customary levels.

In order to provide investors with a basis to gauge whether the market price of the Shares on the Exchange is approximately consistent with the current value of the assets of a Fund on a per Share basis, an updated value of each Fund's Shares is disseminated intraday ("IIV" and also known as the Indicative Optimized Portfolio Value) through the facilities of the Consolidated Tape Association's Network B. IIVs are disseminated every 15 seconds during regular Exchange trading hours. The Funds are not involved in or responsible for the calculation or dissemination of the IIVs and make no warranty as to the accuracy of the IIVs.

The IIV has a securities component and a cash component reflecting cash and other assets that may be held by the Funds. The securities values included in the IIV are the values of the Deposit Securities (as defined below under the heading "Creation and Redemption of Creation Units—Fund Deposit") for the Funds. While the IIV reflects the approximate current value of the Deposit Securities required to be deposited in connection with the purchase of a Creation Unit, it does not necessarily reflect the precise composition of the current portfolio of securities held by the Funds at a particular point in time because the current portfolio of each Fund may include securities that are not a part of the current Deposit Securities. Therefore, each Fund's IIV disseminated during the Exchange trading hours should not be viewed as a real-time update of the Fund's NAV, which is calculated only once a day.

The cash component included in the IIV could consist of estimated accrued interest, dividends and other income, less expenses. If applicable, the IIV also reflects changes in currency exchange rates between the U.S. dollar and the applicable currency.

BOARD OF TRUSTEES OF THE TRUST

Trustees and Officers of the Trust

The Board of the Trust consists of five Trustees, four of whom are not “interested persons” (as defined in the 1940 Act), of the Trust (the “Independent Trustees”). Mr. David H. Chow, an Independent Trustee, serves as Chairman of the Board. The Board is responsible for overseeing the management and operations of the Trust, including general supervision of the duties performed by the Advisers and other service providers to the Trust. The Advisers are responsible for the day-to-day administration and business affairs of the Trust.

The Board believes that each Trustee’s experience, qualifications, attributes or skills on an individual basis and in combination with those of the other Trustees lead to the conclusion that the Board possesses the requisite skills and attributes to carry out its oversight responsibilities with respect to the Trust. The Board believes that the Trustees’ ability to review, critically evaluate, question and discuss information provided to them, to interact effectively with the Advisers, other service providers, counsel and independent auditors, and to exercise effective business judgment in the performance of their duties, support this conclusion. The Board also has considered the following experience, qualifications, attributes and/or skills, among others, of its members in reaching its conclusion: such person’s character and integrity; length of service as a board member of the Trust; such person’s willingness to serve and willingness and ability to commit the time necessary to perform the duties of a Trustee; and, as to each Trustee other than Mr. van Eck, his status as not being an “interested person” (as defined in the 1940 Act) of the Trust. In addition, the following specific experience, qualifications, attributes and/or skills apply as to each Trustee: Mr. Chow, significant business and financial experience, particularly in the investment management industry, experience with trading and markets through his involvement with the Pacific Stock Exchange, and service as a chief executive officer, board member, partner or executive officer of various businesses and non-profit organizations; Mr. Short, business and financial experience, particularly in the investment management industry, and service as a president, board member or executive officer of various businesses; Mr. Sidebottom, business and financial experience, particularly in the investment management industry, and service as partner and/or executive officer of various businesses; Mr. Stamberger, business and financial experience and service as the president and chief executive officer of SmartBrief Inc., a media company; and Mr. van Eck, business and financial experience, particularly in the investment management industry, and service as a president, executive officer and/or board member of various businesses, including VEAC, Van Eck Securities Corporation (“VESC”), and VEARA. References to the experience, qualifications, attributes and skills of Trustees are pursuant to requirements of the SEC, do not constitute holding out of the Board or any Trustee as having any special expertise or experience, and shall not impose any greater responsibility or liability on any such person or on the Board by reason thereof.

The Trustees of the Trust, their addresses, positions with the Trust, year of birth, term of office and length of time served, principal occupations during the past five years, the number of portfolios in the Fund Complex overseen by each Trustee and other directorships, if any, held by the Trustees, are set forth below.

Independent Trustees

| Name, Address ¹ and Year of Birth | Position(s) and Held with the Trust | Term of Office ² Length of Time Served | Principal Occupation(s) During Past Five Years | Number of Portfolios in Fund Complex ³ Overseen | Other Directorships Held By Trustee During Past Five Years |
|--|-------------------------------------|---|---|--|---|
| David H. Chow, 1957*† | Chairman Trustee | Since 2008 Since 2006 | Founder and CEO, DanCourt Management LLC (financial/strategy consulting firm and Registered Investment Adviser), March 1999 to present. | 58 | Director, Forward Management LLC and Audit Committee Chairman, May 2008 to June 2015; Trustee, Berea College of Kentucky, May 2009 to present and currently Chairman of the Investment Committee; Member of the Governing Council of the Independent Directors Council, October 2012 to present; President, July 2013 to June 2015, and Board Member of the CFA Society of Stamford, July 2009 to present; Trustee, MainStay Fund Complex ⁴ , January 2016 to present and currently Chairman of the Risk and Compliance Committee. |
| R. Alastair Short, 1953*† | Trustee | Since 2006 | President, Apex Capital Corporation (personal investment vehicle), January 1988 to present | 69 | Chairman and Independent Director, EULAV Asset Management, January 2011 to present; Independent Director, Tremont offshore funds, June 2009 to present; Director, Kenyon Review. |

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| Name, Address ¹ and Year of Birth | Position(s) Held with the Trust | Term of Office ² Length of Time Served | Principal Occupation(s) During Past Five Years | Number of Portfolios in Fund Complex ³ Overseen | Other Directorships Held By Trustee During Past Five Years |
|--|---------------------------------|---|---|--|---|
| Peter J. Sidebottom, 1962*† | Trustee | Since 2012 | Lead Partner, North America Banking and Capital Markets Strategy, Accenture, May 2017 to present; Partner, PWC/Strategy & Financial Services Advisory, February 2015 to March 2017; Founder and Board Member, AspenWoods Risk Solutions, September 2013 to February 2016; Independent consultant, June 2013 to February 2015; Partner, Bain & Company (management consulting firm), April 2012 to December 2013; Executive Vice President and Senior Operating Committee Member, TD Ameritrade (on-line brokerage firm), February 2009 to January 2012. | 58 | Board Member, Special Olympics, New Jersey, November 2011 to September 2013; Director, The Charlotte Research Institute, December 2000 to 2009; Board Member, Social Capital Institute, University of North Carolina Charlotte, November 2004 to January 2012; Board Member, NJ-CAN, July 2014 to 2016. |
| Richard D. Stamberger, 1959*† | Trustee | Since 2006 | Director, President and CEO, SmartBrief, Inc. (media company). | 69 | Director, Food and Friends, Inc., 2013 to present. |

1 The address for each Trustee and officer is 666 Third Avenue, 9th Floor, New York, New York 10017.

2 Each Trustee serves until resignation, death, retirement or removal. Officers are elected yearly by the Trustees.

3 The Fund Complex consists of the VanEck Funds, VanEck VIP Trust and the Trust.

4 The MainStay Fund Complex consists of MainStay Funds, MainStay Funds Trust, MainStay VP Funds Trust and MainStay MacKay Defined Term Municipal Opportunities Fund.

* Member of the Audit Committee.

† Member of the Nominating and Corporate Governance Committee.

Interested Trustee

| Name, Address ¹ and Year of Birth | Position(s) Held with the Trust | Term of Office ² and Length of Time Served | Principal Occupation(s) During Past Five Years | Number of Portfolios in Fund Complex ³ Overseen | Other Directorships Held By Trustee During Past Five Years |
|--|--|---|--|--|--|
| Jan F. van Eck, 1963 ⁴ | Trustee, President and Chief Executive Officer | Trustee (Since 2006); President and Chief Executive Officer | Director, President, Chief Executive Officer and Owner of VEAC; Director, President and Chief Executive Officer, VESC; Director, | 58 | Director, National Committee on US-China Relations. |

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(Since 2009) President and Chief Executive
Officer, VEARA.

- 1 The address for each Trustee and officer is 666 Third Avenue, 9th Floor, New York, New York 10017.
- 2 Each Trustee serves until resignation, death, retirement or removal. Officers are elected yearly by the Trustees.
- 3 The Fund Complex consists of the VanEck Funds, VanEck VIP Trust and the Trust.
- 4 “Interested person” of the Trust within the meaning of the 1940 Act. Mr. van Eck is an officer of VEAC and VEARA.

Officer Information

The Officers of the Trust, their addresses, positions with the Trust, year of birth and principal occupations during the past five years are set forth below.

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| Officer's Name, Address¹ and Year of Birth | Position(s) Held with the Trust | Term of Office² and Length of Time Served | Principal Occupation(s) During The Past Five Years |
|--|---|---|--|
| Matthew A. Babinsky, 1983 | Assistant Vice President and Assistant Secretary | Since 2016 | Assistant Vice President, Assistant General Counsel and Assistant Secretary of VEAC, VESC and VEARA (since 2016); Associate, Clifford Chance US LLP (October 2011 to April 2016); Officer of other investment companies advised by VEAC and VEARA. |
| Russell G. Brennan, 1964 | Assistant Vice President and Assistant Treasurer | Since 2008 | Assistant Vice President of VEAC (since 2008); Manager (Portfolio Administration) of VEAC, September 2005 to October 2008; Officer of other investment companies advised by VEAC and VEARA. |
| Charles T. Cameron, 1960 | Vice President | Since 2006 | Director of Trading (since 1995) and Portfolio Manager (since 1997) of VEAC; Officer of other investment companies advised by VEAC and VEARA. |
| John J. Crimmins, 1957 | Vice President, Treasurer, Chief Financial Officer and Principal Accounting Officer | Vice President, Chief Financial Officer and Principal Accounting Officer (Since 2012); Treasurer (Since 2009) | Vice President of Portfolio Administration of VEAC, June 2009 to present; Vice President of VESC and VEARA, June 2009 to present; Officer of other investment companies advised by VEAC and VEARA. |
| Eduardo Escario, 1975 | Vice President | Since 2012 | Regional Director, Business Development/Sales for Southern Europe and South America of VEAC (since July 2008); Regional Director (Spain, Portugal, South America and Africa) of Dow Jones Indexes and STOXX Ltd. (May 2001 to July 2008). |
| Henry Glynn, 1983 | Assistant Vice President | Since February 2018 | Head of ETF Capital Markets Europe of Van Eck Switzerland AG (since 2017); member of the Capital Markets team at Vanguard Group (September 2013 to October 2016). |
| F. Michael Gozzillo, 1965 | Chief Compliance Officer | Since January 2018 | Vice President and Chief Compliance Officer of VEAC and VEARA (since January 2018) and Chief Compliance Officer of VESC (since October 2018); Chief Compliance Officer, City National Rochdale, LLC and City National Rochdale Funds (December 2012 to January 2018); Officer of other investment companies advised by VEAC and VEARA. |
| Nicholas Jackson, 1974 | Assistant Vice President | Since February 2018 | Vice President, Business Development of VanEck Australia Pty Ltd. (since August 2013); Business Development Manager NSW, Leveraged Equities Limited (October 2006 to July 2013). |

Susan C.
Lashley,
1955
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Vice President

Since 2006

Vice President of VEAC and VESC; Officer of other investment companies advised by VEAC and VEARA.

| Officer's Name, Address¹ and Year of Birth | Position(s) Held with the Trust | Term of Office² and Length of Time Served | Principal Occupation(s) During The Past Five Years |
|--|--|---|--|
| Laura I. Martínez, 1980 | Vice President and Assistant Secretary | Vice President (Since 2016) and Assistant Secretary (Since 2008) | Vice President (since 2016), Associate General Counsel and Assistant Secretary (since 2008) and Assistant Vice President (2008 to 2016) of VEAC, VESC and VEARA; Officer of other investment companies advised by VEAC and VEARA. |
| Matthew McKinnon, 1970 | Assistant Vice President | Since February 2018 | Head of Business Development of Asia Pacific of VanEck Australia Pty Ltd. (since February 2018) and Director, Intermediaries and Institutions (July 2013 to February 2018) of VanEck Australia Pty Ltd.; General Manager, Retail Sales, Equities at Perpetual Limited (December 2006 to May 2012). |
| Arian Neiron, 1979 | Vice President | Since February 2018 | Managing Director and Head of Asia Pacific of VanEck Australia Pty Ltd. (since September 2012). |
| James Parker, 1969 | Assistant Treasurer | Since June 2014 | Assistant Vice President (since May 2017) and Manager - Portfolio Administration (June 2010 – May 2017) of VEAC. |
| Adam Phillips, 1970 | Vice President | Since February 2018 | VanEck Vectors ETFs' Chief Operating Officer of VEAC (since 2012). |
| Philipp Schlegel, 1974 | Vice President | Since 2016 | Managing Director of Van Eck Switzerland AG (since 2010). |
| Jonathan R. Simon, 1974 | Senior Vice President, Secretary and Chief Legal Officer | Senior Vice President (Since 2016) and Secretary and Chief Legal Officer (Since 2014) | Senior Vice President (since 2016), General Counsel and Secretary (since 2014) and Vice President (2006 to 2016) of VEAC, VESC and VEARA; Officer of other investment companies advised by VEAC and VEARA. |

¹ The address for each Officer is 666 Third Avenue, 9th Floor, New York, New York 10017.

² Officers are elected yearly by the Trustees.

The Board has an Audit Committee consisting of four Trustees who are Independent Trustees. Messrs. Chow, Short, Sidebottom and Stamberger currently serve as members of the Audit Committee and each of Messrs. Chow, Short, Sidebottom and Stamberger has been designated as an “audit committee financial expert” as defined under Item 407 of Regulation S-K of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Mr. Short is the Chairman of the Audit Committee. The Audit Committee has the responsibility, among other things, to: (i) oversee the accounting and financial reporting processes of the Trust and its internal control over financial reporting; (ii) oversee the quality

and integrity of the Trust's financial statements and the independent audit thereof; (iii) oversee or, as appropriate, assist the Board's oversight of the Trust's compliance with legal and regulatory requirements that relate to the Trust's accounting and financial reporting, internal control over financial reporting and independent audit; (iv) approve prior to appointment the engagement of the Trust's independent registered public accounting firm and, in connection therewith, to review and evaluate the qualifications, independence and performance of

the Trust's independent registered public accounting firm; and (v) act as a liaison between the Trust's independent registered public accounting firm and the full Board.

The Board also has a Nominating and Corporate Governance Committee consisting of four Independent Trustees. Messrs. Chow, Short, Sidebottom and Stamberger currently serve as members of the Nominating and Corporate Governance Committee. Mr. Stamberger is the Chairman of the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee has the responsibility, among other things, to: (i) evaluate, as necessary, the composition of the Board, its committees and sub-committees and make such recommendations to the Board as deemed appropriate by the Committee; (ii) review and define Independent Trustee qualifications; (iii) review the qualifications of individuals serving as Trustees on the Board and its committees; (iv) evaluate, recommend and nominate qualified individuals for election or appointment as members of the Board and recommend the appointment of members and chairs of each Board committee and subcommittee; and (v) review and assess, from time to time, the performance of the committees and subcommittees of the Board and report the results to the Board.

Board of Trustees and Committee Meetings

The Board, as well as its Audit and Nominating and Corporate Governance Committees held meetings as set forth below:

| Fiscal Year | Number of Regular Meetings of the Board of Trustees | Number of Audit Committee Meetings | Number of Nominating and Corporate Governance Committee Meetings |
|--------------------------------------|--|---|---|
| December 1, 2016 - November 30, 2017 | 6 | 4 | 0 |
| January 1, 2017 – December 31, 2017 | 6 | 4 | 1 |
| May 1, 2017 - April 30, 2018 | 6 | 4 | 1 |
| October 1, 2017 - September 30, 2018 | 5 | 4 | 1 |

The Board has determined that its leadership structure is appropriate given the business and nature of the Trust. In connection with its determination, the Board considered that the Chairman of the Board is an Independent Trustee. The Chairman of the Board can play an important role in setting the agenda of the Board and also serves as a key point person for dealings between management and the other Independent Trustees. The Independent Trustees believe that the Chairman's independence facilitates meaningful dialogue between the Advisers and the Independent Trustees. The Board also considered that the Chairman of each Board committee is an Independent Trustee, which yields similar benefits with respect to the functions and activities of the various Board committees. The Independent Trustees also regularly meet outside the presence of management and are advised by independent legal counsel. The Board has determined that its committees help ensure that the Trust has effective and independent governance and oversight. The Board also believes that its leadership structure facilitates the orderly and efficient flow of information to the Independent Trustees from management of the Trust, including the Advisers. The Board reviews its structure on an annual basis.

As an integral part of its responsibility for oversight of the Trust in the interests of shareholders, the Board, as a general matter, oversees risk management of the Trust's investment programs and business

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affairs. The function of the Board with respect to risk management is one of oversight and not active involvement in, or coordination of, day-to-day risk management activities for the Trust. The Board recognizes that not all risks that may affect the Trust can be identified, that it may not be practical or cost-effective to eliminate or mitigate certain risks, that it may be necessary to bear certain risks (such as investment-related risks) to achieve the Trust's goals, and that the processes, procedures and controls employed to address certain risks may be limited in their effectiveness. Moreover, reports received by the Trustees that may relate to risk management matters are typically summaries of the relevant information.

The Board exercises oversight of the risk management process primarily through the Audit Committee, and through oversight by the Board itself. The Trust faces a number of risks, such as investment-related and compliance risks. The Advisers' personnel seek to identify and address risks, *i.e.*, events or circumstances that could have material adverse effects on the business, operations, shareholder services, investment performance or reputation of the Trust. Under the overall supervision of the Board or the applicable Committee of the Board, the Trust, the Advisers and the affiliates of the Advisers employ a variety of processes, procedures and controls to identify such possible events or circumstances, to lessen the probability of their occurrence and/or to mitigate the effects of such events or circumstances if they do occur. Different processes, procedures and controls are employed with respect to different types of risks. Various personnel, including the Trust's Chief Compliance Officer, as well as various personnel of the Advisers and other service providers such as the Trust's independent accountants, may report to the Audit Committee and/or to the Board with respect to various aspects of risk management, as well as events and circumstances that have arisen and responses thereto.

For each Fund with a fiscal year end of September 30, 2018, except as follows, the officers and Trustees of the Trust, in the aggregate, owned less than 1% of the Shares of each Fund as of December 31, 2018. The officers and Trustees of the Trust, in the aggregate, owned 1.30% of the Shares of VanEck Vectors Morningstar Durable Dividend ETF and 1.33% of the Shares of VanEck Vectors Generic Drugs ETF.

For each Fund with a fiscal year end of April 30, 2018, except as follows, the officers and Trustees of the Trust, in the aggregate, owned less than 1% of the Shares of each Fund as of July 31, 2018. The officers and Trustees of the Trust, in the aggregate, owned 1.10% of the Shares of VanEck Vectors ChinaAMC China Bond ETF and 5.28% of the Shares of VanEck Vectors Emerging Markets Aggregate Bond ETF.

For each Fund with a fiscal year end of November 30, 2017, the officers and Trustees of the Trust, in the aggregate, owned less than 1% of the Shares of each Fund as of February 28, 2018.

For each Fund with a fiscal year end of December 31, 2017, the officers and Trustees of the Trust, in the aggregate, owned less than 1% of the Shares of each Fund as of March 31, 2018.

The general management of the Mauritius Subsidiary is the responsibility of its Board of Directors, a majority of which are also Trustees of the Trust.

For each Trustee, the dollar range of equity securities beneficially owned (including ownership through the Trust's Deferred Compensation Plan) by the Trustee in the Trust and in all registered investment companies advised by the Advisers ("Family of Investment Companies") that are overseen by the Trustee is shown below. With respect to Funds with a fiscal year end of September 30, 2018, the information provided is as of December 31, 2018. With respect to all other Funds, the information provided is as of December 31, 2017.

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Funds with Fiscal Year Ending 11/30/2017

| | Independent Trustees | | | Richard D. Stamberger | Interested Trustee |
|--|----------------------|-------------------|---------------------|-----------------------|--------------------|
| | David H. Chow | R. Alastair Short | Peter J. Sidebottom | | Jan F. van Eck |
| VanEck Vectors High Income Infrastructure MLP ETF | None | None | None | None | None |
| VanEck Vectors High Income MLP ETF | None | None | None | None | None |

Funds with Fiscal Year Ending 12/31/2017

| | Independent Trustees | | | Richard D. Stamberger | Interested Trustee |
|---|----------------------|-------------------|---------------------|-----------------------|--------------------|
| | David H. Chow | R. Alastair Short | Peter J. Sidebottom | | Jan F. van Eck |
| VanEck Vectors Africa Index ETF | None | None | None | None | \$1-\$10,000 |
| VanEck Vectors Agribusiness ETF | None | None | None | \$50,001-\$100,000 | None |
| VanEck Vectors Brazil Small-Cap ETF | None | None | None | \$10,001-\$50,000 | Over \$100,000 |
| VanEck Vectors ChinaAMC CSI 300 ETF | None | \$1-\$10,000 | None | None | \$1-\$10,000 |
| VanEck Vectors ChinaAMC SME-ChiNext ETF | None | None | None | None | Over \$100,000 |
| VanEck Vectors Coal ETF | None | None | None | None | None |
| VanEck Vectors Egypt Index ETF | None | None | None | None | \$1-\$10,000 |
| VanEck Vectors Global Alternative Energy ETF | None | None | None | None | None |
| VanEck Vectors Gold Miners ETF | None | None | \$10,001-\$50,000 | \$10,001-\$50,000 | None |
| VanEck Vectors India Small-Cap Index ETF | None | None | \$10,001-\$50,000 | None | None |
| VanEck Vectors Indonesia Index ETF | None | None | \$1-\$10,000 | None | \$10,001-\$50,000 |
| VanEck Vectors Israel ETF | None | None | None | None | None |
| VanEck Vectors Junior Gold Miners ETF | None | None | None | \$50,001-\$100,000 | None |
| VanEck Vectors Natural Resources ETF | None | None | None | \$50,001-\$100,000 | None |
| VanEck Vectors Oil Refiners ETF | None | None | None | None | \$10,001-\$50,000 |
| VanEck Vectors Oil Services ETF | None | None | None | None | Over \$100,000 |

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| | | | | | |
|--|------|------|--------------|--------------|----------------|
| VanEck Vectors Poland ETF | None | None | None | None | None |
| VanEck Vectors Rare Earth/Strategic Metals ETF | None | None | None | None | None |
| VanEck Vectors Russia ETF | None | None | \$1-\$10,000 | None | None |
| VanEck Vectors Russia Small-Cap ETF | None | None | None | None | Over \$100,000 |
| VanEck Vectors Steel ETF | None | None | None | None | None |
| VanEck Vectors Unconventional Oil & Gas ETF | None | None | None | None | None |
| VanEck Vectors Uranium+Nuclear Energy ETF | None | None | None | None | None |
| VanEck Vectors Vietnam ETF | None | None | \$1-\$10,000 | \$1-\$10,000 | None |

Funds with Fiscal Year Ending 4/30/2018

| | Independent Trustees | | | | Interested Trustee |
|---|-----------------------------|--------------------------|----------------------------|------------------------------|---------------------------|
| | David H. Chow | R. Alastair Short | Peter J. Sidebottom | Richard D. Stamberger | Jan F. van Eck |
| VanEck Vectors AMT-Free Intermediate Municipal Index ETF | None | None | None | None | \$10,001-\$50,000 |
| VanEck Vectors AMT-Free Long Municipal Index ETF | None | None | None | None | \$10,001-\$50,000 |
| VanEck Vectors AMT-Free Short Municipal Index ETF | None | None | None | None | \$10,001-\$50,000 |
| VanEck Vectors BDC Income ETF | None | None | None | None | \$10,001-\$50,000 |
| VanEck Vectors CEF Municipal Income ETF | None | None | None | None | Over \$100,000 |
| VanEck Vectors ChinaAMC China Bond ETF | None | None | None | None | \$10,001-\$50,000 |
| VanEck Vectors Emerging Markets Aggregate Bond ETF | None | None | None | None | Over \$100,000 |
| VanEck Vectors Emerging Markets High Yield Bond ETF | None | None | None | None | Over \$100,000 |
| VanEck Vectors Fallen Angel High Yield Bond ETF | None | None | None | None | None |
| VanEck Vectors Green Bond ETF | None | None | None | None | \$1-\$10,000 |
| VanEck Vectors High-Yield Municipal Index ETF | None | None | None | Over \$100,000 | None |

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| | | | | | |
|---|----------------|--------------------|----------------|-------------------|--------------------|
| VanEck Vectors International High Yield Bond ETF | None | None | None | None | None |
| VanEck Vectors Investment Grade Floating Rate | None | None | None | None | None |
| VanEck Vectors J.P. Morgan EM Local Currency Bond ETF | Over \$100,000 | None | None | \$10,001-\$50,000 | Over \$100,000 |
| VanEck Vectors Mortgage REIT Income ETF | None | None | None | None | \$50,001-\$100,000 |
| VanEck Vectors Preferred Securities ex Financials ETF | None | None | None | None | None |
| VanEck Vectors Pre-Refunded Municipal Index ETF | None | None | None | None | None |
| VanEck Vectors Short High-Yield Municipal Index ETF | None | None | None | None | Over \$100,000 |
| Aggregate Dollar Range of Equity Securities in all Registered Investment Companies Overseen By Trustee In Family of Investment Companies (as of December 31, 2017) | Over \$100,000 | \$50,001-\$100,000 | Over \$100,000 | Over \$100,000 | Over \$100,000 |
| Funds with Fiscal Year Ending 9/30/2018 | | | | | |

| | Independent Trustees | | | Interested Trustee | |
|--|-----------------------------|--------------------------|----------------------------|------------------------------|-----------------------|
| | David H. Chow | R. Alastair Short | Peter J. Sidebottom | Richard D. Stamberger | Jan F. van Eck |
| VanEck Vectors Biotech ETF | None | None | None | None | None |
| VanEck Vectors Environmental Services ETF | None | None | None | None | None |
| VanEck Vectors Gaming ETF | None | None | None | \$10,001-\$50,000 | \$10,001-\$50,000 |
| VanEck Vectors Generic Drugs ETF | None | None | None | N/A | \$10,001-\$50,000 |
| VanEck Vectors Morningstar Durable Dividend ETF | None | None | None | N/A | \$10,001-\$50,000 |
| VanEck Vectors Morningstar Global Wide Moat ETF | None | None | None | N/A | \$10,001-\$50,000 |
| VanEck Vectors Morningstar International Moat ETF | None | None | None | \$1-\$10,000 | Over \$100,000 |
| VanEck Vectors Morningstar Wide Moat ETF | Over \$100,000 | None | \$50,001-\$100,000 | \$50,001-\$100,000 | Over \$100,000 |
| VanEck Vectors NDR CMG Long/Flat Allocation ETF | None | None | None | None | \$10,001-\$50,000 |
| VanEck Vectors Pharmaceutical ETF | None | None | None | None | None |

| | | | | | |
|---|----------------|--------------------|----------------|----------------|--------------------|
| VanEck Vectors Retail ETF | None | None | None | None | None |
| VanEck Vectors Semiconductor ETF | None | None | None | None | None |
| VanEck Vectors Video Gaming and eSports ETF | None | None | None | None | None |
| VanEck Vectors Real Asset Allocation ETF | None | None | None | None | \$50,001-\$100,000 |
| Aggregate Dollar Range of Equity Securities in all Registered Investment Companies Overseen By Trustee In Family of Investment Companies (as of December 31, 2018) | Over \$100,000 | \$50,001-\$100,000 | Over \$100,000 | Over \$100,000 | Over \$100,000 |

As to each Independent Trustee and his immediate family members, no person owned beneficially or of record securities in an investment manager or principal underwriter of the Funds, or a person (other than a registered investment company) directly or indirectly controlling, controlled by or under common control with the investment manager or principal underwriter of the Funds.

Remuneration of Trustees

Effective January 2018, the Trust pays each Independent Trustee an annual retainer of \$110,000 (\$80,000 prior to January 2018), a per meeting fee of \$20,000 for scheduled quarterly meetings of the Board and each special meeting of the Board (\$15,000 prior to January 2018) and a per meeting fee of \$10,000 for telephonic meetings (\$7,500 prior to January 2018). Additionally, the Trust pays the Chairman of the Board an annual retainer of \$62,000 (\$45,500 prior to January 2018), the Chairman of the Audit Committee an annual retainer of \$26,000 (\$19,500 prior to January 2018) and the Chairman of the Governance Committee an annual retainer of \$18,000 (\$13,000 prior to January 2018). The Trust also reimburses each Trustee for travel and other out-of-pocket expenses incurred in attending such meetings. No pension or retirement benefits are accrued as part of Trustee compensation.

The table below shows the compensation paid to the Trustees by the Trust for the fiscal years ended as set forth in the charts below. Annual Trustee fees may be reviewed periodically and changed by the Trust's Board.

| Fiscal Year Ended | Name of Trustee | Aggregate Compensation From the Trust | Deferred Compensation From the Trust | Pension or Retirement Benefits Accrued as Part of the Trust's Expenses | Estimated Annual Benefits Upon Retirement | Total Compensation From the Trust and the Fund Complex ⁽¹⁾ Paid to Trustee |
|-------------------|-----------------|---------------------------------------|--------------------------------------|--|---|---|
| | David H. Chow | \$202,570 | \$0 | N/A | N/A | \$202,570 |

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November 30,
2017

| | | | | | |
|-------------------------------|-----------|----------|-----|-----|-----------|
| R. Alastair Short | \$174,500 | \$0 | N/A | N/A | \$299,500 |
| Peter J. Sidebottom | \$155,000 | \$0 | N/A | N/A | \$155,000 |
| Richard D. Stamberger | \$151,883 | \$16,800 | N/A | N/A | \$309,386 |
| Jan F. van Eck ⁽²⁾ | \$0 | \$0 | N/A | N/A | \$0 |

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| Fiscal Year Ended | Name of Trustee | Aggregate Compensation From the Trust | Deferred Compensation From the Trust | Pension or Retirement Benefits Accrued as Part of the Trust's Expenses | Estimated Annual Benefits Upon Retirement | Total Compensation From the Trust and the Fund Complex ⁽¹⁾ Paid to Trustee |
|--------------------|-------------------------------|---------------------------------------|--------------------------------------|--|---|---|
| December 31, 2017 | David H. Chow | \$202,570 | \$0 | N/A | N/A | \$202,570 |
| | R. Alastair Short | \$189,500 | \$0 | N/A | N/A | \$329,500 |
| | Peter J. Sidebottom | \$155,000 | \$0 | N/A | N/A | \$155,000 |
| | Richard D. Stamberger | \$151,883 | \$16,800 | N/A | N/A | \$324,386 |
| | Jan F. van Eck ⁽²⁾ | \$0 | \$0 | N/A | N/A | \$0 |
| Fiscal Year Ended | Name of Trustee | Aggregate Compensation From the Trust | Deferred Compensation From the Trust | Pension or Retirement Benefits Accrued as Part of the Trust's Expenses | Estimated Annual Benefits Upon Retirement | Total Compensation From the Trust and the Fund Complex ⁽¹⁾ Paid to Trustee |
| April 30, 2018 | David H. Chow | \$219,195 | \$0 | N/A | N/A | \$219,195 |
| | R. Alastair Short | \$188,625 | \$0 | N/A | N/A | \$328,625 |
| | Peter J. Sidebottom | \$167,500 | \$0 | N/A | N/A | \$167,500 |
| | Richard D. Stamberger | \$164,258 | \$18,175 | N/A | N/A | \$338,136 |
| | Jan F. van Eck ⁽²⁾ | \$0 | \$0 | N/A | N/A | \$0 |
| Fiscal Year Ended | Name of Trustee | Aggregate Compensation From the Trust | Deferred Compensation From the Trust | Pension or Retirement Benefits Accrued as Part of the Trust's Expenses | Estimated Annual Benefits Upon Retirement | Total Compensation From the Trust and the Fund Complex ⁽¹⁾ Paid to Trustee |
| September 30, 2018 | David H. Chow | \$247,492 | \$0 | N/A | N/A | \$247,492 |
| | R. Alastair Short | \$211,875 | \$0 | N/A | N/A | \$361,875 |
| | Peter J. Sidebottom | \$187,500 | \$0 | N/A | N/A | \$187,500 |
| | Richard D. Stamberger | \$184,550 | \$20,425 | N/A | N/A | \$370,678 |
| | Jan F. van Eck ⁽²⁾ | \$0 | \$0 | N/A | N/A | \$0 |

(1) The "Fund Complex" consists of VanEck Funds, VanEck VIP Trust and the Trust.

(2) "Interested person" under the 1940 Act.

PORTFOLIO HOLDINGS DISCLOSURE

Each Fund's portfolio holdings are publicly disseminated each day the Fund is open for business through financial reporting and news services, including publicly accessible Internet web sites, such as www.vaneck.com. In addition, a basket composition file, which includes the security names and share quantities to deliver in exchange for Creation Units, together with estimates and actual cash components is publicly disseminated daily prior to the opening of the Exchange via the National Securities Clearing Corporation (the "NSCC"), a clearing agency that is registered with the SEC. The basket represents one Creation Unit of each Fund. The Trust, Advisers, Custodian (defined below) and Distributor (defined below) will not disseminate non-public information concerning the Trust.

QUARTERLY PORTFOLIO SCHEDULE

The Trust is required to disclose, after its first and third fiscal quarters, the complete schedule of the Funds' portfolio holdings with the SEC on Form N-Q. Form N-Q for the Funds is available on the SEC's website at <http://www.sec.gov>. Each Fund's Form N-Q is available through the Funds' website, at www.vaneck.com or by writing to 666 Third Avenue, 9th Floor, New York, New York 10017.

POTENTIAL CONFLICTS OF INTEREST

The Advisers (and their principals, affiliates or employees) may serve as investment adviser to other client accounts and conduct investment activities for their own accounts. Such "Other Clients" may have investment objectives or may implement investment strategies similar to those of the Funds, or, except for VanEck Vectors Real Asset Allocation ETF, may track the same index a Fund tracks. When an Adviser implements investment strategies for Other Clients that are similar or directly contrary to the positions taken by a Fund, the prices of the Fund's securities may be negatively affected. For example, when purchase or sales orders for a Fund are aggregated with those of other funds and/or Other Clients and allocated among them, the price that the Fund pays or receives may be more in the case of a purchase or less in a sale than if the Advisers served as adviser to only the Fund. When Other Clients are selling a security that a Fund owns, the price of that security may decline as a result of the sales. The compensation that each Adviser receives from Other Clients may be higher than the compensation paid by a Fund to the Adviser. The Advisers have implemented procedures to monitor trading across the Funds and their Other Clients.

CODE OF ETHICS

The Funds, the Advisers, the Sub-Adviser (with respect to the China Funds) and the Distributor have each adopted a Code of Ethics pursuant to Rule 17j-1 under the 1940 Act ("Rule 17j-1"). Such Codes of Ethics require, among other things, that "access persons" (as defined in Rule 17j-1) conduct personal securities transactions in a manner that avoids any actual or potential conflict of interest or any abuse of a position of trust and responsibility. The Codes of Ethics

allow such access persons to invest in securities that may be purchased and held by a Fund, provided such investments are done consistently with the provisions of the Codes of Ethics.

PROXY VOTING POLICIES AND PROCEDURES

The Funds' proxy voting record is available upon request, by calling 800.826.2333, and on the SEC's website at <http://www.sec.gov>. Proxies for each Fund's portfolio securities are voted in accordance with the Adviser's proxy voting policies and procedures, which are set forth in Appendix A to this SAI.

The Trust is required to disclose annually each Fund's complete proxy voting record on Form N-PX covering the period July 1 through June 30 and file it with the SEC no later than August 31. Form N-PX

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for the Funds is available by calling 800.826.2333 or by writing to 666 Third Avenue, 9th Floor, New York, New York 10017. The Funds' Form N-PX is also available on the SEC's website at www.sec.gov.

MANAGEMENT

The following information supplements and should be read in conjunction with the “Management of the Funds” section of each Prospectus.

Investment Advisers and Sub-Adviser

Van Eck Associates Corporation (All Funds except VanEck Vectors Real Asset Allocation ETF)

All Funds except the China Funds. VEAC acts as investment adviser to the Trust and, subject to the general supervision of the Board, is responsible for the day-to-day investment management of the Funds. VEAC is a private company with headquarters in New York and manages numerous pooled investment vehicles and separate accounts. VEAC has been wholly owned by members of the van Eck family since its founding in 1955 and its shares are held by VEAC’s Chief Executive Officer, Jan van Eck, and his family. Mr. van Eck’s positions with the Trust and each Adviser are discussed above.

VEAC serves as investment adviser to VanEck Vectors Gold Miners ETF pursuant to an investment management agreement between VanEck Vectors Gold Miners ETF and VEAC (the “Gold Miners Investment Management Agreement”) and also serves as investment adviser to each of the other Funds except VanEck Vectors Real Asset Allocation ETF, pursuant to various investment management agreements between the Trust and VEAC (each a “Trust Investment Management Agreement” and, together with the Gold Miners Investment Management Agreement, the “VEAC Investment Management Agreement”). Under the VEAC Investment Management Agreement, VEAC, subject to the supervision of the Board and in conformity with the stated investment policies of each Fund, manages the investment of the Funds’ assets. VEAC is responsible for placing purchase and sale orders and providing continuous supervision of the investment portfolio of the Funds. All investment decisions relating to the VanEck Vectors India Small-Cap Index ETF will be made outside of India.

The China Funds. VEAC acts as investment adviser to the Trust and, subject to the general supervision of the Board, is responsible for overseeing the activities of the Sub-Adviser and for the day-to-day investment management of the China Funds’ assets allocated to it. China Asset Management (Hong Kong) Limited acts as investment sub-adviser to the Trust and, subject to the oversight of VEAC, is responsible for the day-to-day investment management of the China Funds’ assets allocated to it.

VEAC serves as investment adviser to each of the China Funds pursuant to the Investment Management Agreement. Under the Investment Management Agreement, VEAC, subject to the supervision of the Board and in conformity with the stated investment policies of the China Funds, manages and administers the Trust and oversees the Sub-Adviser with respect to the duties it has delegated to the Sub-Adviser regarding the investment and reinvestment of the China

Funds' assets, respectively. The Sub-Adviser serves as investment sub-adviser to the China Funds pursuant to investment sub-advisory agreements between the Adviser and the Sub-Adviser (the "Investment Sub-Advisory Agreements"). The Sub-Adviser is responsible for placing purchase and sale orders and providing continuous supervision of the China Funds' assets allocated to it.

In rendering investment sub-advisory services to VanEck Vectors ChinaAMC China Bond ETF, the Sub-Adviser may use portfolio management, research and other services of China Asset Management Co., Ltd. ("ChinaAMC Beijing"), an affiliate of the Sub-Adviser. ChinaAMC Beijing is not registered with the SEC as an investment adviser under the Investment Advisers Act of 1940, as amended. ChinaAMC Beijing has entered into a Memorandum of Understanding ("MOU") with the Sub-Adviser pursuant to which ChinaAMC Beijing is considered a "participating affiliate" of the Sub-Adviser as that term is used in relief granted by the staff of the SEC allowing U.S. registered investment advisers to use portfolio management or research resources of advisory affiliates subject to the supervision of a registered adviser.

Investment professionals from ChinaAMC Beijing may render portfolio management, research and other services to VanEck Vectors ChinaAMC China Bond ETF under the MOU and are subject to supervision by the Sub-Adviser.

Van Eck Absolute Return Advisers Corporation (VanEck Vectors Real Asset Allocation ETF only.)

VEARA acts as investment adviser to the VanEck Vectors Real Asset Allocation ETF and the Cayman Subsidiary and, subject to the general supervision of the Board is responsible for the day-to-day investment management of the VanEck Vectors Real Asset Allocation ETF and the Cayman Subsidiary. VEARA is a private company with headquarters in New York and manages numerous pooled investment vehicles and separate accounts. VEARA is a wholly owned subsidiary of VEAC and is registered with the SEC as an investment adviser under the Investment Advisers Act of 1940, as amended, and with the CFTC as a CPO and commodity trading advisor under the CEA. VEARA serves as investment adviser to the Fund pursuant to an investment management agreement between the Trust and VEARA (the “VEARA Investment Management Agreement” and together with the VEAC Investment Management Agreement, the “Investment Management Agreements”). Under the VEARA Investment Management Agreement, VEARA, subject to the supervision of the Board and in conformity with the stated investment policies of the VanEck Vectors Real Asset Allocation ETF, manages the investment of the VanEck Vectors Real Asset Allocation ETF’s assets. VEARA is responsible for placing purchase and sale orders and providing continuous supervision of the investment portfolio of the VanEck Vectors Real Asset Allocation ETF. Investments in the securities of other investment companies (“underlying funds”) may involve duplication of advisory fees and certain other expenses. By investing in an underlying fund, the VanEck Vectors Real Asset Allocation ETF becomes a shareholder of that underlying fund. As a result, the VanEck Vectors Real Asset Allocation ETF’s shareholders will indirectly bear the VanEck Vectors Real Asset Allocation ETF’s proportionate share of the fees and expenses paid by shareholders of the underlying fund, in addition to the fees and expenses the VanEck Vectors Real Asset Allocation ETF’s shareholders directly bear in connection with the VanEck Vectors Real Asset Allocation ETF’s own operations. To minimize the duplication of fees, VEARA has agreed to waive the management fee it charges to the VanEck Vectors Real Asset Allocation ETF by any amount it collects as a management fee from an underlying fund managed by the VEARA or VEAC, as a result of an investment of the VanEck Vectors Real Asset Allocation ETF’s assets in such underlying fund.

All Funds

Indemnification. Pursuant to the Investment Management Agreements, the Trust has agreed to indemnify VEAC and VEARA for certain liabilities, including certain liabilities arising under the federal securities laws, unless such loss or liability results from willful misfeasance, bad faith or gross negligence in the performance of its duties or the reckless disregard of its obligations and duties. With respect to the China Funds, pursuant to the Investment Sub-Advisory Agreement, the Adviser has agreed to indemnify the Sub-Adviser for certain liabilities, including certain liabilities arising under the federal securities laws, unless such loss or liability results from willful misfeasance, bad faith or gross negligence in the performance of its duties or the reckless disregard of its obligations and duties.

Compensation. As compensation for its services under each Investment Management Agreement, each Adviser is paid a monthly fee based on a percentage of each applicable Fund’s average daily net assets at the annual rate set forth

below.

From time to time, the applicable Adviser may waive all or a portion of its fees for certain Funds. Until at least each date set forth below, the applicable Adviser has agreed to waive fees and/or pay certain Fund expenses to the extent necessary to prevent the operating expenses of each Fund except for VanEck Vectors Real Asset Allocation ETF, VanEck Vectors India Small-Cap Index ETF, VanEck Vectors ChinaAMC CSI 300 ETF and VanEck Vectors ChinaAMC SME-ChiNext ETF (excluding acquired fund fees and expenses, interest expense, trading expenses, taxes and extraordinary expenses)

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from exceeding the percentage set forth below of such Fund's average daily net assets per year. Until at least the date set forth below, VEAC has agreed to waive fees and/or pay Fund and Mauritius Subsidiary expenses to the extent necessary to prevent the operating expenses of VanEck Vectors India Small-Cap Index ETF (excluding acquired fund fees and expenses, interest expense, trading expenses, taxes and extraordinary expenses of the Fund and the Mauritius Subsidiary) from exceeding the percentage set forth below of its average daily net assets per year. Until at least the date set forth below, VEARA has agreed to waive fees and/or pay Fund and Cayman Subsidiary expenses in an amount equal to the fees paid to VEARA by the Cayman Subsidiary and to the extent necessary to prevent the operating expenses of VanEck Vectors Real Asset Allocation ETF (excluding acquired fund fees and expenses, interest expense, trading expenses, taxes and extraordinary expenses of the Fund and the Cayman Subsidiary) from exceeding the percentage set forth below of its average daily net assets per year. Until at least the date set forth below, VEAC has agreed to waive fees and/or pay certain Fund expenses to the extent necessary to prevent the operating expenses of VanEck Vectors ChinaAMC CSI 300 ETF and VanEck Vectors ChinaAMC SME-ChiNext ETF (excluding acquired fund fees and expenses, trading expenses, taxes and extraordinary expenses) from exceeding the percentage set forth below of its average daily net assets per year.

Under the VEAC Investment Management Agreement for the Municipal Funds, VEAC is responsible for all expenses of the Municipal Funds, including the costs of transfer agency, custody, fund administration, legal, audit and other services, except for the fee payment under the VEAC Investment Management Agreement, acquired fund fees and expenses, interest expense, offering costs, trading expenses, taxes and extraordinary expenses. For its services to each applicable Municipal Fund, each applicable Municipal Fund has agreed to pay VEAC an annual unitary management fee equal to the percentage of each Municipal Fund's average daily net assets as set forth below. Offering costs excluded from the annual unitary management fee are: (a) legal fees pertaining to a Municipal Fund's Shares offered for sale; (b) SEC and state registration fees; and (c) initial fees paid for Shares of a Municipal Fund to be listed on an exchange. Notwithstanding the foregoing, VEAC has agreed to pay all such offering costs until at least September 1, 2019.

| Fund | Management Fee | Expense Cap | Fee Arrangement | Duration | Date |
|---|-----------------------|--------------------|------------------------|-------------------|-------------|
| AMT-Free Intermediate Municipal Index ETF | 0.24% | N/A | | September 1, 2019 | |
| AMT-Free Long Municipal Index ETF | 0.24% | N/A | | September 1, 2019 | |
| AMT-Free Short Municipal Index ETF | 0.20% | N/A | | September 1, 2019 | |
| BDC Income ETF | 0.40% | 0.40% | | September 1, 2019 | |
| CEF Municipal Income ETF | 0.40% | 0.40% | | September 1, 2019 | |
| ChinaAMC China Bond ETF | 0.40% | 0.50% | | September 1, 2019 | |
| Emerging Markets Aggregate Bond ETF | 0.35% | 0.35% | | September 1, 2019 | |
| Emerging Markets High Yield Bond ETF | 0.40% | 0.40% | | September 1, 2019 | |
| Fallen Angel High Yield Bond ETF | 0.40% | 0.35% | | September 1, 2019 | |
| Green Bond ETF | 0.35% | 0.30% | | September 1, 2019 | |
| High-Yield Municipal Index ETF | 0.35% | N/A | | September 1, 2019 | |
| International High Yield Bond ETF | 0.40% | 0.40% | | September 1, 2019 | |
| Investment Grade Floating Rate ETF | 0.35% | 0.14% | | September 1, 2019 | |
| J.P. Morgan EM Local Currency Bond ETF | 0.27% | 0.30% | | September 1, 2019 | |
| Mortgage REIT Income ETF | 0.40% | 0.40% | | September 1, 2019 | |
| Preferred Securities ex Financials ETF | 0.40% | 0.40% | | September 1, 2019 | |
| Pre-Refunded Municipal Index ETF | 0.24% | N/A | | September 1, 2019 | |
| Short High-Yield Municipal Index ETF | 0.35% | N/A | | September 1, 2019 | |

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| | | | |
|----------------------------------|-------|-------|------------------|
| Biotech ETF | 0.35% | 0.35% | February 1, 2020 |
| Environmental Services ETF | 0.50% | 0.55% | February 1, 2020 |
| Gaming ETF | 0.50% | 0.65% | February 1, 2020 |
| Generic Drugs ETF | 0.50% | 0.55% | February 1, 2020 |
| Morningstar Durable Dividend ETF | 0.29% | 0.29% | February 1, 2020 |
| Morningstar Global Wide Moat ETF | 0.45% | 0.52% | February 1, 2020 |

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| Fund | Management Fee | Expense Cap | Fee Arrangement Duration Date |
|------------------------------------|-----------------------|--------------------|--|
| Morningstar International Moat ETF | 0.50% | 0.56% | February 1, 2020 |
| Morningstar Wide Moat ETF | 0.45% | 0.49% | February 1, 2020 |
| NDR CMG Long/Flat Allocation ETF | 0.50% | 0.55% | February 1, 2020 |
| Pharmaceutical ETF | 0.35% | 0.35% | February 1, 2020 |
| Real Asset Allocation ETF* | 0.50% | 0.55% | February 1, 2020 |
| Retail ETF | 0.35% | 0.35% | February 1, 2020 |
| Semiconductor ETF | 0.35% | 0.35% | February 1, 2020 |
| Video Gaming and eSports ETF | 0.50% | 0.55% | February 1, 2020 |
| High Income Infrastructure MLP ETF | 0.82% | N/A | April 1, 2019 |
| High Income MLP ETF | 0.82% | N/A | April 1, 2019 |
| Africa Index ETF | 0.50% | 0.78% | May 1, 2019 |
| Agribusiness ETF | 0.50% | 0.56% | May 1, 2019 |
| Brazil Small-Cap ETF | 0.50% | 0.59% | May 1, 2019 |
| ChinaAMC CSI 300 ETF | 0.50% | 0.60% | May 1, 2020 |
| ChinaAMC SME-ChiNext ETF | 0.50% | 0.65% | May 1, 2020 |
| Coal ETF | 0.50% | 0.59% | May 1, 2019 |
| Egypt Index ETF | 0.50% | 0.94% | May 1, 2019 |
| Global Alternative Energy ETF | 0.50% | 0.62% | May 1, 2019 |
| Gold Miners ETF | 0.50% | 0.53% | May 1, 2019 |
| India Small-Cap Index ETF | 0.50% | 0.85% | May 1, 2019 |
| Indonesia Index ETF | 0.50% | 0.57% | May 1, 2019 |
| Israel ETF | 0.50% | 0.59% | May 1, 2019 |
| Junior Gold Miners ETF | 0.50% | 0.56% | May 1, 2019 |
| Natural Resources ETF | 0.50% | 0.49% | May 1, 2019 |
| Oil Refiners ETF | 0.50% | 0.59% | May 1, 2019 |
| Oil Services ETF | 0.35% | 0.35% | May 1, 2019 |
| Poland ETF | 0.50% | 0.60% | May 1, 2019 |
| Rare Earth/Strategic Metals ETF | 0.50% | 0.57% | May 1, 2019 |
| Russia ETF** | 0.50% | 0.62% | May 1, 2019 |
| Russia Small-Cap ETF** | 0.50% | 0.67% | May 1, 2019 |
| Steel ETF | 0.50% | 0.55% | May 1, 2019 |
| Unconventional Oil & Gas ETF | 0.50% | 0.54% | May 1, 2019 |
| Uranium+Nuclear Energy ETF | 0.50% | 0.60% | May 1, 2019 |
| Vietnam ETF | 0.50% | 0.76% | May 1, 2019 |

*For purposes of calculating the fees for the VanEck Vectors Real Asset Allocation ETF, the net assets of VanEck Vectors Real Asset Allocation ETF include the value of VanEck Vectors Real Asset Allocation ETF's interest in the Cayman Subsidiary.

**Expense Cap excludes depositary receipt fees up to 0.10% and 0.08% of the average daily net assets for VanEck Vectors Russia ETF and VanEck Vectors Russia Small-Cap ETF, respectively.

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The management fees paid by each Fund and the expenses waived or assumed by the applicable Adviser during the Funds' last three fiscal years, or, if the Fund has not been in existence for a full fiscal year, since the commencement of operations of that Fund, are set forth in the chart below.

| Fund | Fiscal Year End | Management Fees Paid During the Fiscal Year | | | Expenses Waived or Assumed by the Adviser During the Fiscal Year | | |
|---|------------------------|---|-------------|--------------|--|-----------|-------------|
| | | 2016 | 2017 | 2018 | 2016 | 2017 | 2018 |
| VanEck Vectors AMT-Free Intermediate Municipal Index ETF* | April 30 th | \$2,945,131 | \$3,679,232 | \$4,100,365 | \$0 | \$0 | \$0 |
| VanEck Vectors AMT-Free Long Municipal Index ETF* | April 30 th | \$274,411 | \$396,412 | \$411,456 | \$0 | \$0 | \$0 |
| VanEck Vectors AMT-Free Short Municipal Index ETF* | April 30 th | \$535,423 | \$540,652 | \$480,687 | \$0 | \$0 | \$0 |
| VanEck Vectors BDC Income ETF | April 30 th | \$315,925 | \$485,775 | \$742,182 | \$139,919 | \$141,806 | \$142,055 |
| VanEck Vectors CEF Municipal Income ETF | April 30 th | \$236,379 | \$380,419 | \$383,703 | \$84,858 | \$100,290 | \$88,526 |
| VanEck Vectors ChinaAMC China Bond ETF | April 30 th | \$88,641 | \$32,591 | \$18,968 | \$136,557 | \$113,594 | \$99,234 |
| VanEck Vectors Emerging Markets Aggregate Bond ETF | April 30 th | \$55,102 | \$52,437 | \$53,626 | \$113,139 | \$115,013 | \$95,656 |
| VanEck Vectors Emerging Markets High Yield Bond ETF | April 30 th | \$1,294,408 | \$1,287,066 | \$1,464,737 | \$320,748 | \$229,382 | \$195,327 |
| VanEck Vectors Fallen Angel High Yield Bond ETF | April 30 th | \$238,383 | \$1,707,613 | \$4,239,892 | \$152,030 | \$451,556 | \$913,612 |
| VanEck Vectors Green Bond ETF | April 30 th | N/A | \$2,688 | \$37,929 | N/A | \$39,102 | \$126,060 |
| VanEck Vectors High-Yield Municipal Index ETF* | April 30 th | \$5,895,019 | \$7,084,584 | \$7,681,473 | \$0 | \$0 | \$0 |
| VanEck Vectors International High Yield Bond ETF | April 30 th | \$556,516 | \$544,880 | \$619,540 | \$293,305 | \$193,505 | \$187,576 |
| VanEck Vectors Investment Grade Floating Rate ETF | April 30 th | \$301,893 | \$311,371 | \$818,040 | \$291,108 | \$285,226 | \$629,078 |
| VanEck Vectors J.P. Morgan EM Local Currency Bond ETF | April 30 th | \$4,321,144 | \$7,877,217 | \$15,865,333 | \$437,453 | \$301,619 | \$1,102,108 |
| VanEck Vectors Mortgage REIT Income ETF | April 30 th | \$418,164 | \$432,192 | \$577,263 | \$159,428 | \$143,706 | \$112,211 |
| VanEck Vectors Preferred Securities ex Financials ETF | April 30 th | \$1,066,631 | \$1,672,998 | \$1,948,147 | \$234,655 | \$232,886 | \$225,777 |
| VanEck Vectors Pre-Refunded Municipal Index ETF* | April 30 th | \$50,238 | \$45,511 | \$35,315 | \$0 | \$0 | \$0 |

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| Fund | Fiscal Year End | Management Fees Paid During the Fiscal Year | | | Expenses Waived or Assumed by the Adviser During the Fiscal Year | | |
|--|----------------------------|---|--------------------------|-------------|--|-------------|-------------|
| | | 2016 | 2017 | 2018 | 2016 | 2017 | 2018 |
| VanEck Vectors Short High-Yield Municipal Index ETF* | April 30 th | \$361,631 | \$448,337 | \$419,150 | \$0 | \$0 | \$0 |
| VanEck Vectors Biotech ETF | September 30 th | \$2,059,825 | \$2,270,074 | \$1,834,525 | \$273,672 | \$243,683 | \$278,572 |
| VanEck Vectors Environmental Services ETF | September 30 th | \$78,867 | \$92,593 | \$103,122 | \$59,185 | \$72,819 | \$87,939 |
| VanEck Vectors Gaming ETF | September 30 th | \$102,138 | \$114,186 | \$189,791 | \$54,218 | \$65,192 | \$74,762 |
| VanEck Vectors Generic Drugs ETF | September 30 th | \$8,697 | \$20,418 | \$18,442 | \$89,601 | \$96,792 | \$102,593 |
| VanEck Vectors Morningstar Durable Dividend ETF ⁽¹⁾ | September 30 th | N/A | N/A | N/A | N/A | N/A | N/A |
| VanEck Vectors Morningstar Global Wide Moat ETF ⁽²⁾ | September 30 th | N/A | N/A | N/A | N/A | N/A | N/A |
| VanEck Vectors Morningstar International Moat ETF | September 30 th | \$56,618 | \$210,372 | \$464,489 | \$119,968 | \$115,046 | \$142,009 |
| VanEck Vectors Morningstar Wide Moat ETF | September 30 th | \$3,210,711 | \$4,652,297 | \$6,318,356 | \$55,653 | \$0 | \$0 |
| VanEck Vectors NDR CMG Long/Flat Allocation ETF ⁽³⁾ | September 30 th | N/A | N/A | \$117,810 | N/A | N/A | \$69,942 |
| VanEck Vectors Pharmaceutical ETF | September 30 th | \$1,010,966 | \$989,366 | \$949,662 | \$160,101 | \$143,130 | \$189,692 |
| VanEck Vectors Real Asset Allocation ETF ⁽⁴⁾ | September 30 th | N/A | N/A | \$12,767 | N/A | N/A | \$36,806 |
| VanEck Vectors Retail ETF | September 30 th | \$525,684 | \$283,681 | \$265,649 | \$116,146 | \$119,085 | \$127,722 |
| VanEck Vectors Semiconductor ETF | September 30 th | \$1,023,436 | \$2,416,649 | \$4,141,680 | \$149,188 | \$201,986 | \$404,804 |
| VanEck Vectors Video Gaming and eSports ETF ⁽⁵⁾ | September 30 th | N/A | N/A | N/A | N/A | N/A | N/A |
| | | 2015 | 2016 | 2017 | 2015 | 2016 | 2017 |
| VanEck Vectors High Income MLP ETF | November 30 th | \$1,751,640 ⁽⁶⁾ | \$720,974 ⁽⁷⁾ | \$669,510 | \$0 | \$0 | \$0 |
| VanEck Vectors High Income Infrastructure MLP ETF | November 30 th | \$428,017 ⁽⁶⁾ | \$252,416 ⁽⁷⁾ | \$277,776 | \$0 | \$0 | \$0 |
| VanEck Vectors Africa Index ETF | December 31 st | \$440,706 | \$334,129 | \$358,775 | \$28,633 | \$26,955 | \$24,647 |
| VanEck Vectors Agribusiness ETF | December 31 st | \$6,366,317 | \$4,117,213 | \$4,102,925 | \$0 | \$0 | \$0 |
| VanEck Vectors Brazil Small-Cap ETF | December 31 st | \$414,029 | \$440,043 | \$516,974 | \$96,760 | \$77,846 | \$86,152 |
| VanEck Vectors ChinaAMC CSI 300 ETF | December 31 st | \$521,803 | \$374,124 | \$484,677 | \$475,891 | \$258,282 | \$42,487 |

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| Fund | Fiscal Year End | Management Fees Paid During the Fiscal Year | | | Expenses Waived or Assumed by the Adviser During the Fiscal Year | | |
|--|---------------------------|---|--------------|--------------|--|-------------|-------------|
| | | 2015 | 2016 | 2017 | 2015 | 2016 | 2017 |
| | | | | | | | |
| VanEck Vectors ChinaAMC SME-ChiNext ETF | December 31 st | \$243,026 | \$175,956 | \$117,639 | \$154,646 | \$122,757 | \$130,786 |
| VanEck Vectors Coal ETF | December 31 st | \$397,616 | \$351,273 | \$482,583 | \$51,720 | \$22,600 | \$42,793 |
| VanEck Vectors Egypt Index ETF | December 31 st | \$227,950 | \$133,759 | \$285,564 | \$43,410 | \$34,450 | \$81,793 |
| VanEck Vectors Global Alternative Energy ETF | December 31 st | \$434,340 | \$418,612 | \$385,494 | \$2,686 | \$14,732 | \$37,717 |
| VanEck Vectors Gold Miners ETF | December 31 st | \$28,151,641 | \$41,683,376 | \$46,055,147 | \$0 | \$0 | \$0 |
| VanEck Vectors India Small-Cap Index ETF | December 31 st | \$1,199,323 | \$903,259 | \$1,478,563 | \$0 | \$0 | \$0 |
| VanEck Vectors Indonesia Index ETF | December 31 st | \$642,414 | \$512,235 | \$383,740 | \$179,427 | \$109,340 | \$122,667 |
| VanEck Vectors Israel ETF | December 31 st | \$247,065 | \$206,116 | \$204,536 | \$125,619 | \$132,673 | \$133,103 |
| VanEck Vectors Junior Gold Miners ETF | December 31 st | \$7,518,747 | \$15,408,157 | \$21,229,547 | \$0 | \$0 | \$0 |
| VanEck Vectors Natural Resources ETF | December 31 st | \$425,576 | \$424,079 | \$498,717 | \$216,980 | \$233,548 | \$299,067 |
| VanEck Vectors Oil Refiners ETF | December 31 st | \$5,900 | \$19,173 | \$26,153 | \$51,917 | \$108,587 | \$111,097 |
| VanEck Vectors Oil Services ETF | December 31 st | \$3,907,516 | \$3,320,560 | \$4,134,206 | \$401,447 | \$461,800 | \$413,894 |
| VanEck Vectors Poland ETF | December 31 st | \$95,360 | \$69,859 | \$90,200 | \$96,496 | \$97,931 | \$117,905 |
| VanEck Vectors Rare Earth/Strategic Metals ETF | December 31 st | \$237,174 | \$175,515 | \$404,994 | \$117,748 | \$86,843 | \$99,135 |
| VanEck Vectors Russia ETF | December 31 st | \$9,448,195 | \$9,076,360 | \$11,079,041 | \$1,829,680 | \$2,547,000 | \$1,415,263 |
| VanEck Vectors Russia Small-Cap ETF | December 31 st | \$227,969 | \$264,887 | \$334,853 | \$226,692 | \$63,067 | \$41,452 |
| VanEck Vectors Steel ETF | December 31 st | \$313,316 | \$506,677 | \$822,739 | \$85,752 | \$51,286 | \$95,507 |
| VanEck Vectors Unconventional Oil & Gas ETF | December 31 st | \$286,810 | \$239,663 | \$291,389 | \$99,949 | \$81,339 | \$93,779 |
| VanEck Vectors Uranium+Nuclear Energy ETF | December 31 st | \$264,880 | \$189,600 | \$160,362 | \$49,442 | \$68,271 | \$93,779 |
| VanEck Vectors Vietnam ETF | December 31 st | \$2,326,662 | \$1,653,662 | \$1,488,266 | \$0 | \$0 | \$0 |

* As noted above, each Municipal Fund has adopted a unitary management fee.

- (1) VanEck Vectors Morningstar Durable Dividend ETF did not commence operations until October 30, 2018.
- (2) VanEck Vectors Morningstar Global Wide Moat ETF did not commence operations until October 30, 2018.
- (3) VanEck Vectors NDR CMG Long/Flat Allocation ETF did not commence operations until October 4, 2017.

- (4) VanEck Vectors Real Asset Allocation ETF did not commence operations until April 9, 2018.
- (5) VanEck Vectors Video Gaming and eSports ETF did not commence operations until October 16, 2018.
- Pursuant to an agreement and plan of reorganization between the Trust, on behalf of the VanEck Vectors High Income Infrastructure MLP ETF and VanEck Vectors High Income MLP ETF, and Exchange Traded Concepts Trust, on behalf of Yorkville High Income MLP ETF and Yorkville High Income Infrastructure MLP ETF (the “Predecessor Funds”), on February 22, 2016 the VanEck Vectors High Income Infrastructure MLP ETF and VanEck
- (6) Vectors High Income MLP ETF acquired all of the assets and liabilities of the respective Predecessor Funds in exchange for shares of beneficial interest of the respective Funds (the “Reorganization”). As a result of the Reorganization, each of VanEck Vectors High Income Infrastructure MLP ETF and VanEck Vectors High Income MLP ETF is the accounting successor of its Predecessor Fund. The information shown for the fiscal year ended November 30, 2015 reflects the management fees paid by each Predecessor Fund to its former investment adviser.
- (7) The management fees paid prior to February 22, 2016 were paid by the respective Predecessor Funds to their former investment adviser.

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With respect to the China Funds, for the services provided and the expenses assumed by the Sub-Adviser pursuant to the Investment Sub-Advisory Agreements, VEAC (not the China Funds) will pay a monthly fee to the Sub-Adviser based on a percentage of the management fee paid to the Adviser after taking into account the Index license fee and expenses paid by the Adviser.

The following table sets forth the aggregate investment sub-advisory fees paid by VEAC to each Fund's Sub-Adviser and the percentage of the Fund's average daily net assets represented by such fees, in each case during the Funds' last three fiscal years, as applicable.

| Fund | Fees Paid During the Fiscal Year Ended April 30, | | | Percentage of the Fund's Average Daily Net Assets for Fiscal Year Ended April 30, | | |
|--|--|------|------|---|------|------|
| | 2016 | 2017 | 2018 | 2016 | 2017 | 2018 |
| VanEck Vectors ChinaAMC China Bond ETF | \$5,975 | \$ | | 0.03% | N/A | N/A |

| Fund | Fees Paid During the Fiscal Year Ended December 31, | | | Percentage of the Fund's Average Daily Net Assets for Fiscal Year Ended December 31, | | |
|---|---|----------|-----------|--|-------|-------|
| | 2015 | 2016 | 2017 | 2015 | 2016 | 2017 |
| VanEck Vectors ChinaAMC CSI 300 ETF | \$341,299 | \$69,086 | \$113,847 | 0.33% | 0.09% | 0.12% |
| VanEck Vectors ChinaAMC SME-ChiNext ETF | \$115,000 | \$41,522 | \$1,379 | 0.24% | 0.12% | 0.01% |

Term. Each Investment Management Agreement is subject to annual approval by (1) the Board or (2) a vote of a majority of the outstanding voting securities (as defined in the 1940 Act) of each Fund, *provided* that in either event such continuance also is approved by a majority of the Board who are not interested persons (as defined in the 1940 Act) of the Trust by a vote cast in person at a meeting called for the purpose of voting on such approval. Each Investment Management Agreement is terminable without penalty, on 60 days' notice, by the Board or by a vote of the holders of a majority (as defined in the 1940 Act) of a Fund's outstanding voting securities. Each Investment Management Agreement is also terminable upon 60 days' notice by the applicable Adviser and will terminate automatically in the event of its assignment (as defined in the 1940 Act). The Investment Sub-Advisory Agreements terminate automatically upon assignment and are terminable at any time without penalty as to the China Funds by the Board, or by vote of the holders of a majority of each China Fund's outstanding voting securities on 60 days' written notice to the Sub-Adviser, by VEAC on six (6) months' written notice to the Sub-Adviser or by the Sub-Adviser on six (6) months' written notice to VEAC and the Trust.

Mauritius Subsidiary Investment Management Agreement. VEAC provides an investment program for the Mauritius Subsidiary and manages the investment of the Mauritius Subsidiary's assets under the overall supervision of the Board of Directors of the Mauritius Subsidiary. Pursuant to a management agreement between VEAC and the Mauritius Subsidiary (the "Mauritius Subsidiary Investment Management Agreement"), VEAC does not receive any fees from the Mauritius Subsidiary.

The Mauritius Subsidiary Investment Management Agreement terminates automatically upon assignment and is terminable at any time without penalty as to the Mauritius Subsidiary by the Board of

Directors of the Mauritius Subsidiary, the Trust's Independent Trustees or by vote of the holders of a majority of the Mauritius Subsidiary's outstanding voting securities on 60 days' written notice to VEAC, or by VEAC on 60 days' written notice to the Mauritius Subsidiary. Pursuant to the Mauritius Subsidiary Investment Management Agreement, VEAC will not be liable for any error of judgment or mistake of law or for any loss suffered by the Mauritius Subsidiary in connection with the performance of the Mauritius Subsidiary Investment Agreement, except a loss resulting from willful misfeasance, bad faith, fraud or gross negligence on the part of VEAC in the performance of its duties or from reckless disregard of its duties and obligations thereunder.

Cayman Subsidiary Investment Management Agreement. VEARA provides an investment program for the Cayman Subsidiary and manages the investment of the Cayman Subsidiary's assets under the overall supervision of the Board of Directors of the Cayman Subsidiary. Pursuant to a management agreement between VEARA and the Cayman Subsidiary (the "Cayman Subsidiary Investment Management Agreement"), VEARA will receive certain fees for managing the Cayman Subsidiary's assets and will waive or credit such amounts against the fees payable to VEARA by VanEck Vectors Real Asset Allocation ETF.

The Cayman Subsidiary Investment Management Agreement terminates automatically upon assignment and is terminable at any time without penalty as to the Cayman Subsidiary by the Board of Directors of the Cayman Subsidiary, the Trust's Independent Trustees or by vote of the holders of a majority of the Cayman Subsidiary's outstanding voting securities on 60 days' written notice to VEARA, or by VEARA on 60 days' written notice to the Cayman Subsidiary. Pursuant to the Cayman Subsidiary Investment Management Agreement, VEARA will not be liable for any error of judgment or mistake of law or for any loss suffered by the Cayman Subsidiary in connection with the performance of the Cayman Subsidiary Investment Agreement, except a loss resulting from willful misfeasance, bad faith, fraud or gross negligence on the part of VEARA in the performance of its duties or from reckless disregard of its duties and obligations thereunder.

The Administrators

VEAC and VEARA, as applicable, also serve as administrators (in such capacity, each, an "Administrator") for the Trust pursuant to each respective Investment Management Agreement. Under each Investment Management Agreement, each Adviser is obligated on a continuous basis to provide such administrative services as the Board of the Trust reasonably deems necessary for the proper administration of the Trust and the Funds. Each Adviser will generally assist in all aspects of the Trust's and the Funds' operations; supply and maintain office facilities, statistical and research data, data processing services, clerical, accounting (only with respect to VanEck Vectors Gold Miners ETF), bookkeeping and record keeping services (including without limitation the maintenance of such books and records as are required under the 1940 Act and the rules thereunder, except as maintained by other agents), internal auditing, executive and administrative services, and stationery and office supplies; prepare reports to shareholders or investors; prepare and file tax returns; supply financial information and supporting data for reports to and filings with the SEC and various state Blue Sky authorities; supply supporting documentation for meetings of the Board; provide monitoring reports and assistance regarding compliance with the Declaration of Trust, by-laws, investment objectives and policies and with federal and state securities laws; arrange for appropriate insurance coverage; calculate NAVs, net income and realized capital gains or losses; and negotiate arrangements with, and supervise and coordinate the activities of, agents and others to supply services. VEAC has hired a sub-administrator to assist in the provision of administrative and accounting services for the MLP ETFs. VEAC owns 100% of the common stock of Van Eck

Securities Corporation (the “Distributor”).

Sub-Administrator. Under an agreement between the Administrator and SEI Investments Global Funds Services (the “Sub-Administrator”), the Sub-Administrator provides certain administrative and

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accounting services to the MLP ETFs. The Administrator supervises and monitors the administrative and accounting services provided by the Sub-Administrator. For its services under the sub-administration agreement (the “Sub-Administration Agreement”), the Sub-Administrator is entitled to a fee, based on assets under management, subject to a minimum fee.

Mauritius Administrator

SGG S.A., located at 33, Edith Cavell Street, Port-Louis, Mauritius, serves as the Mauritius Subsidiary’s Mauritius administrator. The Mauritius Subsidiary pays SGG S.A. a fee for its services and for preparing management accounts; acting as registrar in relation to the shares of the Mauritius Subsidiary; organizing board and shareholder meetings and keeping minutes and the statutory books and records of the Mauritius Subsidiary in order to comply with requirements of the Mauritian Companies Act 2001, the Financial Services Act 2007 and applicable law; preparing and filing certain regulatory filings; and providing taxation and regulatory advisory services. The Mauritius Subsidiary also reimburses SGG S.A. for all reasonable out-of-pocket expenses reasonably incurred by it in the performance of its duties.

Custodian and Transfer Agent

The Bank of New York Mellon (“The Bank of New York”), located at 101 Barclay Street, New York, New York 10286, serves as custodian (in such capacity, the “Custodian”) for the Funds, the Mauritius Subsidiary and the Cayman Subsidiary pursuant to a custodian agreement. As Custodian, The Bank of New York holds the Funds’, the Mauritius Subsidiary’s and the Cayman Subsidiary’s assets. As compensation for these custodial services, The Bank of New York receives, among other items, transaction fees, asset-based safe keeping fees and overdraft charges and may be reimbursed by a Fund for its out-of-pocket expenses. The Bank of New York serves as the Funds’ transfer agent (in such capacity, the “Transfer Agent”) pursuant to a transfer agency agreement. In addition, The Bank of New York provides various accounting services to each of the Funds, except VanEck Vectors Gold Miners ETF, pursuant to a fund accounting agreement. VEAC pays a portion of the fee that it receives from VanEck Vectors Gold Miners ETF to The Bank of New York for providing fund accounting services to VanEck Vectors Gold Miners ETF.

The Distributor

Van Eck Securities Corporation is the principal underwriter and distributor of Shares. Its principal address is 666 Third Avenue, New York, New York 10017 and investor information can be obtained by calling 800.826.2333. The Distributor has entered into an agreement with the Trust which will continue from its effective date unless terminated by either party upon 60 days’ prior written notice to the other party by the Trust and the Advisers, or by the Distributor, or until termination of the Trust or each Fund offering its Shares, and which is renewable annually thereafter (the “Distribution Agreement”), pursuant to which it distributes Shares. Shares will be continuously offered for sale by the Trust through the Distributor only in Creation Units, as described below under “Creation and Redemption of Creation Units—Procedures for Creation of Creation Units.” Shares in less than Creation Units are not distributed by the

Distributor. The Distributor will deliver a prospectus to persons purchasing Shares in Creation Units and will maintain records of both orders placed with it and confirmations of acceptance furnished by it. The Distributor is a broker-dealer registered under the Exchange Act and a member of the Financial Industry Regulatory Authority (“FINRA”). The Distributor has no role in determining the investment policies of the Trust or which securities are to be purchased or sold by the Trust.

The Distributor may also enter into sales and investor services agreements with broker-dealers or other persons that are Participating Parties and DTC Participants (as defined below) to provide distribution assistance, including broker-dealer and shareholder support and educational and promotional services but must pay such broker-dealers or other persons, out of its own assets.

The Distribution Agreement provides that it may be terminated at any time, without the payment of any penalty: (i) by vote of a majority of the Independent Trustees or (ii) by vote of a majority (as defined in the 1940 Act) of the outstanding voting securities of the Funds, on at least 60 days written notice to the Distributor. The Distribution Agreement is also terminable upon 60 days' notice by the Distributor and will terminate automatically in the event of its assignment (as defined in the 1940 Act).

Affiliated Index Provider

The MVIS® Africa Index (the “Africa Index”), MVIS® Brazil Small-Cap Index (the “Brazil Small-Cap Index”), MVIS® Egypt Index (the “Egypt Index”), MVIS® EM Aggregate Bond Index (the “EM Aggregate Bond Index”), MVIS® Global Agribusiness Index (the “Agribusiness Index”), MVIS® Global Coal Index (the “Coal Index”), MVIS® Global Gaming Index (the “Gaming Index”), MVIS® Global Junior Gold Miners Index (the “Junior Gold Miners Index”), MVIS® Global Mortgage REITs Index (the “Mortgage REITs Index”), MVIS® Global Oil Refiners Index (the “Oil Refiners Index”), MVIS® Global Rare Earth/Strategic Metals Index (the “Rare Earth/Strategic Metals Index”), MVIS® Global Unconventional Oil & Gas Index (the “Oil & Gas Index”), MVIS® Global Uranium & Nuclear Energy Index (the “Nuclear Energy Index”), MVIS® Global Video Gaming & eSports Index (the “eSports Index”), MVIS® India Small-Cap Index (the “India Small-Cap Index”), MVIS® Indonesia Index (the “Indonesia Index”), MVIS® Poland Index (the “Poland Index”), MVIS® Russia Index (the “Russia Index”), MVIS® Russia Small-Cap Index (the “Russia Small-Cap Index”), MVIS® US Business Development Companies Index (the “BDC Index”), MVIS® US Investment Grade Floating Rate Index (the “Floating Rate Index”), MVIS® US Listed Biotech 25 Index (the “Biotech Index”), MVIS® US Listed Oil Services 25 Index (the “Oil Services Index”), MVIS® US Listed Pharmaceutical 25 Index (the “Pharmaceutical Index”), MVIS® US Listed Retail 25 Index (the “Retail Index”), MVIS® US Listed Semiconductor 25 Index (the “Semiconductor Index”) and MVIS® Vietnam Index (the “Vietnam Index”) (each an “MVIS Index,” and collectively, the “MVIS Indices”) are published by MV Index Solutions GmbH (“MVIS”), which is a wholly-owned subsidiary of VEAC. In order to minimize any potential for conflicts caused by the fact that VEAC or its affiliates act as the index provider to a Fund that tracks an MVIS Index, MVIS has retained Solactive AG (“Solactive”), an unaffiliated third party (the “Calculation Agent”), to calculate the MVIS Indices. The Calculation Agent, using a rules-based methodology, will calculate, maintain and disseminate each of the MVIS Indices on a daily basis. MVIS will monitor the results produced by the Calculation Agent to help ensure that the MVIS Indices are being calculated in accordance with the applicable rules-based methodology. In addition, VEAC and MVIS have established policies and procedures designed to prevent non-public information about pending changes to an MVIS Index from being used or disseminated in an improper manner. Furthermore, VEAC and MVIS have established policies and procedures designed to prevent improper use and dissemination of non-public information about VanEck Vectors Africa Index ETF’s, VanEck Vectors Agribusiness ETF’s, VanEck Vectors Brazil Small-Cap ETF’s, VanEck Vectors BDC Income ETF’s, VanEck Vectors Biotech ETF’s, VanEck Vectors Coal ETF’s, VanEck Vectors Egypt Index ETF’s, VanEck Vectors Emerging Markets Aggregate Bond ETF’s, VanEck Vectors Gaming ETF’s, VanEck Vectors India Small-Cap Index ETF’s, VanEck Vectors Indonesia Index ETF’s, VanEck Vectors Investment Grade Floating Rate ETF’s, VanEck Vectors Junior Gold Miners ETF’s, VanEck Vectors Mortgage REIT Income ETF’s, VanEck Vectors Oil Refiners ETF’s, VanEck Vectors Oil Services ETF’s, VanEck Vectors Pharmaceutical ETF’s, VanEck Vectors Poland ETF’s, VanEck Vectors Retail ETF’s, VanEck Vectors Rare Earth/Strategic Metals ETF’s, VanEck Vectors Russia ETF’s, VanEck Vectors Russia Small-Cap ETF’s, VanEck Vectors Semiconductor ETF’s, VanEck Vectors Unconventional Oil & Gas ETF’s, VanEck Vectors Uranium+Nuclear Energy ETF’s, VanEck Vectors Video Gaming and eSports ETF’s and VanEck Vectors Vietnam ETF’s portfolio strategies and to prevent VanEck Vectors Africa Index ETF’s, VanEck Vectors Agribusiness ETF’s, VanEck Vectors Brazil Small-Cap ETF’s, VanEck Vectors BDC Income ETF’s, VanEck Vectors Biotech ETF’s, VanEck Vectors Coal ETF’s, VanEck Vectors Egypt Index ETF’s, VanEck Vectors Emerging Markets Aggregate Bond ETF’s, VanEck Vectors Gaming ETF’s, VanEck Vectors India Small-Cap Index ETF’s, VanEck Vectors Indonesia Index ETF’s, VanEck Vectors Investment Grade Floating Rate ETF’s, VanEck Vectors Junior Gold Miners ETF’s,

VanEck Vectors Mortgage REIT Income ETF's, VanEck

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Vectors Oil Refiners ETF's, VanEck Vectors Oil Services ETF's, VanEck Vectors Pharmaceutical ETF's, VanEck Vectors Poland ETF's, VanEck Vectors Retail ETF's, VanEck Vectors Rare Earth/Strategic Metals ETF's, VanEck Vectors Russia ETF's, VanEck Vectors Russia Small-Cap ETF's, VanEck Vectors Semiconductor ETF's, VanEck Vectors Unconventional Oil & Gas ETF's, VanEck Vectors Uranium+Nuclear Energy ETF's, VanEck Vectors Video Gaming and eSports ETF's and VanEck Vectors Vietnam ETF's portfolio managers from having any influence on the construction of the applicable MVIS Index's methodology.

Securities Lending

Pursuant to a securities lending agreement (the "Securities Lending Agreement") between the Funds and The Bank of New York (in such capacity, the "Securities Lending Agent"), the Funds may lend their securities through the Securities Lending Agent to certain qualified borrowers. The Securities Lending Agent administers the Funds' securities lending program. These services include arranging the securities loans with approved borrowers and collecting fees and rebates due to the Funds from each borrower. The Securities Lending Agent also collects and maintains collateral intended to secure the obligations of each borrower and marks to market daily the value of loaned securities. If a borrower defaults on a loan, the Securities Lending Agent is authorized to exercise contractual remedies and, pursuant to the terms of the Securities Lending Agreement, has agreed to indemnify the Funds for losses due to a borrower's failure to return a lent security, which exclude losses associated with collateral reinvestment. The Securities Lending Agent may also invest cash received as collateral in pre-approved investments in accordance with the Securities Lending Agreement. The Securities Lending Agent maintains records of loans made and income derived therefrom and makes available such records that the Funds deem necessary to monitor the securities lending program.

Each of the Funds listed below earned income and incurred the following costs and expenses, during its respective fiscal year, as a result of its securities lending activities:

| Fund | Fiscal Year End | Gross Income ⁽¹⁾ | Revenue Split ⁽²⁾ | Cash Collateral Management Fees ⁽³⁾ | Administrative Fees ⁽⁴⁾ | Indemnification Fees ⁽⁵⁾ | Rebates to Borrowers | Other of the Securities Lending Activities | Total Costs | Net Income from the Securities Lending Activities |
|---------------------------------|-----------------|-----------------------------|------------------------------|--|------------------------------------|-------------------------------------|----------------------|--|-------------|---|
| VanEck Vectors Africa Index ETF | 12/31/2017 | \$34,542 | \$2,939 | \$0 | \$0 | \$0 | \$11,458 | \$0 | \$14,397 | \$20,145 |
| VanEck Vectors Agribusiness ETF | 12/31/2017 | \$1,266,396 | \$164,908 | \$0 | \$0 | \$0 | \$93,360 | \$0 | \$258,268 | \$1,008,128 |
| VanEck Vectors Brazil Small-Cap | 12/31/2017 | \$23,932 | \$3,131 | \$0 | \$0 | \$0 | \$2 | \$0 | \$3,133 | \$20,799 |

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| | | | | | | | | | | |
|---|------------|-------------|-----------|-----|-----|-----|-----------|-----|-----------|-------------|
| ETF VanEck Vectors Coal | 12/31/2017 | \$33,052 | \$1,797 | \$0 | \$0 | \$0 | \$15,263 | \$0 | \$17,060 | \$15,992 |
| ETF VanEck Vectors Egypt Index | 12/31/2017 | \$5,898 | \$642 | \$0 | \$0 | \$0 | \$49 | \$0 | \$691 | \$5,207 |
| ETF VanEck Vectors Global Alternative Energy ETF | 12/31/2017 | \$396,480 | \$39,064 | \$0 | \$0 | \$0 | \$67,560 | \$0 | \$106,624 | \$289,856 |
| ETF VanEck Vectors Gold Miners ETF | 12/31/2017 | \$2,691,449 | \$289,121 | \$0 | \$0 | \$0 | \$459,010 | \$0 | \$748,130 | \$1,943,319 |

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| Fund | Fiscal Year End | Gross Income ⁽¹⁾ | Revenue Split ⁽²⁾ | Cash Collateral Management Fees ⁽³⁾ | Administrative Fees ⁽⁴⁾ | Indemnification Fees ⁽⁵⁾ | Rebates to Borrowers | Other Fees | Total Costs of the Securities Lending Activities |
|---|-----------------|-----------------------------|------------------------------|--|------------------------------------|-------------------------------------|----------------------|------------|--|
| VanEck Vectors Indonesia Index ETF | 12/31/2017 | \$1,107 | \$139 | \$0 | \$0 | \$0 | \$201 | \$0 | \$341 |
| VanEck Vectors Israel ETF | 12/31/2017 | \$72,642 | \$8,309 | \$0 | \$0 | \$0 | \$4,263 | \$0 | \$12,573 |
| VanEck Vectors Junior Gold Miners ETF | 12/31/2017 | \$8,239,609 | \$1,016,217 | \$0 | \$0 | \$0 | \$339,479 | \$0 | \$1,355,605 |
| VanEck Vectors Natural Resources ETF | 12/31/2017 | \$36,007 | \$3,140 | \$0 | \$0 | \$0 | \$11,204 | \$0 | \$14,344 |
| VanEck Vectors Oil Refiners ETF | 12/31/2017 | \$928 | \$73 | \$0 | \$0 | \$0 | \$220 | \$0 | \$293 |
| VanEck Vectors Oil Services ETF | 12/31/2017 | \$4,444,160 | \$402,565 | \$0 | \$0 | \$0 | \$961,641 | \$0 | \$1,364,206 |
| VanEck Vectors Poland ETF | 12/31/2017 | \$31,284 | \$3,138 | \$0 | \$0 | \$0 | \$6,267 | \$0 | \$9,404 |
| VanEck Vectors Rare Earth/Strategic Metals ETF | 12/31/2017 | \$1,705,213 | \$193,745 | \$0 | \$0 | \$0 | \$769 | \$0 | \$194,514 |
| VanEck Vectors Steel ETF | 12/31/2017 | \$326,386 | \$16,642 | \$0 | \$0 | \$0 | \$184,701 | \$0 | \$201,343 |
| VanEck Vectors Unconventional Oil & Gas ETF | 12/31/2017 | \$39,984 | \$1,819 | \$0 | \$0 | \$0 | \$24,640 | \$0 | \$26,459 |
| VanEck Vectors Uranium+Nuclear Energy ETF | 12/31/2017 | \$30,423 | \$2,876 | \$0 | \$0 | \$0 | \$4,936 | \$0 | \$7,812 |
| VanEck Vectors Vietnam ETF | 12/31/2017 | \$38,385 | \$4,688 | \$0 | \$0 | \$0 | \$193 | \$0 | \$4,881 |
| VanEck Vectors BDC Income ETF | 4/30/2018 | \$423,904 | \$46,696 | \$0 | \$0 | \$0 | \$50,201 | \$0 | \$96,896 |
| VanEck Vectors Emerging Markets Aggregate Bond ETF | 4/30/2018 | \$4,730 | \$270 | \$0 | \$0 | \$0 | \$2,512 | \$0 | \$2,781 |
| VanEck Vectors Emerging Markets High Yield Bond ETF | 4/30/2018 | \$406,115 | \$34,005 | \$0 | \$0 | \$0 | \$129,775 | \$0 | \$163,780 |
| VanEck Vectors Fallen Angel High Yield Bond ETF | 4/30/2018 | \$1,456,506 | \$121,405 | \$0 | \$0 | \$0 | \$461,890 | \$0 | \$583,295 |

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| Fund | Fiscal Year End | Gross Income ⁽¹⁾ | Revenue Split ⁽²⁾ | Cash Collateral Management Fees ⁽³⁾ | Administrative Fees ⁽⁴⁾ | Indemnification Fees ⁽⁵⁾ | Rebates to Borrowers | Other Fees | Total Costs of the Securities Lending Activities | Net Income from the Securities Lending Activities |
|---|-----------------|-----------------------------|------------------------------|--|------------------------------------|-------------------------------------|----------------------|------------|--|---|
| VanEck Vectors International High Yield Bond ETF | 4/30/2018 | \$172,029 | \$15,567 | \$0 | \$0 | \$0 | \$46,018 | \$0 | \$61,586 | \$110,441 |
| VanEck Vectors Investment Grade Floating Rate ETF | 4/30/2018 | \$27,228 | \$1,135 | \$0 | \$0 | \$0 | \$18,672 | \$0 | \$19,807 | \$7,421 |
| VanEck Vectors J.P. Morgan EM Local Currency Bond ETF | 4/30/2018 | \$471,206 | \$21,195 | \$0 | \$0 | \$0 | \$304,373 | \$0 | \$325,568 | \$145,638 |
| VanEck Vectors Mortgage REIT Income ETF | 4/30/2018 | \$164,713 | \$8,122 | \$0 | \$0 | \$0 | \$93,938 | \$0 | \$102,060 | \$62,653 |
| VanEck Vectors Preferred Securities ex Financials ETF | 4/30/2018 | \$1,156,900 | \$132,892 | \$0 | \$0 | \$0 | \$25,499 | \$0 | \$158,391 | \$998,509 |
| VanEck Vectors Biotech ETF | 9/30/2018 | \$139,835 | \$3,500 | \$0 | \$0 | \$0 | \$109,651 | \$0 | \$113,151 | \$26,684 |
| VanEck Vectors Environmental Services ETF | 9/30/2018 | \$10,490 | \$327 | \$0 | \$0 | \$0 | \$7,920 | \$0 | \$8,247 | \$2,243 |
| VanEck Vectors Gaming ETF | 9/30/2018 | \$15,829 | \$732 | \$0 | \$0 | \$0 | \$10,251 | \$0 | \$10,983 | \$4,846 |
| VanEck Vectors Generic Drugs ETF | 9/30/2018 | \$2,131 | \$121 | \$0 | \$0 | \$0 | \$1,083 | \$0 | \$1,204 | \$927 |
| VanEck Vectors Morningstar International Moat ETF | 9/30/2018 | \$46,756 | \$5,550 | \$0 | \$0 | \$0 | \$10,496 | \$0 | \$16,046 | \$30,710 |
| | 9/30/2018 | \$740,182 | \$23,159 | \$0 | \$0 | \$0 | \$542,766 | \$0 | \$565,925 | \$174,257 |

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VanEck
 Vectors
 Morningstar
 Wide Moat
 ETF

| | | | | | | | | | | |
|--|-----------|---------|------|-----|-----|-----|---------|-----|---------|-------|
| VanEck Vectors NDR CMG Long/Flat Allocation ETF | 9/30/2018 | \$2,748 | \$32 | \$0 | \$0 | \$0 | \$2,521 | \$0 | \$2,553 | \$195 |
|--|-----------|---------|------|-----|-----|-----|---------|-----|---------|-------|

| | | | | | | | | | | |
|--|-----------|-----------|---------|-----|-----|-----|-----------|-----|-----------|----------|
| VanEck Vectors Pharmaceutical ETF | 9/30/2018 | \$173,307 | \$5,052 | \$0 | \$0 | \$0 | \$133,343 | \$0 | \$138,395 | \$34,912 |
|--|-----------|-----------|---------|-----|-----|-----|-----------|-----|-----------|----------|

| | | | | | | | | | | |
|---------------------------------|-----------|---------|-------|-----|-----|-----|---------|-----|---------|---------|
| VanEck Vectors Retail ETF | 9/30/2018 | \$7,242 | \$133 | \$0 | \$0 | \$0 | \$6,019 | \$0 | \$6,152 | \$1,093 |
|---------------------------------|-----------|---------|-------|-----|-----|-----|---------|-----|---------|---------|

| | | | | | | | | | | |
|---|-----------|-----------|----------|-----|-----|-----|-----------|-----|-----------|-----------|
| VanEck Vectors Semiconductor ETF | 9/30/2018 | \$648,377 | \$24,620 | \$0 | \$0 | \$0 | \$460,649 | \$0 | \$485,269 | \$163,118 |
|---|-----------|-----------|----------|-----|-----|-----|-----------|-----|-----------|-----------|

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¹Gross income includes income from the reinvestment of cash collateral and rebates paid by the borrower.

²Revenue split represents the share of revenue generated by the securities lending program and paid to the Securities Lending Agent.

³Cash collateral management fees include fees deducted from a pooled cash collateral reinvestment vehicle that are not included in the revenue split.

⁴These administrative fees are not included in the revenue split.

⁵These indemnification fees are not included in the revenue split.

Other Accounts Managed by the Portfolio Managers

Van Eck Associates Corporation and Van Eck Absolute Return Advisers Corporation

The following table lists the number and types of other accounts (excluding the Funds) advised by each Fund's portfolio manager(s) and assets under management in those accounts as of the end of the last fiscal year of the Funds that they manage. If a portfolio manager is a primary portfolio manager for multiple Funds with different fiscal year ends, information is provided as of the most recent fiscal year end of the relevant Funds, except if otherwise indicated.

| Portfolio Manager | Other Accounts Managed | | Applicable Fiscal Year End |
|---|----------------------------------|--------------------------------|----------------------------|
| | Category of Account | Number of Accounts in Category | |
| Peter H. Liao | Registered Investment Companies | 1 | \$6.22 million 9/30/2018 |
| | Other Pooled Investment Vehicles | 6 | \$218.79 million 9/30/2018 |
| | Other Accounts | 0 | \$0 9/30/2018 |
| Guo Hua (Jason) Jin | Registered Investment Companies | 0 | \$0 9/30/2018 |
| | Other Pooled Investment Vehicles | 6 | \$218.79 million 9/30/2018 |
| | Other Accounts | 0 | \$0 9/30/2018 |
| James T. Colby III | Registered Investment Companies | 0 | \$0 4/30/2018 |
| | Other Pooled Investment Vehicles | 0 | \$0 4/30/2018 |
| | Other Accounts | 0 | \$0 4/30/2018 |
| Francis G. Rodilosso | Registered Investment Companies | 0 | \$0 4/30/2018 |
| | Other Pooled Investment Vehicles | 4 | \$65.53 million 4/30/2018 |
| | Other Accounts | 0 | \$0 4/30/2018 |
| David Schassler | Registered Investment Companies | 1 | \$44.11 million 9/30/2018 |
| | Other Pooled Investment Vehicles | 0 | \$0 9/30/2018 |
| | Other Accounts | 0 | \$0 9/30/2018 |
| Barak Laks (Deputy Portfolio Manager) | Registered Investment Companies | 0 | \$0 9/30/2018 |
| | Other Pooled Investment Vehicles | 0 | \$0 9/30/2018 |
| | Other Accounts | 0 | \$0 9/30/2018 |

None of the portfolio managers manage accounts that are subject to performance-based advisory fees.

Although the funds in the Trust that are managed by Messrs. Colby, Jin, Laks, Liao, Rodilosso and Schassler may have different investment strategies, each Fund (except VanEck Vectors Real Asset Allocation ETF) has an investment objective of seeking to replicate as closely as possible, before fees and expenses, the price and yield performance of its respective underlying index. The Advisers do not believe that management of the various accounts presents a material conflict of interest for Messrs. Colby, Jin, Laks, Liao, Rodilosso and Schassler or the Advisers.

China Asset Management (Hong Kong) Limited (relating to the China Funds only).

The following table lists the number and types of other accounts (excluding the China Funds) advised by the portfolio manager(s) at China Asset Management (Hong Kong) Limited and assets under management in those accounts as of the end of the last fiscal year of the funds they manage. If a portfolio manager is a primary portfolio manager for multiple funds with different fiscal year ends, information is provided as of the most recent last fiscal year end of the relevant funds, except if otherwise indicated.

| Portfolio Manager | Other Accounts Managed Category of Account | Number of Accounts in Category | Total Assets in Accounts in Category | Applicable |
|-------------------|---|--------------------------------------|--|-----------------------|
| | | | | Fiscal Year End |
| Leo Fan | Registered Investment Companies | 0 | \$0 | 12/31/2017 |
| | Other Pooled Investment Vehicles | 2 | \$1,365.96 million | 12/31/2017 |
| | Other Accounts | 0 | \$0 | 12/31/2017 |
| Cai Jing | Registered Investment Companies | 0 | \$0 | 4/30/2018 |
| | Other Pooled Investment Vehicles | 7 | \$770 million | 4/30/2018 |
| | Other Accounts | 10 | \$1,478 million | 4/30/2018 |

Mr. Fan and Ms. Jing manage other funds and mandates, including certain ETFs that have similar investment strategies to the China Funds, which may create conflicts of interest with respect to portfolio management decisions and execution. Mr. Fan and Ms. Jing expect to manage the China Funds and the accounts that have similar investment strategies to these Funds in accordance with their duties with respect to portfolio management decisions and execution.

Portfolio Manager Compensation

Van Eck Associates Corporation and Van Eck Absolute Return Advisers Corporation

The portfolio managers are paid a fixed base salary and a bonus. The bonus is based upon the quality of investment analysis and the management of the funds. The quality of management of the funds includes issues of replication, rebalancing, portfolio monitoring and efficient operation, among other factors. Portfolio managers who oversee accounts with significantly different fee structures are generally compensated by discretionary bonus rather than a set formula to help reduce potential conflicts of interest. At times, the Advisers and their affiliates manage accounts with incentive fees. The portfolio managers may serve as portfolio managers to other clients. Such “Other Clients” may have investment objectives or may implement investment strategies similar to those of the Funds, or, except for VanEck Vectors Real Asset Allocation ETF, may track the same index a Fund tracks. When the portfolio managers implement investment strategies for Other Clients that are similar or directly contrary to the positions taken by a Fund, the prices of the Fund’s securities may be negatively affected. The compensation that the Funds’ portfolio managers receive for managing other client accounts may be higher than the compensation the portfolio managers receive for managing the Funds. VEAC and VEARA have implemented procedures to monitor trading across funds and its Other Clients.

China Asset Management (Hong Kong) Limited (relating to VanEck Vectors ChinaAMC China Bond ETF, VanEck Vectors ChinaAMC CSI 300 ETF and VanEck Vectors ChinaAMC SME-ChiNext ETF only)

The portfolio manager employed by the Sub-Adviser is paid a base salary and performance-based compensation. The portfolio manager is evaluated from an investment performance perspective, typically over a three year period, and from a peer evaluation that is completed by the Sub-Adviser’s whole investment team (including other fund managers and analysts).

Portfolio Manager Share Ownership

The following table lists the dollar range of any Fund Shares beneficially owned by the primary portfolio manager(s) as of the end of each applicable Fund’s last fiscal year, except if otherwise indicated.

| Portfolio Manager Fund | Fiscal Year End | Dollar Range Beneficially Owned |
|---|------------------------|--|
| VanEck Vectors Biotech ETF | September 30, 2018 | None |
| VanEck Vectors Environmental Services ETF | September 30, 2018 | \$1 to \$10,000 |
| VanEck Vectors Gaming ETF | September 30, 2018 | \$1 to \$10,000 |
| Peter H. Liao VanEck Vectors Generic Drugs ETF | September 30, 2018 | None |
| VanEck Vectors Morningstar Durable Dividend ETF | September 30, 2018 | None |

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| | | |
|---|--------------------|-----------------|
| VanEck Vectors Global Wide Moat ETF | September 30, 2018 | None |
| VanEck Vectors Morningstar International Moat ETF | September 30, 2018 | \$1 to \$10,000 |

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| Portfolio Manager | Fund | Fiscal Year End | Dollar Range Beneficially Owned |
|--------------------------|---|------------------------|--|
| | VanEck Vectors Morningstar Wide Moat ETF | September 30, 2018 | \$1 to \$10,000 |
| | VanEck Vectors NDR CMG Long/Flat Allocation ETF | September 30, 2018 | None |
| | VanEck Vectors Pharmaceutical ETF | September 30, 2018 | None |
| | VanEck Vectors Retail ETF | September 30, 2018 | None |
| | VanEck Vectors Semiconductor ETF | September 30, 2018 | \$10,001 to \$50,000 |
| | VanEck Vectors Video Gaming and eSports ETF | September 30, 2018 | None |
| | VanEck Vectors High Income Infrastructure MLP ETF | November 30, 2017 | None |
| | VanEck Vectors High Income MLP ETF | November 30, 2017 | None |
| | VanEck Vectors Africa ETF | December 31, 2017 | None |
| | VanEck Vectors Agribusiness ETF | December 31, 2017 | \$1 to \$10,000 |
| | VanEck Vectors Brazil Small-Cap ETF | December 31, 2017 | \$1 to \$10,000 |
| | VanEck Vectors ChinaAMC CSI 300 ETF | December 31, 2017 | \$1 to \$10,000 |
| | VanEck Vectors ChinaAMC SME-ChiNext ETF | December 31, 2017 | None |
| | VanEck Vectors Coal ETF | December 31, 2017 | \$1 to \$10,000 |
| | VanEck Vectors Egypt Index ETF | December 31, 2017 | None |
| | VanEck Vectors Global Alternative Energy ETF | December 31, 2017 | \$1 to \$10,000 |
| | VanEck Vectors Gold Miners ETF | December 31, 2017 | \$100,001 to \$500,000 |
| | VanEck Vectors India Small-Cap Index ETF | December 31, 2017 | \$10,001 to \$50,000 |
| | VanEck Vectors Indonesia Index ETF | December 31, 2017 | \$10,001 to \$50,000 |
| | VanEck Vectors Israel ETF | December 31, 2017 | None |
| | VanEck Vectors Junior Gold Miners ETF | December 31, 2017 | None |
| | VanEck Vectors Natural Resources ETF | December 31, 2017 | \$1 to \$10,000 |
| | VanEck Vectors Oil Refiners ETF | December 31, 2017 | None |

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| Portfolio Manager | Fund | Fiscal Year End | Dollar Range Beneficially Owned |
|----------------------------|---|------------------------|--|
| | VanEck Vectors Oil Services ETF | December 31, 2017 | \$1 to \$10,000 |
| | VanEck Vectors Poland ETF | December 31, 2017 | \$1 to \$10,000 |
| | VanEck Vectors Rare Earth/Strategic Metals ETF | December 31, 2017 | \$1 to \$10,000 |
| | VanEck Vectors Russia ETF | December 31, 2017 | \$10,001 to \$50,000 |
| | VanEck Vectors Russia Small-Cap ETF | December 31, 2017 | None |
| | VanEck Vectors Steel ETF | December 31, 2017 | None |
| | VanEck Vectors Unconventional Oil & Gas ETF | December 31, 2017 | \$1 to \$10,000 |
| | VanEck Vectors Uranium+Nuclear Energy ETF | December 31, 2017 | \$1 to \$10,000 |
| | VanEck Vectors Vietnam ETF | December 31, 2017 | None |
| | VanEck Vectors BDC Income ETF | April 30, 2018 | None |
| | VanEck Vectors CEF Municipal Income ETF | April 30, 2018 | \$1 to \$10,000 |
| | VanEck Vectors Mortgage REIT Income ETF | April 30, 2018 | \$1 to \$10,000 |
| | VanEck Vectors Preferred Securities ex Financials ETF | April 30, 2018 | \$1 to \$10,000 |
| | VanEck Vectors Biotech ETF | September 30, 2018 | \$1 to \$10,000 |
| | VanEck Vectors Environmental Services ETF | September 30, 2018 | None |
| | VanEck Vectors Gaming ETF | September 30, 2018 | \$1 to \$10,000 |
| | VanEck Vectors Generic Drugs ETF | September 30, 2018 | None |
| Guo Hua (Jason) Jin | VanEck Vectors Morningstar Durable Dividend ETF | September 30, 2018 | None |
| | VanEck Vectors Global Wide Moat ETF | September 30, 2018 | None |
| | VanEck Vectors Morningstar International Moat ETF | September 30, 2018 | \$1 to \$10,000 |
| | VanEck Vectors Morningstar Wide Moat ETF | September 30, 2018 | \$1 to \$10,000 |

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| Portfolio Manager Fund | Fiscal Year End | Dollar Range Beneficially Owned |
|---|------------------------|--|
| VanEck Vectors NDR CMG Long/Flat Allocation ETF | September 30, 2018 | None |
| VanEck Vectors Pharmaceutical ETF | September 30, 2018 | \$1 to \$10,000 |
| VanEck Vectors Retail ETF | September 30, 2018 | None |
| VanEck Vectors Semiconductor ETF | September 30, 2018 | \$1 to \$10,000 |
| VanEck Vectors Video Gaming and eSports ETF | September 30, 2018 | None |
| VanEck Vectors High Income Infrastructure MLP ETF | November 30, 2017 | None |
| VanEck Vectors High Income MLP ETF | November 30, 2017 | None |
| VanEck Vectors Africa ETF | December 31, 2017 | None |
| VanEck Vectors Agribusiness ETF | December 31, 2017 | None |
| VanEck Vectors Brazil Small-Cap ETF | December 31, 2017 | None |
| VanEck Vectors ChinaAMC CSI 300 ETF | December 31, 2017 | None |
| VanEck Vectors ChinaAMC SME-ChiNext ETF | December 31, 2017 | None |
| VanEck Vectors Coal ETF | December 31, 2017 | None |
| VanEck Vectors Egypt Index ETF | December 31, 2017 | None |
| VanEck Vectors Global Alternative Energy ETF | December 31, 2017 | None |
| VanEck Vectors Gold Miners ETF | December 31, 2017 | None |
| VanEck Vectors India Small-Cap Index ETF | December 31, 2017 | None |
| VanEck Vectors Indonesia Index ETF | December 31, 2017 | None |
| VanEck Vectors Israel ETF | December 31, 2017 | None |
| VanEck Vectors Junior Gold Miners ETF | December 31, 2017 | None |
| VanEck Vectors Natural Resources ETF | December 31, 2017 | None |
| VanEck Vectors Oil Refiners ETF | December 31, 2017 | None |
| VanEck Vectors Oil Services ETF | December 31, 2017 | None |
| VanEck Vectors Poland ETF | December 31, 2017 | None |

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| Portfolio Manager | Fund | Fiscal Year End | Dollar Range Beneficially Owned |
|-----------------------------|--|------------------------|--|
| | VanEck Vectors Rare Earth/Strategic Metals ETF | December 31, 2017 | None |
| | VanEck Vectors Russia ETF | December 31, 2017 | None |
| | VanEck Vectors Russia Small-Cap ETF | December 31, 2017 | None |
| | VanEck Vectors Steel ETF | December 31, 2017 | None |
| | VanEck Vectors Unconventional Oil & Gas ETF | December 31, 2017 | None |
| | VanEck Vectors Uranium+Nuclear Energy ETF | December 31, 2017 | None |
| | VanEck Vectors Vietnam ETF | December 31, 2017 | None |
| | VanEck Vectors BDC Income ETF | April 30, 2018 | None |
| | VanEck Vectors CEF Municipal Income ETF | April 30, 2018 | None |
| | VanEck Vectors Mortgage REIT Income ETF | April 30, 2018 | None |
| | VanEck Vectors Preferred Securities ex Financials ETF | April 30, 2018 | None |
| | VanEck Vectors AMT-Free Intermediate Municipal Index ETF | April 30, 2018 | \$1 to \$10,000 |
| | VanEck Vectors AMT-Free Long Municipal Index ETF | April 30, 2018 | \$1 to \$10,000 |
| James T. Colby III | VanEck Vectors AMT-Free Short Municipal Index ETF | April 30, 2018 | \$1 to \$10,000 |
| | VanEck Vectors High-Yield Municipal Index ETF | April 30, 2018 | \$1 to \$10,000 |
| | VanEck Vectors Pre-Refunded Municipal Index ETF | April 30, 2018 | \$1 to \$10,000 |
| | VanEck Vectors Short High-Yield Municipal Index ETF | April 30, 2018 | \$1 to \$10,000 |
| | VanEck Vectors ChinaAMC China Bond ETF | April 30, 2018 | None |
| Francis G. Rodilosso | VanEck Vectors Emerging Markets Aggregate Bond ETF | April 30, 2018 | \$1 to \$10,000 |

| Portfolio Manager | Fund | Fiscal Year End | Dollar Range Beneficially Owned |
|---|---|------------------------|--|
| | VanEck Vectors Emerging Markets High Yield Bond ETF | April 30, 2018 | \$1 to \$10,000 |
| | VanEck Vectors Fallen Angel High Yield Bond ETF | April 30, 2018 | \$1 to \$10,000 |
| | VanEck Vectors Green Bond ETF | April 30, 2018 | None |
| | VanEck Vectors International High Yield Bond ETF | April 30, 2018 | \$1 to \$10,000 |
| | VanEck Vectors Investment Grade Floating Rate ETF | April 30, 2018 | \$10,001 to \$50,000 |
| | VanEck Vectors J.P. Morgan EM Local Currency Bond ETF | April 30, 2108 | \$10,001 to \$50,000 |
| David Schassler | VanEck Vectors Real Asset Allocation ETF | September 30, 2018 | \$10,001 to \$50,000 |
| Barak Laks (Deputy Portfolio Manager) | VanEck Vectors Real Asset Allocation ETF | September 30, 2018 | None |

Messrs. Fan and Jing did not own any Shares of the China Funds, as applicable, as of each of these Funds' fiscal year ends.

BROKERAGE TRANSACTIONS

When selecting brokers and dealers to handle the purchase and sale of portfolio securities, the Advisers and the Sub-Adviser (with respect to the China Funds) look for prompt execution of the order at a favorable price. Generally, the Advisers and the Sub-Adviser (with respect to the China Funds) work with recognized dealers in these securities, except when a better price and execution of the order can be obtained elsewhere. The Funds will not deal with affiliates in principal transactions unless permitted by exemptive order or applicable rule or regulation. The Advisers and the Sub-Adviser (with respect to the China Funds) owe a duty to each of their clients to seek best execution on trades effected. The Advisers and the Sub-Adviser (with respect to the China Funds) do not intend to select brokers and dealers for the purpose of receiving research services in addition to a favorable price and prompt execution either from that broker or an unaffiliated third party.

Each Adviser assumes general supervision over placing orders on behalf of the Trust for the purchase or sale of portfolio securities. If purchases or sales of portfolio securities of the Trust and one or more other investment companies or clients supervised by an Adviser are considered at or about the same time, transactions in such securities are allocated among the several investment companies and clients in a manner deemed equitable to all by the Adviser. In some cases, this procedure could have a detrimental effect on the price or volume of the security so far as the Trust is concerned. However, in other cases, it is possible that the ability to participate in volume transactions and to negotiate lower brokerage commissions will be beneficial to the Trust. The primary consideration is best execution.

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The Sub-Adviser oversees placing orders on behalf of the China Funds' assets allocated to it for the purchase or sale of portfolio securities. If purchases or sales of portfolio securities of the China Funds' assets allocated to it and one or more other investment companies or clients supervised by the Sub-Adviser are considered at or about the same time, transactions in such securities will be made among the several investment companies and clients in a manner deemed appropriate by the Sub-Adviser consistent with its duty to seek best execution.

Portfolio turnover may vary from year to year, as well as within a year. High turnover rates are likely to result in comparatively greater brokerage expenses, additional taxable income at a Fund level and additional taxable distributions. The overall reasonableness of brokerage commissions is evaluated by the Advisers based upon their knowledge of available information as to the general level of commissions paid by other institutional investors for comparable services.

The aggregate brokerage commissions paid by each Fund during its last three fiscal years as applicable, are set forth in the chart below.

| Fund | Brokerage Commissions Paid During the Fiscal Year Ended November 30, | | |
|---|---|----------|----------|
| | 2015 | 2016 | 2017 |
| VanEck Vectors High Income MLP ETF | \$239,035 | \$55,684 | \$60,877 |
| VanEck Vectors High Income Infrastructure MLP ETF | \$16,485 | \$19,667 | \$32,175 |

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| Fund | Brokerage Commissions Paid During the Fiscal Year Ended December 31, | | |
|---|---|-------------|-------------|
| | 2015 | 2016 | 2017 |
| VanEck Vectors Africa Index ETF | \$143,579 | \$145,293 | \$120,608 |
| VanEck Vectors Agribusiness ETF | \$367,231 | \$190,306 | \$262,152 |
| VanEck Vectors Brazil Small-Cap ETF | \$108,565 | \$90,137 | \$117,345 |
| VanEck Vectors ChinaAMC CSI 300 ETF | \$187,399 | \$76,209 | \$89,637 |
| VanEck Vectors ChinaAMC SME-ChiNext ETF | \$132,032 | \$37,374 | \$16,372 |
| VanEck Vectors Coal ETF | \$43,779 | \$45,150 | \$56,056 |
| VanEck Vectors Egypt Index ETF | \$147,989 | \$126,717 | \$136,563 |
| VanEck Vectors Global Alternative Energy ETF | \$28,442 | \$38,579 | \$22,532 |
| VanEck Vectors Gold Miners ETF* | \$326,555 | \$1,228,050 | \$1,328,494 |
| VanEck Vectors India Small-Cap Index ETF | \$284,590 | \$123,644 | \$325,468 |
| VanEck Vectors Indonesia Index ETF | \$25,511 | \$21,646 | \$20,229 |
| VanEck Vectors Israel ETF | \$12,451 | \$10,576 | \$11,834 |
| VanEck Vectors Junior Gold Miners ETF* | \$196,322 | \$753,397 | \$1,220,353 |
| VanEck Vectors Natural Resources ETF | \$10,530 | \$45,399 | \$49,752 |
| VanEck Vectors Oil Refiners ETF | \$875 | \$1,012 | \$2,568 |
| VanEck Vectors Oil Services ETF* | \$259,094 | \$216,629 | \$439,911 |
| VanEck Vectors Poland ETF | \$10,203 | \$4,782 | \$9,214 |
| VanEck Vectors Rare Earth/Strategic Metals ETF* | \$34,335 | \$73,773 | \$173,582 |
| VanEck Vectors Russia ETF | \$949,560 | \$630,736 | \$499,882 |
| VanEck Vectors Russia Small-Cap ETF | \$24,741 | \$76,637 | \$53,476 |
| VanEck Vectors Steel ETF | \$13,268 | \$28,906 | \$49,815 |
| VanEck Vectors Unconventional Oil & Gas ETF | \$13,793 | \$15,927 | \$13,614 |
| VanEck Vectors Uranium+Nuclear Energy ETF | \$20,251 | \$19,472 | \$8,668 |
| VanEck Vectors Vietnam ETF | \$755,182 | \$403,228 | \$297,877 |

*VanEck Vectors Gold Miners ETF, VanEck Vectors Junior Gold Miners ETF, VanEck Vectors Oil Services ETF and VanEck Vectors Rare Earth/Strategic Metals ETF experienced increased aggregate brokerage commissions in 2017 due to an increase in the number of portfolio transactions.

| Fund | Brokerage Commissions Paid During the Fiscal Year Ended April 30, | | |
|--|--|-------------|-------------|
| | 2016 | 2017 | 2018 |
| VanEck Vectors AMT-Free Intermediate Municipal Index ETF | \$ | \$ 600 | \$ |
| VanEck Vectors AMT- Free Long Municipal Index ETF | \$ | \$ | \$ |
| VanEck Vectors AMT-Free Short Municipal Index ETF | \$ | \$ | \$ |
| VanEck Vectors BDC Income ETF | \$24,965 | \$25,859 | \$48,604 |
| VanEck Vectors CEF Municipal Income ETF | \$8,019 | \$15,940 | \$11,970 |
| VanEck Vectors ChinaAMC China Bond ETF | \$6,017 | \$1,080 | \$1,123 |
| VanEck Vectors Emerging Markets Aggregate Bond ETF | \$ | \$ | \$ |
| VanEck Vectors Emerging Markets High Yield Bond ETF | \$ | \$ | \$ |
| VanEck Vectors Fallen Angel High Yield Bond ETF | \$ | \$ 198 | \$ |
| VanEck Vectors Green Bond ETF | N/A | \$ | \$ |
| VanEck Vectors High-Yield Municipal Index ETF | \$ | \$ | \$ |

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| | | | |
|---|-----------|-----------|-----------|
| VanEck Vectors International High Yield Bond ETF | \$ 130 | \$ | \$ |
| VanEck Vectors Investment Grade Floating Rate ETF | \$ | \$ | \$ |
| VanEck Vectors J.P. Morgan EM Local Currency Bond ETF | \$ | \$ | \$ |
| VanEck Vectors Mortgage REIT Income ETF | \$29,703 | \$34,328 | \$40,683 |
| VanEck Vectors Preferred Securities ex Financials ETF | \$100,208 | \$153,516 | \$273,187 |
| VanEck Vectors Pre-Refunded Municipal Index ETF | \$ | \$ | \$ |
| VanEck Vectors Short High-Yield Municipal Index ETF | \$ | \$ | \$ |

Brokerage Commissions Paid
During the
Fiscal Year Ended September
30,

| Fund | 2016 | 2017 | 2018 |
|---|-----------|-----------|-----------|
| VanEck Vectors Biotech ETF | \$318,083 | \$245,277 | \$221,295 |
| VanEck Vectors Environmental Services ETF | \$5,859 | \$7,507 | \$7,811 |
| VanEck Vectors Gaming ETF | \$8,566 | \$7,612 | \$15,877 |
| VanEck Vectors Generic Drugs ETF | \$2,342 | \$4,582 | \$890 |
| VanEck Vectors Morningstar Durable Dividend ETF** | N/A | N/A | N/A |
| VanEck Vectors Morningstar Global Wide Moat ETF** | N/A | N/A | N/A |
| VanEck Vectors Morningstar International Moat ETF | \$16,927 | \$37,133 | \$66,195 |
| VanEck Vectors Morningstar Wide Moat ETF | \$576,733 | \$430,573 | \$454,958 |
| VanEck Vectors NDR CMG Long/Flat Allocation ETF** | N/A | N/A | \$10,393 |
| VanEck Vectors Pharmaceutical ETF | \$101,359 | \$158,133 | \$69,305 |
| VanEck Vectors Real Asset Allocation ETF** | N/A | N/A | \$7,026 |
| VanEck Vectors Retail ETF | \$19,591 | \$19,615 | \$18,485 |
| VanEck Vectors Semiconductor ETF | \$203,640 | \$187,102 | \$265,060 |
| VanEck Vectors Video Gaming and eSports ETF** | N/A | N/A | N/A |

**VanEck Vectors NDR CMG Long/Flat Allocation ETF, VanEck Vectors Morningstar Durable Dividend ETF, VanEck Vectors Morningstar Global Wide Moat ETF, VanEck Vectors Real Asset Allocation ETF and VanEck Vectors Video Gaming and eSports ETF did not commence operations until October 4, 2017, October 30, 2018, October 30, 2018, April 9, 2018 and October 16, 2018, respectively.

BOOK ENTRY ONLY SYSTEM

The following information supplements and should be read in conjunction with the section in each Fund's Prospectus entitled "Shareholder Information—Buying and Selling Exchange-Traded Shares."

The Depository Trust Company ("DTC") acts as securities depository for the Shares. Shares of the Funds are represented by securities registered in the name of DTC or its nominee and deposited with, or on behalf of, DTC. Certificates will not be issued for Shares.

DTC, a limited-purpose trust company, was created to hold securities of its participants (the "DTC Participants") and to facilitate the clearance and settlement of securities transactions among the DTC Participants in such securities through electronic book-entry changes in accounts of the DTC Participants, thereby eliminating the need for physical movement of securities certificates. DTC Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations, some of whom (and/or their representatives) own DTC. More specifically, DTC is owned by a number of its DTC Participants and by the New York Stock Exchange ("NYSE") and FINRA. Access to the DTC system is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly (the "Indirect Participants").

Beneficial ownership of Shares is limited to DTC Participants, Indirect Participants and persons holding interests through DTC Participants and Indirect Participants. Ownership of beneficial interests in Shares (owners of such beneficial interests are referred to herein as "Beneficial Owners") is shown on, and the transfer of ownership is effected only through, records maintained by DTC (with respect to DTC Participants) and on the records of DTC Participants (with respect to Indirect Participants and Beneficial Owners that are not DTC Participants). Beneficial Owners will receive from or through the DTC Participant a written confirmation relating to their purchase of Shares.

Conveyance of all notices, statements and other communications to Beneficial Owners is effected as follows. Pursuant to the depository agreement between the Trust and DTC, DTC is required to make available to the Trust upon request and for a fee to be charged to the Trust a listing of the Shares holdings of each DTC Participant. The Trust shall inquire of each such DTC Participant as to the number of Beneficial Owners holding Shares, directly or indirectly, through such DTC Participant. The Trust shall provide each such DTC Participant with copies of such notice, statement or other communication, in such form, number and at such place as such DTC Participant may reasonably request, in order that such notice, statement or communication may be transmitted by such DTC Participant, directly or indirectly, to such Beneficial Owners. In addition, the Trust shall pay to each such DTC Participant a fair and reasonable amount as reimbursement for the expenses attendant to such transmittal, all subject to applicable statutory and regulatory requirements.

Share distributions shall be made to DTC or its nominee, Cede & Co., as the registered holder of all Shares. DTC or its nominee, upon receipt of any such distributions, shall credit immediately DTC Participants' accounts with payments

in amounts proportionate to their respective beneficial interests in Shares as shown on the records of DTC or its nominee. Payments by DTC Participants to Indirect Participants and Beneficial Owners of Shares held through such DTC Participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of

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customers in bearer form or registered in a “street name,” and will be the responsibility of such DTC Participants.

The Trust has no responsibility or liability for any aspects of the records relating to or notices to Beneficial Owners, or payments made on account of beneficial ownership interests in such Shares, or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests or for any other aspect of the relationship between DTC and the DTC Participants or the relationship between such DTC Participants and the Indirect Participants and Beneficial Owners owning through such DTC Participants.

DTC may determine to discontinue providing its service with respect to the Shares at any time by giving reasonable notice to the Trust and discharging its responsibilities with respect thereto under applicable law. Under such circumstances, the Trust shall take action either to find a replacement for DTC to perform its functions at a comparable cost or, if such a replacement is unavailable, to issue and deliver printed certificates representing ownership of Shares, unless the Trust makes other arrangements with respect thereto satisfactory to the Exchange.

CREATION AND REDEMPTION OF CREATION UNITS

General

The Funds issue and sell Shares only in Creation Units on a continuous basis through the Distributor, without an initial sales load, at their NAV next determined after receipt, on any Business Day (as defined herein), of an order in proper form. An Authorized Participant that is not a “qualified institutional buyer,” as such term is defined under Rule 144A of the Securities Act, will not be able to receive, as part of a redemption, restricted securities eligible for resale under Rule 144A.

A “Business Day” with respect to the Funds is any day on which the NYSE is open for business. As of the date of the Prospectus, the NYSE observes the following holidays: New Year’s Day, Martin Luther King, Jr. Day, President’s Day (Washington’s Birthday), Good Friday, Memorial Day (observed), Independence Day, Labor Day, Thanksgiving Day and Christmas Day.

Fund Deposit

The consideration for a purchase of Creation Units of certain Funds, generally consists of the in-kind deposit of a designated portfolio of equity securities (the “Deposit Securities”) that comprise each Fund’s respective Index, as applicable, and an amount of cash computed as described below (the “Cash Component”) or, as permitted or required by the Fund, of cash as set forth in the table under the heading “Creation and Redemption Features”. The Cash Component together with the Deposit Securities, as applicable, are referred to as the “Fund Deposit,” which represents the minimum initial and subsequent investment amount for Shares. Due to various legal and operational constraints in certain countries in which certain Funds invest, Creation Units of these Funds as set forth in the table under the heading “Creation and Redemption Features” are issued partially or principally for cash.

The Cash Component represents the difference between the NAV of a Creation Unit and the market value of Deposit Securities and may include a Dividend Equivalent Payment. The “Dividend Equivalent Payment” enables each Fund to make a complete distribution of dividends on the next dividend payment date, and is an amount equal, on a per Creation Unit basis, to the dividends on all Fund Securities with ex-dividend dates within the accumulation period for such distribution (the “Accumulation Period”), net of expenses and liabilities for such period, as if all of the Fund Securities had been held by the Trust for the entire Accumulation Period. The Accumulation Period begins on the ex-dividend date for each Fund and ends on the next ex-dividend date.

Each Administrator, through the NSCC, makes available on each Business Day, immediately prior to the opening of business on the Exchange (currently 9:30 a.m., Eastern time), the list of the names and the required number of shares of each Deposit Security to be included in the current Fund Deposit (based on information at the end of the previous

Business Day) as well as the Cash Component for each Fund. Such Fund Deposit is applicable, subject to any adjustments as described below, in order to effect creations of Creation Units of each Fund until such time as the next-announced Fund Deposit composition is made available.

The identity and number of shares of the Deposit Securities required for a Fund Deposit for each Fund changes as rebalancing adjustments and corporate action events are reflected from time to time by the Advisers with a view to the investment objective of the applicable Fund. The composition of the Deposit Securities may also change in response to adjustments to the weighting or composition of the securities constituting each Fund's respective Index. In addition, the Trust reserves the right to accept a basket of securities or cash that differs from Deposit Securities or to permit or require the substitution of an amount of cash (*i.e.*, a "cash in lieu" amount) to be added to the Cash Component to replace any Deposit Security which may, among other reasons, not be available in sufficient quantity for delivery, not be permitted to be

re-registered in the name of the Trust as a result of an in-kind creation order pursuant to local law or market convention or which may not be eligible for transfer through the Clearing Process (described below), or which may not be eligible for trading by a Participating Party (defined below). In light of the foregoing, in order to seek to replicate the in-kind creation order process, the Trust expects to purchase the Deposit Securities represented by the cash in lieu amount in the secondary market (“Market Purchases”). In such cases where the Trust makes Market Purchases because a Deposit Security may not be permitted to be re-registered in the name of the Trust as a result of an in-kind creation order pursuant to local law or market convention, or for other reasons, the Authorized Participant will reimburse the Trust for, among other things, any difference between the market value at which the securities were purchased by the Trust and the cash in lieu amount (which amount, at the Advisers’ discretion, may be capped), applicable registration fees and taxes. Brokerage commissions incurred in connection with the Trust’s acquisition of Deposit Securities will be at the expense of each Fund and will affect the value of all Shares of the Fund, but the Advisers may adjust the transaction fee to the extent the composition of the Deposit Securities changes or cash in lieu is added to the Cash Component to protect ongoing shareholders. The adjustments described above will reflect changes, known to the Advisers on the date of announcement to be in effect by the time of delivery of the Fund Deposit, in the composition of the relevant Index, as applicable, or resulting from stock splits and other corporate actions.

In addition to the list of names and numbers of securities constituting the current Deposit Securities of a Fund Deposit, each Administrator, through the NSCC, also makes available (i) on each Business Day, the Dividend Equivalent Payment, if any, and the estimated Cash Component effective through and including the previous Business Day, per outstanding Shares of the Fund, and (ii) on a continuous basis throughout the day, the Indicative Per Share Portfolio Value.

Procedures for Creation of Creation Units

To be eligible to place orders with the Distributor to create Creation Units of the Funds, an entity or person either must be (1) a “Participating Party,” *i.e.*, a broker-dealer or other participant in the Clearing Process through the Continuous Net Settlement System of the NSCC; or (2) a DTC Participant (see “Book Entry Only System”); and, in either case, must have executed an agreement with the Distributor and the Transfer Agent with respect to creations and redemptions of Creation Units (as it may be amended from time to time in accordance with its terms) (“Participant Agreement”) (discussed below). A Participating Party and DTC Participant are collectively referred to as an “Authorized Participant.” All Creation Units of the Funds, however created, will be entered on the records of the Depository in the name of Cede & Co. for the account of a DTC Participant.

All orders to create Creation Units must be placed in multiples of 50,000 Shares (*i.e.*, a Creation Unit) of a Fund. All orders to create Creation Units, whether through the Clearing Process or outside the Clearing Process, must be received by the Distributor no later than the closing time of the regular trading session on NYSE Arca (“Closing Time”) (ordinarily 4:00 p.m., Eastern time) on the date such order is placed in order for creation of Creation Units to be effected based on the NAV of a Fund as determined on such date. A “Custom Order” may be placed by an Authorized Participant in the event that the Trust permits or requires the substitution of an amount of cash to be added to the Cash Component to replace any Deposit Security which may not be available in sufficient quantity for delivery or which may not be eligible for trading by such Authorized Participant or the investor for which it is acting, or other relevant reason. The Business Day on which a creation order (or order to redeem as discussed below) is placed is herein

referred to as the “Transmittal Date.” Orders must be transmitted by telephone or other transmission method acceptable to the Distributor pursuant to procedures set forth in the Participant Agreement, as described below (see “—Placement of Creation Orders Using Clearing Process”). Severe economic or market disruptions or changes, or telephone or other communication failure, may impede the ability to reach the Distributor, a Participating Party or a DTC Participant.

In connection with all orders to create Creation Units for the China Funds, the Authorized Participant will be required to post collateral with the Trust consisting of cash in an amount up to 15% of the net asset value of the China Funds' shares, respectively, included in the order. The cash collateral will be used to cover creation transaction fees and as collateral for securities which were not available for purchase. The Trust will return any unused portion of the collateral to the Authorized Participant.

Creation Units may be created in advance of the receipt by the Trust of all or a portion of the Fund Deposit. In such cases, the Authorized Participant will remain liable for the full deposit of the missing portion(s) of the Fund Deposit and will be required to post collateral with the Trust consisting of cash at least equal to a percentage of the marked-to-market value of such missing portion(s) that is specified in the Participant Agreement. The Trust may use such collateral to buy the missing portion(s) of the Fund Deposit at any time and will subject such Authorized Participant to liability for any shortfall between the cost to the Trust of purchasing such securities and the value of such collateral. The Trust will have no liability for any such shortfall. The Trust will return any unused portion of the collateral to the Authorized Participant once the entire Fund Deposit has been properly received by the Distributor and deposited into the Trust.

Orders to create Creation Units of a Fund shall be placed with a Participating Party or DTC Participant, as applicable, in the form required by such Participating Party or DTC Participant. Investors should be aware that their particular broker may not have executed a Participant Agreement, and that, therefore, orders to create Creation Units of the Funds may have to be placed by the investor's broker through a Participating Party or a DTC Participant who has executed a Participant Agreement. At any given time there may be only a limited number of broker-dealers that have executed a Participant Agreement. Those placing orders to create Creation Units of a Fund through the Clearing Process should afford sufficient time to permit proper submission of the order to the Distributor prior to the Closing Time on the Transmittal Date.

Orders for creation that are effected outside the Clearing Process are likely to require transmittal by the DTC Participant earlier on the Transmittal Date than orders effected using the Clearing Process. Those persons placing orders outside the Clearing Process should ascertain the deadlines applicable to DTC and the Federal Reserve Bank wire system by contacting the operations department of the broker or depository institution effectuating such transfer of Deposit Securities and Cash Component.

Orders to create Creation Units of certain Funds may be placed through the Clearing Process utilizing procedures applicable to domestic funds for domestic securities ("Domestic Funds") (see "—Placement of Creation Orders Using Clearing Process") or outside the Clearing Process utilizing the procedures applicable to either Domestic Funds or foreign funds for foreign securities ("Foreign Funds") (see "—Placement of Creation Orders Outside Clearing Process—Domestic Funds" and "—Placement of Creation Orders Outside Clearing Process—Foreign Funds"). In the event that a Fund includes both domestic and foreign securities, the time for submitting orders is as stated in the "Placement of Creation Orders Outside Clearing Process—Foreign Funds" and "Placement of Redemption Orders Outside Clearing Process—Foreign Funds" sections below shall operate.

Placement of Creation Orders Using Clearing Process

Fund Deposits created through the Clearing Process, if available, must be delivered through a Participating Party that has executed a Participant Agreement.

The Participant Agreement authorizes the Distributor to transmit to NSCC on behalf of the Participating Party such trade instructions as are necessary to effect the Participating Party's creation order. Pursuant to such trade instructions from the Distributor to NSCC, the Participating Party agrees to transfer the requisite Deposit Securities (or contracts to purchase such Deposit Securities that are expected to be delivered in a "regular way" manner by the second (2nd) Business Day) and the Cash Component to the

Trust, together with such additional information as may be required by the Distributor. An order to create Creation Units of a Fund through the Clearing Process is deemed received by the Distributor on the Transmittal Date if (i) such order is received by the Distributor not later than the Closing Time on such Transmittal Date and (ii) all other procedures set forth in the Participant Agreement are properly followed.

Placement of Creation Orders Outside Clearing Process—Domestic Funds

Fund Deposits created outside the Clearing Process must be delivered through a DTC Participant that has executed a Participant Agreement. A DTC Participant who wishes to place an order creating Creation Units of the Funds to be effected outside the Clearing Process need not be a Participating Party, but such orders must state that the DTC Participant is not using the Clearing Process and that the creation of Creation Units will instead be effected through a transfer of securities and cash. The Fund Deposit transfer must be ordered by the DTC Participant in a timely fashion so as to ensure the delivery of the requisite number of Deposit Securities through DTC to the account of the Trust by no later than 11:00 a.m., Eastern time, of the next Business Day immediately following the Transmittal Date. All questions as to the number of Deposit Securities to be delivered, and the validity, form and eligibility (including time of receipt) for the deposit of any tendered securities, will be determined by the Trust, whose determination shall be final and binding. The cash equal to the Cash Component must be transferred directly to the Distributor through the Federal Reserve wire system in a timely manner so as to be received by the Distributor no later than 2:00 p.m., Eastern time, on the next Business Day immediately following the Transmittal Date. An order to create Creation Units of a Fund outside the Clearing Process is deemed received by the Distributor on the Transmittal Date if (i) such order is received by the Distributor not later than the Closing Time on such Transmittal Date; and (ii) all other procedures set forth in the Participant Agreement are properly followed. However, if the Distributor does not receive both the requisite Deposit Securities and the Cash Component in a timely fashion on the next Business Day immediately following the Transmittal Date, such order will be cancelled. Upon written notice to the Distributor, such cancelled order may be resubmitted the following Business Day using the Fund Deposit as newly constituted to reflect the current NAV of the applicable Fund. The delivery of Creation Units so created will occur no later than the second (2nd) Business Day following the day on which the creation order is deemed received by the Distributor.

Additional transaction fees may be imposed with respect to transactions effected outside the Clearing Process (through a DTC participant) and in circumstances in which any cash can be used in lieu of Deposit Securities to create Creation Units. (See “Creation Transaction Fee” section below.)

Placement of Creation Orders Outside Clearing Process—Foreign Funds

The Distributor will inform the Transfer Agent, the Advisers and the Custodian upon receipt of a Creation Order. The Custodian will then provide such information to the appropriate sub-custodian. The Custodian will cause the sub-custodian of such Fund to maintain an account into which the Deposit Securities (or the cash value of all or part of such securities, in the case of a permitted or required cash purchase or “cash in lieu” amount) will be delivered. Deposit Securities must be delivered to an account maintained at the applicable local custodian. The Trust must also receive, on or before the contractual settlement date, immediately available or same day funds estimated by the Custodian to be sufficient to pay the Cash Component next determined after receipt in proper form of the purchase order, together

with the creation transaction fee described below.

Once the Transfer Agent has accepted a creation order, the Transfer Agent will confirm the issuance of a Creation Unit of a Fund against receipt of payment, at such NAV as will have been calculated after receipt in proper form of such order. The Transfer Agent will then transmit a confirmation of acceptance of such order.

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Creation Units will not be issued until the transfer of good title to the Trust of the Deposit Securities and the payment of the Cash Component have been completed. When the sub-custodian has confirmed to the Custodian that the required Deposit Securities (or the cash value thereof) have been delivered to the account of the relevant sub-custodian, the Distributor and the applicable Adviser will be notified of such delivery and the Transfer Agent will issue and cause the delivery of the Creation Units.

Acceptance of Creation Orders

The Trust reserves the absolute right to reject a creation order transmitted to it by the Distributor if, for any reason, (a) the order is not in proper form; (b) the creator or creators, upon obtaining the Shares, would own 80% or more of the currently outstanding Shares of a Fund; (c) the Deposit Securities delivered are not as specified by the Administrators, as described above; (d) the acceptance of the Deposit Securities would have certain adverse tax consequences to a Fund; (e) the acceptance of the Fund Deposit would, in the opinion of counsel, be unlawful; (f) the acceptance of the Fund Deposit would otherwise, in the discretion of the Trust or the Advisers, have an adverse effect on the Trust or the rights of Beneficial Owners; or (g) in the event that circumstances outside the control of the Trust, the Distributor and the Advisers make it for all practical purposes impossible to process creation orders. Examples of such circumstances include, without limitation, acts of God or public service or utility problems such as earthquakes, fires, floods, extreme weather conditions and power outages resulting in telephone, telecopy and computer failures; wars; civil or military disturbances, including acts of civil or military authority or governmental actions; terrorism; sabotage; epidemics; riots; labor disputes; market conditions or activities causing trading halts; systems failures involving computer or other information systems affecting the Trust, the Advisers, the Distributor, DTC, the NSCC or any other participant in the creation process, and similar extraordinary events. The Transfer Agent will notify a prospective creator of its rejection of the order of such person. The Trust, the Custodian, any sub-custodian, the Distributor and the Transfer Agent are under no duty, however, to give notification of any defects or irregularities in the delivery of Fund Deposits to Authorized Participants nor shall any of them incur any liability to Authorized Participants for the failure to give any such notification.

All questions as to the number of shares of each security in the Deposit Securities and the validity, form, eligibility and acceptance for deposit of any securities to be delivered shall be determined by the Trust, and the Trust's determination shall be final and binding.

Creation Transaction Fee

A fixed creation transaction fee for each Fund payable to the Custodian, in the amount set forth in the table below, is imposed on each creation transaction regardless of the number of Creation Units purchased in the transaction.

| Fund | Fixed Creation Transaction Fee |
|--|---------------------------------------|
| Municipal ETFs | |
| VanEck Vectors AMT-Free Intermediate Municipal Index ETF | \$500 |

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|---|-------|
| VanEck Vectors AMT-Free Long Municipal Index ETF | \$500 |
| VanEck Vectors AMT-Free Short Municipal Index ETF | \$500 |
| VanEck Vectors CEF Municipal Income ETF | \$500 |
| VanEck Vectors High-Yield Municipal Index ETF | \$500 |
| VanEck Vectors Pre-Refunded Municipal Index ETF | \$500 |
| VanEck Vectors Short High-Yield Municipal Index ETF | \$500 |

Equity/Fixed Income ETFs

| | |
|---|---------|
| VanEck Vectors BDC Income ETF | \$500 |
| VanEck Vectors ChinaAMC China Bond ETF | \$1,500 |
| VanEck Vectors Emerging Markets Aggregate Bond ETF | \$1,000 |
| VanEck Vectors Emerging Markets High Yield Bond ETF | \$1,000 |

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| Fund | Fixed Creation Transaction Fee |
|---|---------------------------------------|
| VanEck Vectors Fallen Angel High Yield Bond ETF | \$500 |
| VanEck Vectors Green Bond ETF | \$1,000 |
| VanEck Vectors International High Yield Bond ETF | \$1,000 |
| VanEck Vectors Investment Grade Floating Rate ETF | \$500 |
| VanEck Vectors J.P. Morgan EM Local Currency Bond ETF | \$1,000 |
| VanEck Vectors Morningstar Dividend Durable ETF | \$500 |
| VanEck Vectors Mortgage REIT Income ETF | \$500 |
| VanEck Vectors Preferred Securities ex Financials ETF | \$500 |
| Industry/Strategic Equity/Guided Allocation ETFs | |
| VanEck Vectors Biotech ETF | \$500 |
| VanEck Vectors Environmental Services ETF | \$500 |
| VanEck Vectors Gaming ETF | \$1,000 |
| VanEck Vectors Generic Drugs ETF | \$1,500 |
| VanEck Vectors Morningstar Global Wide Moat ETF | \$500 |
| VanEck Vectors Morningstar International Moat ETF | \$1,000 |
| VanEck Vectors Morningstar Wide Moat ETF | \$500 |
| VanEck Vectors NDR CMG Long/Flat Allocation ETF | \$500 |
| VanEck Vectors Pharmaceutical ETF | \$500 |
| VanEck Vectors Real Asset Allocation ETF | \$500 |
| VanEck Vectors Retail ETF | \$500 |
| VanEck Vectors Semiconductor ETF | \$500 |
| VanEck Vectors Video Gaming and eSports ETF | \$500 |
| MLP ETFs | |
| VanEck Vectors High Income MLP ETF | \$500 |
| VanEck Vectors High Income Infrastructure MLP ETF | \$500 |
| Hard Assets ETFs | |
| VanEck Vectors Agribusiness ETF | \$1,000 |
| VanEck Vectors Coal ET | \$1,000 |
| VanEck Vectors Global Alternative Energy ETF | \$1,000 |
| VanEck Vectors Gold Miners ETF | \$500 |
| VanEck Vectors Junior Gold Miners ETF | \$1,000 |
| VanEck Vectors Natural Resources ETF | \$1,000 |
| VanEck Vectors Oil Refiners ETF | \$1,000 |
| VanEck Vectors Oil Services ETF | \$500 |
| VanEck Vectors Rare Earth/Strategic Metals ETF | \$1,000 |
| VanEck Vectors Steel ETF | \$1,000 |
| VanEck Vectors Unconventional Oil & Gas ETF | \$1,000 |
| VanEck Vectors Uranium+Nuclear Energy ETF | \$1,000 |
| Country/Regional ETFs | |
| VanEck Vectors Africa Index ETF | \$1,000 |
| VanEck Vectors Brazil Small-Cap ETF | \$1,000 |
| VanEck Vectors ChinaAMC CSI 300 ETF | \$4,200 |
| VanEck Vectors ChinaAMC SME-ChiNext ETF | \$2,200 |
| VanEck Vectors Egypt Index ETF | \$1,000 |
| VanEck Vectors India Small-Cap Index ETF | \$1,000 |
| VanEck Vectors Indonesia Index ETF | \$1,000 |
| VanEck Vectors Israel ETF | \$1,000 |
| VanEck Vectors Poland ETF | \$1,000 |
| VanEck Vectors Russia ETF | \$1,000 |
| VanEck Vectors Russia Small-Cap ETF | \$1,000 |

VanEck Vectors Vietnam ETF

\$1,000

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Each Fund may adjust or waive all or a portion of its creation transaction fee (including both the fixed and variable components) from time to time. In addition, a variable charge for cash creations or for creations outside the Clearing Process currently of up to four times the basic creation transaction fee may be imposed. In the case of cash creations or where the Trust permits or requires a creator to substitute cash in lieu of depositing a portion of the Deposit Securities, the creator may be assessed an additional variable charge to compensate the Funds for the costs associated with purchasing the applicable securities. (See “Fund Deposit” section above.) As a result, in order to seek to replicate the in-kind creation order process, the Trust expects to purchase, in the secondary market or otherwise gain exposure to, the portfolio securities that could have been delivered as a result of an in-kind creation order pursuant to local law or market convention, or for other reasons (“Market Purchases”). In such cases where the Trust makes Market Purchases, the Authorized Participant will reimburse the Trust for, among other things, any difference between the market value at which the securities and/or financial instruments were purchased by the Trust and the cash in lieu amount (which amount, at the Adviser’s discretion, may be capped), the costs associated with VanEck Vectors ChinaAMC CSI 300 ETF’s swap transactions, applicable registration fees, brokerage commissions and certain taxes. An Adviser may adjust the transaction fee to the extent the composition of the creation securities changes or cash in lieu is added to the Cash Component to protect ongoing shareholders. Creators of Creation Units are responsible for the costs of transferring the securities constituting the Deposit Securities to the account of the Trust.

Redemption of Creation Units

Shares may be redeemed only in Creation Units at their NAV next determined after receipt of a redemption request in proper form by the Distributor, only on a Business Day and only through a Participating Party or DTC Participant who has executed a Participant Agreement. The Trust will not redeem Shares in amounts less than Creation Units. Beneficial Owners also may sell Shares in the secondary market, but must accumulate enough Shares to constitute a Creation Unit in order to have such Shares redeemed by the Trust. There can be no assurance, however, that there will be sufficient liquidity in the public trading market at any time to permit assembly of a Creation Unit. Investors should expect to incur brokerage and other costs in connection with assembling a sufficient number of Shares to constitute a redeemable Creation Unit. See, with respect to each Fund, the section entitled “Summary Information—Principal Risks of Investing in the Fund” and “Additional Information About the Funds’ Investment Strategies and Risks—Risks of Investing in the Funds” in the Prospectus.

Each Administrator, through NSCC, makes available immediately prior to the opening of business on the Exchange (currently 9:30 a.m., Eastern time) on each day that the Exchange is open for business, the Fund Securities that will be applicable (subject to possible amendment or correction) to redemption requests received in proper form (as defined below) on that day. An Authorized Participant submitting a redemption request is deemed to make certain representations to the Trust. The Trust reserves the right to verify these representations at its discretion, but will typically require verification with respect to a redemption request from the Fund in connection with higher levels of redemption activity and/or short interest in the Fund. If the Authorized Participant, upon receipt of a verification request, does not provide sufficient verification of its representations as determined by the Trust, the redemption request will not be considered to have been received in proper form, and may be rejected by the Trust.

Unless cash redemptions are permitted or required for a Fund, the redemption proceeds for a Creation Unit generally consist of Fund Securities as announced by the Administrators on the Business Day of the request for redemption, plus cash in an amount equal to the difference between the NAV of the Shares being redeemed, as next determined after a

receipt of a request in proper form, and the value of the Fund Securities, less the redemption transaction fee and variable fees described below. Should the Fund Securities have a value greater than the NAV of the Shares being redeemed, a compensating cash payment to the Trust equal to the differential plus the applicable redemption transaction fee will be required to be

arranged for by or on behalf of the redeeming shareholder. Each Fund reserves the right to honor a redemption request by delivering a basket of securities or cash that differs from the Fund Securities.

Redemption Transaction Fee

The basic redemption transaction fee for each Fund, in the amount set forth in the chart below, is the same no matter how many Creation Units are being redeemed pursuant to any one redemption request.

| Fund | Basic Redemption Transaction Fee |
|--|---|
| Municipal ETFs | |
| VanEck Vectors AMT-Free Intermediate Municipal Index ETF | \$500 |
| VanEck Vectors AMT-Free Long Municipal Index ETF | \$500 |
| VanEck Vectors AMT-Free Short Municipal Index ETF | \$500 |
| VanEck Vectors CEF Municipal Income ETF | \$500 |
| VanEck Vectors High-Yield Municipal Index ETF | \$500 |
| VanEck Vectors Pre-Refunded Municipal Index ETF | \$500 |
| VanEck Vectors Short High-Yield Municipal Index ETF | \$500 |
| Equity/Fixed Income ETFs | |
| VanEck Vectors BDC Income ETF | \$500 |
| VanEck Vectors ChinaAMC China Bond ETF | \$1,500 |
| VanEck Vectors Emerging Markets Aggregate Bond ETF | \$1,000 |
| VanEck Vectors Emerging Markets High Yield Bond ETF | \$1,000 |
| VanEck Vectors Fallen Angel High Yield Bond ETF | \$500 |
| VanEck Vectors Green Bond ETF | \$1,000 |
| VanEck Vectors International High Yield Bond ETF | \$1,000 |
| VanEck Vectors Investment Grade Floating Rate ETF | \$500 |
| VanEck Vectors J.P. Morgan EM Local Currency Bond ETF | \$1,000 |
| VanEck Vectors Morningstar Dividend Durable ETF | \$500 |
| VanEck Vectors Mortgage REIT Income ETF | \$500 |
| VanEck Vectors Preferred Securities ex Financials ETF | \$500 |
| Industry/Strategic Equity/Guided Allocation ETFs | |
| VanEck Vectors Biotech ETF | \$500 |
| VanEck Vectors Environmental Services ETF | \$500 |
| VanEck Vectors Gaming ETF | \$1,000 |
| VanEck Vectors Generic Drugs ETF | \$1,500 |
| VanEck Vectors Morningstar Global Wide Moat ETF | \$500 |
| VanEck Vectors Morningstar International Moat ETF | \$1,000 |
| VanEck Vectors Morningstar Wide Moat ETF | \$500 |
| VanEck Vectors NDR CMG Long/Flat Allocation ETF | \$500 |
| VanEck Vectors Pharmaceutical ETF | \$500 |
| VanEck Vectors Real Asset Allocation ETF | \$500 |
| VanEck Vectors Retail ETF | \$500 |
| VanEck Vectors Semiconductor ETF | \$500 |
| VanEck Vectors Video Gaming and eSports ETF | \$500 |
| MLP ETFs | |

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| | |
|---|---------|
| VanEck Vectors High Income MLP ETF | \$500 |
| VanEck Vectors High Income Infrastructure MLP ETF | \$500 |
| Hard Assets ETFs | |
| VanEck Vectors Agribusiness ETF | \$1,000 |
| VanEck Vectors Coal ET | \$1,000 |
| VanEck Vectors Global Alternative Energy ETF | \$1,000 |
| VanEck Vectors Gold Miners ETF | \$500 |
| VanEck Vectors Junior Gold Miners ETF | \$1,000 |
| VanEck Vectors Natural Resources ETF | \$1,000 |
| VanEck Vectors Oil Refiners ETF | \$1,000 |
| VanEck Vectors Oil Services ETF | \$500 |
| VanEck Vectors Rare Earth/Strategic Metals ETF | \$1,000 |
| VanEck Vectors Steel ETF | \$1,000 |

| Fund | Basic Redemption Transaction Fee |
|---|---|
| VanEck Vectors Unconventional Oil & Gas ETF | \$1,000 |
| VanEck Vectors Uranium+Nuclear Energy ETF | \$1,000 |
| Country/Regional ETFs | |
| VanEck Vectors Africa Index ETF | \$1,000 |
| VanEck Vectors Brazil Small-Cap ETF | \$1,000 |
| VanEck Vectors ChinaAMC CSI 300 ETF | \$4,200 |
| VanEck Vectors ChinaAMC SME-ChiNext ETF | \$2,200 |
| VanEck Vectors Egypt Index ETF | \$1,000 |
| VanEck Vectors India Small-Cap Index ETF | \$1,000 |
| VanEck Vectors Indonesia Index ETF | \$1,000 |
| VanEck Vectors Israel ETF | \$1,000 |
| VanEck Vectors Poland ETF | \$1,000 |
| VanEck Vectors Russia ETF | \$1,000 |
| VanEck Vectors Russia Small-Cap ETF | \$1,000 |
| VanEck Vectors Vietnam ETF | \$1,000 |

An additional charge up to four times the redemption transaction fee will be charged with respect to cash redemptions or redemptions outside of the Clearing Process. Each Fund may adjust or waive all or a portion of its redemption transaction fee (including both the fixed and variable components) from time to time. An additional variable charge for cash redemptions or partial cash redemptions (when cash redemptions are permitted or required for a Fund) may also be imposed to compensate each applicable Fund for the costs associated with selling the applicable securities. As a result, in order to seek to replicate the in-kind redemption order process, the Trust expects to sell, in the secondary market, the portfolio securities or settle any financial instruments that may not be permitted to be re-registered in the name of the Participating Party as a result of an in-kind redemption order pursuant to local law or market convention, or for other reasons (“Market Sales”). In such cases where the Trust makes Market Sales, the Authorized Participant will reimburse the Trust for, among other things, any difference between the market value at which the securities and/or financial instruments were sold or settled by the Trust and the cash in lieu amount (which amount, at the Adviser’s discretion, may be capped), the costs associated with VanEck Vectors ChinaAMC CSI 300 ETF’s swap transactions, applicable registration fees, brokerage commissions and certain taxes (“Transaction Costs”). An Adviser may adjust the transaction fee to the extent the composition of the redemption securities changes or cash in lieu is added to the Cash Component to protect ongoing shareholders. In no event will fees charged by a Fund in connection with a redemption exceed 2% of the value of each Creation Unit. Investors who use the services of a broker or other such intermediary may be charged a fee for such services. To the extent a Fund cannot recoup the amount of Transaction Costs incurred in connection with a redemption from the redeeming shareholder because of the 2% cap or otherwise, those Transaction Costs will be borne by the Fund’s remaining shareholders and negatively affect the Fund’s performance.

Portfolio Trading by Authorized Participants

When creation or redemption transactions consist of cash, the transactions may require a Fund to contemporaneously transact with broker-dealers for purchases or sales of portfolio securities, as applicable. Depending on the timing of the transactions and certain other factors, such transactions may be placed with the purchasing or redeeming Authorized Participant in its capacity as a broker-dealer or with its affiliated broker-dealer and conditioned upon an agreement with the Authorized Participant or its affiliated broker-dealer to transact at guaranteed prices in order to reduce transaction costs incurred as a consequence of settling creations or redemptions in cash rather than in-kind.

Specifically, following a Fund's receipt of a creation or redemption order, to the extent such purchases or redemptions consist of a cash portion, the Fund may enter an order with the Authorized Participant or its affiliated broker-dealer to purchase or sell the portfolio securities, as applicable. Such

Authorized Participant or its affiliated broker-dealer will be required to guarantee that the Fund will achieve execution of its order at a price at least as favorable to the Fund as the Fund's valuation of the portfolio securities used for purposes of calculating the NAV applied to the creation or redemption transaction giving rise to the order. Whether the execution of the order is at a price at least as favorable to the Fund will depend on the results achieved by the executing firm and will vary depending on market activity, timing and a variety of other factors.

An Authorized Participant is required to deposit an amount with the Fund in order to ensure that the execution of the order on the terms noted above will be honored on orders arising from creation transactions executed by an Authorized Participant or its affiliate as broker-dealer. If the broker-dealer executing the order achieves executions in market transactions at a price equal to or more favorable than a Fund's valuation of the portfolio securities, the Fund receives the benefit of the favorable executions and the deposit is returned to the Authorized Participant. If, however, the broker-dealer executing the order is unable to achieve a price at least equal to a Fund's valuation of the securities, the Fund retains the portion of the deposit equal to the full amount of the execution shortfall (including any taxes, brokerage commissions or other costs) and may require the Authorized Participant to deposit any additional amount required to cover the full amount of the actual execution transaction.

An Authorized Participant agrees to pay the shortfall amount in order to ensure that a guarantee on execution will be honored for brokerage orders arising from redemption transactions executed by an Authorized Participant or its affiliate as broker-dealer. If the broker-dealer executing the order achieves executions in market transactions at a price equal to or more favorable than the Fund's valuation of the portfolio securities, the Fund receives the benefit of the favorable executions. If, however, the broker-dealer is unable to achieve executions in market transactions at a price at least equal to the Fund's valuation of the securities, the Fund will be entitled to the portion of the offset equal to the full amount of the execution shortfall (including any taxes, brokerage commissions or other costs).

Placement of Redemption Orders Using Clearing Process

Orders to redeem Creation Units of a Fund through the Clearing Process, if available, must be delivered through a Participating Party that has executed a Participant Agreement. An order to redeem Creation Units of a Fund using the Clearing Process is deemed received on the Transmittal Date if (i) such order is received by the Transfer Agent not later than 4:00 p.m., Eastern time on such Transmittal Date; and (ii) all other procedures set forth in the Participant Agreement are properly followed; such order will be effected based on the NAV of the applicable Fund as next determined. An order to redeem Creation Units of a Fund using the Clearing Process made in proper form but received by the Fund after 4:00 p.m., Eastern time, will be deemed received on the next Business Day immediately following the Transmittal Date. The requisite Fund Securities (or contracts to purchase such Fund Securities which are expected to be delivered in a "regular way" manner) and the applicable cash payment will be transferred by the second (2nd) Business Day following the date on which such request for redemption is deemed received.

Placement of Redemption Orders Outside Clearing Process—Domestic Funds

Orders to redeem Creation Units of a Fund outside the Clearing Process must be delivered through a DTC Participant that has executed a Participant Agreement. A DTC Participant who wishes to place an order for redemption of Creation Units of a Fund to be effected outside the Clearing Process need not be a Participating Party, but such orders must state that the DTC Participant is not using the Clearing Process and that redemption of Creation Units of the Fund will instead be effected through transfer of Creation Units of the Fund directly through DTC. An order to redeem Creation Units of a Fund outside the Clearing Process is deemed received by the Transfer Agent on the Transmittal Date if (i) such order is received by the Transfer Agent not later than 4:00 p.m. Eastern time on such Transmittal Date; (ii) such order is preceded or accompanied by the requisite number of Shares of Creation Units specified in such order, which

delivery must be made through DTC to the Transfer Agent, on such Transmittal Date; and (iii) all other procedures set forth in the Participant Agreement are properly followed.

After the Transfer Agent has deemed an order for redemption outside the Clearing Process received, the Transfer Agent will initiate procedures to transfer the requisite Fund Securities (or contracts to purchase such Fund Securities) which are expected to be delivered within two Business Days and the cash redemption payment to the redeeming Beneficial Owner by the second (2nd) Business Day following the Transmittal Date on which such redemption order is deemed received by the Transfer Agent. An additional variable redemption transaction fee of up to four times the basic transaction fee is applicable to redemptions outside the Clearing Process.

Placement of Redemption Orders Outside Clearing Process—Foreign Funds

Arrangements satisfactory to the Trust must be in place for the Participating Party to transfer the Creation Units through DTC on or before the settlement date. Redemptions of Shares for Fund Securities will be subject to compliance with applicable U.S. federal and state securities laws and a Fund (whether or not it otherwise permits or requires cash redemptions) reserves the right to redeem Creation Units for cash to the extent that the Funds could not lawfully deliver specific Fund Securities upon redemptions or could not do so without first registering the Deposit Securities under such laws.

In connection with taking delivery of Shares for Fund Securities upon redemption of Creation Units, a redeeming shareholder or entity acting on behalf of a redeeming shareholder must maintain appropriate custody arrangements with a qualified broker-dealer, bank or other custody providers in each jurisdiction in which any of the Fund Securities are customarily traded, to which account such Fund Securities will be delivered. If neither the redeeming shareholder nor the entity acting on behalf of a redeeming shareholder has appropriate arrangements to take delivery of the Fund Securities in the applicable foreign jurisdiction and it is not possible to make other such arrangements, or if it is not possible to effect deliveries of the Fund Securities in such jurisdictions, the Trust may, in its discretion, exercise its option to redeem such Shares in cash, and the redeeming shareholder will be required to receive its redemption proceeds in cash.

Deliveries of redemption proceeds generally will be made within two business days. Due to the schedule of holidays in certain countries or for other reasons, however, the delivery of redemption proceeds may take longer than two business days after the day on which the redemption request is received in proper form. In such cases, the local market settlement procedures will not commence until the end of the local holiday periods.

VanEck Vectors Africa Index ETF, VanEck Vectors Brazil Small-Cap ETF, VanEck Vectors ChinaAMC CSI 300 ETF, VanEck Vectors ChinaAMC SME-ChiNext ETF, VanEck Vectors Egypt Index ETF, VanEck Vectors Emerging Markets Aggregate Bond ETF, VanEck Vectors Generic Drugs ETF, VanEck Vectors Indonesia Index ETF, VanEck Vectors J.P. Morgan EM Local Currency Bond ETF and VanEck Vectors Vietnam ETF generally intend to effect creation transactions of Creation Units within two business days and settle redemption transactions on the third

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Business Day following the trade date (“T+3”). VanEck Vectors India Small-Cap Index ETF generally intends to effect creation transactions of Creation Units within two business days and settle redemption transactions on the fourth Business Day following the trade date (“T+4”). VanEck Vectors ChinaAMC China Bond ETF generally intends to effect creation transactions of Creation Units on the Business Day after the trade date (“T+1”) and settle redemption transactions on T+4.

For redemptions submitted on a dividend declaration date, the Funds intend to settle redemption transactions on the second business day (“T+2”). The Funds may effect deliveries of Creation Units and redemption proceeds on a basis other than as described above in order to accommodate local holiday

schedules, to account for different treatment among foreign and U.S. markets of dividend record dates and ex-dividend dates or under certain other circumstances. If in-kind creations are permitted or required by the Fund, the ability of the Trust to effect in-kind creations and redemptions as described above, of receipt of an order in good form is subject to, among other things, the condition that, within the time period from the date of the order to the date of delivery of the securities, there are no days that are holidays in the applicable foreign market.

For every occurrence of one or more intervening holidays in the applicable non-U.S. market that are not holidays observed in the U.S. equity market, the redemption settlement cycle may be extended by the number of such intervening holidays. In addition to holidays, other unforeseeable closings in a non-U.S. market due to emergencies may also prevent the Foreign Funds from delivering securities within the normal settlement period.

The securities delivery cycles currently practicable for transferring portfolio securities to redeeming investors, coupled with non-U.S. market holiday schedules, will require a delivery process longer than seven calendar days, in certain circumstances. The holidays applicable to the Foreign Funds during such periods are listed below, as are instances where more than seven days will be needed to deliver redemption proceeds. Although certain holidays may occur on different dates in subsequent years, the number of days required to deliver redemption proceeds in any given year is not expected to exceed the maximum number of days listed below for the Foreign Fund. The proclamation of new holidays, the treatment by market participants of certain days as “informal holidays” (*e.g.*, days on which no or limited securities transactions occur, as a result of substantially shortened trading hours), the elimination of existing holidays, or changes in local securities delivery practices, could affect the information set forth herein at some time in the future.

In calendar years 2018, 2019 and 2020, the dates of regular holidays affecting the relevant securities markets in which the Foreign Funds invest are as follows (please note these holiday schedules are subject to potential changes in the relevant securities markets):

2018

ANGOLA

| | | | |
|-------------|----------|--------------|-------------|
| January 1 | March 8 | April 4 | November 2 |
| February 4 | March 30 | May 1 | November 12 |
| February 5 | April 1 | September 17 | December 25 |
| February 13 | | | |

ARGENTINA

| | | | |
|-------------|----------|------------|-------------|
| January 1 | March 30 | June 20 | November 19 |
| February 12 | April 2 | July 9 | December 8 |
| February 13 | May 1 | August 20 | December 25 |
| March 24 | May 25 | October 15 | |
| March 29 | June 17 | November 6 | |

AUSTRALIA

| | | | |
|------------|----------|-------------|-------------|
| January 1 | April 2 | December 24 | December 26 |
| January 26 | April 25 | December 25 | December 31 |
| March 30 | June 11 | | |

AUSTRIA

| | | | |
|-----------|-----------|-------------|-------------|
| January 1 | May 10 | October 26 | December 25 |
| March 30 | May 21 | November 1 | December 26 |
| April 2 | May 31 | December 8 | December 31 |
| May 1 | August 15 | December 24 | |

AZERBAIJAN

| | | | |
|------------|----------|-----------|-------------|
| January 1 | March 20 | May 28 | August 23 |
| January 2 | March 21 | June 15 | October 18 |
| January 22 | March 22 | June 26 | November 9 |
| March 8 | March 23 | August 22 | December 31 |
| March 19 | May 9 | | |

BAHRAIN

| | | | |
|-----------|--------------|--------------|-------------|
| January 1 | August 22 | September 19 | December 16 |
| May 1 | August 23 | September 20 | December 17 |
| June 17 | September 11 | November 20 | |

BARBADOS

| | | | |
|------------|----------|----------|-------------|
| January 1 | April 2 | May 21 | November 30 |
| January 22 | April 28 | August 1 | December 25 |
| March 30 | May 1 | August 6 | December 26 |

BELGIUM

| | | | |
|-----------|-----------|-------------|-------------|
| January 1 | May 10 | November 1 | December 25 |
| April 2 | May 21 | December 24 | December 26 |
| May 1 | August 15 | | |

BELIZE

| | | | |
|-----------|---------|--------------|-------------|
| January 1 | April 2 | September 10 | November 19 |
| March 12 | May 1 | September 21 | December 25 |
| March 30 | May 21 | October 15 | December 26 |

BELARUS

| | | | |
|-----------|----------|------------|-------------|
| January 1 | April 1 | May 1 | December 24 |
| January 7 | April 8 | May 9 | December 25 |
| March 8 | April 17 | July 3 | |
| March 9 | April 30 | November 7 | |

BERMUDA

| | | | |
|-----------|----------|-------------|-------------|
| January 1 | August 2 | September 3 | December 25 |
| March 30 | August 3 | November 12 | December 26 |
| June 18 | | | |

BOLIVIA

| | | | |
|-------------|-------------|----------|-------------|
| January 1 | February 13 | May 31 | November 2 |
| January 22 | March 30 | June 21 | December 25 |
| February 12 | May 1 | August 6 | |

BRAZIL

| | | | |
|-------------|-------------|-------------|-------------|
| January 1 | February 14 | July 9 | November 15 |
| January 25 | March 30 | September 7 | November 20 |
| February 12 | May 1 | October 12 | December 25 |
| February 13 | May 31 | November 2 | |

BULGARIA

| | | | |
|-----------|----------|--------------|-------------|
| January 1 | April 30 | September 6 | December 24 |
| March 3 | May 1 | September 7 | December 25 |
| April 6 | May 6 | September 22 | December 26 |
| April 9 | May 24 | | |

CAMBODIA

| | | | |
|-----------|-------|--------------|-------------|
| January 1 | May 1 | September 24 | November 9 |
| January 7 | May 3 | October 8 | November 21 |

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| | | | |
|------------|---------|------------|-------------|
| January 31 | May 13 | October 9 | November 22 |
| March 8 | May 14 | October 10 | November 23 |
| April 14 | May 15 | October 15 | December 10 |
| April 15 | May 20 | October 23 | |
| April 16 | June 1 | October 29 | |
| April 29 | June 18 | | |

CANADA

| | | | |
|-------------|----------|-------------|-------------|
| January 1 | May 21 | September 3 | December 25 |
| February 19 | July 2 | October 8 | December 26 |
| March 30 | August 6 | November 12 | |

CAYMAN ISLANDS

| | | | |
|-------------|----------|-------------|-------------|
| January 1 | March 30 | June 11 | December 25 |
| January 22 | April 2 | July 2 | December 26 |
| February 14 | May 21 | November 12 | |

CHILE

| | | | |
|------------|-----------|--------------|-------------|
| January 1 | May 21 | September 17 | November 1 |
| January 16 | July 2 | September 18 | November 2 |
| March 30 | July 16 | September 19 | December 25 |
| May 1 | August 15 | October 15 | |

CHINA

| | | | |
|-------------|-------------|--------------|-----------|
| January 1 | February 21 | May 1 | October 2 |
| February 15 | April 5 | June 18 | October 3 |
| February 16 | April 6 | September 24 | October 4 |
| February 19 | April 30 | October 1 | October 5 |
| February 20 | | | |

COLOMBIA

| | | | |
|-----------|---------|-------------|-------------|
| January 1 | May 10 | July 20 | December 8 |
| January 8 | May 13 | August 7 | December 25 |
| March 19 | May 31 | August 15 | |
| March 29 | June 11 | October 15 | |
| March 30 | June 17 | November 5 | |
| May 1 | July 2 | November 12 | |

CONGO

| | | | |
|-----------|--------|------------|-------------|
| January 1 | May 1 | June 10 | November 28 |
| April 1 | May 10 | August 15 | December 25 |
| April 2 | May 21 | November 1 | |

COSTA RICA

| | | | |
|-----------|----------|--------------|-------------|
| January 1 | April 11 | August 2 | October 2 |
| March 29 | May 1 | August 15 | December 25 |
| March 30 | July 25 | September 15 | |

CROATIA

| | | | |
|-----------|----------|-------------|-------------|
| January 1 | May 31 | August 15 | December 26 |
| January 6 | June 22 | October 8 | |
| April 2 | June 25 | November 1 | |
| May 1 | August 5 | December 25 | |

CYPRUS

| | | | |
|-------------|----------|-----------|-------------|
| January 1 | April 1 | May 1 | October 28 |
| January 6 | April 6 | May 28 | December 25 |
| February 19 | April 9 | August 15 | December 26 |
| March 25 | April 10 | October 1 | |

CZECH REPUBLIC

| | | | |
|-----------|--------|--------------|-------------|
| January 1 | May 1 | July 6 | December 25 |
| March 30 | May 8 | September 28 | December 26 |
| April 2 | July 5 | December 24 | December 31 |

DENMARK

| | | | |
|-----------|----------|--------|-------------|
| January 1 | April 27 | May 21 | December 25 |
| March 29 | May 1 | June 5 | December 26 |

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| | | | |
|----------|--------|-------------|-------------|
| March 30 | May 10 | December 24 | December 31 |
| April 2 | May 11 | | |

DOMINICAN REPUBLIC

| | | | |
|------------|-------------|-----------|--------------|
| January 1 | February 27 | May 31 | September 24 |
| January 8 | March 30 | July 29 | November 6 |
| January 21 | April 1 | August 16 | December 25 |
| January 25 | May 1 | | |

EGYPT

| | | | |
|------------|----------|-----------|--------------|
| January 1 | April 25 | July 23 | September 11 |
| January 7 | May 1 | August 20 | September 12 |
| January 25 | June 15 | August 21 | November 20 |
| April 8 | June 17 | August 22 | November 21 |
| April 9 | July 1 | August 23 | December 25 |

EL SALVADOR

| | | | |
|-----------|---------|--------------|-------------|
| January 1 | April 1 | August 4 | December 31 |
| March 29 | May 1 | September 15 | |
| March 30 | May 10 | December 24 | |
| March 31 | June 17 | December 25 | |

FINLAND

| | | | |
|-----------|---------|-------------|-------------|
| January 1 | May 1 | December 6 | December 26 |
| March 3 | May 10 | December 24 | December 31 |
| April 2 | June 22 | December 25 | |

FRANCE

| | | | |
|-----------|--------|------------|-------------|
| January 1 | May 8 | May 21 | November 11 |
| April 2 | May 10 | July 14 | December 25 |
| May 1 | May 18 | November 1 | December 26 |

GABON

| | | | |
|-----------|---------|-----------|-------------|
| January 1 | May 10 | August 15 | August 21 |
| April 2 | May 21 | August 16 | November 1 |
| April 17 | June 15 | August 17 | December 25 |
| May 1 | | | |

GEORGIA

| | | | |
|------------|---------|---------|-------------|
| January 1 | March 3 | April 8 | May 26 |
| January 2 | March 8 | April 9 | August 28 |
| January 7 | April 6 | May 8 | October 14 |
| January 19 | April 7 | May 9 | November 23 |

GERMANY

| | | | |
|-----------|--------|-------------|-------------|
| January 1 | May 1 | May 31 | December 25 |
| March 30 | May 10 | October 3 | December 26 |
| April 2 | May 21 | December 24 | |

GHANA

| | | | |
|-----------|---------|-----------|--------------|
| January 1 | April 2 | June 15 | September 21 |
| March 6 | May 1 | July 1 | December 7 |
| March 30 | May 25 | August 22 | December 25 |

GREECE

| | | | |
|-------------|----------|-----------|-------------|
| January 1 | March 25 | May 1 | October 28 |
| January 6 | April 6 | May 28 | December 25 |
| February 19 | April 9 | August 15 | December 26 |

GUATEMALA

| | | | |
|-----------|----------|--------------|-------------|
| January 1 | March 31 | September 15 | November 1 |
| March 29 | May 1 | October 20 | December 25 |
| March 30 | June 30 | | |

GUERNSEY

| | | | |
|-----------|---------|--------------|-------------|
| January 1 | April 2 | June 21 | December 21 |
| March 20 | May 1 | August 27 | December 25 |
| March 25 | May 9 | September 23 | December 26 |
| March 30 | May 28 | October 28 | |

HONDURAS

| | | | |
|-----------|----------|--------------|-------------|
| January 1 | March 31 | September 15 | October 6 |
| March 29 | April 1 | October 4 | December 25 |

March 30 May 1 October 5

HONG KONG

January 1 April 2 July 2 December 25
February 15 April 5 September 25 December 26
February 16 May 1 October 1 December 31
February 19 May 22 October 17
March 30 June 18 December 24

HUNGARY

January 1 March 16 August 20 October 23
March 15

INDIA

January 26 March 30 August 22 November 7
February 13 April 30 September 13 November 8
February 19 May 1 September 20 November 21
March 2 August 15 October 2 November 23
March 29 August 17 October 18 December 25

INDONESIA

| | | | |
|-------------|---------|--------------|-------------|
| January 1 | May 29 | June 18 | November 20 |
| February 16 | June 1 | June 19 | December 24 |
| March 30 | June 13 | August 17 | December 25 |
| May 1 | June 14 | August 22 | December 26 |
| May 10 | June 15 | September 11 | |

IRAQ

| | | | |
|-----------|---------|--------------|--------------|
| January 1 | June 16 | August 22 | September 20 |
| January 6 | June 17 | August 23 | October 3 |
| March 21 | June 18 | August 24 | November 20 |
| May 1 | June 19 | August 25 | December 10 |
| June 15 | July 14 | September 11 | December 25 |

IRELAND

| | | | |
|-----------|--------|------------|-------------|
| January 1 | May 7 | August 6 | December 25 |
| March 19 | June 4 | October 29 | December 26 |
| April 2 | | | |

ISRAEL

| | | | |
|----------|----------|--------------|--------------|
| March 1 | April 5 | September 9 | September 25 |
| March 30 | April 6 | September 10 | September 27 |
| April 1 | April 18 | September 11 | September 28 |
| April 2 | April 19 | September 18 | September 30 |
| April 3 | May 20 | September 19 | October 1 |
| April 4 | July 22 | September 24 | |

ITALY

| | | | |
|-----------|----------|------------|-------------|
| January 1 | April 2 | August 15 | December 25 |
| March 30 | April 25 | November 1 | December 26 |

IVORY COAST

| | | | |
|-----------|---------|------------|-------------|
| January 1 | May 10 | August 15 | November 15 |
| March 30 | May 21 | August 22 | November 20 |
| April 2 | June 15 | November 1 | December 26 |
| May 1 | | | |

JAMAICA

| | | | |
|-------------|----------|------------|-------------|
| January 1 | April 2 | August 6 | December 25 |
| February 14 | May 23 | October 15 | December 26 |
| March 30 | August 1 | | |

JAPAN

| | | | |
|-------------|----------|--------------|-------------|
| January 1 | March 21 | July 16 | November 3 |
| January 2 | April 30 | August 11 | November 23 |
| January 3 | May 3 | September 17 | December 24 |
| January 8 | May 4 | September 24 | December 31 |
| February 12 | May 5 | October 8 | |

JERSEY

| | | | |
|-----------|-------|--------|-------------|
| January 1 | May 7 | May 28 | December 25 |
|-----------|-------|--------|-------------|

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March 30 May 9 August 27 December 26
April 2

JORDAN

January 1 June 15 August 22 September 11
April 13 June 16 August 23 November 20
May 1 June 17 August 24 December 25
May 25

KAZAKHSTAN

January 1 March 22 May 9 August 30
January 2 March 23 July 6 December 17
March 8 May 1 August 21 December 18
March 21 May 7

KENYA

January 1 May 1 June 15 December 25
March 30 June 1 December 12 December 26
April 2

KUWAIT

| | | | |
|-------------|-----------|--------------|-------------|
| January 2 | June 15 | August 22 | November 20 |
| February 25 | June 16 | August 23 | |
| February 26 | June 17 | August 24 | |
| April 13 | August 21 | September 11 | |

* The Kuwaiti market is closed every Friday

LATVIA

| | | | |
|-----------|----------|-------------|-------------|
| January 1 | April 30 | May 10 | December 25 |
| March 30 | May 1 | November 19 | December 26 |
| April 2 | May 4 | December 24 | December 31 |

LEBANON

| | | | |
|-------------|---------|--------------|--------------|
| January 1 | April 1 | May 25 | September 20 |
| January 6 | April 4 | June 15 | November 20 |
| February 9 | April 6 | August 15 | November 22 |
| February 14 | April 8 | August 22 | December 25 |
| March 30 | May 1 | September 11 | |

LITHUANIA

| | | | |
|-------------|---------|------------|-------------|
| January 1 | April 2 | June 24 | December 24 |
| February 16 | May 1 | July 6 | December 25 |
| March 11 | May 6 | August 15 | December 26 |
| April 1 | June 3 | November 1 | |

LUXEMBOURG

| | | | |
|-----------|---------|------------|-------------|
| January 1 | May 10 | August 15 | December 25 |
| April 2 | May 21 | November 1 | December 26 |
| May 1 | June 23 | | |

MACAU

| | | | |
|-------------|--------------|-------------|-------------|
| January 1 | April 5 | October 2 | December 24 |
| February 16 | May 1 | October 17 | December 25 |
| February 17 | May 22 | November 2 | December 26 |
| February 18 | June 18 | December 8 | |
| March 30 | September 25 | December 20 | |
| March 31 | October 1 | December 22 | |

MALAYSIA

| | | | |
|-------------|---------|--------------|--------------|
| January 1 | May 1 | August 22 | September 17 |
| January 31 | May 29 | August 31 | November 6 |
| February 1 | June 15 | September 10 | November 20 |
| February 16 | June 16 | September 11 | December 25 |

MALTA

| | | | |
|-------------|----------|--------------|-------------|
| January 1 | March 31 | August 15 | December 8 |
| February 10 | May 1 | September 8 | December 13 |
| March 19 | June 7 | September 21 | December 25 |
| March 30 | June 29 | | |

MAURITIUS

| | | | |
|------------|-------------|--------------|-------------|
| January 1 | February 13 | May 1 | November 2 |
| January 2 | February 16 | June 15 | November 7 |
| January 31 | March 12 | August 15 | December 25 |
| February 1 | March 18 | September 13 | |

MEXICO

| | | | |
|------------|----------|-------------|-------------|
| January 1 | March 29 | May 5 | December 12 |
| February 5 | March 30 | November 2 | December 25 |
| March 19 | May 1 | November 19 | |

MONACO

| | | | |
|-----------|--------|-------------|-------------|
| January 1 | May 10 | August 15 | December 8 |
| April 2 | May 21 | November 1 | December 25 |
| May 1 | May 31 | November 19 | |

MAURITIUS

| | | | |
|------------|-------------|--------------|-------------|
| January 1 | February 13 | May 1 | November 2 |
| January 2 | February 16 | June 15 | November 7 |
| January 31 | March 12 | August 15 | December 25 |
| February 1 | March 18 | September 13 | |

MEXICO

| | | | |
|------------|--------------|-------------|-------------|
| January 1 | March 30 | November 2 | December 25 |
| February 5 | May 1 | November 19 | |
| March 19 | May 5 | December 1 | |
| March 29 | September 16 | December 12 | |

MONACO

| | | | |
|------------|--------|------------|-------------|
| January 1 | May 1 | May 31 | November 19 |
| January 27 | May 10 | August 15 | December 8 |
| April 2 | May 21 | November 1 | December 25 |

MONGOLIA

| | | | |
|-------------|---------|------------|-------------|
| January 1 | March 8 | July 13 | November 26 |
| February 16 | June 1 | July 14 | December 29 |
| February 17 | July 11 | July 15 | |
| February 18 | July 12 | November 1 | |

MOROCCO

| | | | |
|------------|-----------|--------------|-------------|
| January 1 | July 30 | August 22 | November 20 |
| January 11 | August 14 | August 23 | November 21 |
| May 1 | August 20 | September 11 | |
| June 15 | August 21 | November 6 | |

NAMIBIA

| | | | |
|-----------|----------|--------------|-------------|
| January 1 | April 27 | August 9 | December 17 |
| March 21 | May 1 | August 27 | December 25 |
| March 30 | May 4 | September 24 | December 26 |
| April 2 | May 25 | December 10 | |

NETHERLANDS

| | | | |
|-----------|---------|--------|-------------|
| January 1 | April 2 | May 10 | December 25 |
| March 30 | May 1 | May 21 | |

NEW ZEALAND

| | | | |
|------------|------------|------------|-------------|
| January 1 | February 6 | April 25 | December 25 |
| January 2 | March 30 | June 4 | December 26 |
| January 29 | April 2 | October 22 | |

NIGERIA

| | | | |
|-----------|-----------|-------------|-------------|
| January 1 | August 21 | October 1 | December 25 |
| June 18 | August 22 | November 19 | December 26 |

NORWAY

| | | | |
|-----------|----------|--------|-------------|
| January 1 | March 30 | May 10 | December 24 |
| March 28 | April 2 | May 17 | December 25 |
| March 29 | May 1 | May 21 | December 26 |

OMAN

| | | | |
|-----------|---------|-----------|-------------|
| January 1 | June 17 | August 23 | November 18 |
| April 13 | June 18 | August 24 | November 19 |
| June 15 | July 23 | August 25 | November 20 |

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June 16 August 22 September 11

PAKISTAN

January 2 June 26 August 14 September 29
March 23 June 27 September 1
May 1 June 28

PANAMA

January 1 February 14 November 4 November 28
January 9 March 30 November 5 December 8
February 12 May 1 November 10 December 25
February 13 November 3

PARAGUAY

January 1 April 1 August 15 December 8
March 1 May 1 September 29 December 25
March 29 May 8 October 12 December 31
March 30 June 12

PERU

| | | | |
|-----------|----------|-----------|-------------|
| January 1 | March 30 | June 29 | |
| January 2 | April 13 | August 30 | November 1 |
| March 29 | May 1 | October 8 | December 25 |

PHILIPPINES

| | | | |
|-------------|-----------|-------------|-------------|
| January 1 | April 9 | August 27 | December 24 |
| January 2 | May 1 | November 1 | December 25 |
| February 16 | June 12 | November 2 | December 30 |
| March 29 | August 21 | November 30 | December 31 |
| March 30 | | | |

POLAND

| | | | |
|-----------|-------|------------|-------------|
| January 1 | May 1 | May 31 | December 25 |
| April 2 | May 3 | November 1 | December 26 |

PORTUGAL

| | | | |
|-----------|---------|--------|-------------|
| January 1 | April 2 | May 10 | December 25 |
| March 30 | May 1 | May 21 | December 26 |

PUERTO RICO

| | | | |
|-------------|----------|--------------|-------------|
| January 1 | March 20 | June 17 | October 12 |
| January 6 | March 22 | June 21 | November 12 |
| January 15 | March 30 | July 4 | November 22 |
| February 13 | April 1 | July 25 | December 24 |
| February 14 | May 13 | September 3 | December 25 |
| February 19 | May 28 | September 23 | |

QATAR

| | | | |
|-------------|-----------|-----------|-------------|
| February 13 | June 16 | August 22 | December 18 |
| March 4 | June 17 | August 23 | |
| June 15 | August 21 | August 24 | |

* The Qatari market is closed every Friday

ROMANIA

| | | | |
|------------|---------|-------------|-------------|
| January 1 | April 9 | June 1 | December 1 |
| January 2 | May 1 | August 15 | December 25 |
| January 24 | May 28 | November 30 | December 26 |
| April 6 | | | |

RUSSIA

| | | | |
|-----------|-------------|----------|-------------|
| January 1 | January 8 | April 30 | June 11 |
| January 2 | February 23 | May 1 | June 12 |
| January 3 | March 8 | May 2 | November 5 |
| January 4 | March 9 | May 9 | December 29 |
| January 5 | April 28 | June 9 | December 31 |

SAUDI ARABIA

| | | | |
|---------|-----------|-----------|--------------|
| June 15 | June 18 | August 22 | September 23 |
| June 17 | August 21 | August 23 | |

SENEGAL

| | | | |
|-----------|----------|------------|-------------|
| January 1 | May 21 | August 15 | November 15 |
| April 2 | June 11 | August 22 | November 21 |
| May 1 | June 15 | November 1 | December 25 |
| May 10 | August 7 | | |

SINGAPORE

| | | | |
|-------------|---------|-----------|-------------|
| January 1 | May 1 | August 9 | November 6 |
| February 16 | May 29 | August 22 | December 25 |
| March 30 | June 15 | | |

SOUTH AFRICA

| | | | |
|-----------|----------|--------------|-------------|
| January 1 | April 2 | August 9 | December 17 |
| March 21 | April 27 | September 24 | December 25 |
| March 30 | May 1 | December 16 | December 26 |

103

SERBIA

| | | | |
|-----------|-------------|---------|-------------|
| January 1 | February 15 | April 8 | May 9 |
| January 2 | February 16 | April 9 | November 12 |
| January 7 | April 6 | May 1 | |
| January 8 | April 7 | May 2 | |

SINGAPORE

| | | | |
|-----------|-------|----------|-------------|
| January 1 | May 1 | August 9 | December 25 |
| March 30 | | | |

SLOVAKIA

| | | | |
|-----------|-------------|--------------|-------------|
| January 1 | May 1 | September 15 | December 24 |
| January 6 | July 5 | November 1 | December 25 |
| March 30 | August 29 | November 17 | December 26 |
| April 2 | September 1 | | |

SOUTH AFRICA

| | | | |
|-----------|----------|--------------|-------------|
| January 1 | April 2 | June 16 | December 16 |
| March 21 | April 27 | August 9 | December 25 |
| March 30 | May 1 | September 24 | December 26 |

SOUTH KOREA

| | | | |
|-------------|-----------|--------------|-------------|
| January 1 | May 7 | September 23 | October 3 |
| February 15 | May 22 | September 24 | October 9 |
| February 16 | June 6 | September 25 | December 25 |
| March 1 | June 13 | September 26 | December 31 |
| May 1 | August 15 | | |

SPAIN

| | | | |
|-----------|---------|-------------|-------------|
| January 1 | April 2 | December 24 | December 26 |
| March 30 | May 1 | December 25 | December 31 |

SRI LANKA

| | | | |
|-------------|----------|------------|-------------|
| January 15 | March 31 | June 28 | November 20 |
| January 31 | April 13 | July 27 | November 23 |
| February 4 | April 14 | August 22 | December 22 |
| February 13 | May 1 | August 24 | December 25 |
| March 1 | May 29 | October 24 | |
| March 30 | June 15 | November 7 | |

SWEDEN

| | | | |
|-----------|----------|-------------|-------------|
| January 1 | April 2 | May 10 | December 25 |
| January 5 | April 30 | June 22 | December 26 |
| March 29 | May 1 | November 2 | December 31 |
| March 30 | May 9 | December 24 | |

SWITZERLAND

| | | | |
|-----------|---------|----------|-------------|
| January 1 | April 2 | May 21 | December 25 |
| January 2 | May 1 | August 1 | December 26 |
| March 30 | | | |

TAIWAN

| | | | |
|-------------|-------------|---------|--------------|
| January 1 | February 20 | April 6 | September 24 |
| February 15 | February 28 | May 1 | October 10 |
| February 16 | April 4 | June 18 | December 13 |
| February 19 | April 5 | | |

THAILAND

| | | | |
|-----------|----------|------------|-------------|
| January 1 | April 13 | July 27 | October 23 |
| January 2 | April 16 | July 30 | December 5 |
| March 1 | May 1 | August 13 | December 10 |
| April 6 | May 29 | October 15 | December 31 |

TRINIDAD & TOBAGO

| | | | |
|-----------|---------|-----------|--------------|
| January 1 | April 6 | June 19 | September 24 |
| March 30 | June 4 | August 31 | December 25 |
| April 3 | | | |

TURKEY

| | | | |
|-----------|-----------|-----------|------------|
| January 1 | June 14 | August 21 | August 24 |
| April 23 | June 15 | August 22 | August 30 |
| May 1 | August 20 | August 23 | October 29 |

UKRAINE

| | | | |
|-----------|---------|---------|------------|
| January 1 | March 8 | May 1 | August 24 |
| January 8 | April 9 | June 28 | October 15 |

UNITED ARAB EMIRATES

| | | | |
|-----------|-----------|--------------|-------------|
| January 1 | August 20 | September 11 | November 30 |
| April 13 | August 21 | November 19 | December 2 |
| June 14 | August 22 | November 20 | December 3 |
| June 15 | August 23 | | |

UNITED KINGDOM

| | | | |
|-----------|--------|-----------|-------------|
| January 1 | May 7 | August 6 | December 25 |
| March 30 | May 28 | August 27 | December 26 |
| April 2 | | | |

UNITED STATES

| | | | |
|-------------|----------|-------------|-------------|
| January 1 | March 30 | September 3 | November 22 |
| January 15 | May 28 | November 12 | December 25 |
| February 19 | July 4 | | |

URUGUAY

| | | | |
|-------------|----------|-----------|-------------|
| January 1 | March 30 | June 19 | October 12 |
| February 12 | April 19 | July 18 | November 2 |
| February 13 | May 1 | August 25 | December 25 |
| March 29 | | | |

VENEZUELA

| | | | |
|-------------|----------|------------|-------------|
| January 1 | March 29 | July 5 | November 1 |
| February 12 | March 30 | June 29 | December 24 |
| February 13 | April 19 | July 5 | December 25 |
| March 26 | May 1 | July 24 | December 31 |
| March 27 | June 24 | August 15 | |
| March 28 | June 29 | October 12 | |

VIETNAM

| | | | |
|-------------|-------------|----------|-------------|
| January 1 | February 16 | April 25 | September 3 |
| February 14 | February 19 | April 30 | |
| February 15 | February 20 | May 1 | |

ZAMBIA

| | | | |
|-----------|----------|----------|-------------|
| January 1 | March 31 | July 2 | October 18 |
| March 8 | April 2 | July 3 | October 24 |
| March 12 | May 1 | August 6 | December 25 |
| March 30 | May 25 | | |

2019**ANGOLA**

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| | | | |
|------------|----------|--------------|-------------|
| January 1 | March 8 | April 21 | November 2 |
| February 4 | April 4 | May 1 | November 11 |
| March 5 | April 19 | September 17 | December 25 |

ARGENTINA

| | | | |
|-----------|----------|------------|-------------|
| January 1 | April 18 | June 20 | October 20 |
| March 4 | April 19 | July 8 | November 18 |
| March 5 | May 1 | July 9 | December 8 |
| March 24 | May 25 | August 19 | December 25 |
| April 2 | June 17 | October 14 | |

AUSTRALIA

| | | | |
|------------|----------|-----------|-------------|
| January 1 | April 22 | August 5 | December 25 |
| January 28 | April 25 | October 7 | November 5 |
| April 19 | May 6 | | |

AUSTRIA

| | | | |
|-----------|---------|------------|-------------|
| January 1 | May 30 | August 15 | December 8 |
| January 6 | June 10 | October 26 | December 25 |
| April 22 | June 20 | November 1 | December 26 |
| May 1 | | | |

AZERBAIJAN

| | | | |
|------------|----------|---------|-------------|
| January 1 | March 21 | May 28 | August 12 |
| January 2 | March 22 | June 5 | August 13 |
| January 21 | March 25 | June 6 | October 18 |
| March 8 | March 26 | June 17 | November 11 |
| March 20 | May 9 | June 26 | December 31 |

BAHRAIN

| | | | |
|-----------|-----------|--------------|-------------|
| January 1 | June 9 | September 1 | December 16 |
| May 1 | August 12 | September 9 | December 17 |
| June 5 | August 13 | September 10 | |
| June 6 | August 14 | November 10 | |

BARBADOS

| | | | |
|------------|----------|-------------|-------------|
| January 1 | April 28 | August 1 | December 26 |
| January 21 | April 29 | August 5 | |
| April 19 | May 1 | November 30 | |
| April 22 | June 10 | December 25 | |

BELARUS

| | | | |
|-------------|---------|-------|------------|
| January 1 | March 8 | May 7 | July 3 |
| January 7 | May 1 | May 9 | November 7 |
| December 25 | | | |

BELGIUM

| | | | |
|-----------|---------|-------------|-------------|
| January 1 | May 30 | August 15 | December 25 |
| April 22 | June 10 | November 1 | |
| May 1 | July 21 | November 11 | |

BELIZE

| | | | |
|-----------|--------------|--------------|-------------|
| January 1 | April 22 | September 23 | December 26 |
| March 11 | May 1 | October 14 | |
| April 19 | May 27 | November 19 | |
| April 20 | September 10 | December 25 | |

BERMUDA

| | | | |
|-----------|----------|-------------|-------------|
| January 1 | June 17 | September 2 | December 25 |
| April 19 | August 1 | November 4 | December 26 |
| May 24 | August 2 | November 11 | |

BRAZIL

| | | | |
|------------|----------|-------------|-------------|
| January 1 | March 6 | June 20 | November 2 |
| January 25 | April 19 | July 9 | November 15 |
| March 4 | April 21 | September 7 | December 25 |
| March 5 | May 1 | October 12 | |

BULGARIA

| | | | |
|-----------|----------|--------------|-------------|
| January 1 | April 27 | May 24 | December 24 |
| March 3 | April 28 | September 6 | December 25 |
| March 4 | May 1 | September 22 | December 26 |
| April 26 | May 6 | September 23 | |

CAMBODIA

| | | | |
|-------------|--------|--------------|-------------|
| January 1 | May 1 | June 18 | October 29 |
| January 7 | May 13 | September 24 | November 9 |
| February 19 | May 14 | September 27 | November 10 |
| March 8 | May 15 | September 28 | November 11 |
| April 14 | May 18 | September 29 | November 12 |
| April 15 | May 20 | September 30 | November 13 |
| April 16 | May 22 | October 15 | December 10 |
| April 17 | June 1 | October 23 | |

CANADA

| | | | |
|-------------|----------|-------------|-------------|
| January 1 | April 19 | July 1 | November 11 |
| February 11 | April 22 | August 5 | December 25 |
| February 18 | May 20 | September 2 | December 26 |
| February 19 | June 21 | October 14 | |

CAYMAN ISLANDS

| | | | |
|------------|----------|-------------|-------------|
| January 1 | April 19 | June 10 | December 25 |
| January 28 | April 22 | July 1 | December 26 |
| March 6 | May 20 | November 11 | |

CHILE

| | | | |
|-----------|-----------|--------------|-------------|
| January 1 | May 21 | September 18 | November 1 |
| April 19 | July 1 | September 19 | December 8 |
| April 20 | July 16 | October 14 | December 25 |
| May 1 | August 15 | | |

CHINA

| | | | |
|------------|------------|--------------|-----------|
| January 1 | February 7 | June 7 | October 3 |
| February 4 | February 8 | September 13 | October 4 |
| February 5 | April 5 | October 1 | October 7 |
| February 6 | May 1 | October 2 | |

COLOMBIA

| | | | |
|-----------|---------|-------------|-------------|
| January 1 | May 1 | August 7 | December 8 |
| January 7 | June 3 | August 19 | December 25 |
| March 25 | June 24 | October 14 | |
| April 18 | July 1 | November 4 | |
| April 19 | July 20 | November 11 | |

CONGO

| | | | |
|------------|------------|----------|-------------|
| January 1 | January 17 | June 29 | December 25 |
| January 4 | May 1 | June 30 | |
| January 16 | May 17 | August 1 | |

COSTA RICA

| | | | |
|-----------|----------|--------------|-------------|
| January 1 | April 17 | July 25 | October 12 |
| April 11 | April 18 | August 2 | December 25 |
| April 15 | April 19 | August 15 | |
| April 16 | May 1 | September 15 | |

CROATIA

| | | | |
|-----------|----------|-------------|-------------|
| January 1 | June 20 | August 15 | December 26 |
| January 6 | June 22 | October 8 | |
| April 22 | June 25 | November 1 | |
| May 1 | August 5 | December 25 | |

CYPRUS

| | | | |
|-----------|----------|-----------|-------------|
| January 1 | April 1 | May 1 | October 28 |
| January 6 | April 26 | June 17 | December 25 |
| March 11 | April 28 | August 15 | December 26 |
| March 25 | April 30 | October 1 | |

CZECH REPUBLIC

| | | | |
|-----------|--------|--------------|-------------|
| January 1 | May 8 | September 28 | December 24 |
| April 19 | July 5 | October 28 | December 25 |

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April 22 July 6 November 17 December 26
May 1

DENMARK

January 1 April 22 June 5 December 25
April 18 May 17 June 10 December 26
April 19 May 30 December 24 December 31

DOMINICAN REPUBLIC

January 1 February 27 May 26 September 24
January 7 April 19 June 20 November 6
January 21 April 21 July 28 December 25
January 25 May 1 August 16

ECUADOR

January 1 April 21 August 9 November 4
March 4 May 1 August 10 December 6
March 5 May 24 October 9 December 25
April 19 July 24 November 1

EL SALVADOR

| | | | |
|-----------|----------|--------------|-------------|
| January 1 | April 21 | August 4 | December 24 |
| April 18 | May 1 | August 5 | December 25 |
| April 19 | May 10 | August 6 | December 31 |
| April 20 | June 17 | September 15 | |

EGYPT

| | | | |
|------------|--------|-----------|-------------|
| January 7 | May 1 | July 23 | September 1 |
| January 25 | June 5 | August 12 | October 6 |
| April 25 | June 6 | August 13 | November 10 |
| April 28 | June 7 | August 14 | |

FINLAND

| | | | |
|-----------|----------|-------------|-------------|
| January 1 | April 22 | December 6 | December 25 |
| January 6 | May 1 | December 24 | December 26 |
| April 19 | May 30 | | |

FRANCE

| | | | |
|-----------|---------|------------|-------------|
| January 1 | May 8 | July 14 | November 11 |
| April 22 | May 30 | August 15 | December 25 |
| May 1 | June 10 | November 1 | December 26 |

GABON

| | | | |
|-----------|-----------|------------|-------------|
| January 1 | May 30 | August 15 | December 25 |
| April 17 | June 4 | August 16 | |
| April 22 | June 10 | August 17 | |
| May 1 | August 11 | November 1 | |

GEORGIA

| | | | |
|------------|----------|-----------|-------------|
| January 1 | March 8 | April 29 | October 14 |
| January 2 | April 9 | May 8 | November 23 |
| January 7 | April 26 | May 9 | |
| January 19 | April 27 | May 26 | |
| March 3 | April 28 | August 28 | |

GERMANY

| | | | |
|-----------|--------|-----------|-------------|
| January 1 | May 1 | June 10 | December 25 |
| April 9 | May 30 | October 3 | December 26 |
| April 22 | | | |

GHANA

| | | | |
|-----------|--------|--------------|-------------|
| January 1 | May 1 | August 12 | December 26 |
| March 6 | May 25 | September 21 | |
| April 19 | June 5 | December 6 | |
| April 22 | July 1 | December 25 | |

GREECE

| | | | |
|-----------|----------|-----------|-------------|
| January 1 | March 25 | May 1 | October 28 |
| January 6 | April 26 | June 17 | December 25 |
| March 11 | April 29 | August 15 | December 26 |

GUATEMALA

| | | | |
|-----------|----------|--------------|-------------|
| January 1 | April 20 | September 15 | December 25 |
| April 18 | May 1 | October 20 | |
| April 19 | June 30 | November 1 | |

GUERNSEY

| | | | |
|-------------|----------|--------|-------------|
| January 1 | April 22 | May 9 | August 26 |
| April 19 | May 6 | May 27 | December 25 |
| December 26 | | | |

HONDURAS

| | | | |
|-----------|----------|--------------|-------------|
| January 1 | April 19 | September 15 | October 11 |
| April 14 | April 20 | October 3 | December 25 |
| April 18 | May 1 | October 5 | |

HONG KONG

| | | | |
|------------|----------|--------------|-------------|
| January 1 | April 5 | May 13 | October 1 |
| February 4 | April 19 | June 7 | October 7 |
| February 5 | April 20 | July 1 | December 25 |
| February 6 | April 22 | September 14 | December 26 |
| February 7 | May 1 | | |

HUNGARY

| | | | |
|-----------|---------|------------|-------------|
| January 1 | May 1 | August 19 | November 1 |
| March 15 | June 9 | August 20 | December 25 |
| April 19 | June 10 | October 23 | December 26 |
| April 22 | | | |

INDIA

| | | | |
|-------------|----------|-----------|-------------|
| January 26 | March 21 | May 1 | October 2 |
| February 19 | April 19 | August 15 | December 25 |
| March 4 | | | |

INDONESIA

| | | | |
|------------|----------|-----------|-------------|
| January 1 | April 19 | June 1 | August 17 |
| February 5 | May 1 | June 5 | September 1 |
| March 7 | May 19 | June 6 | November 10 |
| April 3 | May 30 | August 12 | December 25 |

IRAQ

| | | | |
|-----------|-----------|-------------|-------------|
| January 1 | May 1 | August 12 | October 3 |
| January 6 | June 4 | August 13 | November 9 |
| March 5 | June 5 | August 14 | December 10 |
| March 21 | July 14 | August 31 | December 25 |
| April 9 | August 11 | September 9 | |

IRELAND

| | | | |
|-----------|----------|-------------|-------------|
| January 1 | April 22 | August 5 | December 26 |
| March 18 | May 6 | October 28 | December 27 |
| April 19 | June 3 | December 25 | |

ISLE OF MAN

| | | | |
|-----------|--------|-------------|-------------|
| January 1 | May 6 | July 5 | December 26 |
| April 19 | May 27 | August 26 | |
| April 22 | June 7 | December 25 | |

ISRAEL

| | | | |
|----------|-----------|--------------|------------|
| March 21 | May 9 | September 30 | October 14 |
| April 21 | June 10 | October 1 | October 22 |
| April 27 | August 11 | October 9 | |

ITALY

| | | | |
|-----------|----------|------------|-------------|
| January 1 | April 22 | June 2 | December 8 |
| January 6 | April 25 | August 15 | December 25 |
| April 19 | May 1 | November 1 | December 26 |

IVORY COAST

| | | | |
|-----------|----------|------------|-------------|
| January 1 | June 2 | August 11 | November 10 |
| April 22 | June 4 | August 12 | November 15 |
| May 1 | June 10 | August 15 | December 25 |
| May 30 | August 7 | November 1 | |

JAMAICA

| | | | |
|-----------|----------|-------------|-------------|
| January 1 | April 22 | August 6 | December 26 |
| March 6 | May 23 | October 21 | |
| April 19 | August 1 | December 25 | |

JAPAN

| | | | |
|-------------|----------|--------------|-------------|
| January 1 | March 21 | July 15 | October 14 |
| January 2 | April 19 | August 12 | November 4 |
| January 3 | May 3 | September 16 | November 25 |
| January 14 | May 4 | September 23 | December 23 |
| February 11 | May 6 | | |

JERSEY

| | | | |
|-------------|----------|--------|-------------|
| January 1 | April 22 | May 9 | August 26 |
| April 19 | May 6 | May 27 | December 25 |
| December 26 | | | |

JORDAN

| | | | |
|-----------|--------|-----------|-------------|
| January 1 | June 5 | August 12 | September 1 |
| April 28 | June 6 | August 13 | November 10 |
| May 1 | June 7 | August 14 | December 25 |
| May 25 | | | |

KAZAKHSTAN

| | | | |
|-----------|----------|-----------|-------------|
| January 1 | March 22 | May 9 | December 2 |
| January 7 | March 25 | July 8 | December 16 |
| March 8 | May 1 | August 12 | December 17 |
| March 21 | May 7 | August 30 | |

KENYA

| | | | |
|-----------|---------|-------------|-------------|
| January 1 | May 1 | October 10 | December 25 |
| March 30 | June 1 | October 20 | December 26 |
| April 2 | June 15 | December 12 | |

KUWAIT

| | | | |
|-------------|---------|-----------|-----------|
| January 1 | April 3 | June 6 | August 13 |
| February 25 | June 5 | August 12 | August 14 |
| February 26 | | | |

* The Kuwaiti market is closed every Friday

LATVIA

| | | | |
|-----------|---------|-------------|-------------|
| January 1 | May 1 | June 24 | December 26 |
| April 19 | May 6 | November 18 | December 31 |
| April 22 | June 23 | December 25 | |

LEBANON

| | | | |
|-------------|----------|-------------|--------------|
| January 1 | April 19 | May 25 | September 10 |
| January 6 | April 21 | June 5 | November 10 |
| February 9 | April 26 | August 12 | November 22 |
| February 14 | April 28 | August 15 | December 25 |
| March 25 | May 1 | September 1 | |

LITHUANIA

| | | | |
|-------------|----------|------------|-------------|
| January 1 | April 22 | June 24 | December 24 |
| February 16 | May 1 | July 6 | December 25 |
| March 11 | May 5 | August 15 | December 26 |
| April 21 | June 1 | November 1 | |

LUXEMBOURG

| | | | |
|-----------|---------|------------|-------------|
| January 1 | May 1 | June 23 | December 25 |
| April 19 | May 30 | August 15 | December 26 |
| April 22 | June 10 | November 1 | |

MACAU

| | | | |
|------------|----------|--------------|-------------|
| January 1 | April 19 | September 14 | December 8 |
| February 5 | April 20 | October 1 | December 20 |
| February 6 | May 1 | October 2 | December 22 |
| February 7 | May 12 | October 7 | December 24 |
| April 5 | June 7 | November 2 | December 25 |

MALAYSIA

| | | | |
|------------|----------|--------|--------------|
| January 1 | March 1 | June 5 | September 9 |
| January 21 | March 19 | June 6 | September 16 |

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| | | | |
|------------|----------|-------------|-------------|
| February 1 | March 22 | August 12 | November 10 |
| February 5 | May 1 | August 31 | December 25 |
| February 6 | May 19 | September 1 | |

MALTA

| | | | |
|-------------|----------|--------------|-------------|
| January 1 | April 19 | August 15 | December 13 |
| February 10 | May 1 | September 8 | December 25 |
| March 19 | June 7 | September 21 | |
| March 31 | June 29 | December 8 | |

MAURITIUS

| | | | |
|------------|------------|-------------|-------------|
| January 1 | February 5 | May 1 | October 27 |
| January 2 | March 4 | June 5 | November 2 |
| January 21 | March 12 | August 15 | December 25 |
| February 1 | April 6 | September 2 | |

MEXICO

| | | | |
|------------|----------|--------------|-------------|
| January 1 | April 18 | May 5 | December 12 |
| February 4 | April 19 | September 16 | December 25 |
| March 18 | May 1 | November 18 | |

MONACO

| | | | |
|------------|---------|------------|-------------|
| January 1 | May 1 | June 20 | November 19 |
| January 27 | May 30 | August 15 | December 8 |
| April 22 | June 10 | November 1 | December 25 |

MONGOLIA

| | | | |
|------------|---------|-------------|-------------|
| January 1 | March 8 | July 13 | November 27 |
| February 5 | June 1 | July 14 | December 29 |
| February 6 | July 11 | July 15 | |
| February 7 | July 12 | November 26 | |

MOROCCO

| | | | |
|------------|-----------|-------------|-------------|
| January 1 | July 29 | August 20 | November 6 |
| January 11 | August 12 | August 21 | November 10 |
| May 1 | August 14 | September 1 | November 18 |

NAMIBIA

| | | | |
|-----------|----------|-----------|-------------|
| January 1 | April 22 | May 25 | December 10 |
| March 21 | May 1 | May 30 | December 25 |
| | | | December 26 |
| April 19 | May 4 | August 26 | |

NETHERLANDS

| | | | |
|-----------|----------|---------|-------------|
| January 1 | April 27 | May 30 | December 25 |
| April 19 | May 4 | June 10 | December 26 |
| April 22 | May 5 | | |

NEW ZEALAND

| | | | |
|------------|----------|------------|-------------|
| January 1 | April 19 | June 3 | December 25 |
| January 2 | April 22 | October 28 | December 26 |
| February 6 | April 25 | | |

NIGERIA

| | | | |
|-----------|----------|-----------|-------------|
| January 1 | April 22 | June 5 | December 25 |
| March 8 | May 1 | August 12 | December 26 |
| April 19 | May 29 | October 1 | |

NORWAY

| | | | |
|-----------|----------|-------------|-------------|
| January 1 | April 22 | May 30 | December 25 |
| April 18 | May 1 | June 10 | December 26 |
| April 19 | May 17 | December 24 | |

OMAN

| | | | |
|-----------|-----------|-----------|-------------|
| January 1 | June 6 | August 13 | November 18 |
| April 3 | July 23 | August 14 | November 19 |
| June 5 | August 12 | August 15 | |

PAKISTAN

| | | | |
|------------|--------|-----------|--------------|
| February 5 | June 6 | August 13 | September 10 |
| May 1 | June 7 | August 14 | December 25 |

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June 5 August 12 September 9

PANAMA

| | | | |
|-----------|------------|-------------|-------------|
| January 1 | March 6 | November 4 | December 8 |
| January 9 | April 19 | November 5 | December 25 |
| March 4 | May 1 | November 10 | |
| March 5 | November 3 | November 28 | |

PARAGUAY

| | | | |
|-----------|----------|--------------|-------------|
| January 1 | April 19 | June 12 | December 8 |
| March 1 | May 1 | August 15 | December 25 |
| April 18 | May 14 | September 29 | |

PERU

| | | | |
|-----------|---------|-----------|-------------|
| January 1 | May 1 | July 29 | November 1 |
| April 18 | June 29 | August 30 | December 8 |
| April 19 | July 28 | October 8 | December 25 |

111

PHILIPPINES

| | | | |
|------------|----------|------------|-------------|
| January 1 | April 19 | August 12 | December 24 |
| February 5 | May 1 | August 21 | December 25 |
| April 9 | June 5 | August 26 | December 30 |
| April 18 | June 12 | November 1 | December 31 |

POLAND

| | | | |
|-----------|---------|-------------|-------------|
| January 1 | May 1 | August 15 | December 25 |
| January 6 | May 3 | November 1 | December 26 |
| April 22 | June 20 | November 11 | |

PORTUGAL

| | | | |
|-----------|---------|------------|-------------|
| January 1 | May 1 | August 15 | December 1 |
| April 19 | June 10 | October 5 | December 8 |
| April 25 | June 20 | November 1 | December 25 |

PUERTO RICO

| | | | |
|-------------|----------|-------------|-------------|
| January 1 | March 22 | June 16 | November 11 |
| January 6 | April 19 | July 4 | November 19 |
| January 7 | April 21 | July 25 | November 28 |
| January 21 | May 12 | September 2 | December 25 |
| February 18 | May 27 | October 14 | |

QATAR

| | | | |
|-------------|-----------|-----------|-------------|
| February 12 | June 6 | August 13 | August 15 |
| June 4 | August 12 | August 14 | December 18 |
| June 5 | | | |

* The Qatari market is closed every Friday

ROMANIA

| | | | |
|------------|----------|-----------|-------------|
| January 1 | April 26 | June 17 | December 25 |
| January 2 | April 29 | August 15 | December 26 |
| January 24 | May 1 | | |

RUSSIA

| | | | |
|-----------|-------------|---------|------------|
| January 1 | January 4 | March 8 | June 12 |
| January 2 | January 7 | May 1 | November 4 |
| January 3 | February 23 | May 9 | |

SAUDI ARABIA

| | | | |
|--------|-----------|-----------|--------------|
| June 4 | June 6 | August 11 | August 13 |
| June 5 | August 10 | August 12 | September 23 |

SENEGAL

| | | | |
|-----------|-----------|-------------|-------------|
| January 1 | May 30 | August 15 | November 9 |
| April 4 | June 4 | September 9 | December 25 |
| April 22 | June 10 | October 17 | |
| May 1 | August 11 | November 1 | |

SERBIA

| | | | |
|-----------|------------|----------|-------|
| January 1 | January 14 | April 27 | May 2 |
|-----------|------------|----------|-------|

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| | | | |
|-----------|-------------|----------|-------------|
| January 2 | February 15 | April 28 | May 9 |
| January 7 | February 16 | April 29 | November 11 |
| January 8 | April 26 | May 1 | |

SINGAPORE

| | | | |
|------------|----------|-----------|-------------|
| January 1 | April 19 | June 5 | October 27 |
| February 5 | May 1 | August 9 | December 25 |
| February 6 | May 19 | August 12 | |

SLOVAKIA

| | | | |
|-----------|-----------|--------------|-------------|
| January 1 | May 1 | September 1 | December 24 |
| January 6 | May 8 | September 15 | December 25 |
| April 19 | July 5 | November 1 | December 26 |
| April 22 | August 29 | November 17 | |

SOUTH AFRICA

| | | | |
|-----------|----------|--------------|-------------|
| January 1 | April 22 | June 17 | December 16 |
| March 21 | April 27 | August 9 | December 25 |
| April 19 | May 1 | September 24 | December 26 |

SOUTH KOREA

| | | | |
|------------|--------|--------------|--------------|
| January 1 | May 1 | June 13 | September 26 |
| February 4 | May 5 | August 15 | October 3 |
| February 5 | May 7 | September 23 | October 9 |
| February 6 | May 22 | September 24 | December 25 |
| March 1 | June 6 | September 25 | |

SPAIN

| | | | |
|-----------|-----------|--------------|-------------|
| January 1 | April 22 | September 11 | December 6 |
| January 6 | May 1 | October 12 | December 8 |
| April 18 | July 25 | November 1 | December 25 |
| April 19 | August 15 | | |

SRI LANKA

| | | | |
|-------------|----------|--------------|-------------|
| January 15 | April 13 | June 5 | October 13 |
| January 20 | April 14 | June 16 | October 27 |
| February 4 | April 19 | July 16 | November 10 |
| February 19 | May 1 | August 12 | November 12 |
| March 4 | May 18 | August 15 | December 11 |
| March 20 | May 19 | September 13 | December 25 |

SWEDEN

| | | | |
|-----------|---------|-------------|-------------|
| January 1 | May 1 | June 22 | December 25 |
| January 6 | May 30 | November 2 | December 26 |
| April 19 | June 6 | December 24 | December 31 |
| April 22 | June 21 | | |

SWITZERLAND

| | | | |
|-----------|----------|----------|-------------|
| January 1 | April 22 | June 10 | December 25 |
| January 2 | May 30 | August 1 | December 26 |
| April 19 | | | |

TAIWAN

| | | | |
|------------|-------------|-------------|--------------|
| January 1 | February 7 | February 23 | April 5 |
| February 4 | February 8 | February 28 | June 7 |
| February 5 | February 9 | March 1 | September 13 |
| February 6 | February 19 | April 4 | October 10 |

THAILAND

| | | | |
|-------------|----------|------------|-------------|
| January 1 | April 15 | July 17 | October 23 |
| February 19 | April 16 | July 29 | December 5 |
| April 8 | April 17 | August 12 | December 10 |
| April 13 | May 1 | October 14 | December 31 |
| April 14 | May 19 | | |

TRINIDAD & TOBAGO

| | | | |
|-----------|---------|--------------|-------------|
| January 1 | May 30 | August 1 | October 28 |
| March 30 | June 5 | August 31 | December 25 |
| April 19 | June 19 | September 24 | December 26 |
| April 22 | June 20 | October 27 | |

TUNISIA

| | | | |
|------------|--------|-----------|-------------|
| January 1 | May 1 | July 25 | September 1 |
| January 14 | June 5 | August 12 | October 15 |
| March 20 | June 6 | August 13 | November 10 |
| April 9 | June 7 | August 14 | |

TURKEY

| | | | |
|-----------|-----------|-----------|------------|
| January 1 | May 19 | August 13 | August 30 |
| April 23 | June 5 | August 14 | October 29 |
| May 1 | August 12 | August 15 | |

UKRAINE

| | | | |
|-----------|----------|-----------|-------------|
| January 1 | April 29 | June 17 | August 26 |
| January 7 | May 1 | June 28 | October 14 |
| March 8 | May 9 | August 24 | December 25 |
| April 28 | | | |

UNITED ARAB EMIRATES

| | | | |
|-----------|-----------|-------------|-------------|
| January 1 | August 11 | August 14 | November 30 |
| April 3 | August 12 | September 1 | December 2 |
| June 5 | August 13 | November 10 | December 3 |
| June 6 | | | |

UNITED KINGDOM

| | | | |
|-----------|--------|----------|-------------|
| January 1 | May 6 | August 5 | December 25 |
| April 19 | May 27 | August 6 | December 26 |
| April 22 | | | |

UNITED STATES

| | | | |
|-------------|----------|-------------|-------------|
| January 1 | April 19 | July 4 | November 28 |
| January 21 | May 27 | September 2 | December 25 |
| February 18 | | | |

URUGUAY

| | | | |
|-----------|----------|------------|-------------|
| January 1 | April 16 | May 18 | November 2 |
| January 6 | April 17 | June 19 | December 25 |
| March 4 | April 18 | July 18 | |
| March 5 | April 19 | August 25 | |
| April 15 | May 1 | October 12 | |

VENEZUELA

| | | | |
|-----------|----------|-------------|-------------|
| January 1 | April 19 | July 24 | December 31 |
| March 4 | May 1 | October 12 | |
| March 5 | June 24 | December 24 | |
| April 18 | July 5 | December 25 | |

VIETNAM

| | | | |
|------------|------------|----------|-------------|
| January 1 | February 6 | April 15 | May 1 |
| February 4 | February 7 | April 30 | September 2 |
| February 5 | February 8 | | |

ZAMBIA

| | | | |
|-----------|----------|------------|-------------|
| January 1 | April 20 | July 1 | October 24 |
| March 8 | April 22 | July 2 | December 25 |
| March 12 | May 1 | August 5 | |
| April 19 | May 25 | October 18 | |

2020**AUSTRALIA**

| | | | |
|------------|----------|----------|-------------|
| January 1 | April 10 | April 13 | December 25 |
| January 26 | April 11 | April 25 | December 26 |
| January 27 | April 12 | April 27 | December 28 |

BELGIUM

| | | | |
|-----------|--------|-----------|-------------|
| January 1 | May 1 | June 1 | November 1 |
| April 12 | May 21 | July 21 | November 11 |
| April 13 | May 31 | August 15 | December 25 |

BERMUDA

| | | | |
|-----------|---------|-------------|-------------|
| January 1 | June 15 | September 7 | December 28 |
|-----------|---------|-------------|-------------|

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| | | |
|----------|---------|-------------|
| April 10 | July 30 | November 11 |
| May 29 | July 31 | December 25 |

CANADA

| | | | |
|-----------|----------|-------------|-------------|
| January 1 | May 18 | September 7 | December 25 |
| April 10 | July 1 | October 12 | |
| April 13 | August 3 | November 11 | |

CAYMAN ISLANDS

| | | | |
|-------------|----------|------------|-------------|
| January 1 | April 10 | June 15 | December 25 |
| January 27 | April 13 | July 6 | December 26 |
| February 26 | May 18 | November 9 | December 28 |

CHILE

| | | | |
|-----------|-----------|--------------|-------------|
| January 1 | May 21 | September 18 | November 1 |
| April 10 | June 29 | September 19 | November 2 |
| April 11 | July 16 | October 12 | December 8 |
| May 1 | August 15 | October 31 | December 25 |

CHINA

| | | | |
|------------|------------|-----------|-----------|
| January 1 | January 29 | May 1 | October 5 |
| January 24 | January 30 | June 25 | October 6 |
| January 25 | January 31 | October 1 | October 7 |
| January 26 | April 4 | October 2 | |
| January 27 | April 5 | October 3 | |
| January 28 | April 6 | October 4 | |

DENMARK

| | | | |
|-----------|----------|--------|-------------|
| January 1 | April 12 | May 21 | December 24 |
| April 9 | April 13 | May 31 | December 25 |
| April 10 | May 8 | June 1 | December 26 |

FRANCE

| | | | |
|-----------|-----------|-------------|--|
| January 1 | May 21 | November 1 | |
| April 13 | June 1 | November 11 | |
| May 1 | July 14 | December 25 | |
| May 8 | August 15 | | |

GERMANY

| | | | |
|-----------|--------|-------------|--|
| January 1 | May 1 | October 3 | |
| April 10 | May 21 | December 25 | |
| April 13 | June 1 | December 26 | |

GREECE

| | | | |
|-----------|----------|-----------|-------------|
| January 1 | March 25 | May 1 | October 28 |
| January 6 | April 17 | June 8 | December 25 |
| March 2 | April 19 | August 15 | December 26 |
| | April 20 | | |

HONG KONG

| | | | |
|------------|----------|-----------|-------------|
| January 1 | April 10 | May 1 | October 2 |
| January 25 | April 11 | June 25 | October 25 |
| January 27 | April 13 | July 1 | October 26 |
| January 28 | April 30 | October 1 | December 25 |
| April 4 | | | December 28 |

INDIA

| | | | |
|-------------|-----------|------------|-------------|
| January 26 | April 14 | August 15 | October 29 |
| February 21 | May 7 | August 29 | November 14 |
| April 6 | July 31 | October 2 | November 30 |
| April 10 | August 12 | October 25 | December 25 |

INDONESIA

| | | | |
|------------|--------|------------|-------------|
| January 1 | May 1 | June 1 | December 25 |
| January 25 | May 7 | July 31 | |
| March 22 | May 21 | August 17 | |
| March 25 | May 24 | August 20 | |
| April 10 | May 26 | October 29 | |

IRELAND

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| | | | |
|-----------|----------|-------------|-------------|
| January 1 | May 4 | October 26 | December 28 |
| March 17 | June 1 | December 25 | |
| April 13 | August 3 | December 26 | |

ISLE OF MAN

| | | | |
|-----------|---------|-------------|-------------|
| January 1 | May 4 | July 6 | December 28 |
| April 10 | May 25 | August 31 | |
| April 13 | June 12 | December 25 | |

ISRAEL

| | | | |
|----------|----------|--------------|--------------|
| March 10 | April 16 | July 30 | September 28 |
| March 11 | April 29 | August 19 | October 3 |
| April 4 | May 8 | August 20 | October 10 |
| April 9 | May 29 | September 19 | October 11 |
| April 15 | May 31 | September 20 | |

115

JAPAN

| | | | |
|-------------|---------|--------------|-------------|
| January 1 | May 3 | August 11 | November 23 |
| January 13 | May 4 | September 21 | December 23 |
| February 11 | May 5 | September 22 | |
| March 20 | May 6 | October 12 | |
| April 29 | July 20 | November 3 | |

MALAYSIA

| | | | |
|------------|--------|-------------|--------------|
| January 25 | May 7 | July 31 | September 16 |
| January 26 | May 24 | August 20 | October 29 |
| January 27 | May 25 | August 31 | December 25 |
| May 1 | May 26 | September 9 | |

MALTA

| | | | |
|-------------|----------|--------------|-------------|
| January 1 | April 10 | August 15 | December 13 |
| February 10 | May 1 | September 8 | December 25 |
| March 19 | June 7 | September 21 | |
| March 31 | June 29 | December 8 | |

MEXICO

| | | | |
|------------|----------|--------------|-------------|
| January 1 | April 9 | September 16 | November 16 |
| February 3 | April 10 | October 12 | November 20 |
| March 16 | May 1 | November 2 | December 25 |

NETHERLANDS

| | | | |
|-----------|----------|-------------|-------------|
| January 1 | April 27 | May 31 | December 26 |
| April 12 | May 5 | June 1 | |
| April 13 | May 21 | December 25 | |

NEW ZEALAND

| | | | |
|------------|----------|-------------|-------------|
| January 1 | April 10 | June 1 | December 26 |
| January 2 | April 13 | October 26 | |
| February 6 | April 27 | December 25 | |

POLAND

| | | | |
|-----------|---------|-------------|-------------|
| January 1 | May 1 | August 15 | December 26 |
| January 6 | May 3 | November 1 | |
| April 12 | May 31 | November 11 | |
| April 13 | June 11 | December 25 | |

SINGAPORE

| | | | |
|------------|--------|------------|-------------|
| January 1 | May 1 | August 9 | October 28 |
| February 5 | May 19 | August 11 | December 25 |
| February 6 | May 20 | August 12 | |
| April 19 | June 5 | October 27 | |

SOUTH AFRICA

| | | | |
|-----------|----------|--------------|-------------|
| January 1 | April 27 | August 10 | December 28 |
| March 21 | May 1 | September 24 | |
| April 10 | June 16 | December 16 | |
| April 13 | August 9 | December 25 | |

SOUTH KOREA

| | | | |
|------------|------------|--------------|-------------|
| January 1 | January 27 | May 1 | October 1 |
| January 24 | March 1 | May 5 | October 3 |
| January 25 | April 15 | June 6 | October 9 |
| January 26 | April 30 | August 15 | December 25 |
| | | September 30 | |

SPAIN

| | | | |
|-----------|------------|------------|-------------|
| January 1 | May 1 | November 1 | December 25 |
| January 6 | August 15 | December 6 | |
| April 19 | October 12 | December 8 | |

SWEDEN

| | | | |
|-----------|----------|------------|-------------|
| January 1 | April 13 | June 6 | December 24 |
| January 6 | May 1 | June 19 | December 25 |
| April 10 | May 21 | June 20 | December 26 |
| April 12 | May 31 | November 1 | December 31 |

SWITZERLAND

| | | | |
|-----------|--------|--------------|-------------|
| January 1 | May 21 | August 1 | December 26 |
| April 10 | May 31 | September 20 | |
| April 13 | June 1 | December 25 | |

TAIWAN

| | | | |
|------------|-------------|---------|-------------|
| January 1 | January 28 | April 5 | October 1 |
| January 24 | January 29 | April 6 | October 9 |
| January 25 | February 28 | May 1 | October 10 |
| January 26 | April 3 | June 25 | December 31 |
| January 27 | April 4 | June 26 | |

UNITED KINGDOM

| | | | |
|-----------|--------|-------------|-------------|
| January 1 | May 4 | August 31 | December 26 |
| April 10 | May 25 | December 25 | December 28 |

UNITED STATES

| | | |
|-------------|----------|-------------|
| January 1 | April 10 | September 7 |
| January 20 | May 25 | November 26 |
| February 17 | July 3 | December 25 |

The longest redemption cycle for Foreign Funds is a function of the longest redemption cycle among the countries whose securities comprise the Funds. In the calendar years 2018, 2019 and 2020, the dates of regular holidays affecting the following securities markets present the worst-case (longest) redemption cycle* for Foreign Funds as follows:

| SETTLEMENT PERIODS GREATER THAN SEVEN DAYS FOR YEAR 2018 | Beginning of Settlement Period | End of Settlement Period | Number of Days in Settlement Period |
|--|--------------------------------|--------------------------|-------------------------------------|
| Australia | 12/19/2018 | 12/27/2018 | 8 |
| | 12/20/2018 | 12/28/2018 | 8 |
| | 12/21/2018 | 1/2/2019 | 12 |
| Belgium | 12/19/2018 | 12/27/2018 | 8 |
| | 12/20/2018 | 12/28/2018 | 8 |
| | 12/21/2018 | 12/31/2018 | 10 |
| China | 2/12/2018 | 2/22/2018 | 10 |
| | 2/13/2018 | 2/23/2018 | 10 |
| | 2/14/2018 | 2/26/2018 | 12 |
| | 9/26/2018 | 10/8/2018 | 12 |
| | 9/27/2018 | 10/9/2018 | 12 |
| | 9/28/2018 | 10/10/2018 | 12 |
| Czech Republic | 12/21/2018 | 12/31/2018 | 10 |
| Denmark | 3/26/2018 | 4/3/2018 | 8 |

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| | | |
|------------|------------|---|
| 3/27/2018 | 4/4/2018 | 8 |
| 12/19/2018 | 12/27/2018 | 8 |
| 12/20/2018 | 12/28/2018 | 8 |

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| SETTLEMENT PERIODS GREATER THAN SEVEN DAYS FOR YEAR 2018 | Beginning of Settlement Period | End of Settlement Period | Number of Days in Settlement Period |
|--|--------------------------------|--------------------------|-------------------------------------|
| Egypt | 8/20/2018 | 8/28/2018 | 8 |
| Finland | 12/19/2018 | 12/27/2018 | 8 |
| | 12/20/2018 | 12/28/2018 | 8 |
| | 12/21/2018 | 12/31/2018 | 10 |
| Hong Kong | 3/29/2018 | 4/6/2018 | 8 |
| Ireland | 12/19/2018 | 12/27/2018 | 8 |
| | 12/20/2018 | 12/28/2018 | 8 |
| | 12/21/2018 | 12/31/2018 | 10 |
| Israel | 9/4/2018 | 9/12/2018 | 8 |
| | 9/5/2018 | 9/13/2018 | 8 |
| | 9/6/2018 | 9/17/2018 | 11 |
| | 9/13/2018 | 9/25/2018 | 12 |
| Japan | 12/27/2018 | 1/4/2019 | 8 |
| | 12/28/2018 | 1/5/2019 | 8 |
| | 12/29/2018 | 1/9/2019 | 11 |
| Kuwait | 8/16/2018 | 8/26/2018 | 10 |
| | 8/19/2018 | 8/27/2018 | 8 |
| Morocco | 8/17/2018 | 8/28/2018 | 11 |
| Norway | 3/26/2018 | 4/3/2018 | 8 |
| | 3/27/2018 | 4/4/2018 | 8 |
| | 3/28/2018 | 4/5/2018 | 8 |
| Russia | 12/28/2017 | 1/9/2018 | 12 |
| | 12/29/2017 | 1/10/2018 | 12 |
| | 12/30/2017 | 1/11/2018 | 12 |
| Spain | 12/19/2018 | 12/27/2018 | 8 |
| | 12/20/2018 | 12/28/2018 | 8 |
| | 12/21/2018 | 12/31/2018 | 10 |

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| SETTLEMENT PERIODS GREATER THAN SEVEN DAYS FOR YEAR 2018 | Beginning of Settlement Period | End of Settlement Period | Number of Days in Settlement Period |
|--|--------------------------------|--------------------------|-------------------------------------|
| Sweden | 3/26/2018 | 4/3/2018 | 8 |
| | 3/27/2018 | 4/4/2018 | 8 |
| | 12/19/2018 | 12/27/2018 | 8 |
| | 12/20/2018 | 12/28/2018 | 8 |
| | 12/21/2018 | 1/2/2019 | 12 |
| Turkey | 8/17/2018 | 8/27/2018 | 10 |
| | 8/20/2018 | 8/28/2018 | 8 |
| Vietnam | 2/9/2018 | 2/21/2018 | 12 |
| | 2/12/2018 | 2/22/2018 | 10 |
| | 2/13/2018 | 2/23/2018 | 10 |

| SETTLEMENT PERIODS GREATER THAN SEVEN DAYS FOR YEAR 2019 | Beginning of Settlement Period | End of Settlement Period | Number of Days in Settlement Period |
|--|--------------------------------|--------------------------|-------------------------------------|
| Australia | 4/18/2019 | 4/26/2019 | 8 |
| Brazil | 2/27/2019 | 3/7/2019 | 8 |
| | 2/28/2019 | 3/8/2019 | 8 |
| | 3/1/2019 | 3/11/2019 | 10 |
| China | 1/30/2019 | 2/11/2019 | 12 |
| | 1/31/2019 | 2/12/2019 | 12 |
| | 2/1/2019 | 2/11/2019 | 10 |
| | 2/1/2019 | 2/13/2019 | 12 |
| Czech Republic | 1/30/2019 | 2/11/2019 | 12 |
| | 1/31/2019 | 2/12/2019 | 12 |
| | 2/1/2019 | 2/13/2019 | 12 |
| | 2/4/2019 | 2/13/2019 | 9 |
| | 2/5/2019 | 2/13/2019 | 8 |
| | 9/25/2019 | 10/8/2019 | 13 |
| | 9/26/2019 | 10/8/2019 | 12 |
| | 9/27/2019 | 10/9/2019 | 12 |

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| SETTLEMENT PERIODS GREATER THAN SEVEN DAYS FOR YEAR 2019 | Beginning of Settlement Period | End of Settlement Period | Number of Days in Settlement Period |
|--|--------------------------------|--------------------------|-------------------------------------|
| Egypt | 8/7/2019 | 8/19/2019 | 12 |
| | 8/8/2019 | 8/20/2019 | 12 |
| | 8/9/2019 | 8/20/2019 | 11 |
| Finland | 12/23/2019 | 12/31/2019 | 8 |
| Ghana | 4/24/2019 | 5/2/2019 | 8 |
| | 4/25/2019 | 5/3/2019 | 8 |
| Hong Kong | 1/31/2019 | 2/8/2019 | 8 |
| | 2/1/2019 | 2/11/2019 | 10 |
| Israel | 10/7/2019 | 10/15/2019 | 8 |
| Japan | 12/26/2018 | 1/4/2019 | 9 |
| | 12/27/2018 | 1/7/2019 | 11 |
| | 12/28/2018 | 1/8/2019 | 11 |
| Kuwait | 8/8/2019 | 8/19/2019 | 11 |
| | 8/9/2019 | 8/19/2019 | 10 |
| Malaysia | 1/30/2019 | 2/7/2019 | 8 |
| | 1/31/2019 | 2/8/2019 | 8 |
| Morocco | 8/9/2019 | 8/19/2019 | 10 |
| New Zealand | 4/18/2019 | 4/26/2019 | 8 |
| Russia | 12/31/2018 | 1/8/2019 | 8 |
| Taiwan | 2/1/2019 | 2/11/2019 | 10 |
| Turkey | 5/31/2019 | 6/10/2019 | 10 |
| Vietnam | 1/31/2019 | 2/11/2019 | 11 |
| | 2/1/2019 | 2/12/2019 | 11 |

2020

| SETTLEMENT PERIODS GREATER THAN SEVEN DAYS FOR YEAR 2020 | Beginning of Settlement Period | End of Settlement Period | Number of Days in Settlement Period |
|--|--------------------------------|--------------------------|-------------------------------------|
| China | 1/24/2020 | 2/2/20 | 10 |
| | 10/1/2020 | 10/7/2020 | 7 |

* These worst-case redemption cycles are based on information regarding regular holidays, which may be out of date. Based on changes in holidays, longer (worse) redemption cycles are possible.

The right of redemption may be suspended or the date of payment postponed (1) for any period during which the relevant Exchange is closed (other than customary weekend and holiday closings); (2) for any period during which trading on the relevant Exchange is suspended or restricted; (3) for any period during which an emergency exists as a result of which disposal of the Shares of a Fund or determination of its NAV is not reasonably practicable; or (4) in such other circumstance as is permitted by the SEC.

DETERMINATION OF NET ASSET VALUE

The following information supplements and should be read in conjunction with the section in each Fund's Prospectus entitled "Shareholder Information—Determination of NAV."

The NAV per Share for each Fund is computed by dividing the value of the net assets of the Fund (*i.e.*, the value of its total assets less total liabilities) by the total number of Shares outstanding. Expenses and fees, including the management fee, are accrued daily and taken into account for purposes of determining NAV. The NAV of each Fund is determined each business day as of the close of trading (ordinarily 4:00 p.m., Eastern time) on the relevant Exchange.

The values of each Fund's portfolio securities are based on the securities' closing prices on the markets on which the securities trade, when available. Due to the time differences between the United States and certain countries in which certain Funds invest, securities on these exchanges may not trade at times when Shares of the Fund will trade. In the absence of a last reported sales price, or if no sales were reported, and for other assets for which market quotes are not readily available, values may be based on quotes obtained from a quotation reporting system, established market makers or by an outside independent pricing service. Debt instruments with remaining maturities of more than 60 days are valued at the evaluated mean price provided by an outside independent pricing service. If an outside independent pricing service is unable to provide a valuation, the instrument is valued at the mean of the highest bid and the lowest asked quotes obtained from one or more brokers or dealers selected by the Advisers. Prices obtained by an outside independent pricing service may use information provided by market makers or estimates of market values obtained from yield data related to investments or securities with similar characteristics and may use a computerized grid matrix of securities and its evaluations in determining what it believes is the fair value of the portfolio securities. Short-term debt instruments having a maturity of 60 days or less are valued at amortized cost. Any assets or liabilities denominated in currencies other than the U.S. dollar are converted into U.S. dollars at the current market rates on the date of valuation as quoted by one or more sources. If a market quotation for a security or other asset is not readily available or the Advisers believe it does not otherwise accurately reflect the market value of the security or asset at the time a Fund calculates its NAV, the security or asset will be fair valued by each Adviser in accordance with the Trust's valuation policies and procedures approved by the Board of Trustees. Each Fund may also use fair value pricing in a variety of circumstances, including but not limited to, situations when the value of a security in the Fund's portfolio has been materially affected by events occurring after the close of the market on which the security is principally traded (such as a corporate action or other news that may materially affect the price of a security) or trading in a security has been suspended or halted. In addition, each Fund that holds foreign equity securities currently expects that it will fair value certain of the foreign equity securities held by the Fund each day the Fund calculates its NAV, except those securities principally traded on exchanges that close at the same time the Fund calculates its NAV.

Accordingly, a Fund's NAV may reflect certain portfolio securities' fair values rather than their market prices at the time the exchanges on which they principally trade close. Fair value pricing involves subjective judgments and it is possible that a fair value determination for a security or other asset is materially different than the value that could be realized upon the sale of such security or asset. In addition, for certain Funds, fair value pricing could result in a difference between the prices used to calculate a Fund's NAV and the prices used by such Fund's Index. This may adversely affect certain Fund's ability to track its Index. With respect to securities that are principally traded on foreign exchanges, the value of a Fund's portfolio securities may change on days when you will not be able to purchase or sell

your Shares.

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DIVIDENDS AND DISTRIBUTIONS

The following information supplements and should be read in conjunction with the section in each Fund's Prospectus entitled "Shareholder Information—Distributions."

General Policies

Dividends from net investment income, if any, are declared and paid monthly for VanEck Vectors Preferred Securities ex Financials ETF and each Fixed Income Fund, quarterly for each of VanEck Vectors BDC Income ETF, VanEck Vectors High Income MLP ETF, VanEck Vectors High Income Infrastructure MLP ETF, VanEck Vectors Morningstar Durable Dividend ETF, VanEck Vectors Mortgage REIT Income ETF and VanEck Vectors Pharmaceutical ETF, and at least annually by each other Fund. Distributions of net realized capital gains, if any, generally are declared and paid once a year, but the Trust may make distributions on a more frequent basis for each Fund to improve its Index tracking (for each Fund except VanEck Vectors Real Asset Allocation ETF) or to comply with the distribution requirements of the Internal Revenue Code, in all events in a manner consistent with the provisions of the 1940 Act. It is currently expected that virtually all net income (interest less expenses) will be distributed annually for VanEck Vectors Morningstar Durable Dividend ETF, VanEck Vectors Morningstar Global Wide Moat ETF and VanEck Vectors Video Gaming and eSports ETF, monthly for VanEck Vectors Preferred Securities ex Financials ETF and each Fixed Income Fund and quarterly for VanEck Vectors BDC Income ETF and VanEck Vectors Mortgage REIT Income ETF, while capital gains distributions will generally occur annually in December. In addition, in situations where the Fund acquired investment securities after the beginning of the dividend period, the Fund may elect to distribute at least annually amounts representing the full dividend yield on the underlying portfolio securities of the Funds, net of expenses of the Funds, as if each Fund owned such underlying portfolio securities for the entire dividend period. If the Fund so elects, some portion of each distribution may result in a return of capital, which, for tax purposes, is treated as a return of your investment in Shares.

Dividends and other distributions on Shares are distributed, as described below, on a pro rata basis to Beneficial Owners of such Shares. Dividend payments are made through DTC Participants and Indirect Participants to Beneficial Owners then of record with proceeds received from the Trust. With respect to all Funds except the MLP ETFs, the Trust makes additional distributions to the minimum extent necessary (i) to distribute the entire annual taxable income and, with respect to the Equity Income Funds and Fixed Income Funds, net tax exempt interest income, of the Trust, plus any net capital gains and (ii) to avoid imposition of the excise tax imposed by Section 4982 of the Internal Revenue Code. Management of the Trust reserves the right to declare special dividends if, in its reasonable discretion, such action is necessary or advisable to preserve the status of each Fund as a RIC or to avoid imposition of income or excise taxes on undistributed income.

DIVIDEND REINVESTMENT SERVICE

No reinvestment service is provided by the Trust. Broker-dealers may make available the DTC book-entry Dividend Reinvestment Service for use by Beneficial Owners of the Funds through DTC Participants for reinvestment of their dividend distributions. If this service is used, dividend distributions of both income and realized gains will be automatically reinvested in additional whole Shares of the Funds. Beneficial Owners should contact their broker to determine the availability and costs of the service and the details of participation therein. Brokers may require Beneficial Owners to adhere to specific procedures and timetables. Distributions reinvested in additional Shares of the Funds will nevertheless be taxable to Beneficial Owners acquiring such additional Shares to the same extent as if such distributions had been received in cash.

CONTROL PERSONS and principal shareholders

Although the Trust does not have information concerning the beneficial ownership of shares held in the names of DTC Participants, the name and percentage ownership of each DTC Participant that owned of record 5% or more of the outstanding Shares of a Fund, as of the dates indicated, were as follows:

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| Date | Fund | Fiscal Year End | Name and Address of Owner of Record | Percentage of Class of Fund Owned |
|--------------------------|--|------------------------|---|--|
| December 31, 2018 | VanEck Vectors Biotech ETF | September 30 | National Financial Services, LLC 200 Liberty Street New York, NY 10281 | 14.10% |
| | | | Charles Schwab & Co., Inc. 101 Montgomery Street San Francisco, CA 94104 | 14.07% |
| | | | JP Morgan Chase Bank, National Associate 14201 Dallas PKWY Floor 12 Dallas, TX 75254 | 9.92% |
| | | | TD Ameritrade Clearing, Inc. 4211 South 102 nd Street Omaha, NE 68127-1031 | 6.90% |
| | | | UBS Financial Services Inc. 1000 Harbor Boulevard Weehawken, NJ 07086-6790 | 6.42% |
| | | | Merrill Lynch, Pierce, Fenner & Smith Inc. 4 World Financial Center, North Tower New York, NY 10080 | 6.15% |
| | | | Charles Schwab & Co., Inc. 101 Montgomery Street San Francisco, CA 94104 | 11.77% |
| | | | Morgan Stanley Smith Barney LLC 1 Harborside Financial Center, Plaza II Jersey City, NJ 07311 | 11.71% |
| | | | National Financial Services, LLC 200 Liberty Street New York, NY 10281 | 11.48% |
| | | | TD Ameritrade Clearing, Inc. 4211 South 102 nd Street Omaha, NE 68127-1031 | 9.88% |
| December 31, 2018 | VanEck Vectors Environmental Services ETF | September 30 | Pershing, LLC One Pershing Plaza Jersey City, NJ 07399 | 7.08% |
| | | | Goldman, Sachs & Co. 30 Hudson Street Jersey City, NJ 07302 | 6.26% |
| | | | LPL Financial Corp. 9785 Towne Centre Drive San Diego, CA 92121-1968 | 6.23% |

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| | | | | |
|---------------------|-------------------------------|-----------|--|--------|
| | | | American Enterprise Investment Service | 5.76% |
| | | | 901 3rd Ave South Minneapolis, MN 55474 | |
| | | | Merrill Lynch, Pierce, Fenner & Smith Inc. | |
| | | | 101 Hudson Street, 9 th Floor | 5.35% |
| | | | Jersey City, NJ 07302-3997 | |
| | | | National Financial Services, LLC | |
| | | | 200 Liberty Street | 16.88% |
| | | | New York, NY 10281 | |
| | | | TD Ameritrade Clearing, Inc. | |
| | | | 4211 South 102 nd Street | 11.37% |
| | | | Omaha, NE 68127-1031 | |
| | | | Charles Schwab & Co., Inc. | |
| | | | 101 Montgomery Street | 10.96% |
| December 31, | VanEck Vectors Gaming | September | San Francisco, CA 94104 | |
| 2018 | ETF | 30 | Morgan Stanley Smith Barney LLC | |
| | | | 1 Harborside Financial Center, Plaza II | 7.21% |
| | | | Jersey City, NJ 07311 | |
| | | | J.P. Morgan Clearing Corp. 3 Chase Metrotech | |
| | | | Center, Proxy Dept./NY1-H034 | 6.31% |
| | | | Brooklyn, NY 11245 | |
| | | | Wells Fargo Clearing Services, LLC | |
| | | | 2801 Market Street, H0006-09B | 5.23% |
| | | | St Louis, MO 63103 | |
| | | | Pershing, LLC | |
| | | | One Pershing Plaza | 17.97% |
| | | | Jersey City, NJ 07399 | |
| | | | National Financial Services, LLC | |
| | | | 200 Liberty Street | 15.64% |
| | | | New York, NY 10281 | |
| | | | Goldman, Sachs & Co. | |
| | | | 30 Hudson Street | 13.09% |
| December 31, | VanEck Vectors Generic | September | Jersey City, NJ 07302 | |
| 2018 | Drugs ETF | 30 | TD Ameritrade Clearing, Inc. | |
| | | | 4211 South 102 nd Street | 11.13% |
| | | | Omaha, NE 68127-1031 | |
| | | | Merrill Lynch, Pierce, Fenner & Smith Inc. | |
| | | | 4 World Financial Center, North Tower | 10.73% |
| | | | New York, NY 10080 | |
| | | | Merrill Lynch Professional Clearing Corp. | |
| | | | 101 Hudson Street | 6.41% |
| | | | Jersey City, NJ 07302 | |

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| | | | Merrill Lynch, Pierce, Fenner & Smith Inc, 101 Hudson Street, 9th Floor Jersey City, NJ 07302-3997 | 33.13% |
| | | | TD Ameritrade Clearing, Inc. 4211 South 102nd Street Omaha, NE 68127-1031 | 22.46% |
| December 31, 2018 | VanEck Vectors Morningstar Durable Dividend ETF | September 30 | ABN AMRO Clearing LLC 175 W Jackson Blvd, Suite 2050 Chicago, IL 60604 | 18.88% |
| | | | Deutsche Bank Securities Inc. 31 West 52 Street New York, NY, 10019 | 8.00% |
| | | | National Financial Services LLC 200 Liberty Street New York, NY 10281 | 6.06% |
| | | | BNY Mellon, 111 Sanders Creek Parkway, 2nd Floor, East Syracuse New York, NY 13057 | 26.40% |
| December 31, 2018 | VanEck Vectors Morningstar Global Wide Moat ETF | September 30 | TD Ameritrade Clearing, Inc. 4211 South 102nd Street Omaha, NE 68127-1031 | 15.81% |
| | | | Charles Schwab & Co., Inc. 101 Montgomery Street San Francisco, CA 94104 | 14.86% |
| | | | National Financial Services, LLC 200 Liberty Street New York, NY 10281 | 36.33% |
| | | | Charles Schwab & Co., Inc. 101 Montgomery Street San Francisco, CA 94104 | 15.66% |
| December 31, 2018 | VanEck Vectors Morningstar International Moat ETF | September 30 | Morgan Stanley Smith Barney LLC 1 Harborside Financial Center, Plaza II Jersey City, NJ 07311 | 10.83% |
| | | | RBC Capital Markets Corporation - 1 Liberty St New York, NY 10006 | 8.35% |
| | | | Merrill Lynch, Pierce, Fenner & Smith Inc. 4 World Financial Center, North Tower New York, NY 10080 | 8.12% |
| | | | TD Ameritrade Clearing, Inc. 4211 South 102 nd Street Omaha, NE 68127-1031 | 5.45% |

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| | | | National Financial Services, LLC 200 Liberty Street New York, NY 10281 | 15.82% |
| | | | Charles Schwab & Co., Inc. 101 Montgomery Street San Francisco, CA 94104 | 15.66% |
| December 31, 2018 | VanEck Vectors Morningstar Wide Moat ETF | September 30 | TD Ameritrade Clearing, Inc. 4211 South 102 nd Street Omaha, NE 68127-1031 | 10.22% |
| | | | Morgan Stanley Smith Barney LLC 1 Harborside Financial Center, Plaza II Jersey City, NJ 07311 | 7.53% |
| | | | Pershing, LLC One Pershing Plaza Jersey City, NJ 07399 | 5.42% |
| | | | Charles Schwab & Co., Inc. 101 Montgomery Street San Francisco, CA 94104 | 27.38% |
| | | | TD Ameritrade Clearing, Inc. 4211 South 102 nd Street Omaha, NE 68127-1031 | 21.38% |
| December 31, 2018 | VanEck Vectors NDR CMG Long/Flat Allocation ETF | September 30 | Folionfn Investments, Inc., 8180 Greenboro Drive, 8th Floor McLean, VA 22102 | 16.24% |
| | | | National Financial Services, LLC 200 Liberty Street New York, NY 10281 | 12.37% |
| | | | LPL Financial Corp. 9785 Towne Centre Drive San Diego, CA 92121-1968 | 6.22% |
| | | | The Bank of New York Mellon One Wall Street, 5th Floor New York, NY 10286-0001 | 11.07% |
| December 31, 2018 | VanEck Vectors Pharmaceutical ETF | September 30 | The Northern Trust Company/United Nation 801 S Canal Street Chicago, IL 60607 | 10.26% |
| | | | TD Ameritrade Clearing, Inc. 4211 South 102 nd Street Omaha, NE 68127 | 8.28% |
| | | | JPMorgan Chase Bank, N.A. 14201 Dallas Pkwy, Floor 12 Dallas, TX 75254 | 7.23% |

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|---------------------|----------------------------------|-----------|--|--------|
| | | | National Financial Services LLC | |
| | | | 200 Liberty Street | 6.18% |
| | | | New York, NY 10281 | |
| | | | Citibank - 3801 Citibank Center B/3RD | |
| | | | Floor/Zone 12 | 5.79% |
| | | | Tampa, FL 33610 | |
| | | | Pershing LLC - One Pershing Plaza | 5.27% |
| | | | Jersey City, NJ 07399 | |
| | | | Merrill Lynch, Pierce, Fenner & Smith Inc. | |
| | | | 4 World Financial Center, North Tower | 5.04% |
| | | | New York, NY 10080 | |
| | | | Charles Schwab & Co., Inc. | |
| | | | 101 Montgomery Street | 4.93% |
| | | | San Francisco, CA 94104 | |
| | | | National Financial Services LLC - 200 | |
| | | | Liberty Street | 36.58% |
| | | | New York, NY 10281 | |
| | | | Charles Schwab & Co., Inc. | |
| | | | 101 Montgomery Street, San Francisco, | 29.20% |
| | | | CA 94104 | |
| December 31, | VanEck Vectors Real Asset | September | Raymond James & Associates Inc., | |
| 2018 | Allocation ETF | 30 | 880 Carilion Parkway | 13.00% |
| | | | Saint Petersburg, FL 33716 | |
| | | | TD Ameritrade Clearing, Inc. | |
| | | | 4211 South 102nd Street | 11.94% |
| | | | Omaha, NE 68127 | |
| | | | Charles Schwab & Co., Inc. | |
| | | | 101 Montgomery Street | 29.72% |
| | | | San Francisco, CA 94104 | |
| | | | National Financial Services LLC | |
| | | | 200 Liberty Street | 15.50% |
| | | | New York, NY 10281 | |
| | | | Merrill Lynch Professional Clearing Corp. | |
| December 31, | VanEck Vectors Retail ETF | September | 101 Hudson Street | 10.68% |
| 2018 | | 30 | Jersey City, NJ 07302 | |
| | | | TD Ameritrade Clearing, Inc | |
| | | | 4211 South 102nd Street | 7.93% |
| | | | Omaha, NE 68127 | |
| | | | Merrill Lynch, Pierce, Fenner & Smith Inc. | |
| | | | 4 World Financial Center, North Tower | 5.45% |
| | | | New York, NY 10080 | |

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| | | | National Financial Services LLC 200 Liberty Street New York, NY 10281 | 11.01% |
| | | | Citibank - 3801 Citibank Center B/3RD Floor/Zone 12 Tampa, FL 33610 | 10.67% |
| | | | Charles Schwab & Co., Inc. 101 Montgomery Street San Francisco, CA 94104 | 7.96% |
| December 31, 2018 | VanEck Vectors Semiconductor ETF | September 30 | Goldman Sachs International, Proxy Department, 30 Hudson Street Jersey City, NJ 07302 | 7.68% |
| | | | TD Ameritrade Clearing, Inc. 4211 South 102nd Street Omaha, NE 68127 | 6.63% |
| | | | Citigroup Global Markets, Inc. / Correspondent Clearing 390 Greenwich St New York, NY 10013 | 6.57% |
| | | | Nomura Securities International, Inc. 309 W 49th St New York, NY 10019 | 6.11% |
| | | | Merrill Lynch, Pierce, Fenner & Smith Inc. 101 Hudson Street, 9th Floor Jersey City, NJ 07302-3997 | 14.68% |
| | | | Morgan Stanley Smith Barney LLC – 1 Harborside Financial Center, Plaza II Jersey City, NJ 07311 | 13.42% |
| December 31, 2018 | VanEck Vectors Video Gaming and eSports ETF | September 30 | J.P. Morgan Clearing Corp. 3 Chase Metrotech Center, Proxy Dept./NY1-H034, Brooklyn, NY 11245-0001 | 11.21% |
| | | | Merrill Lynch Professional Clearing Corp. 101 Hudson Street Jersey City, NJ 07302 | 10.81% |
| | | | National Financial Services LLC 200 Liberty Street New York, NY 10281 | 9.89% |
| | | | Citibank - 3801 Citibank Center B/3RD Floor/Zone 12 Tampa, FL 33610 | 8.44% |

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| | | | National Financial Services, LLC 200 Liberty Street New York, NY 10281 | 14.02% |
| | | | Raymond James & Associates Inc. 880 Carillon Parkway St. Petersburg, FL 33716 | 13.81% |
| February 28, 2018 | VanEck Vectors High Income MLP ETF | November 30 | Charles Schwab & Co., Inc. 101 Montgomery Street San Francisco, CA 94104 | 12.26% |
| | | | Pershing, LLC One Pershing Plaza Jersey City, NJ 07399 | 11.65% |
| | | | TD Ameritrade Clearing, Inc. 4211 South 102nd Street Omaha, NE 68127-1031 | 10.24% |
| | | | Raymond James & Associates Inc. 880 Carillon Parkway St. Petersburg, FL 33716 | 28.93% |
| | | | Pershing, LLC One Pershing Plaza Jersey City, NJ 07399 | 18.94% |
| | | | National Financial Services, LLC 200 Liberty Street New York, NY 10281-1003 | 11.14% |
| February 28, 2018 | VanEck Vectors High Income Infrastructure MLP ETF | November 30 | Charles Schwab & Co., Inc. 101 Montgomery Street San Francisco, CA 94104 | 9.17% |
| | | | LPL Financial Corp. 9785 Towne Centre Drive San Diego, CA 92121-1968 | 6.31% |
| | | | TD Ameritrade Clearing, Inc. 4211 South 102nd Street Omaha, NE 68127-1031 | 5.27% |
| | | | National Financial Services LLC 200 Liberty Street New York, NY 10281 | 14.01% |
| | | | Interactive Brokers Retail Equity CL 8 Greenwich Office Part, Greenwich CT 06831 | 9.14% |
| March 31, 2018 | VanEck Vectors Africa Index ETF | December 31 | Charles Schwab & Co., Inc. 101 Montgomery Street, San Francisco, CA 94104 | 9.00% |
| | | | Brown Brothers Harriman & Co. 50 Milk Street Boston, MA 02109 | 7.46% |

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|-----------------------|--|--------------------|---|--------|
| | | | Citibank | |
| | | | 3801 Citibank Center | |
| | | | B/3RD Floor/Zone 12 | 6.96% |
| | | | Tampa, FL 33610 | |
| | | | TD Ameritrade Clearing, Inc. | |
| | | | 4211 South 102nd Street | 5.70% |
| | | | Omaha, NE 68127-1031 | |
| | | | Pershing LLC | |
| | | | One Pershing Plaza | 5.26% |
| | | | Jersey City, NJ 07399 | |
| | | | State Street Bank and Trust Company | |
| | | | 225 Franklin Street | 11.67% |
| | | | Boston, MA 02110 | |
| | | | Charles Schwab & Co., Inc. | |
| | | | 101 Montgomery Street | 10.72% |
| | | | San Francisco, CA 94104 | |
| | | | National Financial Services LLC | |
| | | | 200 Liberty Street | 10.49% |
| | | | New York, NY 10281 | |
| | | | Citibank | |
| | | | 3801 Citibank Center | |
| | | | B/3RD Floor/Zone 12 | 6.85% |
| | | | Tampa, FL 33610 | |
| | | | Morgan Stanley Smith Barney LLC | |
| | | | 1 Harborside Financial Center, Plaza II | 6.21% |
| | | | Jersey City, NJ 07311 | |
| | | | National Financial Services LLC | |
| | | | 200 Liberty Street | 15.39% |
| | | | New York, NY 10281 | |
| | | | Charles Schwab & Co., Inc. | |
| | | | 101 Montgomery Street, | 13.26% |
| | | | San Francisco, CA 94104 | |
| | | | Citibank | |
| | | | 3801 Citibank Center | |
| | | | B/3RD Floor/Zone 12 | 8.31% |
| | | | Tampa, FL 33610 | |
| | | | Pershing LLC | |
| | | | One Pershing Plaza | 7.08% |
| | | | Jersey City, NJ 07399 | |
| | | | UBS Financial Services Inc. | |
| | | | 1000 Harbor Boulevard | 5.98% |
| | | | Weehawken, NJ 07086-6790 | |
| | | | TD Ameritrade Clearing, Inc. | |
| | | | 4211 South 102nd Street | 5.85% |
| | | | Omaha, NE 68127-1031 | |
| | | | Brown Brothers Harriman & Co. | |
| | | | 50 Milk Street | 5.37% |
| | | | Boston, MA 02109 | |
| March 31, 2018 | VanEck Vectors Agribusiness ETF | December 31 | | |
| March 31, 2018 | VanEck Vectors Brazil Small-Cap ETF | December 31 | | |

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| | | | Citibank | |
| | | | 3801 Citibank Center | 38.53% |
| | | | B/3RD Floor/Zone 12 | |
| | | | Tampa, FL 33610 | |
| | | | Cowan Execution Services LLC | |
| | | | 3501 Quadrangle Blvd | 11.85% |
| | | | Suite 200 | |
| | | | Orlando, FL 32817 | |
| | | | National Financial Services LLC | |
| | | | 200 Liberty Street | 6.84% |
| | | | New York, NY 10281 | |
| | | | Charles Schwab & Co., Inc. | |
| | | | 101 Montgomery Street | 6.49% |
| | | | San Francisco, CA 94104 | |
| | | | TD Ameritrade Clearing, Inc. | |
| | | | 4211 South 102nd Street | 5.50% |
| | | | Omaha, NE 68127-1031 | |
| | | | Merrill Lynch, Pierce, Fenner & Smith Inc. | |
| | | | 101 Hudson Street, 9 th Floor | 5.01% |
| | | | Jersey City, NJ 07302-3997 | |
| | | | Citibank | |
| | | | 3801 Citibank Center | 22.19% |
| | | | B/3RD Floor/Zone 12 | |
| | | | Tampa, FL 33610 | |
| | | | Merrill Lynch, Pierce, Fenner & Smith Inc. | |
| | | | 101 Hudson Street, 9 th Floor | 17.57% |
| | | | Jersey City, NJ 07302-3997 | |
| | | | National Financial Services LLC | |
| | | | 200 Liberty Street | 11.93% |
| | | | New York, NY 10281 | |
| | | | Charles Schwab & Co., Inc. | |
| | | | 101 Montgomery Street | 5.71% |
| | | | San Francisco, CA 94104 | |
| | | | TD Ameritrade Clearing, Inc. | |
| | | | 4211 South 102nd Street | 5.58% |
| | | | Omaha, NE 68127-1031 | |
| | | | National Financial Services LLC | |
| | | | 200 Liberty Street | 20.41% |
| | | | New York, NY 10281 | |
| | | | Charles Schwab & Co., Inc. | |
| | | | 101 Montgomery Street | 11.43% |
| | | | San Francisco, CA 94104 | |
| March 31, 2018 | VanEck Vectors ChinaAMC CSI 300 ETF | December 31 | | |
| March 31, 2018 | VanEck Vectors ChinaAMC SME-ChiNext ETF | December 31 | | |
| March 31, 2018 | VanEck Vectors Coal ETF | December 31 | | |

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|---------------------------|---|------------------------|---|--------|
| | | | TD Ameritrade Clearing, Inc. 4211 South 102nd Street Omaha, NE 68127-1031 | 9.38% |
| | | | Wells Fargo Clearing Services, LLC 2801 Market Street, H0006-09B St Louis, MO 63103 | 5.28% |
| | | | Brown Brothers Harriman & Co. 50 Milk Street Boston, MA 02109 | 17.52% |
| | | | Interactive Brokers Retail Equity CL 8 Greenwich Office Part Greenwich, CT 06831 | 10.88% |
| | | | Merrill Lynch, Pierce, Fenner & Smith Inc. 101 Hudson Street, 9 th Floor Jersey City, NJ 07302-3997 | 9.77% |
| | | | Morgan Stanley & Co. LLC 1585 Broadway New York, NY 10036 | 7.65% |
| March 31, 2018 | VanEck Vectors Egypt Index ETF | December 31 | Citibank 3801 Citibank Center B/3RD Floor/Zone 12 Tampa, FL 33610 | 7.19% |
| | | | The Bank of New York Mellon One Wall Street, 5th Floor New York, NY 10286-0001 | 6.57% |
| | | | National Financial Services LLC 200 Liberty Street New York, NY 10281 | 6.57% |
| | | | TD Ameritrade Clearing, Inc. 4211 South 102nd Street Omaha, NE 68127-1031 | 5.14% |
| | | | National Financial Services LLC 200 Liberty Street New York, NY 10281 | 17.85% |
| | | | Charles Schwab & Co., Inc. 101 Montgomery Street San Francisco, CA 94104 | 10.84% |
| March 31, 2018 | VanEck Vectors Global Alternative Energy ETF | December 31 | Pershing LLC One Pershing Plaza Jersey City, NJ 07399 | 5.76% |
| | | | TD Ameritrade Clearing, Inc. 4211 South 102nd Street Omaha, NE 68127-1031 | 5.47% |

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|---------------------------|---|------------------------|-------------------------------------|--------|
| | | | Citibank | |
| | | | 3801 Citibank Center | 8.24% |
| | | | B/3RD Floor/Zone 12 | |
| | | | Tampa, FL 33610 | |
| | | | National Financial Services LLC | |
| | | | 200 Liberty Street | 7.56% |
| | | | New York, NY 10281 | |
| | | | Charles Schwab & Co., Inc. | |
| | | | 101 Montgomery Street | 6.39% |
| | | | San Francisco, CA 94104 | |
| | | | The Bank of New York Mellon | |
| | | | 111 Sanders Creek Parkway, 1st FL | 6.35% |
| | | | UIT/ETF TA, | |
| | | | Syracuse, NY 13057 | |
| | | | Brown Brothers Harriman & Co. | |
| | | | 50 Milk Street | 5.94% |
| | | | Boston, MA 02109 | |
| | | | The Bank of New York Mellon | |
| | | | One Wall Street, 5th Floor | 5.01% |
| | | | New York, NY 10286-0001 | |
| | | | Citibank | |
| | | | 3801 Citibank Center | 17.28% |
| | | | B/3RD Floor/Zone 12 | |
| | | | Tampa, FL 33610 | |
| | | | State Street Bank and Trust Company | |
| | | | 225 Franklin Street | 9.01% |
| | | | Boston, MA 02110 | |
| | | | National Financial Services LLC | |
| | | | 200 Liberty Street | 8.74% |
| | | | New York, NY 10281 | |
| | | | JP Morgan Chase Bank, National | |
| | | | Associate | 8.34% |
| | | | 14201 Dallas PKWY Floor 12 | |
| | | | Dallas, TX 75254 | |
| | | | The Bank of New York Mellon | |
| | | | One Wall Street, 5th Floor | 7.59% |
| | | | New York, NY 10286-0001 | |
| | | | Charles Schwab & Co., Inc. | |
| | | | 101 Montgomery Street | 7.19% |
| | | | San Francisco, CA 94104 | |
| | | | National Financial Services LLC | |
| | | | 200 Liberty Street | 14.03% |
| | | | New York, NY 10281 | |
| | | | Charles Schwab & Co., Inc. | |
| | | | 101 Montgomery Street | 8.89% |
| | | | San Francisco, CA 94104 | |
| March 31, 2018 | VanEck Vectors Gold Miners ETF | December 31 | | |
| March 31, 2018 | VanEck Vectors India Small-Cap Index ETF | December 31 | | |
| March 31, 2018 | VanEck Vectors Indonesia Index ETF | December 31 | | |

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| | | | Citibank | |
| | | | 3801 Citibank Center | |
| | | | B/3RD Floor/Zone 12 | 8.71% |
| | | | Tampa, FL 33610 | |
| | | | Morgan Stanley Smith Barney LLC | |
| | | | 1 Harborside Financial Center, Plaza | |
| | | | II | 8.66% |
| | | | Jersey City, NJ 07311 | |
| | | | TD Ameritrade Clearing, Inc. | |
| | | | 4211 South 102nd Street | 5.45% |
| | | | Omaha, NE 68127-1031 | |
| | | | Pershing LLC | |
| | | | One Pershing Plaza | 5.31% |
| | | | Jersey City, NJ 07399 | |
| | | | The Bank of New York Mellon | |
| | | | One Wall Street, 5th Floor | 5.15% |
| | | | New York, NY 10286-0001 | |
| | | | Wells Fargo Clearing Services, LLC | |
| | | | 2801 Market Street, H0006-09B | 29.09% |
| | | | St Louis, MO Missouri 63103 | |
| | | | Morgan Stanley Smith Barney LLC | |
| | | | 1 Harborside Financial Center, Plaza | |
| | | | II | 16.04% |
| | | | Jersey City, NJ 07311 | |
| March 31, | VanEck Vectors Israel ETF | December 31 | Charles Schwab & Co., Inc. | |
| 2018 | | | 101 Montgomery Street | 8.11% |
| | | | San Francisco, CA 94104 | |
| | | | National Financial Services LLC | |
| | | | 200 Liberty Street | 7.46% |
| | | | New York, NY 10281 | |
| | | | Pershing LLC | |
| | | | One Pershing Plaza | 5.82% |
| | | | Jersey City, NJ 07399 | |
| | | | The Bank of New York Mellon | |
| | | | One Wall Street, 5th Floor | 12.56% |
| | | | New York, NY 10286-0001 | |
| | | | The Bank of New York Mellon | |
| March 31, | VanEck Vectors Junior Gold Miners | December 31 | 111 Sanders Creek Parkway, 2 nd Floor | 8.11% |
| 2018 | ETF | | East Syracuse, NY 13057 | |
| | | | Citigroup Global Markets, Inc. | |
| | | | 388 Greenwich St. | 7.62% |
| | | | New York, NY 10013 | |

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|-----------------------|---|-------------|--|--------|--|
| | | | Citibank | | |
| | | | 3801 Citibank Center B/3 rd Floor/Zone 12 | 6.13% | |
| | | | Tampa, FL 33610 | | |
| | | | National Financial Services LLC | | |
| | | | 200 Liberty Street | 5.03% | |
| | | | New York, NY 10281 | | |
| | | | National Financial Services LLC | | |
| | | | 200 Liberty Street | 27.70% | |
| | | | New York, NY 10281 | | |
| | | | Raymond James & Associates Inc. | | |
| | | | 880 Carillion Parkway | 18.15% | |
| | | | Saint Petersburg, FL 33716 | | |
| | | | The Bank of New York Mellon | | |
| | | | One Wall Street, 5th Floor | 12.75% | |
| | | | New York, NY 10286-0001 | | |
| March 31, 2018 | VanEck Vectors Natural Resources ETF | December 31 | Charles Schwab & Co., Inc. | | |
| | | | 101 Montgomery Street | 12.68% | |
| | | | San Francisco, CA 94104 | | |
| | | | Merrill Lynch, Pierce, Fenner & Smith Inc. | | |
| | | | 101 Hudson Street, 9 th Floor | 5.70% | |
| | | | Jersey City, NJ 07302-3997 | | |
| | | | TD Ameritrade Clearing, Inc. | | |
| | | | 4211 South 102nd Street | 5.21% | |
| | | | Omaha, NE 68127-1031 | | |
| | | | National Financial Services LLC | | |
| | | | 200 Liberty Street | 48.90% | |
| | | | New York, NY 10281 | | |
| | | | TD Ameritrade Clearing, Inc. | | |
| March 31, 2018 | VanEck Vectors Oil Refiners ETF | December 31 | 4211 South 102nd Street | 14.64% | |
| | | | Omaha, NE 68127-1031 | | |
| | | | Charles Schwab & Co., Inc. | | |
| | | | 101 Montgomery Street | 13.83% | |
| | | | San Francisco, CA 94104 | | |
| | | | Brown Brothers Harriman & Co. | | |
| | | | 50 Milk Street | 14.67% | |
| | | | Boston, MA 02109 | | |
| | | | Citibank | | |
| March 31, 2018 | VanEck Vectors Oil Services ETF | December 31 | 3801 Citibank Center | 9.88% | |
| | | | B/3RD Floor/Zone 12 | | |
| | | | Tampa, FL 33610 | | |
| | | | Charles Schwab & Co., Inc. | | |
| | | | 101 Montgomery Street | 7.77% | |
| | | | San Francisco, CA 94104 | | |

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|---------------------------|---|------------------------|---|--------|
| | | | National Financial Services LLC 200 Liberty Street New York, NY 10281 | 6.72% |
| | | | TD Ameritrade Clearing, Inc. 4211 South 102nd Street Omaha, NE 68127-1031 | 5.01% |
| | | | TD Ameritrade Clearing, Inc. 4211 South 102nd Street Omaha, NE 68127-1031 | 15.57% |
| | | | National Financial Services LLC 200 Liberty Street New York, NY 10281 | 13.65% |
| March 31, 2018 | VanEck Vectors Poland ETF | December 31 | Charles Schwab & Co., Inc. 101 Montgomery Street San Francisco, CA 94104 | 11.58% |
| | | | Citibank 3801 Citibank Center B/3RD Floor/Zone 12 Tampa, FL 33610 | 6.68% |
| | | | Stifel Nicolaus & Co., Inc. 501 N Broadway St. St. Louis, MO 63102 | 5.28% |
| | | | JP Morgan Chase Bank, National Associate 14201 Dallas PKWY Floor 12 Dallas, TX 75254 | 16.22% |
| | | | National Financial Services LLC 200 Liberty Street New York, NY 10281 | 14.93% |
| March 31, 2018 | VanEck Vectors Rare Earth/Strategic Metals ETF | December 31 | Citibank 3801 Citibank Center B/3RD Floor/Zone 12 Tampa, FL 33610 | 12.70% |
| | | | Charles Schwab & Co., Inc. 101 Montgomery Street San Francisco, CA 94104 | 7.81% |
| | | | TD Ameritrade Clearing, Inc. 4211 South 102nd Street Omaha, NE 68127-1031 | 7.41% |
| | | | Citibank 3801 Citibank Center B/3RD Floor/Zone 12 Tampa, FL 33610 | 12.96% |
| March 31, 2018 | VanEck Vectors Russia ETF | December 31 | JP Morgan Chase Bank, National Associate 14201 Dallas PKWY Floor 12 Dallas, TX 75254 | 9.82% |

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|---------------------------|--|------------------------|--|--------|
| | | | Brown Brothers Harriman & Co. 50 Milk Street Boston, MA 02109 | 7.64% |
| | | | The Bank of New York Mellon One Wall Street, 5th Floor New York, NY 10286-0001 | 5.63% |
| | | | State Street Bank and Trust Company 225 Franklin Street Boston, MA 02110 | 5.18% |
| | | | TD Ameritrade Clearing, Inc. 4211 South 102nd Street Omaha, NE 68127-1031 | 12.27% |
| | | | National Financial Services LLC 200 Liberty Street New York, NY 10281 | 10.34% |
| | | | Interactive Brokers Retail Equity CL 8 Greenwich Office Part Greenwich, CT 06831 | 9.06% |
| | | | Charles Schwab & Co., Inc. 101 Montgomery Street San Francisco, CA 94104 | 8.13% |
| | | | E*Trade Clearing LLC 34 Exchange Place Plaza II Jersey City, NJ 07311 | 7.53% |
| March 31, 2018 | VanEck Vectors Russia Small-Cap ETF | December 31 | Citibank 3801 Citibank Center B/3RD Floor/Zone 12 Tampa, FL 33610 | 7.18% |
| | | | Vanguard Marketing Corp. 100 Vanguard Blvd Malvern, PA 19355 | 7.16% |
| | | | Merrill Lynch, Pierce, Fenner & Smith Inc. 101 Hudson Street, 9 th Floor Jersey City, NJ 07302-3997 | 5.98% |
| | | | J.P. Morgan Clearing Corp. 3 Chase Metrotech Center, Proxy Dept./NY1-H034 Brooklyn, NY 11245-0001 | 5.66% |
| | | | Pershing LLC One Pershing Plaza Jersey City, NJ 07399 | 5.58% |
| March 31, 2018 | VanEck Vectors Steel ETF | December 31 | Charles Schwab & Co., Inc. 101 Montgomery Street San Francisco, CA 94104 | 23.31% |
| | | | National Financial Services LLC 200 Liberty Street New York, NY 10281 | 16.20% |

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| | | | Merrill Lynch, Pierce, Fenner & Smith Inc. | |
| | | | 4 World Financial Center, North Tower | 10.42% |
| | | | New York, NY 10080 | |
| | | | TD Ameritrade Clearing, Inc. | |
| | | | 4211 South 102nd Street | 8.68% |
| | | | Omaha, NE 68127-1031 | |
| | | | Citibank | |
| | | | 3801 Citibank Center | 5.33% |
| | | | B/3RD Floor/Zone 12 | |
| | | | Tampa, FL 33610 | |
| | | | Morgan Stanley Smith Barney LLC | |
| | | | 1 Harborside Financial Center, Plaza II | 5.08% |
| | | | Jersey City, NJ 07311 | |
| | | | Janney Montgomery Scott LLC | |
| | | | 1717 Arch Street | 40.82% |
| | | | Philadelphia, PA 19103 | |
| | | | Wells Fargo Clearing Services, LLC | |
| | | | 2801 Market Street, H0006-09B | 11.72% |
| | | | St Louis, MO 63103 | |
| | | | National Financial Services LLC | |
| | | | 200 Liberty Street | 9.80% |
| | | | New York, NY 10281 | |
| | | | Citibank | |
| | | | 3801 Citibank Center | 8.58% |
| | | | B/3RD Floor/Zone 12 | |
| | | | Tampa, FL 33610 | |
| | | | National Financial Services LLC | |
| | | | 200 Liberty Street | 12.03% |
| | | | New York, NY 10281 | |
| | | | TD Ameritrade Clearing, Inc. | |
| | | | 4211 South 102nd Street | 10.09% |
| | | | Omaha, NE 68127-1031 | |
| | | | Charles Schwab & Co., Inc. | |
| | | | 101 Montgomery Street | 9.97% |
| | | | San Francisco, CA 94104 | |
| | | | Morgan Stanley Smith Barney LLC | |
| | | | 1 Harborside Financial Center, Plaza II | 7.79% |
| | | | Jersey City, NJ 07311 | |
| | | | Merrill Lynch Professional Clearing Corp. | |
| | | | 101 Hudson Street | 5.84% |
| | | | Jersey City, NJ 07302 | |
| | | | E*Trade Clearing LLC | |
| | | | 34 Exchange Place Plaza II | 5.76% |
| | | | Jersey City, NJ 07311 | |
| March 31, 2018 | VanEck Vectors Unconventional Oil & Gas ETF | December 31 | | |
| March 31, 2018 | VanEck Vectors Uranium+Nuclear Energy ETF | December 31 | | |

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| | | | Citibank | |
| | | | 3801 Citibank Center | |
| | | | B/3RD Floor/Zone 12 | 14.95% |
| | | | Tampa, FL 33610 | |
| | | | Charles Schwab & Co., Inc. | |
| | | | 101 Montgomery Street | 13.57% |
| | | | San Francisco, CA 94104 | |
| March 31, | VanEck Vectors Vietnam ETF | December | National Financial Services LLC | |
| 2018 | | 31 | 200 Liberty Street | 9.82% |
| | | | New York, NY 10281 | |
| | | | Brown Brothers Harriman & Co. | |
| | | | 50 Milk Street | 6.21% |
| | | | Boston, MA 02109 | |
| | | | JP Morgan Chase Bank, National | |
| | | | Associate | 5.30% |
| | | | 14021 Dallas PKWY Floor 12 | |
| | | | Dallas, TX 75254 | |
| | | | Merrill Lynch, Pierce, Fenner & | |
| | | | Smith Inc. | 57.22% |
| July 31, | VanEck Vectors AMT-Free Intermediate | April 30 | World Financial Center, North Tower | |
| 2018 | Municipal Index ETF | | New York, NY 10080 | |
| | | | Charles Schwab & Co., Inc. | |
| | | | 101 Montgomery Street | 5.74% |
| | | | San Francisco, CA 94104 | |
| | | | Merrill Lynch, Pierce, Fenner & | |
| | | | Smith Inc. | 21.24% |
| | | | World Financial Center, North Tower | |
| | | | New York, NY 10080 | |
| | | | Charles Schwab & Co., Inc. | |
| | | | 101 Montgomery Street | 12.31% |
| | | | San Francisco, CA 94104 | |
| July 31, | VanEck Vectors AMT-Free Long | April 30 | The Bank of New York Mellon | |
| 2018 | Municipal Index ETF | | One Wall Street, 5th Floor | 7.88% |
| | | | New York, NY 10286-0001 | |
| | | | National Financial Services LLC | |
| | | | 200 Liberty Street | 7.31% |
| | | | New York, NY 10281 | |
| | | | UBS Financial Services Inc. | |
| | | | 1000 Harbor Boulevard Weehawken, | 5.92% |
| | | | NJ 07086-6790 | |
| | | | Pershing LLC | |
| | | | One Pershing Plaza | 5.74% |
| | | | Jersey City, NJ 07399 | |

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|----------------------|--|----------|---|--------|
| | | | Charles Schwab & Co., Inc. 101 Montgomery Street San Francisco, CA 94104 | 21.07% |
| | | | National Financial Services LLC 200 Liberty Street New York, NY 10281 | 13.01% |
| | | | Merrill Lynch, Pierce, Fenner & Smith Inc. World Financial Center, North Tower New York, NY 10080 | 12.42% |
| July 31, 2018 | VanEck Vectors AMT-Free Short Municipal Index ETF | April 30 | Wells Fargo Clearing Services, LLC 2801 Market Street, H0006-09B St Louis, MO 63103 | 8.52% |
| | | | Morgan Stanley Smith Barney LLC 1 Harborside Financial Center, Plaza II Jersey City, NJ 07311 | 7.50% |
| | | | TD Ameritrade Clearing, Inc. 4211 South 102 nd Street Omaha, NE 68127-1031 | 6.31% |
| | | | LPL Financial Corp. 9785 Towne Center Drive San Diego, CA 92121-1968 | 16.55% |
| | | | TD Ameritrade Clearing, Inc. 4211 South 102 nd Street Omaha, NE 68127-1031 | 14.43% |
| | | | National Financial Services LLC 200 Liberty Street New York, NY 10281 | 13.43% |
| July 31, 2018 | VanEck Vectors BDC Income ETF | April 30 | Charles Schwab & Co., Inc. 101 Montgomery Street San Francisco, CA 94104 | 10.81% |
| | | | Pershing LLC One Pershing Plaza Jersey City, NJ 07399 | 9.63% |
| | | | Morgan Stanley Smith Barney LLC 1 Harborside Financial Center, Plaza II Jersey City, NJ 07311 | 7.07% |
| | | | RBC Capital Markets Corporation 1 Liberty St New York, NY 10006 | 5.40% |

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| July 31, 2018 | VanEck Vectors CEF Municipal Income ETF | April 30 | National Financial Services LLC | 14.37% |
| | | | 200 Liberty Street | |
| | | | New York, NY 10281 | |
| | | | TD Ameritrade Clearing, Inc. | |
| | | | 4211 South 102 nd Street | 13.76% |
| | | | Omaha, NE 68127-1031 | |
| | | | Charles Schwab & Co., Inc. | |
| | | | 101 Montgomery Street | 12.51% |
| | | | San Francisco, CA 94104 | |
| | | | Merrill Lynch, Pierce, Fenner & Smith Inc. | 10.92% |
| World Financial Center, North Tower | | | | |
| New York, NY 10080 | | | | |
| SEI Private Trust Company | | | | |
| 100 Cider Mill Road | 9.01% | | | |
| Oaks, PA 19456 | | | | |
| Morgan Stanley Smith Barney LLC | | | | |
| 1 Harborside Financial Center, Plaza II | 7.00% | | | |
| Jersey City, NJ 07311 | | | | |
| Pershing LLC | | | | |
| One Pershing Plaza | 6.39% | | | |
| Jersey City, NJ 07399 | | | | |
| Raymond James & Associates Inc. | | | | |
| 880 Carillon Parkway | 6.14% | | | |
| Saint Petersburg, FL 33716 | | | | |
| J.P. Morgan Clearing Corp. | | | | |
| 3 Chase Metrotech Center, Proxy | 31.49% | | | |
| Dept./NY1-H034 | | | | |
| Brooklyn, NY 11245-0001 | | | | |
| National Financial Services LLC | | | | |
| 200 Liberty Street | 12.17% | | | |
| New York, NY 10281 | | | | |
| TD Ameritrade Clearing, Inc. | | | | |
| 4211 South 102 nd Street | 11.26% | | | |
| Omaha, NE 68127-1031 | | | | |
| Charles Schwab & Co., Inc. | | | | |
| 101 Montgomery Street | 7.68% | | | |
| San Francisco, CA 94104 | | | | |
| Pershing LLC | | | | |
| One Pershing Plaza | 5.50% | | | |
| Jersey City, NJ 07399 | | | | |
| Van Eck Associates Corporation | | | | |
| 666 Third Avenue | 53.33% | | | |
| New York, NY 10017 | | | | |
| J.P. Morgan Clearing Corp. | | | | |
| 3 Chase Metrotech Center, Proxy | 16.59% | | | |
| Dept./NY1-H034 | | | | |
| Brooklyn, NY 11245-0001 | | | | |
| National Financial Services LLC | | | | |
| 200 Liberty Street | 12.03% | | | |
| New York, NY 10281 | | | | |

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|--------------------------|--|-------------|--|--------|
| | | | National Financial Services LLC 200 Liberty Street New York, NY 10281 | 17.64% |
| | | | Pershing LLC One Pershing Plaza Jersey City, NJ 07399 | 14.58% |
| July 31, 2018 | VanEck Vectors Emerging Markets High Yield Bond ETF | April 30 | The Bank of New York Mellon One Wall Street, 5th Floor New York, NY 10286-0001 | 12.45% |
| | | | TD Ameritrade Clearing, Inc. 4211 South 102 nd Street Omaha, NE 68127-1031 | 10.40% |
| | | | State Street Bank and Trust Company 225 Franklin Street Boston, MA 02110 | 7.09% |
| | | | Charles Schwab & Co., Inc. 101 Montgomery Street San Francisco, CA 94104 | 6.98% |
| | | | National Financial Services LLC 200 Liberty Street New York, NY 10281 | 26.15% |
| July 31, 2018 | VanEck Vectors Fallen Angel High Yield Bond ETF | April 30 | TD Ameritrade Clearing, Inc. 4211 South 102 nd Street Omaha, NE 68127-1031 | 14.41% |
| | | | Charles Schwab & Co., Inc. 101 Montgomery Street San Francisco, CA 94104 | 14.02% |
| | | | Pershing LLC One Pershing Plaza Jersey City, NJ 07399 | 7.93% |
| | | | Charles Schwab & Co., Inc. 101 Montgomery Street San Francisco, CA 94104 | 18.60% |
| July 31, 2018 | VanEck Vectors Green Bond ETF | April 30 | TD Ameritrade Clearing, Inc. 4211 South 102 nd Street Omaha, NE 68127-1031 | 16.98% |
| | | | National Financial Services LLC 200 Liberty Street New York, NY 10281 | 15.82% |
| | | | Merrill Lynch, Pierce, Fenner & Smith Inc. World Financial Center, North Tower New York, NY 10080 | 10.93% |

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| | | | J.P. Morgan Clearing Corp. 3 Chase Metrotech Center, Proxy Dept./NY1-H034 Brooklyn, NY 11245-0001 | 6.93% |
| | | | LPL Financial Corp. 9785 Towne CTR Drive San Diego, CA 92121-1968 | 5.77% |
| | | | Merrill Lynch, Pierce, Fenner & Smith Inc. World Financial Center, North Tower New York, NY 10080 | 15.96% |
| | | | National Financial Services LLC 200 Liberty Street New York, NY 10281 | 13.05% |
| July 31, 2018 | VanEck Vectors High-Yield Municipal Index ETF | April 30 | Charles Schwab & Co., Inc. 101 Montgomery Street San Francisco, CA 94104 | 11.03% |
| | | | TD Ameritrade Clearing, Inc. 4211 South 102 nd Street Omaha, NE 68127-1031 | 7.32% |
| | | | Wells Fargo Clearing Services, LLC 2801 Market Street, H0006-09B St. Louis, MO 63103 | 6.02% |
| | | | Pershing LLC One Pershing Plaza Jersey City, NJ 07399 | 5.57% |
| | | | The Bank of New York Mellon One Wall Street, 5 th Floor New York, NY 10286-0001 | 22.77% |
| | | | Charles Schwab & Co., Inc. 101 Montgomery Street San Francisco, CA 94104 | 13.97% |
| July 31, 2018 | VanEck Vectors International High Yield Bond ETF | April 30 | J.P. Morgan Clearing Corp. 3 Chase Metrotech Center, Proxy Dept./NY1-H034 Brooklyn, NY 11245-0001 | 10.20% |
| | | | State Street Bank and Trust Company 225 Franklin Street Boston, MA 02110 | 9.47% |
| | | | National Financial Services LLC 200 Liberty Street New York, NY 10281 | 8.86% |
| | | | Wells Fargo Clearing Services, LLC 2801 Market Street, H0006-09B St. Louis, MO 63103 | 6.07% |
| | | | TD Ameritrade Clearing, Inc. 4211 South 102 nd Street Omaha, NE 68127-1031 | 5.55% |

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| | | | Charles Schwab & Co., Inc. 101 Montgomery Street San Francisco, CA 94104 | 29.61% |
| | | | National Financial Services LLC 200 Liberty Street New York, NY 10281 | 12.50% |
| July 31, 2018 | VanEck Vectors Investment Grade Floating Rate ETF | April 30 | Deutsche Bank AG 60 Wall Street, Mail Stop NYC60-3712 New York, N.Y. 10005-2836 | 11.74% |
| | | | TD Ameritrade Clearing, Inc. 4211 South 102 nd Street Omaha, NE 68127-1031 | 7.40% |
| | | | Pershing LLC One Pershing Plaza Jersey City, NJ 07399 | 6.18% |
| | | | Charles Schwab & Co., Inc. 101 Montgomery Street San Francisco, CA 94104 | 13.59% |
| | | | The Bank of New York Mellon One Wall Street, 5th Floor New York, NY 10286-0001 | 12.46% |
| | | | State Street Bank and Trust Company 225 Franklin Street Boston, MA 02110 | 10.89% |
| | | | TD Ameritrade Clearing, Inc. 4211 South 102 nd Street Omaha, NE 68127-1031 | 9.17% |
| July 31, 2018 | VanEck Vectors J.P. Morgan EM Local Currency Bond ETF | April 30 | Merrill Lynch, Pierce, Fenner & Smith Inc. World Financial Center North Tower New York, NY 10080 | 7.52% |
| | | | Pershing LLC One Pershing Plaza Jersey City, NJ 07399 | 6.46% |
| | | | The Northern Trust Company/United Nation 801 S Canal Street Chicago, IL 60607 | 5.52% |
| | | | SEI Private Trust Company 100 Cider Mill Road Oaks, PA 19456 | 5.08% |

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| July 31, 2018 | VanEck Vectors Mortgage REIT Income ETF | April 30 | Charles Schwab & Co., Inc. 101 Montgomery Street San Francisco, CA 94104 | 21.87% | | | |
| | | | TD Ameritrade Clearing, Inc. 4211 South 102 nd Street Omaha, NE 68127-1031 | 18.94% | | | |
| | | | National Financial Services LLC 200 Liberty Street, New York, NY 10281 | 18.05% | | | |
| | | | Merrill Lynch, Pierce, Fenner & Smith Inc. World Financial Center, North Tower New York, NY 10080 | 5.55% | | | |
| | | | National Financial Services LLC 200 Liberty Street New York, NY 10281 | 18.93% | | | |
| | | | Charles Schwab & Co., Inc. 101 Montgomery Street San Francisco, CA 94104 | 18.90% | | | |
| | | | TD Ameritrade Clearing, Inc. 4211 South 102 nd Street Omaha, NE 68127-1031 | 12.76% | | | |
| | | | Pershing LLC One Pershing Plaza Jersey City, NJ 07399 | 7.46% | | | |
| | | | Wells Fargo Clearing Services, LLC 2801 Market Street, H0006-09B St Louis, MO 63103 | 5.88% | | | |
| | | | Charles Schwab & Co., Inc. 101 Montgomery Street San Francisco, CA 94104 | 29.04% | | | |
| July 31, 2018 | VanEck Vectors Preferred Securities ex Financials ETF | April 30 | Morgan Stanley Smith Barney LLC 1 Harborside Financial Center, Plaza II Jersey City, NJ 07311 | 18.07% | | | |
| | | | Merrill Lynch, Pierce, Fenner & Smith Inc. World Financial Center, North Tower New York, NY 10080 | 12.47% | | | |
| | | | TD Ameritrade Clearing, Inc. 4211 South 102 nd Street, Omaha, NE 68127-1031 | 7.05% | | | |
| | | | Wells Fargo Clearing Services, LLC 2801 Market Street, H0006-09B St Louis, MO 63103 | 6.97% | | | |
| | | | July 31, 2018 | VanEck Vectors Pre-Refunded Municipal Index ETF | April 30 | | |

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| | | | Merrill Lynch, Pierce, Fenner & Smith Inc. | |
| | | | World Financial Center, North Tower | 18.49% |
| | | | New York, NY 10080 | |
| | | | Charles Schwab & Co., Inc. | |
| | | | 101 Montgomery Street | 14.28% |
| | | | San Francisco, CA 94104 | |
| | | | National Financial Services LLC | |
| | | | 200 Liberty Street | 12.44% |
| July 31, | VanEck Vectors Short High-Yield Municipal | April | New York, NY 10281 | |
| 2018 | Index ETF | 30 | TD Ameritrade Clearing, Inc. | |
| | | | 4211 South 102 nd Street | 10.75% |
| | | | Omaha, NE 68127-1031 | |
| | | | Wells Fargo Clearing Services, LLC | |
| | | | 2801 Market Street, H0006-09B | 7.85% |
| | | | St Louis, MO 63103 | |
| | | | Morgan Stanley Smith Barney LLC | |
| | | | 1 Harborside Financial Center, Plaza II | 5.64% |
| | | | Jersey City, NJ 07311 | |

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TAXES

The following information also supplements and should be read in conjunction with the section in each Fund's Prospectus entitled "Shareholder Information—Tax Information" and the section in this Statement of Additional Information entitled "Special Considerations and Risks." The following summary of certain relevant tax provisions is subject to change, and does not constitute legal or tax advice.

The following general discussion of certain federal income tax consequences is based on provisions of the Internal Revenue Code and the regulations issued thereunder as in effect on the date of this SAI. New legislation, as well as administrative changes or court decisions, may significantly change the conclusions expressed herein, and may have a retroactive effect with respect to the transactions contemplated herein.

Shareholders are urged to consult their own tax advisers regarding the application of the provisions of tax law described in this SAI in light of the particular tax situations of the shareholders and regarding specific questions as to foreign, federal, state, or local taxes.

Tax Status of the Funds

Each Fund (except the MLP ETFs) intends to qualify for and to elect treatment as a RIC under Subchapter M of the Internal Revenue Code. As a RIC, each Fund will not be subject to U.S. federal income tax on the portion of its taxable investment income and capital gains that it distributes to its shareholders. To qualify for treatment as a RIC, a company must annually distribute at least 90% of its net investment company taxable income (which includes dividends, interest and net short-term capital gains) and at least 90% of its tax-exempt interest income, for each tax year, if any, to its shareholders and meet several other requirements relating to the nature of its income and the diversification of its assets, among others. If a Fund fails to qualify for any taxable year as a RIC, all of its taxable income will be subject to tax at regular corporate income tax rates without any deduction for distributions to shareholders, and such distributions generally will be taxable to shareholders as ordinary dividends to the extent of the Fund's current and accumulated earnings and profits.

To the extent VanEck Vectors ChinaAMC CSI 300 ETF or VanEck Vectors ChinaAMC SME-ChiNext ETF invests directly in the A-share market via a QFII or RQFII quota, or to the extent that VanEck Vectors ChinaAMC China Bond ETF invests directly in RMB Bonds, if any of these Funds does not receive approval from SAFE to repatriate funds associated with such direct investment on a timely basis, it may be unable to meet the distribution requirements required to qualify for the favorable tax treatment otherwise generally afforded to RICs under the Internal Revenue Code.

VanEck Vectors CEF Municipal Income ETF is treated as a separate corporation for federal income tax purposes from the Underlying Funds. VanEck Vectors CEF Municipal Income ETF, therefore, is considered to be a separate entity in determining its treatment under the rules for RICs described herein and in the Prospectus. Losses in an Underlying Fund do not generally offset gains or distributions of another Underlying Fund. Redemptions of shares in an Underlying Fund could also result in a gain and/or income to VanEck Vectors CEF Municipal Income ETF. The Fund's use of the fund-of-funds structure could therefore affect the amount, timing and character of distributions to shareholders. Redemptions of shares in an Underlying Fund could also cause additional distributable gains to shareholders of VanEck Vectors CEF Municipal Income ETF.

Each MLP ETF is taxed as a regular corporation under Subchapter C of the Internal Revenue Code for federal income tax purposes and as such is obligated to pay federal and applicable state taxes on its taxable income. This differs from most investment companies, which elect to be treated as RICs under the Internal Revenue Code in order to avoid paying entity level income taxes. Under current law, these Funds are not eligible to elect treatment as regulated investment companies due to their investments primarily in

MLPs. As a result, these Funds, unlike investment companies that utilize the special tax regime applicable to regulated investment companies, will be obligated to pay federal and state taxes on its taxable income, whether or not distributed to shareholders. The extent to which a Fund is required to pay U.S. federal, state or local corporate income, franchise, alternative minimum or other corporate taxes could materially reduce the Fund's cash available to make distributions on the Shares.

Each Fund (except the MLP ETFs) will be subject to a 4% excise tax on certain undistributed income if it does not distribute to its shareholders in each calendar year an amount at least equal to the sum of 98% of its ordinary income (taking into account certain deferrals and elections) for the calendar year, 98.2% of its capital gain net income for the twelve months ended October 31 of such year, and 100% of any undistributed amounts from the prior years. Although each Fund (except the MLP ETFs) generally intends to declare and distribute dividends and distributions in the amounts and at the times necessary to avoid the application of this 4% excise tax, the Fund may elect to retain a portion of its income and gains, and in such a case, the Fund may be subject to excise tax.

Tax Consequences of Commodity-Linked Investments (*VanEck Vectors Real Asset Allocation ETF only*)

The IRS issued a revenue ruling in December 2005 which concluded that income and gains from certain commodity-linked derivatives is not qualifying income under Subchapter M of the Internal Revenue Code. As a result, the ability for VanEck Vectors Real Asset Allocation ETF to invest directly in commodity-linked futures contracts or swaps and in certain exchange traded trusts that hold commodities as part of its investment strategy is limited by the requirement that it receive no more than ten percent (10%) of its gross income from such investments.

The IRS has issued private letter rulings to other taxpayers in which the IRS specifically concluded that that income derived from a fund's investment in a CFC also will constitute qualifying income to the fund, even if the CFC itself owns commodity-linked futures contracts or swaps. A private letter ruling cannot be used or cited as precedent and is binding on the IRS only for the taxpayer that receives it. The Fund has not obtained a ruling from the IRS with respect to its investments or its structure. The IRS has currently suspended the issuance of private letter rulings relating to the tax treatment of income generated by investments in a subsidiary. The IRS has proposed regulations that, if finalized, would generally treat a fund's income inclusion with respect to an investment in a non-U.S. company generating investment income as qualifying income only if there is a current-year distribution out of the earnings and profits of the non-U.S. company that are attributable to such income inclusion. The proposed regulations, if adopted, would apply to taxable years beginning on or after 90 days after the regulations are published as final. The Fund intends to treat its income from the Cayman Subsidiary as qualifying income without any such ruling from the IRS. There can be no assurance that the IRS will not change its position with respect to some or all of these issues or if the IRS did so, that a court would not sustain the IRS's position. Furthermore, the tax treatment of the Fund's investments in the Cayman Subsidiary may be adversely affected by future legislation, court decisions, future IRS guidance or Treasury regulations. If the IRS were to change its position or otherwise determine that income derived from the Fund's investment in the Cayman Subsidiary does not constitute qualifying income and if such positions were upheld, or if future legislation, court decisions, future IRS guidance or Treasury regulations were to adversely affect the tax treatment of such investments, the Fund might cease to qualify as a RIC and would be required to reduce its exposure to such investments which could result in difficulty in implementing its investment strategy. If the Fund did not qualify as a RIC for any taxable year, the Fund's taxable income would be subject to tax at the Fund level at regular corporate tax rates (without reduction for distributions to shareholders) and to a further tax at the shareholder level

when such income is distributed. In such event, in order to re-qualify for taxation as a RIC, the Fund may be required to recognize unrealized gains, pay substantial taxes and interest and make certain distributions.

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A foreign corporation, such as the Fund's Cayman Subsidiary, generally is not subject to U.S. federal income taxation on its business income unless it is engaged in, or deemed to be engaged in, a U.S. trade or business. It is expected that each subsidiary will conduct its activities so as to satisfy the requirements of a safe-harbor set forth in the Code, under which each subsidiary may engage in certain commodity-related investments without being treated as engaged in a U.S. trade or business. However, if a subsidiary's activities were determined not to be of the type described in the safe harbor, its activities may be subject to U.S. federal income taxation.

A foreign corporation, such as the Cayman Subsidiary, that does not conduct a U.S. trade or business is nonetheless subject to a U.S. withholding tax at a flat 30% rate (or lower treaty rate) on certain U.S. source gross income. No tax treaty is in force between the United States and the Cayman Islands that would reduce the 30% rate of withholding tax. However, it is not expected that the Cayman Subsidiary will derive income subject to U.S. withholding taxes.

The Cayman Subsidiary will be treated as a CFC for U.S. federal income tax purposes. As a result, the Fund must include in gross income for such purposes all of the Cayman Subsidiary's "subpart F" income when the Cayman Subsidiary recognizes that income, whether or not the Cayman Subsidiary distributes such income to the respective Fund. It is expected that all of the Cayman Subsidiary's income will be subpart F income. The Fund's tax basis in the Cayman Subsidiary will be increased as a result of the Fund's recognition of the Cayman Subsidiary's subpart F income. The Fund will not be taxed on distributions received from the Cayman Subsidiary to the extent of the Cayman Subsidiary's previously-undistributed subpart F income although its tax basis in the Cayman Subsidiary will be decreased by such amount. All subpart F income will be taxed as ordinary income, regardless of the nature of the transactions that generate it. Subpart F income does not qualify for treatment as qualified dividend income. If the Cayman Subsidiary recognizes a net loss, the net loss will not be available to offset income recognized by the Fund and such loss cannot be carried forward to offset taxable income of the Fund or the Cayman Subsidiary in future periods.

The Fund may also gain commodity exposure through investment in ETFs that are treated as "qualified publicly traded partnerships" or grantor trusts for U.S. federal income tax purposes. The Fund may also invest in certain MLPs that are treated as "qualified publicly traded partnerships". Investments by the Fund in "qualified publicly traded partnerships" and grantor trusts that engage in commodity trading must be monitored and limited so as to enable the Fund to satisfy certain asset diversification and qualifying income tests for qualification as a RIC. Failure to satisfy either test would jeopardize the Fund's status as a RIC. Loss of such status could materially adversely affect the Fund.

Tax Status of Underlying Funds

(VanEck Vectors Real Asset Allocation ETF only)

Certain ETFs in which VanEck Vectors Real Asset Allocation ETF may invest seek to qualify as RICs for tax purposes ("Underlying RICs"). To qualify and remain eligible for the special tax treatment accorded to RICs, such funds must meet certain source-of-income, asset diversification and annual distribution requirements. If a fund in which

VanEck Vectors Real Asset Allocation ETF invests fails to qualify as a RIC, such fund would be liable for federal, and possibly state, corporate taxes on its taxable income and gains. Such failure by a fund could substantially reduce the net assets of the Fund and the amount of income available for distribution to the Fund, which would in turn decrease the total return of the Fund in respect of such investment. The Fund will not be able to offset gains distributed by one Underlying RIC in which it invests against losses in another Underlying RIC in which the Fund invests. Redemptions of shares in an Underlying RIC, including those resulting from changes in the allocation among Underlying RICs, could also cause additional distributable gains to shareholders of the Fund. A portion of any such gains may be short-term capital gains that would be distributable as ordinary income to

shareholders of the Fund. Further, a portion of losses on redemptions of shares in the Underlying RICs may be deferred under the wash sale rules. As a result of these factors, the use of the fund of funds structure by the Fund could therefore affect the amount, timing and character of distributions to shareholders.

Tax Consequences of Investment in MLPs (*MLP ETFs only*)

Each of MLP ETF invests primarily in MLPs, which generally are treated as partnerships for federal income tax purposes. MLPs are publicly traded partnerships under the Internal Revenue Code. The Internal Revenue Code generally requires publicly traded partnerships to be treated as corporations for U.S. federal income tax purposes. If, however, a publicly traded partnership satisfies certain requirements, it will be treated as a partnership for U.S. federal income tax purposes. Specifically, if a publicly traded partnership receives 90% or more of its income from qualifying sources, such as interest, dividends, real estate rents, gain from the sale or disposition of real property, income and gain from certain mineral or natural resources activities, income and gain from the transportation or storage of certain fuels, gain from the sale or disposition of a capital asset held for the production of such income, and, in certain circumstances, income and gain from commodities or futures, forwards and options with respect to commodities, then the publicly traded partnership will be treated as a partnership for federal income tax purposes. Mineral or natural resources activities include exploration, development, production, mining, processing, refining, marketing and transportation (including pipelines), of oil and gas, minerals, geothermal energy, fertilizers, timber or industrial source carbon dioxide. The MLPs in which the Funds will invest are expected to be treated as partnerships for tax purposes under these rules.

As a partner in MLPs, each MLP ETF must take into account its allocable share of the MLPs' taxable income in computing its taxable income, regardless of the extent (if any) to which the MLPs make distributions. Based upon the Adviser's review of the historic results of the types of MLPs in which the Funds invest, the Adviser expects that the cash flow received by the Fund with respect to its MLP investments will generally exceed the net taxable income allocated to the Funds. This excess cash flow will result primarily from tax deductions, such as depreciation, amortization and depletion, that will be allocated to the Funds from the MLPs. The excess cash flow generally will not be currently taxable to a Fund but, rather, will generally result in a reduction of the Fund's adjusted tax basis in each MLP as described in the following paragraph. There is no assurance that the Adviser's expectation regarding the tax character of MLP distributions will be realized. If this expectation is not realized, there may be greater tax expense borne by the Funds and less cash available to distribute to you or to pay expenses.

Although any distribution by an MLP to a Fund in excess of the Fund's allocable share of such MLP's net taxable income may create a temporary economic benefit to the Fund, such distribution will decrease the Fund's tax basis in its MLP investment and will therefore increase the amount of gain (or decrease the amount of loss) that will be recognized on the sale of an equity security in the MLP by the Fund. A portion of any gain or loss recognized by a Fund on a disposition of an MLP equity security (or by an MLP on a disposition of an underlying asset) may be separately computed and taxed as ordinary income or loss under the Internal Revenue Code to the extent attributable to assets of the MLP that give rise to depreciation recapture, intangible drilling and development cost recapture, or other "unrealized receivables" or "inventory items" under the Internal Revenue Code. Any such gain may exceed net taxable gain realized on the disposition and will be recognized even if there is a net taxable loss on the disposition. As a corporation, each Fund will be subject to tax on its capital gains at ordinary income rates, so treatment of gains as ordinary income will not cause the gains to be taxed at a higher rate. Nevertheless, a Fund's net capital losses may only

be used to offset capital gains and therefore cannot be used to offset gains that are treated as ordinary income. Thus, a Fund could recognize both gain that is treated as ordinary income and a capital loss on a disposition of an MLP equity security (or on an MLP's disposition of an underlying asset) and would not be able to use the capital loss to offset that gain.

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Each MLP ETF will recognize gain or loss on the sale, exchange or other taxable disposition of its portfolio assets, including equity securities of MLPs, equal to the difference between the amount realized by the Fund on the sale, exchange or other taxable disposition and the Fund's adjusted tax basis in such assets. Any such gain will be subject to U.S. federal income tax at regular corporate rates, regardless of how long the applicable Fund has held such assets. The amount realized by a Fund in any case generally will be the amount paid by the purchaser of the asset plus, in the case of MLP equity securities, the Fund's allocable share, if any, of the MLP's debt that will be allocated to the purchaser as a result of the sale, exchange or other taxable disposition. A Fund's tax basis in its equity securities in an MLP is generally equal to the amount the Fund paid for the equity securities, (x) increased by the Fund's allocable share of the MLP's net taxable income and certain MLP debt, if any, and (y) decreased by the Fund's allocable share of the MLP's net losses and any distributions received by the Fund from the MLP.

Any capital losses that a Fund recognizes on a disposition of an equity security of an MLP can only be used to offset capital gains that the Fund recognizes. Any capital losses that a Fund is unable to use may be carried back for three taxable years and forward for five taxable years to reduce the Fund's capital gains in such years. Because (i) the periods for which capital losses may be carried back and forward are limited and (ii) the disposition of an equity security of an MLP may be treated, in significant part, as ordinary income, capital losses incurred by the Fund may expire without being utilized.

The amount of taxes currently paid by a Fund will vary depending on the amount of income, gains, losses and deductions the Fund is allocated from its MLP investments, and on the Fund's realized gains and losses, and such taxes will reduce your return from an investment in a Fund.

Distributions made to you by a Fund (other than certain distributions in redemption of shares) will generally constitute dividends to the extent of your allocable share of the Fund's current or accumulated earnings and profits, as calculated for federal income tax purposes. Generally, a corporation's earnings and profits are computed based upon net taxable income, with certain specified adjustments. Based upon the historic performance of the types of MLPs in which the Fund intend to invest, the Adviser anticipates that the distributed cash from the MLPs generally will exceed the Fund's share of the MLPs' net taxable income. Because each Fund's earnings and profits will be based on its allocable share of net taxable income from MLPs (and not on distributions received from MLPs), the Adviser anticipates that only a portion of a Fund's distributions will be treated as dividend income to shareholders. To the extent that distributions to a shareholder exceed the shareholder's allocable share of the Fund's current and accumulated earnings and profits, the shareholder's tax basis in the Fund's Shares with respect to which the distribution is made will be reduced (but not below zero), which will increase the amount of any taxable gain (or decrease the amount of any tax loss) realized upon a subsequent sale or redemption of such Shares. To the extent a shareholder holds Shares as a capital asset and has no further basis in the Shares, the shareholder will report distributions in excess of earnings and profits as capital gain.

Distributions treated as dividends under the foregoing rules generally will be taxable as ordinary income to you but may be treated as "qualified dividend income." Qualified dividend income received by individuals and other noncorporate shareholders is taxed at long-term capital gain rates. For a dividend to constitute qualified dividend income, the shareholder generally must hold the shares paying the dividend for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date, although a longer period may apply if the shareholder engages in certain risk reduction transactions with respect to the common stock.

Dividends paid by the Funds are expected to be eligible for the dividends-received deduction available to corporate shareholders under Section 243 of the Internal Revenue Code. However, corporate shareholders should be aware that certain limitations apply to the availability of the dividends received deduction, including rules which limit the deduction in cases where (i) certain holding period requirements are not met, (ii) the corporate shareholder is obligated (e.g., pursuant to a short sale) to make related

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payments with respect to positions in substantially similar or related property, or (iii) the corporate shareholder's investment in shares of a particular Fund is financed, in whole or in part, with indebtedness. Corporate shareholders should consult their own tax advisors regarding the application of these limitations to their particular situations.

A sale or exchange of Shares in a Fund may give rise to a gain or loss. In general, any gain or loss realized upon a taxable disposition of Shares will be treated as long-term capital gain or loss if the Shares have been held for more than one year. Otherwise, the gain or loss on the taxable disposition of Shares will be treated as short-term capital gain or loss. All or a portion of any loss realized upon a taxable disposition of Shares will be disallowed if substantially identical shares of the Funds are purchased (through reinvestment of dividends or otherwise) within 30 days before or after the disposition. In such a case, the basis of the newly purchased shares will be adjusted to reflect the disallowed loss.

An Authorized Participant who exchanges securities for Creation Units generally will recognize a gain or a loss. The gain or loss will be equal to the difference between (i) the sum of the market value of the Creation Units at the time of the exchange and any net amount of cash received by the Authorized Participant in the exchange and (ii) the sum of the Authorized Participant's aggregate basis in the securities surrendered therefor and any net amount of cash paid for such Creation Units. A person who redeems Creation Units will generally recognize a gain or loss equal to the difference between the exchanger's basis in the Creation Units and the sum of the aggregate market value of any securities received plus the amount of any cash received for such Creation Units. The IRS, however, may assert that a loss realized upon an exchange of securities for Creation Units cannot be deducted currently under the rules governing "wash sales," or on the basis that there has been no significant change in economic position.

Any capital gain or loss realized upon the creation of Creation Units will generally be treated as long-term capital gain or loss if the securities exchanged for such Creation Units have been held for more than one year. Any capital gain or loss realized upon the redemption of Creation Units will generally be treated as long-term capital gain or loss if the Creation Units have been held for more than one year. Otherwise, such capital gains or losses will be treated as short-term capital gains or losses.

The Trust on behalf of the Funds has the right to reject an order for a purchase of shares of the Trust if the purchaser (or group of purchasers) would, upon obtaining the shares so ordered, own 80% or more of the outstanding shares of the Funds and if, pursuant to Section 351 of the Internal Revenue Code, the Funds would have a basis in the securities different from the market value of such securities on the date of deposit. The Trust also has the right to require information necessary to determine beneficial share ownership for purposes of the 80% determination.

Persons purchasing or redeeming Creation Units should consult their own tax advisors with respect to the tax treatment of any creation or redemption transaction.

Foreign Investments and Back-Up Withholding (*MLP ETFs only*)

Foreign Investments. Income received by the Funds from sources within foreign countries (including, for example, dividends or interest on stock or securities of non-U.S. issuers) may be subject to withholding and other taxes imposed by such countries. Tax treaties between such countries and the U.S. may reduce or eliminate such taxes. Foreign taxes paid by the Funds will reduce the return from the Funds' investments.

Back-Up Withholding. The Funds will be required in certain cases to withhold at the applicable withholding rate and remit to the U.S. Treasury the withheld amount of taxable dividends paid to a shareholder who (1) fails to provide a correct taxpayer identification number certified under penalty of perjury; (2) is subject to withholding by the IRS for failure to properly report all payments of interest or

dividends; (3) fails to provide a certified statement that he or she is not subject to “backup withholding;” or (4) fails to provide a certified statement that he or she is a U.S. person (including a U.S. resident alien). Backup withholding is not an additional tax and any amounts withheld may be credited against the shareholder’s ultimate U.S. tax liability.

Tax Considerations with respect to Investments and Dividends (*All Funds except the MLP ETFs*)

As a result of U.S. federal income tax requirements, the Trust, on behalf of the Funds, has the right to reject an order for a creation of Shares if the creator (or group of creators) would, upon obtaining the Shares so ordered, own 80% or more of the outstanding Shares of a Fund and if, pursuant to Section 351 of the Internal Revenue Code, the Funds would have a basis in the Deposit Securities different from the market value of such securities on the date of deposit. The Trust also has the right to require information necessary to determine beneficial share ownership for purposes of the 80% determination. See “Creation and Redemption of Creation Units—Procedures for Creation of Creation Units.”

Dividends, interest and gains received by a Fund from a non-U.S. investment may give rise to withholding and other taxes imposed by foreign countries. Tax conventions between certain countries and the United States may reduce or eliminate such taxes. If more than 50% of a Fund’s total assets at the end of its taxable year consist of foreign stock or securities or if at least 50% of the value of a Fund’s total assets at the close of each quarter of its taxable year is represented by interests in RICs, the Fund may elect to “pass through” to its investors certain foreign income taxes paid by the Fund, with the result that each investor will (i) include in gross income, as an additional dividend, even though not actually received, the investor’s pro rata share of the Fund’s foreign income taxes, and (ii) either deduct (in calculating U.S. taxable income) or credit (in calculating U.S. federal income), subject to certain holding period and other limitations, the investor’s pro rata share of the Fund’s foreign income taxes. Even if VanEck Vectors ChinaAMC CSI 300 ETF or VanEck Vectors ChinaAMC SME-ChiNext ETF is qualified to make that election and does so, however, this treatment will not apply with respect to amounts the Fund reserves in anticipation of the imposition of withholding taxes not currently in effect (if any). If these amounts are used to pay any tax liability of VanEck Vectors ChinaAMC CSI 300 ETF or VanEck Vectors ChinaAMC SME-ChiNext ETF in a later year, they will be treated as paid by the stockholders in such later year, even if they are imposed with respect to income of an earlier year.

With respect to VanEck Vectors Africa Index ETF, VanEck Vectors Brazil Small-Cap ETF, VanEck Vectors ChinaAMC CSI 300 ETF, VanEck Vectors ChinaAMC SME-ChiNext ETF, VanEck Vectors Coal ETF, VanEck Vectors Egypt Index ETF, VanEck Vectors Gaming ETF, VanEck Vectors Generic Drugs ETF, VanEck Vectors Gold Miners ETF, VanEck Vectors India Small-Cap Index ETF, VanEck Vectors Indonesia Index ETF, VanEck Vectors Israel ETF, VanEck Vectors Junior Gold Miners ETF, VanEck Vectors Morningstar International Moat ETF, VanEck Vectors Natural Resources ETF, VanEck Vectors Oil Refiners ETF, VanEck Vectors Poland ETF, VanEck Vectors Rare Earth/Strategic Metals ETF, VanEck Vectors Russia ETF, VanEck Vectors Russia Small-Cap ETF, VanEck Vectors Video Gaming and eSports ETF and VanEck Vectors Vietnam ETF, it is expected that more than 50% of each Fund’s assets will consist of foreign securities that are foreign-listed companies and/or foreign-domiciled companies, but that expectation is subject to change depending on where the Fund invests. It is expected that more than 50% of each of VanEck Vectors ChinaAMC China Bond ETF’s, VanEck Vectors Emerging Markets Aggregate Bond ETF’s, VanEck Vectors Emerging Markets High Yield Bond ETF’s, VanEck Vectors Green Bond ETF, VanEck Vectors International High Yield Bond ETF’s and VanEck Vectors J.P. Morgan EM Local Currency Bond ETF’s assets will consist of foreign securities that are sovereign debt, foreign-listed companies and/or foreign-domiciled companies.

VanEck Vectors Poland ETF has requested certain withholding tax claims from the Polish taxing authorities on the basis that Poland had violated certain provisions in the Treaty on the Functioning of the European Union. Certain amounts have been collected. VanEck Vectors Poland ETF continues to accrue

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Polish foreign withholding taxes due to the need to file further claims in order to potentially recover any additional amounts. Additional tax refunds received, if any, may offset foreign tax credits otherwise potentially available to pass through to shareholders or may result in the payment of an IRS compliance fee with respect to foreign tax credit amounts previously passed through.

Under Section 988 of the Internal Revenue Code, special rules are provided for certain transactions in a foreign currency other than the taxpayer's functional currency (i.e., unless certain special rules apply, currencies other than the U.S. dollar). In general, foreign currency gains or losses from forward contracts, from futures contracts that are not "regulated futures contracts," and from unlisted options will be treated as ordinary income or loss under Section 988 of the Internal Revenue Code. Also, certain foreign exchange gains or losses derived with respect to foreign fixed income securities are also subject to Section 988 treatment. In general, therefore, Section 988 gains or losses will increase or decrease the amount of each Fund's investment company taxable income available to be distributed to shareholders as ordinary income, rather than increasing or decreasing the amount of each Fund's net capital gain.

With respect to VanEck Vectors Real Asset Allocation ETF, if a portion of the Fund's investment income may be received in foreign currencies, the Fund will be required to compute its income in U.S. dollars for distribution to shareholders. When the Fund has distributed income, subsequent foreign currency losses may result in the Fund having distributed more income in a particular fiscal period than was available from investment income, which could result in a return of capital to shareholders.

Special tax rules may change the normal treatment of gains and losses recognized by a Fund if the Fund makes certain investments such as investments in structured notes, swaps, options, futures transactions, and non-U.S. corporations classified as passive foreign investment companies ("PFICs"). Those special tax rules can, among other things, affect the treatment of capital gain or loss as long-term or short-term and may result in ordinary income or loss rather than capital gain or loss and may accelerate when a Fund has to take these items into account for U.S. federal income tax purposes. VanEck Vectors ChinaAMC CSI 300 ETF's and VanEck Vectors ChinaAMC SME-ChiNext ETF's investments in swaps and other derivative instruments may generally be less tax-efficient than a direct investment in A-shares. Furthermore, VanEck Vectors ChinaAMC CSI 300 ETF and VanEck Vectors ChinaAMC SME-ChiNext ETF may be required to periodically adjust its positions in these swaps or derivatives to comply with certain regulatory requirements which may further cause these investments to be less efficient than a direct investment in A-shares. The application of these special rules would therefore also affect the timing and character of distributions made by a Fund. See "U.S. Federal Tax Treatment of Futures Contracts and Certain Option Contracts" for certain federal income tax rules regarding futures contracts.

VanEck Vectors ChinaAMC China Bond ETF's investments in swaps and other derivative instruments may generally be less tax-efficient than a direct investment in RMB Bonds. Furthermore, VanEck Vectors ChinaAMC China Bond ETF may be required to periodically adjust its positions in these swaps or derivatives to comply with certain regulatory requirements which may further cause these investments to be less efficient than a direct investment in RMB Bonds.

There may be uncertainty as to the appropriate treatment of certain of a Fund's investments for U.S. federal income tax purposes. In particular, a Fund may invest a portion of its net assets in below investment grade instruments. Investments in these types of instruments may present special tax issues for such Fund. U.S. federal income tax rules are not entirely clear about issues such as when a Fund may cease to accrue interest, original issue discount or market discount, when and to what extent deductions may be taken for bad debts or worthless instruments, how payments received on obligations in default should be allocated between principal and income and whether exchanges of debt obligations in a bankruptcy or workout context are taxable. These and other issues will be addressed by a Fund, to the extent necessary, in order to seek to ensure that it distributes sufficient income to ensure that it does not become subject to U.S. federal income or excise tax.

Certain Funds may make investments, both directly and/or through swaps or other derivative positions, in PFICs. Investments in PFICs are subject to special tax rules which may result in adverse tax consequences to a Fund and its shareholders. To the extent a Fund invests in PFICs, it generally intends to elect to “mark to market” these investments at the end of each taxable year. By making this election, the Fund will recognize as ordinary income any increase in the value of such shares as of the close of the taxable year over their adjusted basis and as ordinary loss any decrease in such investment (but only to the extent of prior income from such investment under the mark to market rules). Gains realized with respect to a disposition of a PFIC that a Fund has elected to mark to market will be ordinary income. By making the mark to market election, a Fund may recognize income in excess of the distributions that it receives from its investments. Accordingly, a Fund may need to borrow money or dispose of some of its investments in order to meet its distribution requirements. If a Fund does not make the mark to market election with respect to an investment in a PFIC, the Fund could become subject to U.S. federal income tax with respect to certain distributions from, and gain on the dispositions of, the PFIC which cannot be avoided by distributing such amounts to the Fund’s shareholders.

Certain Funds or some of the REITs in which a Fund may invest may be permitted to hold residual interests in real estate mortgage investment conduits (“REMICs”). Under Treasury regulations not yet issued, but that may apply retroactively, a portion of a Fund’s income from a REIT that is attributable to the REIT’s residual interest in a REMIC (referred to in the Internal Revenue Code as an “excess inclusion”) will be subject to federal income tax in all events. These regulations are expected to provide that excess inclusion income of a RIC, such as a Fund, will be allocated to shareholders of the RIC in proportion to the dividends received by shareholders, with the same consequences as if shareholders held the related REMIC residual interest directly.

Under current law, certain Funds serve to block unrelated business taxable income (“UBTI”) from being realized by their tax-exempt shareholders. Notwithstanding the foregoing, a tax-exempt shareholder could realize UBTI by virtue of its investment in a Fund if shares in the Fund constitute debt-financed property in the hands of the tax-exempt shareholder within the meaning of Section 514(b) of the Internal Revenue Code. Certain types of income received by a Fund from REITs, real estate mortgage investment conduits, taxable mortgage pools or other investments may cause the Fund to report some or all of its distributions as “excess inclusion income.”

In general, excess inclusion income allocated to shareholders (i) cannot be offset by net operating losses (subject to a limited exception for certain thrift institutions), (ii) will constitute unrelated business taxable income to entities (including a qualified pension plan, an individual retirement account, a 401(k) plan, a Keogh plan or other tax-exempt entity) subject to tax on unrelated business income, thereby potentially requiring such an entity that is allocated excess inclusion income, and that otherwise might not be required to file a tax return, to file a tax return and pay tax on such income, and (iii) in the case of a non-U.S. shareholder, will not qualify for any reduction in U.S. federal withholding tax.

If at any time during any taxable year a “disqualified organization” (as defined in the Internal Revenue Code) is a record holder of a share in a RIC, then the RIC will be subject to a tax equal to that portion of its excess inclusion income for the taxable year that is allocable to the disqualified organization, multiplied by the highest federal income tax rate imposed on corporations. It is not expected that a substantial portion of a Fund’s assets will be residual interests in REMICs. Additionally, the Funds do not intend to invest in REITs in which a substantial portion of the assets will consist of residual interests in REMICs.

Each Fund may make investments in which it recognizes income or gain prior to receiving cash with respect to such investment. For example, under certain tax rules, a Fund may be required to accrue a portion of any discount at which certain securities are purchased as income each year even though the Fund receives no payments in cash on the security during the year. To the extent that a Fund makes such

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investments, it generally would be required to pay out such income or gain as a distribution in each year to avoid taxation at the Fund level.

Each Fund will report to shareholders annually the amounts of dividends received from ordinary income and the amount of distributions received from capital gains and the portion of dividends, if any, which may qualify for the dividends received deduction. Certain ordinary dividends paid to non-corporate shareholders may constitute qualified dividend income eligible for taxation at a lower tax rate applicable to long-term capital gains provided holding period and other requirements are met at both the shareholder and Fund levels. In the event that Funds receive such a dividend and report the distribution of such dividend as a qualified dividend, the dividend may be taxed at maximum capital gains rates of 15% or 20%, provided holding period and other requirements are met at both the shareholder and each Fund level.

A portion of the dividend income received by a Fund may constitute qualified dividend income eligible to be taxed at a maximum rate of 20% to individuals, trusts and estates. If the aggregate amount of qualified dividend income received by a Fund during any taxable year is less than 95% of the Fund's gross income (as specifically defined for that purpose), qualified dividend treatment applies only if and to the extent reported by the Fund as qualified dividend income. A Fund may report such dividends as qualified dividend income only to the extent the Fund itself has qualified dividend income for the taxable year with respect to which such dividends are made. Qualified dividend income is generally dividend income from taxable domestic corporations and certain foreign corporations (*e.g.*, foreign corporations incorporated in a possession of the United States or in certain countries with comprehensive tax treaties with the United States, or whose stock is readily tradable on an established securities market in the United States), provided the Fund has held the stock in such corporations for more than 60 days during the 121 day period beginning on the date which is 60 days before the date on which such stock becomes ex-dividend with respect to such dividend (the "holding period requirement"). In order to be eligible for the 20% maximum rate on dividends from the Fund attributable to qualified dividends, shareholders must separately satisfy the holding period requirement with respect to their Fund shares.

VanEck Vectors AMT-Free Intermediate Municipal Index ETF, VanEck Vectors AMT-Free Long Municipal Index ETF, VanEck Vectors AMT-Free Short Municipal Index ETF, VanEck Vectors CEF Municipal Income ETF, VanEck Vectors ChinaAMC China Bond ETF, VanEck Vectors Emerging Markets Aggregate Bond ETF, VanEck Vectors Emerging Markets High Yield Bond ETF, VanEck Vectors Fallen Angel High Yield Bond ETF, VanEck Vectors Green Bond ETF, VanEck Vectors High-Yield Municipal Index ETF, VanEck Vectors International High Yield Bond ETF, VanEck Vectors Investment Grade Floating Rate ETF, VanEck Vectors J.P. Morgan EM Local Currency Bond ETF, VanEck Vectors Pre-Refunded Municipal Index ETF and VanEck Vectors Short High-Yield Municipal Index ETF do not expect that any of their distributions will be qualified dividends eligible for lower tax rates or for the corporate dividends received deduction. In the event that VanEck Vectors BDC Income ETF, VanEck Vectors Mortgage REIT Income ETF and VanEck Vectors Preferred Securities ex Financials ETF receive such a dividend and report the distribution of such dividend as a qualified dividend, the dividend may be taxed at maximum capital gains rates of 15% or 20%, provided holding period and other requirements are met at both the shareholder and the Fund level. It is not expected that any significant portion of the VanEck Vectors BDC Income ETF's, VanEck Vectors Mortgage REIT Income ETF or VanEck Vectors Preferred Securities ex Financials ETF's distributions will be eligible for qualified dividend treatment.

In general, a sale of Shares results in capital gain or loss, and for individual shareholders, is taxable at a federal rate dependent upon the length of time the Shares were held. A redemption of a shareholder's Fund Shares is normally treated as a sale for tax purposes. Fund Shares held for a period of one year or less at the time of such sale or redemption will, for tax purposes, generally result in short-term capital gains or losses, and those held for more than one year will generally result in long-term capital gains or losses. The maximum tax rate on long-term capital gains available to a non-corporate shareholder generally is 15% or 20%, depending on whether the shareholder's income exceeds certain threshold amounts (but the 25%

capital gain tax rate will remain applicable to 25% rate gain distributions received by VanEck Vectors Mortgage REIT Income ETF).

If at the end of each quarter of the taxable year of a RIC, 50% or more of the assets, by value, of the RIC are either (i) state, municipal and other bonds that pay interest that is exempt from federal income tax, or (ii) interests in other RICs, the RIC may report a portion of its dividends as exempt-interest dividends. The Municipal Funds and VanEck Vectors CEF Municipal Income ETF expect to be eligible to make such reports with respect to a substantial amount of the income each receives. The portion of the dividends that are reported as being exempt-interest dividends generally will be exempt from federal income tax and may be exempt from state and local taxation. Depending on a shareholder's state of residence, exempt-interest dividends paid by the Funds from interest earned on municipal securities of that state, or its political subdivision, may be exempt in the hands of such shareholder from income tax in that state and its localities. However, income from municipal securities of states other than the shareholder's state of residence generally will not qualify for this treatment.

Interest on indebtedness incurred by a shareholder to purchase or carry shares of the Municipal Funds will not be deductible for U.S. federal income tax purposes. In addition, the IRS may require a shareholder in a Fund that receives exempt-interest dividends to treat as taxable income a portion of certain otherwise non-taxable social security and railroad retirement benefit payments. In addition, the receipt of dividends and distributions from the Funds may affect a foreign corporate shareholder's federal "branch profits" tax liability and the federal "excess net passive income" tax liability of a shareholder of a Subchapter S corporation. Shareholders should consult their own tax advisers as to whether they are (i) "substantial users" with respect to a facility or "related" to such users within the meaning of the IRC or (ii) subject to the federal "branch profits" tax, or the deferral "excess net passive income" tax.

Shares of the Municipal Funds and VanEck Vectors CEF Municipal Income ETF generally would not be suitable for tax-exempt institutions or tax-deferred retirement plans (e.g., plans qualified under Section 401 of the Internal Revenue Code, and individual retirement accounts). Such retirement plans would not gain any benefit from the tax-exempt nature of a Municipal Fund's and VanEck Vectors CEF Municipal Income ETF's dividends because such dividends would be ultimately taxable to beneficiaries when distributed to them.

Any market discount recognized on a bond is taxable as ordinary income. A market discount bond is a bond acquired in the secondary market at a price below redemption value or adjusted issue price if issued with original issue discount. Absent an election by the Funds to include the market discount in income as it accrues, gain on the Funds' disposition of such an obligation will be treated as ordinary income rather than capital gain to the extent of the accrued market discount.

Tax reform legislation commonly known as the Tax Cuts and Jobs Act (the "Act") was enacted on December 22, 2017 which contained certain provisions that may affect the Municipal Funds. Under prior law, the tax-exemption for interest from state and local bonds generally applied to refunded bonds with certain limitations on advance refunding bonds. Advance refunding bonds are bonds that are issued more than 90 days before the redemption of the refunded bond. Under the Act, interest income from advance refunding bonds will now be considered to be taxable interest income for any advance refundings that occur after December 31, 2017. This provision may affect the supply of

municipal bonds available for purchase in the market.

Recent tax regulations and government guidance indicate that the Act's provisions that required that certain undistributed earnings of foreign corporations be recognized as income by U.S. owners with significant interests in foreign corporations with historical undistributed earnings may affect calculations in prior years of distributable investment income for VanEck Vectors Junior Gold Miners ETF which owned relevant percentages of certain foreign corporations in its portfolio during certain periods affected by the

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Act's provisions potentially resulting in additional dividends by and excise tax and other tax penalties and charges on VanEck Vectors Junior Gold Miners ETF's undistributed investment income. VanEck Vectors Junior Gold Miners ETF is continuing to assess the Act's provisions on its tax positions.

Gain or loss on the sale or redemption of Fund Shares is measured by the difference between the amount of cash received (or the fair market value of any property received) and the adjusted tax basis of the Shares. Shareholders should keep records of investments made (including Shares acquired through reinvestment of dividends and distributions) so they can compute the tax basis of their Fund Shares. Legislation passed by Congress requires reporting of adjusted cost basis information for covered securities, which generally include shares of a RIC acquired after January 1, 2012, to the IRS and to taxpayers. Shareholders should contact their financial intermediaries with respect to reporting of cost basis and available elections for their accounts.

A loss realized on a sale or exchange of Shares of a Fund may be disallowed if other Fund Shares or substantially identical shares are acquired (whether through the automatic reinvestment of dividends or otherwise) within a sixty-one (61) day period beginning thirty (30) days before and ending thirty (30) days after the date that the Shares are disposed of. In such a case, the basis of the Shares acquired will be adjusted to reflect the disallowed loss. Any loss upon the sale or exchange of Shares held for six (6) months or less will be treated as long-term capital loss to the extent of any capital gain dividends received by the shareholders. Distribution of ordinary income and capital gains may also be subject to foreign, state and local taxes.

Certain Funds may invest a portion of their assets in certain "private activity bonds." As a result, a portion of the exempt-interest dividends paid by such Funds will be an item of tax preference to shareholders subject to the alternative minimum tax. However, the alternative minimum tax consequences discussed in this paragraph do not apply with respect to interest paid on bonds issued after December 31, 2008 and before January 1, 2011 (including refunding bonds issued during that period to refund bonds originally issued after December 31, 2003 and before January 1, 2009).

Distributions reinvested in additional Fund Shares through the means of a dividend reinvestment service (see "Dividend Reinvestment Service") will nevertheless be taxable dividends to Beneficial Owners acquiring such additional Shares to the same extent as if such dividends had been received in cash.

An additional 3.8% Medicare tax is imposed on certain net investment income (including ordinary dividends and capital gain distributions received from a Fund and net gains from redemptions or other taxable dispositions of Fund Shares) of U.S. individuals, estates and trusts to the extent that such person's "modified adjusted gross income" (in the case of an individual) or "adjusted gross income" (in the case of an estate or trust) exceeds certain threshold amounts.

Some shareholders may be subject to a withholding tax on distributions of ordinary income, capital gains and any cash received on redemption of Creation Units ("backup withholding"). The backup withholding rate for individuals is currently 24%. Generally, shareholders subject to backup withholding will be those for whom no certified taxpayer

identification number is on file with a Fund or who, to the Fund's knowledge, have furnished an incorrect number. When establishing an account, an investor must certify under penalty of perjury that such number is correct and that such investor is not otherwise subject to backup withholding. Backup withholding is not an additional tax. Any amounts withheld will be allowed as a credit against shareholders' U.S. federal income tax liabilities, and may entitle them to a refund, provided that the required information is timely furnished to the IRS.

Distributions of ordinary income paid to shareholders who are nonresident aliens or foreign entities will generally be subject to a 30% U.S. withholding tax unless a reduced rate of withholding or a

withholding exemption is provided under applicable treaty law. Prospective investors are urged to consult their tax advisors regarding such withholding.

Non-U.S. Shareholders.

If you are not a citizen or resident alien of the United States or if you are a non-U.S. entity (a “Non-U.S. Shareholder”), a Fund’s ordinary income dividends (which include distributions of net short-term capital gains) will generally be subject to a 30% U.S. withholding tax, unless a lower treaty rate applies or unless such income is effectively connected with a U.S. trade or business.

Any capital gain realized by a Non-U.S. Shareholder upon a sale of shares of a Fund will generally not be subject to U.S. federal income or withholding tax unless (i) the gain is effectively connected with the shareholder’s trade or business in the United States, or in the case of a shareholder who is a nonresident alien individual, the shareholder is present in the United States for 183 days or more during the taxable year and certain other conditions are met or (ii) a Fund is or has been a U.S. real property holding corporation, as defined below, at any time within the five-year period preceding the date of disposition of the Fund’s Shares or, if shorter, within the period during which the Non-U.S. Shareholder has held the Shares. Generally, a corporation is a U.S. real property holding corporation if the fair market value of its U.S. real property interests, as defined in the Internal Revenue Code and applicable regulations, equals or exceeds 50% of the aggregate fair market value of its worldwide real property interests and its other assets used or held for use in a trade or business. A Fund may be, or may prior to a Non-U.S. Shareholder’s disposition of Shares become, a U.S. real property holding corporation. If a Fund is or becomes a U.S. real property holding corporation, so long as the Fund’s Shares are regularly traded on an established securities market, only a Non-U.S. Shareholder who holds or held (at any time during the shorter of the five year period preceding the date of disposition or the holder’s holding period) more than 5% (directly or indirectly as determined under applicable attribution rules of the Internal Revenue Code) of the Fund’s Shares will be subject to U.S. federal income tax on the disposition of Shares. Any Non-U.S. Shareholder who is described in one of the foregoing cases is urged to consult his, her or its own tax advisor regarding the U.S. federal income tax consequences of the redemption, sale, exchange or other disposition of shares of a Fund.

Properly reported dividends received by a nonresident alien or foreign entity are generally exempt from U.S. federal withholding tax when they (i) are paid in respect of the Fund’s “qualified net interest income” (generally, the Fund’s U.S. source interest income, reduced by expenses that are allocable to such income), or (ii) are paid in connection with the Fund’s “qualified short-term capital gains” (generally, the excess of the Fund’s net short-term capital gain over the Fund’s long-term capital loss for such taxable year). However, depending on the circumstances, the Fund may report all, some or none of the Fund’s potentially eligible dividends as such qualified net interest income or as qualified short-term capital gains, and a portion of the Fund’s distributions (e.g. interest from non-U.S. sources, Subpart F income with respect to VanEck Vectors Real Asset Allocation ETF’s investment in the Cayman Subsidiary and any foreign currency gains) would be ineligible for this potential exemption from withholding. With respect to VanEck Vectors Real Asset Allocation ETF, a financial intermediary may in fact withhold even if the Fund does so report.

As part of the Foreign Account Tax Compliance Act, (“FATCA”), the Funds may be required to withhold 30% on certain types of U.S. sourced income (e.g., dividends, interest, and other types of passive income), paid to (i) foreign financial institutions (“FFIs”), including non-U.S. investment funds, unless they agree to collect and disclose to the IRS information regarding their direct and indirect U.S. account holders and (ii) certain nonfinancial foreign entities (“NFFEs”), unless they certify certain information regarding their direct and indirect U.S. owners. To avoid possible withholding, FFIs will need to enter into agreements with the IRS which state that they will provide the IRS information, including the names, account numbers and balances, addresses and taxpayer identification numbers of U.S. account holders and comply with due diligence procedures with respect to the identification of direct and indirect U.S. accounts as well as agree

to withhold tax on certain types of withholdable payments made to non-compliant FFIs or to applicable foreign account holders who fail to provide the required information to the IRS, or similar account information and required documentation to a local revenue authority, should an applicable intergovernmental agreement be implemented. NFFEs will need to provide certain information regarding each substantial U.S. owner or certifications of no substantial U.S. ownership, unless certain exceptions apply, or agree to provide certain information to the IRS.

While some parts of the FATCA rules have not been finalized, the Funds may be subject to the FATCA withholding obligation, and also will be required to perform extensive due diligence reviews to classify foreign entity investors for FATCA purposes. Investors are required to agree to provide information necessary to allow the Funds to comply with the FATCA rules. If the Funds are required to withhold amounts from payments pursuant to FATCA, investors will receive distributions that are reduced by such withholding amounts.

Non-U.S. Shareholders are advised to consult their tax advisors with respect to the particular tax consequences to them of an investment in a Fund, including the possible applicability of the U.S. estate tax.

The foregoing discussion is a summary only and is not intended as a substitute for careful tax planning. Purchasers of Shares of the Trust should consult their own tax advisers as to the tax consequences of investing in such Shares, including under state, local and other tax laws. Finally, the foregoing discussion is based on applicable provisions of the Internal Revenue Code, regulations, judicial authority and administrative interpretations in effect on the date hereof. Changes in applicable authority could materially affect the conclusions discussed above and could adversely affect the Funds, and such changes often occur.

Reportable Transactions *(All Funds except the MLP ETFs)*

Under promulgated Treasury regulations, if a shareholder recognizes a loss on disposition of a Fund's Shares of \$2 million or more in any one taxable year (or \$4 million or more over a period of six taxable years) for an individual shareholder or \$10 million or more in any taxable year (or \$20 million or more over a period of six taxable years) for a corporate shareholder, the shareholder must file with the IRS a disclosure statement on Form 8886. Direct shareholders of portfolio securities are in many cases excepted from this reporting requirement, but under current guidance, shareholders of a RIC that engaged in a reportable transaction are not excepted. Future guidance may extend the current exception from this reporting requirement to shareholders of most or all RICs. In addition, significant penalties may be imposed for the failure to comply with the reporting requirements. The fact that a loss is reportable under these regulations does not affect the legal determination of whether the taxpayer's treatment of the loss is proper. Shareholders should consult their tax advisors to determine the applicability of these regulations in light of their individual circumstances.

Mauritius and India Tax Matters

(VanEck Vectors India Small-Cap Index ETF Only)

Please note that the tax implications in this section are based on the current provisions of the tax laws, and the regulations thereunder, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions. Any such changes could have different tax implications. The VanEck Vectors India Small-Cap Index ETF and its wholly-owned subsidiary located in the Republic of Mauritius (the “Mauritius Subsidiary”), as the case may be, and the Adviser accept no responsibility for any loss suffered by a holder of Shares as a result of current, or changes in, taxation law and practice. The VanEck Vectors India Small-

Cap Index ETF has made an election to cause the Mauritius Subsidiary to be treated as a disregarded entity or otherwise as a “pass-through” entity for U.S. federal tax purposes.

Mauritius. The Mauritius Subsidiary is regulated by the Financial Services Commission in Mauritius (“FSC”), which has issued a Category 1 Global Business License (“GBL 1 License”) to the Mauritius Subsidiary to conduct the business of “investment holding” under the Financial Services Act 2007. The Mauritius Subsidiary will apply for a tax residence certificate (“TRC”) from the Mauritius Revenue Authority (the “MRA”) through the FSC. The MRA will issue a TRC to the Mauritius Subsidiary if the Mauritius Subsidiary shows the MRA that it is, and will be, centrally managed and controlled in Mauritius.

In order to satisfy the requirement that it is centrally managed and controlled in Mauritius, the Mauritius Subsidiary must:

- a) have, at all times, at least two directors of appropriate caliber that are able to exercise independence of mind and judgment, who are ordinarily resident in Mauritius;
 - b) maintain, at all times, its principal bank account in Mauritius;
 - c) keep and maintain, at all times, its accounting records in Mauritius;
 - d) prepare its statutory financial statements and cause its financial statements to be audited in Mauritius;
 - e) have at least two directors from Mauritius present at meetings of directors; and
 - f) comply with at least one of the following additional ‘economic substance’ requirements:
 - (i) the corporation has or shall have office premises in Mauritius;
- (ii) the corporation employs or shall employ on a full time basis at an administrative or technical level, at least one person who shall be resident in Mauritius;
- (iii) the corporation’s constitution contains a clause whereby all disputes arising out of the constitution shall be resolved by way of arbitration in Mauritius;
- (iv) the corporation holds or is expected to hold within the next twelve months, assets (excluding cash held in bank account or shares/interests in another corporation holding a GBL 1 License) which are worth at least \$100,000 in Mauritius;
 - (v) the corporation’s shares are listed on a securities exchange licensed by the FSC; or
- (vi) the corporation has or is expected to have a yearly expenditure in Mauritius which can be reasonably expected from any similar corporation which is controlled and managed from Mauritius.

Additionally, a corporation shall be deemed to have satisfied the ‘economic substance’ requirements if a related corporation that is a subsidiary, fellow subsidiary, parent corporation or any other corporation within the same group structure, holding a GBL 1 License, satisfies one of the ‘economic substance’ criteria.

Under the current provisions of the Income Tax Act 1995 (“ITA 95”), a Mauritian company is taxed at the rate of 15% on its chargeable income. A company holding a GBL 1 License is entitled to claim a tax credit on foreign source income at a rate which is the higher of:

the actual foreign tax paid (including if the Mauritius company holds more than 5% of the issued capital of a
(a) company effecting a dividend distribution, a proportionate share of the foreign tax paid by such company) on such
income; or

(b) a deemed foreign tax representing 80% of the Mauritius tax on such income.

Section 2 of the ITA 95 defines the term 'foreign source income' as income which is not derived from Mauritius. This includes, in the case of a corporation holding a GBL 1 License, income derived from transactions with 'non-residents.' For a person other than an individual, the term 'non-resident' has been

defined based upon criteria such as economic interests and place of incorporation. Because the Fund expects to derive foreign source income only, it will pay tax in Mauritius at an effective maximum rate of 3% on its taxable profits.

Under the ITA 95, dividends paid to shareholders that do not otherwise derive income from Mauritius are not subject to Mauritius income tax. Moreover, there are no withholding taxes on dividends paid by a Mauritian resident company to its non-resident and resident shareholders. Distributions paid to shareholders following a redemption of shares are not subject to Mauritius income tax provided that the shareholder does not hold its shares in the course of trading activities. There is no Mauritius capital gains tax on the disposal of shares. Profits made from the disposal of securities in the course of trading activities may be liable to income tax at the applicable rate. Under ITA 95, interests paid by a corporation holding a GBL 1 License out of its foreign source income to non-residents that do not conduct any business in Mauritius are not subject to Mauritius income tax.

Compliance with FATCA under Mauritius law. On September 27, 2013, the Government of Mauritius and the Government of the United States signed an Agreement for the Exchange of Information Relating to Taxes (the “Agreement”) to set the legal framework to enable the exchange of tax information between the two countries. That was followed by the signing of another agreement known as the Inter-Governmental Agreement (the “Model 1 IGA”) to improve international tax compliance and to implement FATCA. The Agreement provides for the exchange of tax information (upon request, spontaneous and automatic) between Mauritius and the United States. The Model 1 IGA provides for the automatic reporting and exchange of information in relation to financial accounts held with Mauritius Financial Institutions by U.S. account holders and the reciprocal exchange of information regarding U.S. accounts held by Mauritius residents. According to the Model 1 IGA, Mauritius Financial Institutions are not subject to 30% withholding tax on US source income provided they comply with the requirements of FATCA. The Agreement for the Exchange of Information Relating to Taxes (United States of America—FATCA Implementation) Regulations 2014 (the “FATCA Regulations”) which gives effect to both the Agreement and the Model 1 IGA, became operational on August 29, 2014.

Compliance with the Convention on Mutual Administrative Assistance in Tax Matters. On June 23, 2015, the Government of Mauritius signed the Convention on Mutual Administrative Assistance in Tax Matters (the “Convention”), which was developed jointly by the Organization for Economic Cooperation and Development and the Council of Europe, and amended Section 76 of the ITA 95 to enable the implementation of the common reporting standard (“CRS”). Under CRS, financial institutions in Mauritius have to report annually to the MRA on the financial accounts held by non-residents for eventual exchange with relevant treaty partners. Amendments may be brought to Mauritius laws to introduce the obligations adopted by Mauritius pursuant to the Convention. Different and potentially obligatory disclosure requirements may be imposed in respect of investors as a result of CRS, local legislation implementing CRS and/or other legislation similar to CRS.

Additional Disclosure Obligations. As a result of FATCA, CRS or any other legislation under which disclosure may be necessary or desirable which may apply to the Mauritius Subsidiary, investors may be required to provide the Board of Directors of the Mauritius Subsidiary (the “Mauritius Subsidiary Board”) with all information and documents as the Mauritius Subsidiary Board may require. The Mauritius Subsidiary may disclose such information regarding the investors as may be required by the Government of Mauritius pursuant to FATCA, CRS or applicable laws or regulations in connection therewith (including, without limitation, the disclosure of certain non-public personal information regarding the investors to the extent required).

India. The taxation of the Mauritius Subsidiary in India is governed by the provisions of the ITA 1961, read with the provisions of the Treaty and the 2016 Protocol. As per Section 90(2) of the ITA 1961, the provisions of the ITA 1961 are subject to applicable tax treaty relief.

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In order to claim the beneficial provisions of the Treaty (discussed below), the Mauritius Subsidiary must be a tax resident of Mauritius and should obtain a TRC pertaining to the relevant period from the FSC. Further, the Mauritius Subsidiary should be eligible for the benefits under the Treaty if it is incorporated in Mauritius and has been issued a TRC by the MRA.

Under Circular 789 (dated April 13, 2000) issued by the CBDT in India, the Mauritius Subsidiary should be eligible for the benefits under the Treaty if it is incorporated in Mauritius and holds a valid TRC issued by the Mauritius income tax authorities.

It may be noted that the Supreme Court of India has upheld the validity of Circular 789 and accordingly, upon obtaining a Mauritius TRC, under the relevant taxation provisions, the Mauritius Subsidiary should be eligible for the benefits under the Treaty.

The Treaty may be subject to further re-negotiation and there can be no assurance that the terms of the Treaty will not be subject to different interpretation. In addition, there is no assurance that the Mauritius Subsidiary will continue to be deemed a tax resident by Mauritius, allowing it favorable tax treatment.

Additionally, under the amendments to the ITA 1961 brought in through the Finance Act, 2013, the Mauritius Subsidiary may have to provide to the tax authorities such other documents and information, as may be prescribed.

Under amendments to the Income Tax Rules, 1962 dated May 1, 2013, persons seeking to avail of Treaty benefits are required to furnish their return of income (irrespective of whether such income is liable to tax in India or not) from assessment years 2013-2014 onwards in the manner prescribed under the ITA 1961. For purposes of filing tax returns, a permanent account number or PAN (*i.e.*, a taxpayer identification number) is required.

India-Mauritius Double Tax Avoidance Treaty. On May 10, 2016, India and Mauritius entered into the 2016 Protocol amending the double-tax Treaty between the two countries. The 2016 Protocol went into effect on July 19, 2016. The 2016 Protocol allows India to tax capital gains which arise from alienation of shares of an Indian resident company acquired by a Mauritian tax resident. Under the 2016 Protocol, all existing investments made on or before March 31, 2017 are grandfathered under the pre-existing tax regime under the Treaty (“Grandfathered Investments”), and share transfers made on or after April 1, 2017 are not subject to capital gains tax in India unless other Treaty eligibility conditions are satisfied.

Phasing out capital gains tax exemption. The 2016 Protocol introduces a Limitation of Benefits provision (defined herein), which gives India the ability under its domestic tax laws to tax capital gains earned in India by a Mauritius resident from the sale of shares of an Indian company. Gains made on shares of an Indian company acquired by a Mauritius resident entity before April 1, 2017 will continue to be exempt from Indian capital gains tax irrespective of

the date on which such shares are sold. Gains made on shares of an Indian company acquired by a Mauritius resident entity on or after April 1, 2017 and sold before March 31, 2019 (the “Transition Period”) will be taxed at 50% of the prevailing Indian capital gains tax rate. However, the reduced tax rate will be contingent on the Mauritius resident entity fulfilling the conditions set out in the Limitation of Benefits provision. Under the Limitation of Benefits provision, a Mauritius resident entity will be entitled to the 50% reduced tax rate on gains during the Transition Period if: (i) it demonstrates that it has a bona fide business period (*e.g.*, its affairs have not been arranged with the primary purpose of benefiting from the reduced tax) and (ii) it is not a shell/conduit company. For purposes of the above, a company is not a shell/conduit company if it incurs expenditures on operations in Mauritius of at least 1.5 million Mauritius rupees (approximately \$43,000) in the twelve-month period immediately preceding the date on which the gains arise. Gains made on shares of an Indian

company acquired by a Mauritius resident entity on or after April 1, 2017 and sold after March 31, 2019 will be taxed at the full prevailing Indian capital gains tax rate.

Interest income derived by a Mauritius resident bank. Interest income derived by a Mauritius resident bank from debt claims and loans made to an Indian resident entity on or before March 31, 2017 will remain tax-exempt in India, irrespective of the maturity date of such instruments. Interest income derived by a Mauritius resident bank from debt claims and loans made to an Indian resident entity after March 31, 2017 will be subject to a 7.5% withholding tax in India.

Taxation of capital gains arising to the Mauritius Subsidiary from Grandfathered Investments. If the Mauritius Subsidiary qualifies as a Mauritius resident entity under Mauritius income tax laws and is eligible for benefits under the Treaty, the Mauritius Subsidiary will not be taxed on capital gains derived from Grandfathered Investments. Even if the gains earned by the Mauritius Subsidiary are considered business profits, such capital gains are not taxable in India if the Mauritius Subsidiary does not have a PE in India. Therefore, if the Mauritius Subsidiary is a Mauritius resident entity, has a valid TRC and is eligible for Treaty benefits, capital gains to the Mauritius Subsidiary from the Grandfathered Investments should not be subject to tax in India. However, interest income derived by a Mauritius resident entity from debt claims and loans made to an Indian resident entity after March 31, 2017 will be subject to a 7.5% withholding tax in India.

Taxation of capital gains arising to the Mauritius Subsidiary from alienation of shares of an Indian resident company during the Transition Period. During the Transition Period, the taxation of capital gains arising to the Mauritius Subsidiary from alienation of shares of an Indian resident company should be as follows:

Under the ITA 1961, capital gains from the sale of (a) unlisted shares held for not more than 24 months; and (b) listed shares (off the floor of the stock exchange) held for not more than 12 months should be taxed at the rate of 15% (excluding the applicable surcharge and cess) and (c) capital gains from the sale of unlisted Indian shares a) should not arise during the Transition Period considering that a holding period of more than 24 months is required in case of long-term capital gains on unlisted shares; and (d) listed shares (off the floor of the stock exchange) held for more than 12 months should be taxed at the rate of 5% (excluding the applicable surcharge and cess) without adjustment for foreign exchange fluctuation;

The Finance Bill 2018, which passed on March 14, 2018 and became effective on April 1, 2018, proposed a 10% b) tax on transfers of listed equity shares, units of an equity oriented mutual fund and units of a business trust where such gains exceed 100,000 Indian rupees (approximately \$1,500);

The Finance Act, 2012 has exempted from tax the gains arising from the sale of unlisted shares by existing c) shareholders of a company in an initial public offer ("IPO"). However, such sale shall be subject to Securities transaction tax ("STT").

Taxation of capital gains arising to the Mauritius Subsidiary from alienation of shares of an Indian resident company after the Transition Period. After the Transition Period, the taxation of capital gains arising to the Mauritius Subsidiary from alienation of shares of an Indian resident company should be as follows:

Under the ITA 1961, capital gains from the sale of (a) unlisted shares held for not more than 24 months and (b) a) listed shares (off the floor of the stock exchange) held for not more than 12 months should be taxed at the rate of 30% (excluding the applicable surcharge and cess); and (c) capital gains from the sale of unlisted

Indian shares held for more than 24 months and (d) listed shares (off the floor of the stock exchange) held for more than 12 months should be taxed at the rate of 10% (excluding the applicable surcharge and cess) without adjustment for foreign exchange fluctuation. The Finance Bill, 2018 proposes a 10% tax on transfer of listed equity shares, units of an equity oriented mutual fund, and units of a business trust, where such gains exceed 100,000 Indian rupees (approximately \$1,500);

b) Under the ITA 1961, capital gains from the sale of listed Indian shares on the floor of the stock exchange (held for 12 months or less) where an STT at the specified rates (as discussed below) has been paid should be taxed at the rate of 15% (excluding the applicable surcharge and cess) and those held for more than 12 months where STT has been paid shall be exempt from taxation;

c) The Finance Act, 2017 provided that, except for transactions which have been notified by the CBDT, the exemption on long term capital gains would be applicable only to those units on which STT has been paid at the time of acquisition. The Finance Bill 2018 proposes a 10% tax on transfer of listed equity shares, units of an equity oriented mutual fund and units of a business trust where such gains exceed 100,000 Indian rupees (approximately \$1,500). As a precondition for claiming the beneficial 10% tax rate, the proposal makes it mandatory for STT to have been paid at the time of sale of units;

d) The Finance Act, 2012 has exempted from tax the gains arising from the sale of unlisted shares by existing shareholders of a company in an IPO. However, such sale shall be subject to STT.

Securities Transaction Tax

All transactions relating to sale, purchases and redemption of investments made by purchasers or sellers of Indian securities and equity oriented mutual fund units on a recognized stock exchange in India are subject to an STT. The current STT as levied on the transaction value as follows:

0.1% payable by the buyer and 0.1% by the seller on the value of transactions of delivery based transfer of an equity share in an Indian company entered in a recognized stock exchange;

0.001% on the value of transactions of delivery based sale of a unit of an equity oriented mutual fund entered in a recognized stock exchange, payable by the seller;

0.025% on the value of transactions of non-delivery based sale of an equity share in an Indian company or a unit of an equity oriented mutual fund, entered in a recognized stock exchange payable by the seller;

0.05% on the value of transactions of derivatives being options, entered in a recognized stock exchange. STT is to be paid by the seller;

0.01% on the value of transactions of sale of derivatives being futures, entered in a recognized stock exchange. STT is to be paid by the seller;

0.001% on the value of transactions of sale of units of an equity-oriented fund to the Mutual Fund, payable by the seller in accordance with the Finance Act, 2013;

0.125% on the value of transactions of sale of derivatives being options, where the option is exercised, entered in a recognized stock exchange. STT is to be paid by buyer;

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The Finance Act, 2012 has exempted from tax the capital gains (under the ITA 1961) arising from the sale of unlisted shares by existing shareholders of a Sub-Fund in an initial public offer. However, such sale is subject to STT at 0.2% of the sale consideration payable by the seller.

Introduction of General Anti-Avoidance Rules

The Finance Act, 2012 introduced GAAR, which became effective April 1, 2017.

Under the Finance Act, 2012, upon declaration of an arrangement as an ‘impermissible avoidance agreements,’ the tax authorities can disregard entities in a structure, reallocate income and expenditure between parties to the arrangement, alter the tax residence of such entities and the legal situs of assets involved, treat debt as equity and vice versa. The tax authorities also have the power to deny benefits under the Treaty.

The term ‘impermissible avoidance arrangement’ has been defined broadly to mean an arrangement entered into with the main purpose of obtaining a tax benefit and satisfying one or more of the following: (a) non-arm’s length dealings; (b) misuse or abuse of the provisions of the domestic income tax provisions; (c) lack of commercial substance; and (d) arrangement similar to that employed for non-bona fide purposes. Factors such as the holding period of the investment, availability of an exit route and whether taxes have been paid in connection with the arrangement may be relevant but not sufficient for determining commercial substance. An arrangement shall also be deemed to be lacking commercial substance, if it does not have a significant effect upon the business risks, or net cash flows of any party to the arrangement apart from any effect attributable to the tax benefit that would be obtained.

According to a notification issued by the CBDT dated September 23, 2013, only those arrangements which result in a tax benefit of 30 million Indian rupees (approximately \$500,000) or more will attract the provisions of GAAR. Further, the provisions of Chapter X-A of the Tax Act (relating to GAAR) are not applicable in respect of any income accruing or arising to, or deemed to accrue or arise to, or received or deemed to be received by any person from transfer of investments made before August 30, 2010 by such person.

The Income Tax Rules, 1962 and subsequent amendments provide that GAAR is not applicable in respect of any income arising from transfer of investments which were made before April 1, 2017. Further, the CBDT has clarified that GAAR will not interplay with the right of the taxpayer to select or choose the method of implementing a transaction. GAAR shall not be invoked merely on the ground that the entity is located in a tax efficient jurisdiction.

Taxation of Indirect Transfer of Indian Assets

The Finance Act, 2012 introduced a provision for the levy of capital gains tax on income arising from the transfer of shares/interest in a company/entity organized outside India which derives, directly or indirectly, its value 'substantially' from the assets located in India.

The Finance Act, 2015 introduced the criteria to determine when the share or interest of a foreign company or entity shall be deemed to derive its value 'substantially' from the assets (whether tangible or intangible) located in India. The Finance Act, 2015 states that shares derive their value substantially from assets in India if on a specified date the value of such Indian assets (i) exceeds 10 crore rupees (approximately \$166,667) and (ii) represents at least 50% of the value of all the assets owned by the company or entity in which shares/interest is being transferred. The value of assets is proposed to be the fair value of such asset, without reduction of liabilities, if any, in respect of the asset. The manner of determination of the fair value of the assets has not been prescribed and is to be provided for by amending the Income Tax Rules, 1962.

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The end of the accounting period preceding the date of transfer is proposed to be the 'specified date' for the purposes of valuation. However, in a situation when the book value of the assets on the date of transfer exceeds the book value of the assets as of the end of the accounting period preceding the date of transfer by at least 15%, it is proposed that the 'specified date' shall be the date of transfer.

The gains arising on transfer of a share or interest deriving, directly or indirectly, its value substantially from assets located in India is proposed to be taxed in India only to the extent income arising from such transfer can be reasonably attributable to assets located in India. This would be relevant where the entity in which shares or interest is transferred also has assets outside India. While the Finance Act, 2015 does not provide for the mechanism determination of income attributable to assets in India, it is proposed to be prescribed subsequently by amending the Income Tax Rules, 1962. These rules have not yet been issued.

Further the Finance Act, 2015 provides for situations in which indirect transfer of Indian assets is proposed to be exempted from taxation. Category I (sovereign funds) and Category II (broad-based funds) FPIs have been exempted by the Finance Act, 2017 from the application of the indirect transfer tax provisions.

The above indirect transfer tax-related provisions could impact the redemption and/or the transfer of the Shareholders' interests in the Fund. Such taxation should be subject to relief under an applicable tax treaty. However, it would be important to note that the India-US tax treaty, the India-UK tax treaty and certain other treaties do not provide relief from such taxation.

In case of investors situated in a country where treaty relief is available against such taxation, it would be important to note that requirements with respect to obtaining a TRC, submitting certain additional information and filing tax returns (as outlined above) would also be applicable to such shareholders claiming tax treaty relief.

Taxation of the Investors

For investors in the Fund who are tax residents outside India and who do not carry on any business activities in India, there should be no Indian income tax implications on distributions received from the Fund. However, where shares in the Fund are sold by the investors, gains from such transfer could be subject to tax in India as outlined under the heading 'Taxation of Indirect Transfer of Indian Assets' above, subject to applicable tax treaty relief.

Please note that the above description is based on current provisions of Mauritius and Indian law, and any change or modification made by subsequent legislation, regulation, or administrative or judicial decision could increase the Indian tax liability of the Mauritius Subsidiary and thus reduce the return to Fund shareholders.

PRC Taxation

(VanEck Vectors ChinaAMC CSI 300 ETF and VanEck Vectors ChinaAMC SME-ChiNext ETF Only)

The Funds' investments in A-shares will be subject to a number of PRC tax rules and the application of many of those rules is at present uncertain. PRC taxes that may apply to the Funds' investments include withholding taxes on dividends earned by a Fund, withholding taxes on capital gains, value-added tax (previously, business tax) and stamp tax. Permanent rules governing taxes on capital gains derived by RQFIIs and QFIIs from the trading of PRC securities have yet to be announced. In the absence of specific rules, the tax treatment of the Funds' investments in A-shares through the Sub-Adviser's RQFII quota should be governed by the general PRC tax provisions and provisions applicable to RQFIIs. Under these

provisions, the Funds are generally subject to a tax of 10% on any dividends and, distributions it receives from its investment in PRC securities. A nonresident enterprise is subject to withholding tax at a rate of 10% on its capital gains. Withholding taxes on dividends and capital gains may be taxed at a reduced rate under an applicable tax treaty, but the application of such treaties for an RQFII acting on behalf of a foreign investor (*i.e.*, the Sub-Adviser acting on behalf of the Funds) is also uncertain and would depend on the approval of PRC tax authorities. It is also unclear how China's value-added tax (previously, business tax) may apply to activities of an RQFII such as the Sub-Adviser and how such application may be affected by tax treaty provisions. While it is unclear whether this tax will be applied to investments by an RQFII or what the methodology for calculating or collecting the tax will be, the PRC's Ministry of Finance announced that, effective November 17, 2014, the corporate income tax for QFIIs and RQFIIs, with respect to capital gains, will be temporarily lifted. With respect to Stock Connect, foreign investors (including the Funds) investing through Stock Connect would be temporarily exempt from the corporate income tax and value-added tax on the gains on disposal of such A-shares until further notice. Dividends would be subject to corporate income tax on a withholding basis at 10%, unless reduced under a double tax treaty with PRC upon application to and obtaining approval from the competent tax authority. The current PRC tax laws and regulations and interpretations thereof may be revised or amended in the future, including with respect to the possible liability of the Funds for obligations of the Sub-Adviser. Any revision or amendment in tax laws and regulations may adversely affect the Fund. Each Fund, prior to December 22, 2014, reserved 10% of its realized and unrealized gains from its A-share investments to apply towards withholding tax liability with respect to realized and unrealized gains from the Fund's investments in A-shares of "land-rich" enterprises, which are companies that have greater than 50% of their assets in land or real properties in the PRC. Each Fund could be subject to tax liability for any tax payments for which reserves have not been made or that were not previously withheld. The impact of any such tax liability on the Funds' return could be substantial. The Funds may also be liable to the Sub-Adviser for any tax that is imposed on the Sub-Adviser by the PRC with respect to the Funds' investment. If the Funds' direct investments in A-shares through the Sub-Adviser's RQFII quota become subject to repatriation restrictions, the Funds may be unable to satisfy distribution requirements applicable to RICs under the Internal Revenue Code, and be subject to tax at the Fund level.

PRC Taxation

(VanEck Vectors Rare Earth/Strategic Metals ETF Only)

The Fund's investments in A-shares will be subject to a number of PRC tax rules and the application of many of those rules is at present uncertain. PRC taxes that may apply to the Fund's investments include withholding taxes on dividends earned by the Fund, withholding taxes on capital gains, value-added tax (previously, business tax) and stamp tax. Foreign investors (including the Fund) investing through Stock Connect would be temporarily exempt from the corporate income tax and value-added tax on the gains on disposal of such A-shares until further notice. Dividends would be subject to corporate income tax on a withholding basis at 10%, unless reduced under a double tax treaty with PRC upon application to and obtaining approval from the competent tax authority. The current PRC tax laws and regulations and interpretations thereof may be revised or amended in the future. Any revision or amendment in tax laws and regulations may adversely affect the Fund.

PRC Taxation

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(VanEck Vectors ChinaAMC China Bond ETF, VanEck Vectors Emerging Markets Aggregate Bond ETF and VanEck Vectors J.P. Morgan EM Local Currency Bond ETF only)

There are still some uncertainties in the PRC tax rules governing taxation of income and gains from investments in the PRC due to the lack of formal guidance from the PRC's tax authorities that could result in unexpected tax liabilities for VanEck Vectors ChinaAMC China Bond ETF, VanEck Vectors Emerging Markets Aggregate Bond ETF and VanEck Vectors J.P. Morgan EM Local Currency Bond ETF. On the

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basis that nonresidents enterprises (i) do not have places of business, establishments or permanent establishments in the PRC; and (ii) are not PRC tax resident enterprises, China generally may impose Withholding Income Tax (“WHT”) at a rate of 10% (which may be reduced by the double taxation agreement/arrangement) on interest derived by nonresidents, including QFIIs and RQFIIs, from issuers resident in the PRC. However, on November 7, 2018, the PRC Ministry of Finance (MOF) and PRC State Administration of Taxation (SAT) jointly issued Caishui [2018] 108 (Circular 108) to clarify the temporary three-year tax exemption on bond interest derived by foreign institutional investors (FIIs). Pursuant to Circular 108, FIIs are temporarily exempt from withholding income tax and value added tax with respect to bond interest income derived in the domestic bond market (via QFII, RQFII, CIBM and Hong Kong Bond Connect) from November 7, 2018 to November 6, 2021. Additionally, prior to November 7, 2018, interest received by nonresidents from PRC government bonds issued by the PRC Ministry of Finance (“MOF”) or local government bonds was exempt from WHT. The term “local government bonds” refers to bonds which are approved by the PRC State Council to be issued by governments of provinces, autonomous regions, municipalities directly under the PRC government or municipalities separately listed on the state plan.

Under the PRC Corporate Income Tax regime, PRC also imposes WHT at a rate of 10% (subject to treaty relief) on PRC-sourced capital gains derived by nonresident enterprises, provided that the nonresident enterprises (i) do not have places of business, establishments or permanent establishments in the PRC; and (ii) are not PRC tax resident enterprises. VanEck Vectors ChinaAMC China Bond ETF, VanEck Vectors Emerging Markets Aggregate Bond ETF and VanEck Vectors J.P. Morgan EM Local Currency Bond ETF currently consider capital gains derived from bonds issued by PRC entities to be non PRC-sourced income, and thus nonresident enterprises should not be subject to WHT on such gains.

Gains derived by nonresidents from the trading of bonds issued by PRC entities should be exempt from value-added tax.

PRC rules for taxation of RQFIIs (and QFIIs), as well as nonresidents trading bonds via Bond Connect are evolving, and the PRC tax regulations to be issued by the PRC State Administration of Taxation and/or PRC MOF to clarify the subject matter may apply retrospectively, even if such rules are adverse to the nonresident investors. If the PRC tax authorities were to issue differing formal guidance or tax rules regarding the taxation of interest and capital gains derived by QFIIs, RQFIIs and other nonresident investors from PRC bonds, and / or begin collecting WHT on gains from such investments, VanEck Vectors ChinaAMC China Bond ETF, VanEck Vectors Emerging Markets Aggregate Bond ETF and VanEck Vectors J.P. Morgan EM Local Currency Bond ETF could be subject to additional tax liabilities. The impact of any such tax liability, as well as the potential late payment interest and penalties associated with the underpaid PRC taxes, on a Fund’s return could be substantial. VanEck Vectors ChinaAMC China Bond ETF may also be liable to the Sub-Adviser for any tax (including late payment interest and penalties) that is imposed on the Sub-Adviser by the PRC with respect to the Fund’s investments.

CAPITAL STOCK AND SHAREHOLDER REPORTS

The Trust currently is comprised of 58 investment portfolios. The Trust issues Shares of beneficial interest with no par value. The Board may designate additional funds of the Trust.

Each Share issued by the Trust has a pro rata interest in the assets of the corresponding Fund. Shares have no pre-emptive, exchange, subscription or conversion rights and are freely transferable. Each Share is entitled to participate equally in dividends and distributions declared by the Board with respect to the relevant Fund, and in the net distributable assets of such Fund on liquidation. A Fund may liquidate and terminate at any time and for any reason, including as a result of the termination of the license agreement between the Fund's Adviser and the Fund's Index Provider, without shareholder approval.

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Each Share has one vote with respect to matters upon which a shareholder vote is required consistent with the requirements of the 1940 Act and the rules promulgated thereunder and each fractional Share has a proportional fractional vote. Shares of all funds vote together as a single class except that if the matter being voted on affects only a particular fund it will be voted on only by that fund, and if a matter affects a particular fund differently from other funds, that fund will vote separately on such matter. Under Delaware law, the Trust is not required to hold an annual meeting of shareholders unless required to do so under the 1940 Act. The policy of the Trust is not to hold an annual meeting of shareholders unless required to do so under the 1940 Act. All Shares of the Trust have noncumulative voting rights for the election of Trustees. Under Delaware law, Trustees of the Trust may be removed by vote of the shareholders.

Under Delaware law, the shareholders of a Fund are not generally subject to liability for the debts or obligations of the Trust. Similarly, Delaware law provides that a Fund will not be liable for the debts or obligations of any other series of the Trust. However, no similar statutory or other authority limiting statutory trust shareholder liability may exist in other states. As a result, to the extent that a Delaware statutory trust or a shareholder is subject to the jurisdiction of courts of such other states, the courts may not apply Delaware law and may thereby subject the Delaware statutory trust's shareholders to liability for the debts or obligations of the Trust. The Trust's Amended and Restated Declaration of Trust (the "Declaration of Trust") provides for indemnification by the relevant Fund for all loss suffered by a shareholder as a result of an obligation of the Fund. The Declaration of Trust also provides that a Fund shall, upon request, assume the defense of any claim made against any shareholder for any act or obligation of the Fund and satisfy any judgment thereon.

The Trust will issue through DTC Participants to its shareholders semi-annual reports containing unaudited financial statements and annual reports containing financial statements audited by an independent auditor approved by the Trust's Trustees and by the shareholders when meetings are held and such other information as may be required by applicable laws, rules and regulations. Beneficial Owners also receive annually notification as to the tax status of the Trust's distributions.

Shareholder inquiries may be made by writing to the Trust, c/o Van Eck Associates Corporation, 666 Third Avenue, 9th Floor, New York, New York 10017.

COUNSEL AND INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Dechert LLP, 1095 Avenue of the Americas, New York, New York 10036, is counsel to the Trust and has passed upon the validity of each Fund's Shares.

Ernst & Young LLP, 5 Times Square, New York, New York 10036, is the Trust's independent registered public accounting firm and audits the Funds' financial statements and performs other related audit services.

FINANCIAL STATEMENTS

The audited financial statements, including the financial highlights, and the report of Ernst & Young, appearing in the Trust's most recent Annual Report to shareholders for each Fund's corresponding fiscal year end and filed electronically with the SEC, are incorporated by reference and made part of this SAI. You may request a copy of the Trust's Annual Report and Semi-Annual Report for the Funds at no charge by calling 800.826.2333 during normal business hours.

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APPENDIX A

VANECK PROXY VOTING POLICIES

VanEck (the “Adviser”) has adopted the following policies and procedures which are reasonably designed to ensure that proxies are voted in a manner that is consistent with the best interests of its clients in accordance with its fiduciary duties and Rule 206(4)-6 under the Investment Advisers Act of 1940. When an adviser has been granted proxy voting authority by a client, the adviser owes its clients the duties of care and loyalty in performing this service on their behalf. The duty of care requires the adviser to monitor corporate actions and vote client proxies. The duty of loyalty requires the adviser to cast the proxy votes in a manner that is consistent with the best interests of the client.

Rule 206(4)-6 also requires the Adviser to disclose information about the proxy voting procedures to its clients and to inform clients how to obtain information about how their proxies were voted. Additionally, Rule 204-2 under the Advisers Act requires the Adviser to maintain certain proxy voting records.

An adviser that exercises voting authority without complying with Rule 206(4)-6 will be deemed to have engaged in a “fraudulent, deceptive, or manipulative” act, practice or course of business within the meaning of Section 206(4) of the Advisers Act.

The Adviser intends to vote all proxies in accordance with applicable rules and regulations, and in the best interests of clients without influence by real or apparent conflicts of interest. To assist in its responsibility for voting proxies and the overall voting process, the Adviser has engaged an independent third party proxy voting specialist, Glass Lewis & Co., LLC. The services provided by Glass Lewis include in-depth research, global issuer analysis, and voting recommendations as well as vote execution, reporting and recordkeeping.

Resolving Material Conflicts of Interest

When a material conflict of interest exists, proxies will be voted in the following manner:

1. Strict adherence to the Glass Lewis guidelines, or
2. The potential conflict will be disclosed to the client:
 - a. with a request that the client vote the proxy,
 - b. with a recommendation that the client engage another party to determine how the proxy should be voted or if the foregoing are not acceptable to the client, disclosure of how VanEck intends to vote and a written consent to that vote by the client.

Any deviations from the foregoing voting mechanisms must be approved by the Chief Compliance Officer with a written explanation of the reason for the deviation.

A **material conflict of interest** means the existence of a business relationship between a portfolio company or an affiliate and the Adviser, any affiliate or subsidiary, or an “affiliated person” of a VanEck mutual fund. Examples of when a material conflict of interest exists include a situation where the adviser provides significant investment advisory, brokerage or other services to a company whose management is soliciting proxies; an officer of the Adviser serves on the board of a charitable organization that receives charitable contributions from the portfolio company and the charitable organization is a client of the Adviser; a portfolio company that is a significant selling agent of the Adviser’s products and services solicits proxies; a broker-dealer or insurance company that controls 5% or more of the Adviser’s assets solicits proxies; the Adviser serves as an investment adviser to the pension or other investment account of the portfolio

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company; the Adviser and the portfolio company have a lending relationship. In each of these situations voting against management may cause the Adviser a loss of revenue or other benefit.

Client Inquiries

All inquiries by clients as to how the Adviser has voted proxies must immediately be forwarded to Portfolio Administration.

Disclosure to Clients

1. Notification of Availability of Information

a. Client Brochure - The Client Brochure or Part II of Form ADV will inform clients that they can obtain information from the Adviser on how their proxies were voted. The Client Brochure or Part II of Form ADV will be mailed to each client annually. The Legal Department will be responsible for coordinating the mailing with Sales/Marketing Departments.

2. Availability of Proxy Voting Information

a. At the client's request or if the information is not available on the Adviser's website, a hard copy of the account's proxy votes will be mailed to each client.

Recordkeeping Requirements

1. VanEck will retain the following documentation and information for each matter relating to a portfolio security with respect to which a client was entitled to vote:

- a. proxy statements received;
- b. identifying number for the portfolio security;
- c. shareholder meeting date;
- d. brief identification of the matter voted on;
- e. whether the vote was cast on the matter;
- f. how the vote was cast (*e.g.*, for or against proposal, or abstain; for or withhold regarding election of directors);
- g. records of written client requests for information on how the Adviser voted proxies on behalf of the client; a copy of written responses from the Adviser to any written or oral client request for information on how the
- h. Adviser voted proxies on behalf of the client; and any documents prepared by the Adviser that were material to the decision on how to vote or that memorialized the basis for the decision, if such documents were prepared.

2. Copies of proxy statements filed on EDGAR, and proxy statements and records of proxy votes maintained with a third party (*i.e.*, proxy voting service) need not be maintained. The third party must agree in writing to provide a copy of the documents promptly upon request.

3. If applicable, any document memorializing that the costs of voting a proxy exceed the benefit to the client or any other decision to refrain from voting, and that such abstention was in the client's best interest.

Proxy voting records will be maintained in an easily accessible place for five years, the first two at the office of the 4. Adviser. Proxy statements on file with EDGAR or maintained by a third party and proxy votes maintained by a third party are not subject to these particular retention requirements.

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Voting Foreign Proxies

At times the Adviser may determine that, in the best interests of its clients, a particular proxy should not be voted. This may occur, for example, when the cost of voting a foreign proxy (translation, transportation, etc.) would exceed the benefit of voting the proxy or voting the foreign proxy may cause an unacceptable limitation on the sale of the security. Any such instances will be documented by the Portfolio Manager and reviewed by the Chief Compliance Officer.

Securities Lending

Certain portfolios managed by the Adviser participate in securities lending programs to generate additional revenue. Proxy voting rights generally pass to the borrower when a security is on loan. The Adviser will use its best efforts to recall a security on loan and vote such securities if the Portfolio Manager determines that the proxy involves a material event.

Proxy Voting Policy

The Adviser has reviewed the Glass Lewis Proxy Guidelines (“Guidelines”) and has determined that the Guidelines are consistent with the Adviser’s proxy voting responsibilities and its fiduciary duty with respect to its clients. The Adviser will review any material amendments to the Guidelines.

While it is the Adviser’s policy to generally follow the Guidelines, the Adviser retains the right, on any specific proxy, to vote differently from the Guidelines, if the Adviser believes it is in the best interests of its clients. Any such exceptions will be documented by the Adviser and reviewed by the Chief Compliance Officer.

The portfolio manager or analyst covering the security is responsible for making proxy voting decisions. Portfolio Administration, in conjunction with the portfolio manager and the custodian, is responsible for monitoring corporate actions and ensuring that corporate actions are timely voted.

2019

PROXY PAPER™

GUIDELINES

AN OVERVIEW OF THE GLASS LEWIS APPROACH TO PROXY ADVICE

UNITED STATES

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Guidelines Introduction

SUMMARY OF CHANGES FOR THE 2019 UNITED STATES POLICY GUIDELINES

Glass Lewis evaluates these guidelines on an ongoing basis and formally updates them on an annual basis. This year we've made noteworthy revisions in the following areas, which are summarized below but discussed in greater detail in the relevant section of this document:

BOARD GENDER DIVERSITY

Our policy regarding board gender diversity, announced in November 2017, will take effect for meetings held after January 1, 2019. Under the updated policy, Glass Lewis will generally recommend voting against the nominating committee chair of a board that has no female members. Depending on other factors, including the size of the company, the industry in which the company operates and the governance profile of the company, we may extend this recommendation to vote against other nominating committee members. Also, when making these voting recommendations, we will carefully review a company's disclosure of its diversity considerations and may refrain from recommending shareholders vote against directors of companies outside the Russell 3000 index, or when boards have provided a sufficient rationale for not having any female board members. Such rationale may include, but is not limited to, a disclosed timetable for addressing the lack of diversity on the board, and any notable restrictions in place regarding the board's composition, such as director nomination agreements with significant investors.

CONFLICTING AND EXCLUDED PROPOSALS

We have codified our policy regarding conflicting special meeting shareholder resolutions:

In instances where companies place on the ballot both a management and shareholder proposal requesting different thresholds for the right to call a special meeting, Glass Lewis will generally recommend voting for the lower threshold (in most instances, the shareholder proposal) and recommend voting against the higher threshold.

In instances where there are conflicting management and shareholder special meeting proposals and the company does not currently maintain a special meeting right, Glass Lewis may consider recommending that shareholders vote in favor of the shareholder proposal and recommending that shareholders abstain from voting on management's proposal.

In instances where companies have excluded a special meeting shareholder proposal in favor of a management proposal ratifying an existing special meeting right, Glass Lewis will typically recommend against the ratification proposal as well as members of the nominating and governance committee.

Glass Lewis will also be making note of instances where the SEC has allowed companies to exclude shareholder proposals, which may result in recommendations against members of the governance committee. In recent years, we have seen the dynamic nature of the considerations given by the SEC when determining whether companies may exclude certain shareholder proposals. We understand that not all shareholder proposals serve the long-term interests of shareholders and value and respect the limitations placed on shareholder proponents when submitting proposals to a vote of shareholders, as certain shareholder proposals can unduly burden companies. However, in the event that we believe that the exclusion of a shareholder proposal was detrimental to shareholders, we may, in very limited circumstances, recommend against the members of the governance committee.

ENVIRONMENTAL AND SOCIAL RISK OVERSIGHT

We have codified our approach to reviewing how boards are overseeing environmental and social issues. For large cap companies and in instances where we identify material oversight issues, Glass Lewis will review a company's overall governance practices and identify which directors or board-level committees have been charged with oversight of environmental and/or social issues. Glass Lewis will also note instances where such oversight has not been clearly defined by companies in their governance documents.

Further, we have clarified that, in instances where it is clear that companies have not properly managed or mitigated environmental or social risks to the detriment of shareholder value, or when such mismanagement has threatened shareholder value, Glass Lewis may consider recommending that shareholders vote against members of the board who are responsible for oversight of environmental and social risks. In the absence of explicit board oversight of environmental and social issues, Glass Lewis may recommend that shareholders vote against members of the audit committee. In making these determinations, Glass Lewis will carefully review the situation, its effect on shareholder value, as well as any corrective action or other response made by the company.

RATIFICATION OF AUDITOR: ADDITIONAL CONSIDERATIONS

We have codified additional factors we will consider when reviewing auditor ratification proposals, and extended our discussion of auditor ratification to reflect updated disclosure standards. Specifically, additional factors we will consider include the auditor's tenure, a pattern of inaccurate audits, and any ongoing litigation or significant controversies which call into question an auditor's effectiveness. In limited cases, these factors may contribute to a recommendation against auditor ratification.

VIRTUAL-ONLY SHAREHOLDER MEETINGS

Our policy regarding virtual-only shareholder meetings, announced in November 2017, will take effect for meetings held after January 1, 2019. Under this new policy, for companies that opt to hold their annual shareholder meeting by virtual means, and without the option of attending the meeting in person, Glass Lewis will examine the company's disclosure of its virtual meeting procedures and may recommend voting against members of the governance committee if the company does not provide disclosure assuring that shareholders will be afforded the same rights and opportunities to participate as they would at an in-person meeting.

Examples of effective disclosure include: (i) addressing the ability of shareholders to ask questions during the meeting, including time guidelines for shareholder questions, rules around what types of questions are allowed, and rules for how questions and comments will be recognized and disclosed to meeting participants; (ii) procedures, if any, for posting appropriate questions received during the meeting, and the company's answers, on the investor page of

their website as soon as is practical after the meeting; (iii) addressing technical and logistical issues related to accessing the virtual meeting platform; and (iv) procedures for accessing technical support to assist in the event of any difficulties accessing the virtual meeting.

EXECUTIVE COMPENSATION

ADDED EXCISE TAX GROSS-UPS

When analyzing the performance of the board's compensation committee, we will now include the inclusion of new excise tax gross-up provisions as an additional factor that may contribute to a negative voting recommendation. When new excise tax gross-ups are provided for in executive employment agreements, we will consider recommending against members of the compensation committee, particularly in situations where a company previously committed not to provide any such entitlements in the future.

CONTRACTUAL PAYMENTS AND ARRANGEMENTS

We have extended our policy regarding contractual payments and arrangements, and clarified the terms that may contribute to a negative voting recommendation on a say-on-pay proposal. When evaluating severance and sign-on arrangements, we consider general U.S. market practice, as well as the size and design of entitlements.

EXECUTIVE COMPENSATION DISCLOSURE FOR SMALLER REPORTING COMPANIES

When analyzing the performance of a board's compensation committee, we will consider the impact of materially decreased CD&A disclosure when formulating our recommendations and may consider recommending against members of the committee where a reduction in disclosure substantially impacts shareholders' ability to make an informed assessment of the company's executive pay practices.

In June 2018, the SEC adopted amendments to raise the thresholds in the definition of "smaller reporting company" (or "SRC"), thereby significantly expanding the number of companies eligible to comply with reduced disclosure requirements. Specifically, a company with less than \$250 million of public float, or a company with less than \$100 million in annual revenues and either no public float or a public float of less than \$700 million will be eligible. Under the lower disclosure standard, a company is only required to disclose two years of summary compensation table information rather than three, and for the top three named executive officers rather than five. Additionally, SRCs are not required to provide a compensation discussion and analysis, or tables detailing grants of plan-based awards to executives.

GRANTS OF FRONT-LOADED AWARDS

We have added a discussion of grants of front-loaded awards. We believe that there are certain risks associated with the use of this structure. When evaluating such awards, Glass Lewis takes quantum, design and the company's rationale for granting awards under this structure into consideration.

RECOUPMENT PROVISIONS ("CLAWBACKS")

We have clarified our policy regarding "Recoupment Provisions ("Clawbacks")", as we are increasingly focusing attention on the specific terms of recoupment policies beyond whether a company maintains a "clawback" that simply satisfies the minimum legal requirements.

OTHER EXECUTIVE COMPENSATION CLARIFICATIONS

In addition to the above, we have clarified and formalized several aspects of our current executive compensation policy guidelines. These include updated language in our discussion of how peer groups contribute to recommendations, revising our description of the pay-for-performance model, and adding discussion on the consideration of discretion in incentive plans. We have also added an explanation of the structure and disclosure ratings in our Proxy Papers and addressed certain recent developments in our discussion of director compensation and bonus plans.

CLARIFYING AMENDMENTS

While we have not changed our current approach to the following topics, we have codified our policies pertaining to the following:

AUDITOR RATIFICATION PROPOSALS AT BUSINESS DEVELOPMENT COMPANIES (“BDCS”)

We have clarified why we do not recommend voting against members of the audit committees of business development companies for failing to include auditor ratification on the ballot alongside a proposal to issue shares below NAV.

DIRECTOR RECOMMENDATIONS ON THE BASIS OF COMPANY PERFORMANCE

With regard to our voting recommendations on the basis of company performance, we have clarified that in addition to the company's stock price performance, we consider the company's overall corporate governance, pay-for-performance alignment and responsiveness to shareholders, and that our recommendation is not based solely on stock price performance in the bottom quartile of the company's sector.

DIRECTOR AND OFFICER INDEMNIFICATION

We have added a section clarifying our approach to analyzing indemnification provisions for directors and officers. While Glass Lewis strongly believes that directors and officers should be held to the highest standard when carrying out their duties to shareholders, some protection from liability is reasonable to protect them against certain suits so that these officers feel comfortable taking measured risks that may benefit shareholders. As such, we find it appropriate for a company to provide indemnification and/or enroll in liability insurance to cover its directors and officers so long as the terms of such agreements are reasonable.

NOL PROTECTIVE AMENDMENTS

Previously, when companies proposed the adoption of a NOL Poison Pill in addition to a separate proposal seeking approval of "protective amendments" to restrict certain share transfers, we would generally support adoption of the NOL Pill while opposing the protective amendment, on the grounds that the pill itself would be sufficiently restrictive to protect the company's deferred tax assets. Given that it is common practice in the United States to seek approval of both proposals simultaneously in order to appropriately protect such assets, we have clarified that in cases where companies propose adoption of both a NOL Poison Pill and an additional bylaw amendment restricting certain share transfers, we may support both as long as we find the terms to be reasonable.

OTC-LISTED COMPANIES

We have added a section clarifying our approach to analyzing OTC-listed companies and our recommendations relating to lack of sufficient disclosure. Specifically, we have clarified that in cases where shareholders are not provided with information regarding the composition of the board, its key committees or other basic governance practices, we generally hold the chair of the board's governance committee responsible, or the chair of the board in cases where no governance committee is disclosed.

QUORUM REQUIREMENTS

We have added a section clarifying our approach to analyzing quorum requirements for shareholder meetings. Glass Lewis generally believes that a company's quorum requirement should be set at a level high enough to ensure that a broad range of shareholders is represented in person or by proxy, but low enough that the company can transact necessary business.

We generally believe that a majority of outstanding shares entitled to vote is an appropriate quorum for the transaction of business at shareholder meetings. However, should a company seek shareholder approval of a lower quorum requirement we will generally support a reduced quorum of at least one-third of shares entitled to vote, either in person or by proxy. When evaluating such proposals, we also consider the specific facts and circumstances of the company such as size and shareholder base.

HOUSEKEEPING CHANGES

Lastly, we have made several minor edits of a housekeeping nature, including the removal of several outdated references, in order to enhance clarity and readability.

A Board of Directors that Serves the Interests of Shareholders

ELECTION OF DIRECTORS

The purpose of Glass Lewis' proxy research and advice is to facilitate shareholder voting in favor of governance structures that will drive performance, create shareholder value and maintain a proper tone at the top. Glass Lewis looks for talented boards with a record of protecting shareholders and delivering value over the medium- and long-term. We believe that a board can best protect and enhance the interests of shareholders if it is sufficiently independent, has a record of positive performance, and consists of individuals with diverse backgrounds and a breadth and depth of relevant experience.

INDEPENDENCE

The independence of directors, or lack thereof, is ultimately demonstrated through the decisions they make. In assessing the independence of directors, we will take into consideration, when appropriate, whether a director has a track record indicative of making objective decisions. Likewise, when assessing the independence of directors we will also examine when a director's track record on multiple boards indicates a lack of objective decision-making. Ultimately, we believe the determination of whether a director is independent or not must take into consideration both compliance with the applicable independence listing requirements as well as judgments made by the director.

We look at each director nominee to examine the director's relationships with the company, the company's executives, and other directors. We do this to evaluate whether personal, familial, or financial relationships (not including director compensation) may impact the director's decisions. We believe that such relationships make it difficult for a director to put shareholders' interests above the director's or the related party's interests. We also believe that a director who owns more than 20% of a company can exert disproportionate influence on the board, and therefore believe such a director's independence may be hampered, in particular when serving on the audit committee.

Thus, we put directors into three categories based on an examination of the type of relationship they have with the company:

Independent Director — An independent director has no material financial, familial or other current relationships with the company, its executives, or other board members, except for board service and standard fees paid for that service. Relationships that existed within three to five years¹ before the inquiry are usually considered "current" for purposes of this test.

Affiliated Director — An affiliated director has, (or within the past three years, had) a material financial, familial or other relationship with the company or its executives, but is not an employee of the company.² This includes directors whose employers have a material financial relationship with the

¹ NASDAQ originally proposed a five-year look-back period but both it and the NYSE ultimately settled on a three-year look-back prior to finalizing their rules. A five-year standard is more appropriate, in our view, because we believe that the unwinding of conflicting relationships between former management and board members is more likely to be complete and final after five years. However, Glass Lewis does not apply the five-year look-back period to directors who have previously served as executives of the company on an interim basis for less than one year.

² If a company does not consider a non-employee director to be independent, Glass Lewis will classify that director as an affiliate.

company.³ In addition, we view a director who either owns or controls 20% or more of the company's voting stock, or is an employee or affiliate of an entity that controls such amount, as an affiliate.⁴

We view 20% shareholders as affiliates because they typically have access to and involvement with the management of a company that is fundamentally different from that of ordinary shareholders. More importantly, 20% holders may have interests that diverge from those of ordinary holders, for reasons such as the liquidity (or lack thereof) of their holdings, personal tax issues, etc.

Glass Lewis applies a three-year look back period to all directors who have an affiliation with the company other than former employment, for which we apply a five-year look back.

Definition of **“Material”**: A material relationship is one in which the dollar value exceeds:

- \$50,000 (or where no amount is disclosed) for directors who are paid for a service they have agreed to perform for the company, outside of their service as a director, including professional or other services; or

- \$120,000 (or where no amount is disclosed) for those directors employed by a professional services firm such as a law firm, investment bank, or consulting firm and the company pays the firm, not the individual, for services.⁵ This dollar limit would also apply to charitable contributions to schools where a board member is a professor; or charities where a director serves on the board or is an executive;⁶ and any aircraft and real estate dealings between the company and the director's firm; or

- 1% of either company's consolidated gross revenue for other business relationships (e.g., where the director is an executive officer of a company that provides services or products to or receives services or products from the company).⁷

Definition of **“Familial”** — Familial relationships include a person's spouse, parents, children, siblings, grandparents, uncles, aunts, cousins, nieces, nephews, in-laws, and anyone (other than domestic employees) who shares such person's home. A director is an affiliate if: i) he or she has a family member who is employed by the company and receives more than \$120,000 in annual compensation; or, ii) he or she has a family member who is employed by the company and the company does not disclose this individual's compensation.

Definition of **“Company”** — A company includes any parent or subsidiary in a group with the company or any entity that merged with, was acquired by, or acquired the company.

Inside Director — An inside director simultaneously serves as a director and as an employee of the company. This category may include a board chair who acts as an employee of the company or is paid as an employee of the company. In our view, an inside director who derives a greater amount of income as a result of affiliated transactions

with the company rather than through compensation paid by the company (i.e., salary, bonus, etc. as a company employee) faces a conflict between making decisions that are in the best interests of the company versus those in the director's own best interests. Therefore, we will recommend voting against such a director.

3 We allow a five-year grace period for former executives of the company or merged companies who have consulting agreements with the surviving company. (We do not automatically recommend voting against directors in such cases for the first five years.) If the consulting agreement persists after this five-year grace period, we apply the materiality thresholds outlined in the definition of "material."

4 This includes a director who serves on a board as a representative (as part of his or her basic responsibilities) of an investment firm with greater than 20% ownership. However, while we will generally consider him/her to be affiliated, we will not recommend voting against unless (i) the investment firm has disproportionate board representation or (ii) the director serves on the audit committee.

5 We may deem such a transaction to be immaterial where the amount represents less than 1% of the firm's annual revenues and the board provides a compelling rationale as to why the director's independence is not affected by the relationship.

6 We will generally take into consideration the size and nature of such charitable entities in relation to the company's size and industry along with any other relevant factors such as the director's role at the charity. However, unlike for other types of related party transactions, Glass Lewis generally does not apply a look-back period to affiliated relationships involving charitable contributions; if the relationship between the director and the school or charity ceases, or if the company discontinues its donations to the entity, we will consider the director to be independent.

7 This includes cases where a director is employed by, or closely affiliated with, a private equity firm that profits from an acquisition made by the company. Unless disclosure suggests otherwise, we presume the director is affiliated.

Additionally, we believe a director who is currently serving in an interim management position should be considered an insider, while a director who previously served in an interim management position for less than one year and is no longer serving in such capacity is considered independent. Moreover, a director who previously served in an interim management position for over one year and is no longer serving in such capacity is considered an affiliate for five years following the date of his/her resignation or departure from the interim management position.

VOTING RECOMMENDATIONS ON THE BASIS OF BOARD INDEPENDENCE

Glass Lewis believes a board will be most effective in protecting shareholders' interests if it is at least two-thirds independent. We note that each of the Business Roundtable, the Conference Board, and the Council of Institutional Investors advocates that two-thirds of the board be independent. Where more than one-third of the members are affiliated or inside directors, we typically⁸ recommend voting against some of the inside and/ or affiliated directors in order to satisfy the two-thirds threshold.

In the case of a less than two-thirds independent board, Glass Lewis strongly supports the existence of a presiding or lead director with authority to set the meeting agendas and to lead sessions outside the insider chair's presence.

In addition, we scrutinize avowedly "independent" chairs and lead directors. We believe that they should be unquestionably independent or the company should not tout them as such.

COMMITTEE INDEPENDENCE

We believe that only independent directors should serve on a company's audit, compensation, nominating, and governance committees.⁹ We typically recommend that shareholders vote against any affiliated or inside director seeking appointment to an audit, compensation, nominating, or governance committee, or who has served in that capacity in the past year.

Pursuant to Section 952 of the Dodd-Frank Act, as of January 11, 2013, the SEC approved new listing requirements for both the NYSE and NASDAQ which require that boards apply enhanced standards of independence when making an affirmative determination of the independence of compensation committee members. Specifically, when making this determination, in addition to the factors considered when assessing general director independence, the board's considerations must include: (i) the source of compensation of the director, including any consulting, advisory or other compensatory fee paid by the listed company to the director (the "Fees Factor"); and (ii) whether the director is affiliated with the listing company, its subsidiaries, or affiliates of its subsidiaries (the "Affiliation Factor").

Glass Lewis believes it is important for boards to consider these enhanced independence factors when assessing compensation committee members. However, as discussed above in the section titled Independence, we apply our own standards when assessing the independence of directors, and these standards also take into account consulting and advisory fees paid to the director, as well as the director's affiliations with the company and its subsidiaries and affiliates. We may recommend voting against compensation committee members who are not independent based on our standards.

8 With a staggered board, if the affiliates or insiders that we believe should not be on the board are not up for election, we will express our concern regarding those directors, but we will not recommend voting against the other affiliates or insiders who are up for election just to achieve two-thirds independence. However, we will consider recommending voting against the directors subject to our concern at their next election if the issue giving rise to the concern is not resolved.

9 We will recommend voting against an audit committee member who owns 20% or more of the company's stock, and we believe that there should be a maximum of one director (or no directors if the committee is comprised of less than three directors) who owns 20% or more of the company's stock on the compensation, nominating, and governance committees.

INDEPENDENT CHAIR

Glass Lewis believes that separating the roles of CEO (or, more rarely, another executive position) and chair creates a better governance structure than a combined CEO/chair position. An executive manages the business according to a course the board charts. Executives should report to the board regarding their performance in achieving goals set by the board. This is needlessly complicated when a CEO chairs the board, since a CEO/chair presumably will have a significant influence over the board.

While many companies have an independent lead or presiding director who performs many of the same functions of an independent chair (e.g., setting the board meeting agenda), we do not believe this alternate form of independent board leadership provides as robust protection for shareholders as an independent chair.

It can become difficult for a board to fulfill its role of overseer and policy setter when a CEO/chair controls the agenda and the boardroom discussion. Such control can allow a CEO to have an entrenched position, leading to longer-than-optimal terms, fewer checks on management, less scrutiny of the business operation, and limitations on independent, shareholder-focused goal-setting by the board.

A CEO should set the strategic course for the company, with the board's approval, and the board should enable the CEO to carry out the CEO's vision for accomplishing the board's objectives. Failure to achieve the board's objectives should lead the board to replace that CEO with someone in whom the board has confidence.

Likewise, an independent chair can better oversee executives and set a pro-shareholder agenda without the management conflicts that a CEO and other executive insiders often face. Such oversight and concern for shareholders allows for a more proactive and effective board of directors that is better able to look out for the interests of shareholders.

Further, it is the board's responsibility to select a chief executive who can best serve a company and its shareholders and to replace this person when his or her duties have not been appropriately fulfilled. Such a replacement becomes more difficult and happens less frequently when the chief executive is also in the position of overseeing the board.

Glass Lewis believes that the installation of an independent chair is almost always a positive step from a corporate governance perspective and promotes the best interests of shareholders. Further, the presence of an independent chair fosters the creation of a thoughtful and dynamic board, not dominated by the views of senior management. Encouragingly, many companies appear to be moving in this direction — one study indicates that only 10 percent of incoming CEOs in 2014 were awarded the chair title, versus 48 percent in 2002.¹⁰ Another study finds that 51 percent of S&P 500 boards now separate the CEO and chair roles, up from 37 percent in 2009, although the same study found that only 28 percent of S&P 500 boards have truly independent chairs.¹¹

We do not recommend that shareholders vote against CEOs who chair the board. However, we typically recommend that our clients support separating the roles of chair and CEO whenever that question is posed in a proxy (typically in the form of a shareholder proposal), as we believe that it is in the long-term best interests of the company and its shareholders.

Further, where the company has neither an independent chair nor independent lead director, we will recommend voting against the chair of the governance committee.

10 Ken Favaro, Per-Ola Karlsson and Gary L. Nelson. “The \$112 Billion CEO Succession Problem.” (*Strategy+Business*, Issue 79, Summer 2015).

11 Spencer Stuart Board Index, 2017, p. 24.

PERFORMANCE

The most crucial test of a board's commitment to the company and its shareholders lies in the actions of the board and its members. We look at the performance of these individuals as directors and executives of the company and of other companies where they have served.

We find that a director's past conduct is often indicative of future conduct and performance. We often find directors with a history of overpaying executives or of serving on boards where avoidable disasters have occurred serving on the boards of companies with similar problems. Glass Lewis has a proprietary database of directors serving at over 8,000 of the most widely held U.S. companies. We use this database to track the performance of directors across companies.

VOTING RECOMMENDATIONS ON THE BASIS OF PERFORMANCE

We typically recommend that shareholders vote against directors who have served on boards or as executives of companies with records of poor performance, inadequate risk oversight, excessive compensation, auditor accounting-related issues, and/or other indicators of mismanagement or actions against the interests of shareholders. We will reevaluate such directors based on, among other factors, the length of time passed since the incident giving rise to the concern, shareholder support for the director, the severity of the issue, the director's role (e.g., committee membership), director tenure at the subject company, whether ethical lapses accompanied the oversight lapse, and evidence of strong oversight at other companies.

Likewise, we examine the backgrounds of those who serve on key board committees to ensure that they have the required skills and diverse backgrounds to make informed judgments about the subject matter for which the committee is responsible.

We believe shareholders should avoid electing directors who have a record of not fulfilling their responsibilities to shareholders at any company where they have held a board or executive position. We typically recommend voting against:

1. A director who fails to attend a minimum of 75% of board and applicable committee meetings, calculated in the aggregate.¹²

2. A director who belatedly filed a significant form(s) 4 or 5, or who has a pattern of late filings if the late filing was the director's fault (we look at these late filing situations on a case-by-case basis).

3.

A director who is also the CEO of a company where a serious and material restatement has occurred after the CEO had previously certified the pre-restatement financial statements.

4. A director who has received two against recommendations from Glass Lewis for identical reasons within the prior year at different companies (the same situation must also apply at the company being analyzed).

Furthermore, with consideration given to the company's overall corporate governance, pay-for-performance alignment and board responsiveness to shareholders, we may recommend voting against directors who served throughout a period in which the company performed significantly worse than peers and the directors have not taken reasonable steps to address the poor performance.

12 However, where a director has served for less than one full year, we will typically not recommend voting against for failure to attend 75% of meetings. Rather, we will note the poor attendance with a recommendation to track this issue going forward. We will also refrain from recommending to vote against directors when the proxy discloses that the director missed the meetings due to serious illness or other extenuating circumstances.

BOARD RESPONSIVENESS

Glass Lewis believes that any time 20% or more of shareholders vote contrary to the recommendation of management, the board should, depending on the issue, demonstrate some level of responsiveness to address the concerns of shareholders. These include instances when 20% or more of shareholders (excluding abstentions and broker non-votes): WITHHOLD votes from (or vote AGAINST) a director nominee, vote AGAINST a management-sponsored proposal, or vote FOR a shareholder proposal. In our view, a 20% threshold is significant enough to warrant a close examination of the underlying issues and an evaluation of whether or not a board response was warranted and, if so, whether the board responded appropriately following the vote, particularly in the case of a compensation or director election proposal. While the 20% threshold alone will not automatically generate a negative vote recommendation from Glass Lewis on a future proposal (e.g., to recommend against a director nominee, against a say-on-pay proposal, etc.), it may be a contributing factor to our recommendation to vote against management's recommendation in the event we determine that the board did not respond appropriately.

With regards to companies where voting control is held through a dual-class share structure with disproportionate voting and economic rights, we will carefully examine the level of approval or disapproval attributed to unaffiliated shareholders when determining whether board responsiveness is warranted. Where vote results indicate that a majority of unaffiliated shareholders supported a shareholder proposal or opposed a management proposal, we believe the board should demonstrate an appropriate level of responsiveness.

As a general framework, our evaluation of board responsiveness involves a review of publicly available disclosures (e.g., the proxy statement, annual report, 8-Ks, company website, etc.) released following the date of the company's last annual meeting up through the publication date of our most current Proxy Paper. Depending on the specific issue, our focus typically includes, but is not limited to, the following:

- At the board level, any changes in directorships, committee memberships, disclosure of related party transactions, meeting attendance, or other responsibilities;
- Any revisions made to the company's articles of incorporation, bylaws or other governance documents;
- Any press or news releases indicating changes in, or the adoption of, new company policies, business practices or special reports; and
- Any modifications made to the design and structure of the company's compensation program, as well as an assessment of the company's engagement with shareholders on compensation issues as discussed in the CD&A, particularly following a material vote against a company's say-on-pay.

Our Proxy Paper analysis will include a case-by-case assessment of the specific elements of board responsiveness that we examined along with an explanation of how that assessment impacts our current voting recommendations.

THE ROLE OF A COMMITTEE CHAIR

Glass Lewis believes that a designated committee chair maintains primary responsibility for the actions of his or her respective committee. As such, many of our committee-specific voting recommendations are against the applicable committee chair rather than the entire committee (depending on the seriousness of the issue). However, in cases where we would ordinarily recommend voting against a committee chair but the chair is not specified, we apply the following general rules, which apply throughout our guidelines:

If there is no committee chair, we recommend voting against the longest-serving committee member or, if the longest-serving committee member cannot be determined, the longest-serving board member serving on the committee (i.e., in either case, the “senior director”); and

10

If there is no committee chair, but multiple senior directors serving on the committee, we recommend voting against both (or all) such senior directors.

In our view, companies should provide clear disclosure of which director is charged with overseeing each committee. In cases where that simple framework is ignored and a reasonable analysis cannot determine which committee member is the designated leader, we believe shareholder action against the longest serving committee member(s) is warranted. Again, this only applies if we would ordinarily recommend voting against the committee chair but there is either no such position or no designated director in such role.

On the contrary, in cases where there is a designated committee chair and the recommendation is to vote against the committee chair, but the chair is not up for election because the board is staggered, we do not recommend voting against any members of the committee who are up for election; rather, we will note the concern with regard to the committee chair.

AUDIT COMMITTEES AND PERFORMANCE

Audit committees play an integral role in overseeing the financial reporting process because stable capital markets depend on reliable, transparent, and objective financial information to support an efficient and effective capital market process. Audit committees play a vital role in providing this disclosure to shareholders.

When assessing an audit committee's performance, we are aware that an audit committee does not prepare financial statements, is not responsible for making the key judgments and assumptions that affect the financial statements, and does not audit the numbers or the disclosures provided to investors. Rather, an audit committee member monitors and oversees the process and procedures that management and auditors perform. The 1999 Report and Recommendations of the Blue Ribbon Committee on Improving the Effectiveness of Corporate Audit Committees stated it best:

A proper and well-functioning system exists, therefore, when the three main groups responsible for financial reporting — the full board including the audit committee, financial management including the internal auditors, and the outside auditors — form a 'three legged stool' that supports responsible financial disclosure and active participatory oversight. However, in the view of the Committee, the audit committee must be 'first among equals' in this process, since the audit committee is an extension of the full board and hence the ultimate monitor of the process.

STANDARDS FOR ASSESSING THE AUDIT COMMITTEE

For an audit committee to function effectively on investors' behalf, it must include members with sufficient knowledge to diligently carry out their responsibilities. In its audit and accounting recommendations, the Conference Board

Commission on Public Trust and Private Enterprise said “members of the audit committee must be independent and have both knowledge and experience in auditing financial matters.”¹³

We are skeptical of audit committees where there are members that lack expertise as a Certified Public Accountant (CPA), Chief Financial Officer (CFO) or corporate controller, or similar experience. While we will not necessarily recommend voting against members of an audit committee when such expertise is lacking, we are more likely to recommend voting against committee members when a problem such as a restatement occurs and such expertise is lacking.

Glass Lewis generally assesses audit committees against the decisions they make with respect to their oversight and monitoring role. The quality and integrity of the financial statements and earnings reports, the completeness of disclosures necessary for investors to make informed decisions, and the effectiveness of the internal controls should provide reasonable assurance that the financial statements are materially free from errors. The independence of the external auditors and the results of their work all provide useful information by which to assess the audit committee.

13 Commission on Public Trust and Private Enterprise. The Conference Board. 2003.

When assessing the decisions and actions of the audit committee, we typically defer to its judgment and generally recommend voting in favor of its members. However, we will consider recommending that shareholders vote against the following:¹⁴

1. All members of the audit committee when options were backdated, there is a lack of adequate controls in place, there was a resulting restatement, and disclosures indicate there was a lack of documentation with respect to the option grants.

2. The audit committee chair, if the audit committee does not have a financial expert or the committee's financial expert does not have a demonstrable financial background sufficient to understand the financial issues unique to public companies.

3. The audit committee chair, if the audit committee did not meet at least four times during the year.

4. The audit committee chair, if the committee has less than three members.

5. Any audit committee member who sits on more than three public company audit committees, unless the audit committee member is a retired CPA, CFO, controller or has similar experience, in which case the limit shall be four committees, taking time and availability into consideration including a review of the audit committee member's attendance at all board and committee meetings!⁵

6. All members of an audit committee who are up for election and who served on the committee at the time of the audit, if audit and audit-related fees total one-third or less of the total fees billed by the auditor.

7. The audit committee chair when tax and/or other fees are greater than audit and audit-related fees paid to the auditor for more than one year in a row (in which case we also recommend against ratification of the auditor).

8. All members of an audit committee where non-audit fees include fees for tax services (including, but not limited to, such things as tax avoidance or shelter schemes) for senior executives of the company. Such services are prohibited by the Public Company Accounting Oversight Board ("PCAOB").

9. All members of an audit committee that reappointed an auditor that we no longer consider to be independent for reasons unrelated to fee proportions.

10. All members of an audit committee when audit fees are excessively low, especially when compared with other companies in the same industry.

11. The audit committee chair¹⁶ if the committee failed to put auditor ratification on the ballot for shareholder approval. However, if the non-audit fees or tax fees exceed audit plus audit-related fees in either the current or the prior year, then Glass Lewis will recommend voting against the entire audit committee.

12. All members of an audit committee where the auditor has resigned and reported that a section 10A¹⁷ letter has been issued.

14 As discussed under the section labeled "Committee Chair," where the recommendation is to vote against the committee chair but the chair is not up for election because the board is staggered, we do not recommend voting against the members of the committee who are up for election; rather, we will note the concern with regard to the committee chair.

15 Glass Lewis may exempt certain audit committee members from the above threshold if, upon further analysis of relevant factors such as the director's experience, the size, industry-mix and location of the companies involved and the director's attendance at all the companies, we can reasonably determine that the audit committee member is likely not hindered by multiple audit committee commitments.

16 As discussed under the section labeled "Committee Chair," in all cases, if the chair of the committee is not specified, we recommend voting against the director who has been on the committee the longest.

17 Auditors are required to report all potential illegal acts to management and the audit committee unless they are clearly inconsequential in nature. If the audit committee or the board fails to take appropriate action on an act that has been determined to be a violation of the law, the independent auditor is required to send a section 10A letter to the SEC. Such letters are rare and therefore we believe should be taken seriously.

13. All members of an audit committee at a time when material accounting fraud occurred at the company.¹⁸
14. All members of an audit committee at a time when annual and/or multiple quarterly financial statements had to be restated, and any of the following factors apply:
- The restatement involves fraud or manipulation by insiders;
 - The restatement is accompanied by an SEC inquiry or investigation;
 - The restatement involves revenue recognition;
 - The restatement results in a greater than 5% adjustment to costs of goods sold, operating expense, or operating cash flows; or
 - The restatement results in a greater than 5% adjustment to net income, 10% adjustment to assets or shareholders equity, or cash flows from financing or investing activities.

All members of an audit committee if the company repeatedly fails to file its financial reports in a timely fashion.

15. For example, the company has filed two or more quarterly or annual financial statements late within the last five quarters.

16. All members of an audit committee when it has been disclosed that a law enforcement agency has charged the company and/or its employees with a violation of the Foreign Corrupt Practices Act (FCPA).

17. All members of an audit committee when the company has aggressive accounting policies and/or poor disclosure or lack of sufficient transparency in its financial statements.

18. All members of the audit committee when there is a disagreement with the auditor and the auditor resigns or is dismissed (e.g., the company receives an adverse opinion on its financial statements from the auditor).

19. All members of the audit committee if the contract with the auditor specifically limits the auditor's liability to the company for damages.¹⁹

All members of the audit committee who served since the date of the company's last annual meeting, and when,

20. since the last annual meeting, the company has reported a material weakness that has not yet been corrected, or, when the company has an ongoing material weakness from a prior year that has not yet been corrected.

We also take a dim view of audit committee reports that are boilerplate, and which provide little or no information or transparency to investors. When a problem such as a material weakness, restatement or late filings occurs, we take into consideration, in forming our judgment with respect to the audit committee, the transparency of the audit committee report.

COMPENSATION COMMITTEE PERFORMANCE

Compensation committees have a critical role in determining the compensation of executives. This includes deciding the basis on which compensation is determined, as well as the amounts and types of compensation

18 Research indicates that revenue fraud now accounts for over 60% of SEC fraud cases, and that companies that engage in fraud experience significant negative abnormal stock price declines—facing bankruptcy, delisting, and material asset sales at much higher rates than do non-fraud firms (Committee of Sponsoring Organizations of the Treadway Commission. “Fraudulent Financial Reporting: 1998-2007.” May 2010).

19 The Council of Institutional Investors. “Corporate Governance Policies,” p. 4, April 5, 2006; and “Letter from Council of Institutional Investors to the AICPA,” November 8, 2006.

to be paid. This process begins with the hiring and initial establishment of employment agreements, including the terms for such items as pay, pensions and severance arrangements. It is important in establishing compensation arrangements that compensation be consistent with, and based on the long-term economic performance of, the business's long-term shareholders returns.

Compensation committees are also responsible for the oversight of the transparency of compensation. This oversight includes disclosure of compensation arrangements, the matrix used in assessing pay for performance, and the use of compensation consultants. In order to ensure the independence of the board's compensation consultant, we believe the compensation committee should only engage a compensation consultant that is not also providing any services to the company or management apart from their contract with the compensation committee. It is important to investors that they have clear and complete disclosure of all the significant terms of compensation arrangements in order to make informed decisions with respect to the oversight and decisions of the compensation committee.

Finally, compensation committees are responsible for oversight of internal controls over the executive compensation process. This includes controls over gathering information used to determine compensation, establishment of equity award plans, and granting of equity awards. For example, the use of a compensation consultant who maintains a business relationship with company management may cause the committee to make decisions based on information that is compromised by the consultant's conflict of interests. Lax controls can also contribute to improper awards of compensation such as through granting of backdated or spring-loaded options, or granting of bonuses when triggers for bonus payments have not been met.

Central to understanding the actions of a compensation committee is a careful review of the Compensation Discussion and Analysis ("CD&A") report included in each company's proxy. We review the CD&A in our evaluation of the overall compensation practices of a company, as overseen by the compensation committee. The CD&A is also integral to the evaluation of compensation proposals at companies, such as advisory votes on executive compensation, which allow shareholders to vote on the compensation paid to a company's top executives.

When assessing the performance of compensation committees, we will consider recommending that shareholders vote against the following:²⁰

- All members of a compensation committee during whose tenure the committee failed to address shareholder concerns following majority shareholder rejection of the say-on-pay proposal in the previous year. Where the proposal was approved but there was a significant shareholder vote (i.e., greater than 20% of votes cast) against the
1. say-on-pay proposal in the prior year, if the board did not respond sufficiently to the vote including actively engaging shareholders on this issue, we will also consider recommending voting against the chair of the compensation committee or all members of the compensation committee, depending on the severity and history of the compensation problems and the level of shareholder opposition.

2. pay with performance if shareholders are not provided with an advisory vote on executive compensation at the annual meeting.²¹

20 As discussed under the section labeled “Committee Chair,” where the recommendation is to vote against the committee chair and the chair is not up for election because the board is staggered, we do not recommend voting against any members of the committee who are up for election; rather, we will note the concern with regard to the committee chair.

21 If a company provides shareholders with a say-on-pay proposal, we will initially only recommend voting against the company’s say-on-pay proposal and will not recommend voting against the members of the compensation committee unless there is a pattern of failing to align pay and performance and/or the company exhibits egregious compensation practices. However, if the company repeatedly fails to align pay and performance, we will then recommend against the members of the compensation committee in addition to recommending voting against the say-on-pay proposal. For cases in which the disconnect between pay and performance is marginal and the company has outperformed its peers, we will consider not recommending against compensation committee members. In addition, if a company provides shareholders with a say-on-pay proposal, we will initially only recommend voting against the company’s say-on-pay proposal and will not recommend voting against the members of the compensation committee unless there is a pattern of failing to align pay and performance and/or the company exhibits egregious compensation practices. However, if the company repeatedly fails to align pay and performance, we will then recommend against the members of the compensation committee in addition to recommending voting against the say-on-pay proposal.

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3. Any member of the compensation committee who has served on the compensation committee of at least two other public companies that have consistently failed to align pay with performance and whose oversight of compensation at the company in question is suspect.
4. All members of the compensation committee (during the relevant time period) if the company entered into excessive employment agreements and/or severance agreements.

All members of the compensation committee when performance goals were changed (i.e., lowered) when employees failed or were unlikely to meet original goals, or performance-based compensation was paid despite goals not being attained.
5. All members of the compensation committee if excessive employee perquisites and benefits were allowed.
6. The compensation committee chair if the compensation committee did not meet during the year.
7. All members of the compensation committee when the company repriced options or completed a “self tender offer” without shareholder approval within the past two years.
8. All members of the compensation committee when vesting of in-the-money options is accelerated.
9. All members of the compensation committee when option exercise prices were backdated. Glass Lewis will recommend voting against an executive director who played a role in and participated in option backdating.
10. All members of the compensation committee when option exercise prices were spring-loaded or otherwise timed around the release of material information.
11. All members of the compensation committee when a new employment contract is given to an executive that does not include a clawback provision and the company had a material restatement, especially if the restatement was due to fraud.
12. The chair of the compensation committee where the CD&A provides insufficient or unclear information about performance metrics and goals, where the CD&A indicates that pay is not tied to performance, or where the compensation committee or management has excessive discretion to alter performance terms or increase amounts of awards in contravention of previously defined targets.
13. All members of the compensation committee during whose tenure the committee failed to implement a shareholder proposal regarding a compensation-related issue, where the proposal received the affirmative vote of a majority of the voting shares at a shareholder meeting, and when a reasonable analysis suggests that the compensation committee (rather than the governance committee) should have taken steps to implement the request.²²
14. All members of the compensation committee when the board has materially decreased proxy statement disclosure regarding executive compensation policies and procedures in a manner which substantially impacts shareholders’ ability to make an informed assessment of the company’s executive pay practices.
15. All members of the compensation committee when new excise tax gross-up provisions are adopted in employment agreements with executives, particularly in cases where the company previously committed not to provide any such entitlements in the future.
- 16.

22 In all other instances (i.e., a non-compensation-related shareholder proposal should have been implemented) we recommend that shareholders vote against the members of the governance committee.

NOMINATING AND GOVERNANCE COMMITTEE PERFORMANCE

The nominating and governance committee, as an agent for the shareholders, is responsible for the governance by the board of the company and its executives. In performing this role, the committee is responsible and accountable for selection of objective and competent board members. It is also responsible for providing leadership on governance policies adopted by the company, such as decisions to implement shareholder proposals that have received a majority vote. (At most companies, a single committee is charged with these oversight functions; at others, the governance and nominating responsibilities are apportioned among two separate committees.)

Consistent with Glass Lewis' philosophy that boards should have diverse backgrounds and members with a breadth and depth of relevant experience, we believe that nominating and governance committees should consider diversity when making director nominations within the context of each specific company and its industry. In our view, shareholders are best served when boards make an effort to ensure a constituency that is not only reasonably diverse on the basis of age, race, gender and ethnicity, but also on the basis of geographic knowledge, industry experience, board tenure and culture.

Regarding the committee responsible for governance, we will consider recommending that shareholders vote against the following:²³

1. All members of the governance committee²⁴ during whose tenure a shareholder proposal relating to important shareholder rights received support from a majority of the votes cast (excluding abstentions and broker non-votes) and the board has not begun to implement or enact the proposal's subject matter²⁵ Examples of such shareholder proposals include those seeking a declassified board structure, a majority vote standard for director elections, or a right to call a special meeting. In determining whether a board has sufficiently implemented such a proposal, we will examine the quality of the right enacted or proffered by the board for any conditions that may unreasonably interfere with the shareholders' ability to exercise the right (e.g., overly restrictive procedural requirements for calling a special meeting).
2. The governance committee chair,²⁶ when the chair is not independent and an independent lead or presiding director has not been appointed.²⁷
3. In the absence of a nominating committee, the governance committee chair when there are less than five or the whole nominating committee when there are more than 20 members on the board.
4. The governance committee chair, when the committee fails to meet at all during the year.

The governance committee chair, when for two consecutive years the company provides what we consider to be 5. "inadequate" related party transaction disclosure (i.e., the nature of such transactions and/or the monetary amounts involved are unclear or excessively vague, thereby preventing a share-

23 As discussed in the guidelines section labeled "Committee Chair," where we would recommend to vote against the committee chair but the chair is not up for election because the board is staggered, we do not recommend voting against any members of the committee who are up for election; rather, we will note the concern with regard to the

committee chair.

24 If the board does not have a committee responsible for governance oversight and the board did not implement a shareholder proposal that received the requisite support, we will recommend voting against the entire board. If the shareholder proposal at issue requested that the board adopt a declassified structure, we will recommend voting against all director nominees up for election.

25 Where a compensation-related shareholder proposal should have been implemented, and when a reasonable analysis suggests that the members of the compensation committee (rather than the governance committee) bear the responsibility for failing to implement the request, we recommend that shareholders only vote against members of the compensation committee.

26 As discussed in the guidelines section labeled "Committee Chair," if the committee chair is not specified, we recommend voting against the director who has been on the committee the longest. If the longest-serving committee member cannot be determined, we will recommend voting against the longest-serving board member serving on the committee.

27 We believe that one independent individual should be appointed to serve as the lead or presiding director. When such a position is rotated among directors from meeting to meeting, we will recommend voting against the governance committee chair as we believe the lack of fixed lead or presiding director means that, effectively, the board does not have an independent board leader.

holder from being able to reasonably interpret the independence status of multiple directors above and beyond what the company maintains is compliant with SEC or applicable stock exchange listing requirements).

The governance committee chair, when during the past year the board adopted a forum selection clause (i.e., an 6. exclusive forum provision)²⁸ without shareholder approval, or if the board is currently seeking shareholder approval of a forum selection clause pursuant to a bundled bylaw amendment rather than as a separate proposal.

All members of the governance committee during whose tenure the board adopted, without shareholder approval, 7. provisions in its charter or bylaws that, through rules on director compensation, may inhibit the ability of shareholders to nominate directors.

The governance committee chair when the board takes actions to limit shareholders' ability to vote on matters 8. material to shareholder rights (e.g., through the practice of excluding a shareholder proposal by means of ratifying a management proposal that is materially different from the shareholder proposal).

In addition, we may recommend that shareholders vote against the chair of the governance committee, or the entire committee, where the board has amended the company's governing documents to reduce or remove important shareholder rights, or to otherwise impede the ability of shareholders to exercise such right, and has done so without seeking shareholder approval. Examples of board actions that may cause such a recommendation include: the elimination of the ability of shareholders to call a special meeting or to act by written consent; an increase to the ownership threshold required for shareholders to call a special meeting; an increase to vote requirements for charter or bylaw amendments; the adoption of provisions that limit the ability of shareholders to pursue full legal recourse — such as bylaws that require arbitration of shareholder claims or that require shareholder plaintiffs to pay the company's legal expenses in the absence of a court victory (i.e., "fee-shifting" or "loser pays" bylaws); the adoption of a classified board structure; and the elimination of the ability of shareholders to remove a director without cause.

Regarding the nominating committee, we will consider recommending that shareholders vote against the following:²⁹

All members of the nominating committee, when the committee nominated or renominated an individual who had a 1. significant conflict of interest or whose past actions demonstrated a lack of integrity or inability to represent shareholder interests.

2. The nominating committee chair, if the nominating committee did not meet during the year.

3. In the absence of a governance committee, the nominating committee chair³⁰ when the chair is not independent, and an independent lead or presiding director has not been appointed.³¹

4. The nominating committee chair, when there are less than five or the whole nominating committee when there are more than 20 members on the board.³²

28 A forum selection clause is a bylaw provision stipulating that a certain state, typically where the company is incorporated, which is most often Delaware, shall be the exclusive forum for all intra-corporate disputes (e.g., shareholder derivative actions, assertions of claims of a breach of fiduciary duty, etc.). Such a clause effectively limits a shareholder's legal remedy regarding appropriate choice of venue and related relief offered under that state's laws and

rulings.

29 As discussed in the guidelines section labeled “Committee Chair,” where we would recommend to vote against the committee chair but the chair is not up for election because the board is staggered, we do not recommend voting against any members of the committee who are up for election; rather, we will note the concern with regard to the committee chair.

30 As discussed under the section labeled “Committee Chair,” if the committee chair is not specified, we will recommend voting against the director who has been on the committee the longest. If the longest-serving committee member cannot be determined, we will recommend voting against the longest-serving board member on the committee.

31 In the absence of both a governance and a nominating committee, we will recommend voting against the board chair on this basis, unless if the chair also serves as the CEO, in which case we will recommend voting against the longest-serving director.

32 In the absence of both a governance and a nominating committee, we will recommend voting against the board chair on this basis, unless if the chair also serves as the CEO, in which case we will recommend voting against the the longest-serving director.

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5. The nominating committee chair, when a director received a greater than 50% against vote the prior year and not only was the director not removed, but the issues that raised shareholder concern were not corrected.³³
6. The nominating committee chair when the board has no female directors and has not provided sufficient rationale or disclosed a plan to address the lack of diversity on the board.

In addition, we may consider recommending shareholders vote against the chair of the nominating committee where the board's failure to ensure the board has directors with relevant experience, either through periodic director assessment or board refreshment, has contributed to a company's poor performance.

BOARD-LEVEL RISK MANAGEMENT OVERSIGHT

Glass Lewis evaluates the risk management function of a public company board on a strictly case-by-case basis. Sound risk management, while necessary at all companies, is particularly important at financial firms which inherently maintain significant exposure to financial risk. We believe such financial firms should have a chief risk officer reporting directly to the board and a dedicated risk committee or a committee of the board charged with risk oversight. Moreover, many non-financial firms maintain strategies which involve a high level of exposure to financial risk. Similarly, since many non-financial firms have complex hedging or trading strategies, those firms should also have a chief risk officer and a risk committee.

Our views on risk oversight are consistent with those expressed by various regulatory bodies. In its December 2009 Final Rule release on Proxy Disclosure Enhancements, the SEC noted that risk oversight is a key competence of the board and that additional disclosures would improve investor and shareholder understanding of the role of the board in the organization's risk management practices. The final rules, which became effective on February 28, 2010, now explicitly require companies and mutual funds to describe (while allowing for some degree of flexibility) the board's role in the oversight of risk.

When analyzing the risk management practices of public companies, we take note of any significant losses or writedowns on financial assets and/or structured transactions. In cases where a company has disclosed a sizable loss or writedown, and where we find that the company's board-level risk committee's poor oversight contributed to the loss, we will recommend that shareholders vote against such committee members on that basis. In addition, in cases where a company maintains a significant level of financial risk exposure but fails to disclose any explicit form of board-level risk oversight (committee or otherwise)³⁴, we will consider recommending to vote against the board chair on that basis. However, we generally would not recommend voting against a combined chair/CEO, except in egregious cases.

ENVIRONMENTAL AND SOCIAL RISK OVERSIGHT

Glass Lewis understands the importance of ensuring the sustainability of companies' operations. We believe that an inattention to material environmental and social issues can present direct legal, financial, regulatory and reputational risks that could serve to harm shareholder interests. Therefore, we believe that these issues should be carefully monitored and managed by companies, and that companies should have an appropriate oversight structure in place to ensure that they are mitigating attendant risks and capitalizing on related opportunities to the best extent possible.

33 Considering that shareholder discontent clearly relates to the director who received a greater than 50% against vote rather than the nominating chair, we review the severity of the issue(s) that initially raised shareholder concern as well as company responsiveness to such matters, and will only recommend voting against the nominating chair if a reasonable analysis suggests that it would be most appropriate. In rare cases, we will consider recommending against the nominating chair when a director receives a substantial (i.e., 20% or more) vote against based on the same analysis.

34 A committee responsible for risk management could be a dedicated risk committee, the audit committee, or the finance committee, depending on a given company's board structure and method of disclosure. At some companies, the entire board is charged with risk management.

Glass Lewis believes that companies should ensure appropriate board-level oversight of material risks to their operations, including those that are environmental and social in nature. Accordingly, for large cap companies and in instances where we identify material oversight issues, Glass Lewis will review a company's overall governance practices and identify which directors or board-level committees have been charged with oversight of environmental and/or social issues. Glass Lewis will also note instances where such oversight has not been clearly defined by companies in their governance documents.

Where it is clear that a company has not properly managed or mitigated environmental or social risks to the detriment of shareholder value, or when such mismanagement has threatened shareholder value, Glass Lewis may consider recommending that shareholders vote against members of the board who are responsible for oversight of environmental and social risks. In the absence of explicit board oversight of environmental and social issues, Glass Lewis may recommend that shareholders vote against members of the audit committee. In making these determinations, Glass Lewis will carefully review the situation, its effect on shareholder value, as well as any corrective action or other response made by the company.

DIRECTOR COMMITMENTS

We believe that directors should have the necessary time to fulfill their duties to shareholders. In our view, an overcommitted director can pose a material risk to a company's shareholders, particularly during periods of crisis. In addition, recent research indicates that the time commitment associated with being a director has been on a significant upward trend in the past decade.³⁵ As a result, we generally recommend that shareholders vote against a director who serves as an executive officer of any public company while serving on more than two public company boards and any other director who serves on more than five public company boards.

Because we believe that executives will primarily devote their attention to executive duties, we generally will not recommend that shareholders vote against overcommitted directors at the companies where they serve as an executive.

When determining whether a director's service on an excessive number of boards may limit the ability of the director to devote sufficient time to board duties, we may consider relevant factors such as the size and location of the other companies where the director serves on the board, the director's board roles at the companies in question, whether the director serves on the board of any large privately-held companies, the director's tenure on the boards in question, and the director's attendance record at all companies. In the case of directors who serve in executive roles other than CEO (e.g., executive chair), we will evaluate the specific duties and responsibilities of that role in determining whether an exception is warranted.

We may also refrain from recommending against certain directors if the company provides sufficient rationale for their continued board service. The rationale should allow shareholders to evaluate the scope of the directors' other commitments, as well as their contributions to the board including specialized knowledge of the company's industry, strategy or key markets, the diversity of skills, perspective and background they provide, and other relevant factors.

We will also generally refrain from recommending to vote against a director who serves on an excessive number of boards within a consolidated group of companies or a director that represents a firm whose sole purpose is to manage a portfolio of investments which include the company.

35 For example, the 2015-2016 NACD Public Company Governance Survey states that, on average, directors spent a total of 248.2 hours annual on board-related matters during the past year, which it describes as a “historically high level” that is significantly above the average hours recorded in 2006. Additionally, the 2015 Spencer Stuart Board Index indicates that the average number of outside board seats held by CEOs of S&P 500 companies is 0.6, down from 0.7 in 2009 and 0.9 in 2004.

OTHER CONSIDERATIONS

In addition to the three key characteristics — independence, performance, experience — that we use to evaluate board members, we consider conflict-of-interest issues as well as the size of the board of directors when making voting recommendations.

Conflicts of Interest

We believe board members should be wholly free of identifiable and substantial conflicts of interest, regardless of the overall level of independent directors on the board. Accordingly, we recommend that shareholders vote against the following types of directors:

1. A CFO who is on the board: In our view, the CFO holds a unique position relative to financial reporting and disclosure to shareholders. Due to the critical importance of financial disclosure and reporting, we believe the CFO should report to the board and not be a member of it.

2. A director who provides — or a director who has an immediate family member who provides — material consulting or other material professional services to the company. These services may include legal, consulting,³⁶ or financial services. We question the need for the company to have consulting relationships with its directors. We view such relationships as creating conflicts for directors, since they may be forced to weigh their own interests against shareholder interests when making board decisions. In addition, a company's decisions regarding where to turn for the best professional services may be compromised when doing business with the professional services firm of one of the company's directors.

3. A director, or a director who has an immediate family member, engaging in airplane, real estate, or similar deals, including perquisite-type grants from the company, amounting to more than \$50,000. Directors who receive these sorts of payments from the company will have to make unnecessarily complicated decisions that may pit their interests against shareholder interests.

4. Interlocking directorships: CEOs or other top executives who serve on each other's boards create an interlock that poses conflicts that should be avoided to ensure the promotion of shareholder interests above all else.³⁷

5. All board members who served at a time when a poison pill with a term of longer than one year was adopted without shareholder approval within the prior twelve months.³⁸ In the event a board is classified and shareholders are therefore unable to vote against all directors, we will recommend voting against the remaining directors the next year they are up for a shareholder vote. If a poison pill with a term of one year or less was adopted without shareholder approval, and without adequate justification, we will consider recommending that shareholders vote against all members of the governance committee. If the board has, without seeking shareholder approval, and without adequate justification, extended the term of a poison pill by one year or less in two consecutive years, we will consider recommending that shareholders vote against the entire board.

36 We will generally refrain from recommending against a director who provides consulting services for the company if the director is excluded from membership on the board's key committees and we have not identified significant

governance concerns with the board.

37 We do not apply a look-back period for this situation. The interlock policy applies to both public and private companies. We will also evaluate multiple board interlocks among non-insiders (i.e., multiple directors serving on the same boards at other companies), for evidence of a pattern of poor oversight.

38 Refer to Section V. Governance Structure and the Shareholder Franchise for further discussion of our policies regarding anti-takeover measures, including poison pills.

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Size of the Board of Directors

While we do not believe there is a universally applicable optimum board size, we do believe boards should have at least five directors to ensure sufficient diversity in decision-making and to enable the formation of key board committees with independent directors. Conversely, we believe that boards with more than 20 members will typically suffer under the weight of “too many cooks in the kitchen” and have difficulty reaching consensus and making timely decisions. Sometimes the presence of too many voices can make it difficult to draw on the wisdom and experience in the room by virtue of the need to limit the discussion so that each voice may be heard.

To that end, we typically recommend voting against the chair of the nominating committee (or the governance committee, in the absence of a nominating committee) at a board with fewer than five directors or more than 20 directors.

CONTROLLED COMPANIES

We believe controlled companies warrant certain exceptions to our independence standards. The board’s function is to protect shareholder interests; however, when an individual, entity (or group of shareholders party to a formal agreement) owns more than 50% of the voting shares, the interests of the majority of shareholders are the interests of that entity or individual. Consequently, Glass Lewis does not apply our usual two-thirds board independence rule and therefore we will not recommend voting against boards whose composition reflects the makeup of the shareholder population.

Independence Exceptions

The independence exceptions that we make for controlled companies are as follows:

We do not require that controlled companies have boards that are at least two-thirds independent. So long as the

1. insiders and/or affiliates are connected with the controlling entity, we accept the presence of non-independent board members.

2. The compensation committee and nominating and governance committees do not need to consist solely of independent directors.

- We believe that standing nominating and corporate governance committees at controlled companies are unnecessary. Although having a committee charged with the duties of searching for, selecting, and nominating independent directors can be beneficial, the unique composition of a controlled company’s shareholder base makes such

committees weak and irrelevant.

Likewise, we believe that independent compensation committees at controlled companies are unnecessary. Although independent directors are the best choice for approving and monitoring senior executives' pay, controlled companies serve a unique shareholder population whose voting power ensures the protection of its interests. As such, we believe that having affiliated directors on a controlled company's compensation committee is acceptable. However, given that a controlled company has certain obligations to minority shareholders we feel that an insider should not serve on the compensation committee. Therefore, Glass Lewis will recommend voting against any insider (the CEO or otherwise) serving on the compensation committee.

Controlled companies do not need an independent chair or an independent lead or presiding director. Although an independent director in a position of authority on the board — such as chair or presiding director — can best carry out the board's duties, controlled companies serve a unique shareholder population whose voting power ensures the protection of its interests.

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Size of the Board of Directors

We have no board size requirements for controlled companies.

Audit Committee Independence

Despite a controlled company's status, unlike for the other key committees, we nevertheless believe that audit committees should consist solely of independent directors. Regardless of a company's controlled status, the interests of all shareholders must be protected by ensuring the integrity and accuracy of the company's financial statements. Allowing affiliated directors to oversee the preparation of financial reports could create an insurmountable conflict of interest.

Board Responsiveness at Dual-Class Companies

With regards to companies where voting control is held through a dual-class share structure with disproportionate voting and economic rights, we will carefully examine the level of approval or disapproval attributed to unaffiliated shareholders when determining whether board responsiveness is warranted. Where vote results indicate that a majority of unaffiliated shareholders supported a shareholder proposal or opposed a management proposal, we believe the board should demonstrate an appropriate level of responsiveness.

SIGNIFICANT SHAREHOLDERS

Where an individual or entity holds between 20-50% of a company's voting power, we believe it is reasonable to allow proportional representation on the board and committees (excluding the audit committee) based on the individual or entity's percentage of ownership.

GOVERNANCE FOLLOWING AN IPO OR SPIN-OFF

We believe companies that have recently completed an initial public offering ("IPO") or spin-off should be allowed adequate time to fully comply with marketplace listing requirements and meet basic corporate governance standards. Generally speaking, Glass Lewis refrains from making recommendations on the basis of governance standards (e.g., board independence, committee membership and structure, meeting attendance, etc.) during the one-year period following an IPO.

However, some cases warrant shareholder action against the board of a company that have completed an IPO or spin-off within the past year. When evaluating companies that have recently gone public, Glass Lewis will review the terms of the applicable governing documents in order to determine whether shareholder rights are being severely restricted indefinitely. We believe boards that approve highly restrictive governing documents have demonstrated that they may subvert shareholder interests following the IPO. In conducting this evaluation, Glass Lewis will consider:

1. The adoption of anti-takeover provisions such as a poison pill or classified board
2. Supermajority vote requirements to amend governing documents
3. The presence of exclusive forum or fee-shifting provisions
4. Whether shareholders can call special meetings or act by written consent
5. The voting standard provided for the election of directors
6. The ability of shareholders to remove directors without cause
7. The presence of evergreen provisions in the Company's equity compensation arrangements

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8. The presence of a dual-class share structure which does not afford common shareholders voting power that is aligned with their economic interest

In cases where a board adopts an anti-takeover provision preceding an IPO, we will consider recommending to vote against the members of the board who served when it was adopted if the board: (i) did not also commit to submit the anti-takeover provision to a shareholder vote at the company's first shareholder meeting following the IPO; or (ii) did not provide a sound rationale or sunset provision for adopting the anti-takeover provision in question.

In our view, adopting an anti-takeover device unfairly penalizes future shareholders who (except for electing to buy or sell the stock) are unable to weigh in on a matter that could potentially negatively impact their ownership interest. This notion is strengthened when a board adopts a classified board with an infinite duration or a poison pill with a five- to ten-year term immediately prior to going public, thereby insulated management for a substantial amount of time.

In addition, shareholders should also be wary of companies that adopt supermajority voting requirements before their IPO. Absent explicit provisions in the articles or bylaws stipulating that certain policies will be phased out over a certain period of time, long-term shareholders could find themselves in the predicament of having to attain a supermajority vote to approve future proposals seeking to eliminate such policies.

DUAL-LISTED OR FOREIGN-INCORPORATED COMPANIES

For companies that trade on multiple exchanges or are incorporated in foreign jurisdictions but trade only in the U.S., we will apply the governance standard most relevant in each situation. We will consider a number of factors in determining which Glass Lewis country-specific policy to apply, including but not limited to: (i) the corporate governance structure and features of the company including whether the board structure is unique to a particular market; (ii) the nature of the proposals; (iii) the location of the company's primary listing, if one can be determined; (iv) the regulatory/governance regime that the board is reporting against; and (v) the availability and completeness of the company's SEC filings.

OTC-LISTED COMPANIES

Companies trading on the OTC Bulletin Board are not considered "listed companies" under SEC rules and therefore not subject to the same governance standards as listed companies. However, we believe that more stringent corporate governance standards should be applied to these companies given that their shares are still publicly traded.

When reviewing OTC companies, Glass Lewis will review the available disclosure relating to the shareholder meeting to determine whether shareholders are able to evaluate several key pieces of information, including: (i) the composition of the board's key committees, if any; (ii) the level of share ownership of company insiders or directors; (iii) the board meeting attendance record of directors; (iv) executive and non-employee director compensation; (v) related-party transactions conducted during the past year; and (vi) the board's leadership structure and determinations regarding director independence.

We are particularly concerned when company disclosure lacks any information regarding the board's key committees. We believe that committees of the board are an essential tool for clarifying how the responsibilities of the board are being delegated, and specifically for indicating which directors are accountable for ensuring: (i) the independence and quality of directors, and the transparency and integrity of the nominating process; (ii) compensation programs that are fair and appropriate; (iii) proper oversight of the company's accounting, financial reporting, and internal and external audits; and (iv) general adherence to principles of good corporate governance.

In cases where shareholders are unable to identify which board members are responsible for ensuring oversight of the above-mentioned responsibilities, we may consider recommending against certain members of the board. Ordinarily, we believe it is the responsibility of the corporate governance committee to provide thorough disclosure of the board's governance practices. In the absence of such a committee, we believe it is appropriate to hold the board's chair or, if such individual is an executive of the company, the longest-serving non-executive board member accountable.

MUTUAL FUND BOARDS

Mutual funds, or investment companies, are structured differently from regular public companies (i.e., operating companies). Typically, members of a fund's advisor are on the board and management takes on a different role from that of regular public companies. Thus, we focus on a short list of requirements, although many of our guidelines remain the same.

The following mutual fund policies are similar to the policies for regular public companies:

1. **Size of the board of directors** — The board should be made up of between five and twenty directors.
2. **The CFO on the board** — Neither the CFO of the fund nor the CFO of the fund's registered investment advisor should serve on the board.
3. **Independence of the audit committee** — The audit committee should consist solely of independent directors.
4. **Audit committee financial expert** — At least one member of the audit committee should be designated as the audit committee financial expert.

The following differences from regular public companies apply at mutual funds:

1. **Independence of the board** — We believe that three-fourths of an investment company's board should be made up of independent directors. This is consistent with a proposed SEC rule on investment company boards. The Investment Company Act requires 40% of the board to be independent, but in 2001, the SEC amended the Exemptive Rules to require that a majority of a mutual fund board be independent. In 2005, the SEC proposed increasing the independence threshold to 75%. In 2006, a federal appeals court ordered that this rule amendment be put back out for public comment, putting it back into "proposed rule" status. Since mutual fund boards play a vital role in overseeing the relationship between the fund and its investment manager, there is greater need for independent oversight than there is for an operating company board.
2. **When the auditor is not up for ratification** — We do not recommend voting against the audit committee if the auditor is not up for ratification. Due to the different legal structure of an investment company compared to an operating company, the auditor for the investment company (i.e., mutual fund) does not conduct the same level of financial review for each investment company as for an operating company.

Non-independent chair — The SEC has proposed that the chair of the fund board be independent. We agree that the roles of a mutual fund's chair and CEO should be separate. Although we believe this would be best at all companies, we recommend voting against the chair of an investment company's nominating committee as well as the board chair if the chair and CEO of a mutual fund are the same person and the fund does not have an independent lead or presiding director. Seven former SEC commissioners support the appointment of an independent chair and we agree with them that "an independent board chair would be better able to create conditions favoring the long-term interests of fund shareholders than would a chair who is an executive of the advisor." (See the comment letter sent to the SEC in support of the proposed rule at <http://www.sec.gov/news/studies/indchair.pdf>.)

Multiple funds overseen by the same director — Unlike service on a public company board, mutual fund boards require much less of a time commitment. Mutual fund directors typically serve on dozens of other mutual fund boards, often within the same fund complex. The Investment Company Institute’s (“ICI”) Overview of Fund 4. Governance Practices, 1994-2012, indicates that the average number of funds served by an independent director in 2012 was 53. Absent evidence that a specific director is hindered from being an effective board member at a fund due to service on other funds’ boards, we refrain from maintaining a cap on the number of outside mutual fund boards that we believe a director can serve on.

DECLASSIFIED BOARDS

Glass Lewis favors the repeal of staggered boards and the annual election of directors. We believe staggered boards are less accountable to shareholders than boards that are elected annually. Furthermore, we feel the annual election of directors encourages board members to focus on shareholder interests.

Empirical studies have shown: (i) staggered boards are associated with a reduction in a firm’s valuation; and (ii) in the context of hostile takeovers, staggered boards operate as a takeover defense, which entrenches management, discourages potential acquirers, and delivers a lower return to target shareholders.

In our view, there is no evidence to demonstrate that staggered boards improve shareholder returns in a takeover context. Some research has indicated that shareholders are worse off when a staggered board blocks a transaction; further, when a staggered board negotiates a friendly transaction, no statistically significant difference in premium occurs.³⁹ Additional research found that charter-based staggered boards “reduce the market value of a firm by 4% to 6% of its market capitalization” and that “staggered boards bring about and not merely reflect this reduction in market value.”⁴⁰ A subsequent study reaffirmed that classified boards reduce shareholder value, finding “that the ongoing process of dismantling staggered boards, encouraged by institutional investors, could well contribute to increasing shareholder wealth.”⁴¹

Shareholders have increasingly come to agree with this view. In 2016, 92% of S&P 500 companies had declassified boards, up from approximately 40% a decade ago.⁴² Management proposals to declassify boards are approved with near unanimity and shareholder proposals on the topic also receive strong shareholder support; in 2014, shareholder proposals requesting that companies declassify their boards received average support of 84% (excluding abstentions and broker non-votes), whereas in 1987, only 16.4% of votes cast favored board declassification.⁴³ Further, a growing number of companies, nearly half of all those targeted by shareholder proposals requesting that all directors stand for election annually, either recommended shareholder support the proposal or made no recommendation, a departure from the more traditional management recommendation to vote against shareholder proposals.

Given our belief that declassified boards promote director accountability, the empirical evidence suggesting staggered boards reduce a company’s value and the established shareholder opposition to such a structure, Glass Lewis supports the declassification of boards and the annual election of directors.

BOARD COMPOSITION AND REFRESHMENT

Glass Lewis strongly supports routine director evaluation, including independent external reviews, and periodic board refreshment to foster the sharing of diverse perspectives in the boardroom and the generation of new ideas and business strategies. Further, we believe the board should evaluate the need for changes to board composition based on an analysis of skills and experience necessary for the company, as well as the results of

39 Lucian Bebchuk, John Coates IV, Guhan Subramanian, “The Powerful Antitakeover Force of Staggered Boards: Further Findings and a Reply to Symposium Participants,” 55 *Stanford Law Review* 885-917 (2002).

40 Lucian Bebchuk, Alma Cohen, “The Costs of Entrenched Boards” (2004).

41 Lucian Bebchuk, Alma Cohen and Charles C.Y. Wang, “Staggered Boards and the Wealth of Shareholders: Evidence from a Natural Experiment,” SSRN: <http://ssrn.com/abstract=1706806> (2010), p. 26.

42 Spencer Stuart Board Index, 2016, p. 14.

43 Lucian Bebchuk, John Coates IV and Guhan Subramanian, “The Powerful Antitakeover Force of Staggered Boards: Theory, Evidence, and Policy”.

the director evaluations, as opposed to relying solely on age or tenure limits. When necessary, shareholders can address concerns regarding proper board composition through director elections.

In our view, a director's experience can be a valuable asset to shareholders because of the complex, critical issues that boards face. This said, we recognize that in rare circumstances, a lack of refreshment can contribute to a lack of board responsiveness to poor company performance.

On occasion, age or term limits can be used as a means to remove a director for boards that are unwilling to police their membership and enforce turnover. Some shareholders support term limits as a way to force change in such circumstances.

While we understand that age limits can aid board succession planning, the long-term impact of age limits restricts experienced and potentially valuable board members from service through an arbitrary means. We believe that shareholders are better off monitoring the board's overall composition, including the diversity of its members, the alignment of the board's areas of expertise with a company's strategy, the board's approach to corporate governance, and its stewardship of company performance, rather than imposing inflexible rules that don't necessarily correlate with returns or benefits for shareholders.

However, if a board adopts term/age limits, it should follow through and not waive such limits. If the board waives its term/age limits, Glass Lewis will consider recommending shareholders vote against the nominating and/or governance committees, unless the rule was waived with sufficient explanation, such as consummation of a corporate transaction like a merger.

BOARD DIVERSITY

Glass Lewis recognizes the importance of ensuring that the board is comprised of directors who have a diversity of skills, thought and experience, as such diversity benefits companies by providing a broad range of perspectives and insights.⁴⁴ Glass Lewis closely reviews the composition of the board for representation of diverse director candidates and will generally recommend against the nominating committee chair of a board that has no female members.

Depending on other factors, including the size of the company, the industry in which the company operates, the state in which the company is headquartered, and the governance profile of the company, we may extend this recommendation to vote against other nominating committee members. When making these voting recommendations, we will carefully review a company's disclosure of its diversity considerations and may refrain from recommending shareholders vote against directors of companies outside the Russell 3000 index, or when boards have provided a sufficient rationale for not having any female board members. Such rationale may include, but is not limited to, a disclosed timetable for addressing the lack of diversity on the board and any notable restrictions in place regarding the

board's composition, such as director nomination agreements with significant investors.

In September 2018, California Governor Jerry Brown signed into law Senate Bill 826, which requires all companies headquartered in the state to have one woman on their board by the end of 2019. In addition, by the end of 2021, companies must have at least two women on boards of five members and at least three women on boards with six or more directors. Accordingly, during the 2019 proxy season, if a company headquartered in California does not have at least one woman on its board, we will generally recommend voting against the chair of the nominating committee unless the company has disclosed a clear plan for how they intend to address this issue prior to the end of 2019.

44 <http://www.glasslewis.com/wp-content/uploads/2017/03/2017-In-Depth-Report-Gender-Diversity.pdf>.

PROXY ACCESS

In lieu of running their own contested election, proxy access would not only allow certain shareholders to nominate directors to company boards but the shareholder nominees would be included on the company's ballot, significantly enhancing the ability of shareholders to play a meaningful role in selecting their representatives. Glass Lewis generally supports affording shareholders the right to nominate director candidates to management's proxy as a means to ensure that significant, long-term shareholders have an ability to nominate candidates to the board.

Companies generally seek shareholder approval to amend company bylaws to adopt proxy access in response to shareholder engagement or pressure, usually in the form of a shareholder proposal requesting proxy access, although some companies may adopt some elements of proxy access without prompting. Glass Lewis considers several factors when evaluating whether to support proposals for companies to adopt proxy access including the specified minimum ownership and holding requirement for shareholders to nominate one or more directors, as well as company size, performance and responsiveness to shareholders.

For a discussion of recent regulatory events in this area, along with a detailed overview of the Glass Lewis approach to Shareholder Proposals regarding Proxy Access, refer to Glass Lewis' *Proxy Paper Guidelines for Shareholder Initiatives*, available at www.glasslewis.com.

MAJORITY VOTE FOR THE ELECTION OF DIRECTORS

Majority voting for the election of directors is fast becoming the de facto standard in corporate board elections. In our view, the majority voting proposals are an effort to make the case for shareholder impact on director elections on a company-specific basis.

While this proposal would not give shareholders the opportunity to nominate directors or lead to elections where shareholders have a choice among director candidates, if implemented, the proposal would allow shareholders to have a voice in determining whether the nominees proposed by the board should actually serve as the overseer-representatives of shareholders in the boardroom. We believe this would be a favorable outcome for shareholders.

The number of shareholder proposals requesting that companies adopt a majority voting standard has declined significantly during the past decade, largely as a result of widespread adoption of majority voting or director resignation policies at U.S. companies. In 2017, 89% of the S&P 500 Index had implemented a resignation policy for directors failing to receive majority shareholder support, compared to 76% in 2011.⁴⁵

THE PLURALITY VOTE STANDARD

Today, most US companies still elect directors by a plurality vote standard. Under that standard, if one shareholder holding only one share votes in favor of a nominee (including that director, if the director is a shareholder), that nominee “wins” the election and assumes a seat on the board. The common concern among companies with a plurality voting standard is the possibility that one or more directors would not receive a majority of votes, resulting in “failed elections.”

ADVANTAGES OF A MAJORITY VOTE STANDARD

If a majority vote standard were implemented, a nominee would have to receive the support of a majority of the shares voted in order to be elected. Thus, shareholders could collectively vote to reject a director they believe will not pursue their best interests. Given that so few directors (less than 100 a year) do not receive majority support from shareholders, we think that a majority vote standard is reasonable since it will neither result in many failed director elections nor reduce the willingness of qualified, shareholder-focused directors to serve in the future. Further, most directors who fail to receive a majority shareholder vote in favor of their election do not step down, underscoring the need for true majority voting.

45 Spencer Stuart Board Index, 2017, p. 16.

We believe that a majority vote standard will likely lead to more attentive directors. Although shareholders only rarely fail to support directors, the occasional majority vote against a director's election will likely deter the election of directors with a record of ignoring shareholder interests. Glass Lewis will therefore generally support proposals calling for the election of directors by a majority vote, excepting contested director elections.

In response to the high level of support majority voting has garnered, many companies have voluntarily taken steps to implement majority voting or modified approaches to majority voting. These steps range from a modified approach requiring directors that receive a majority of withheld votes to resign (i.e., a resignation policy) to actually requiring a majority vote of outstanding shares to elect directors.

We feel that the modified approach does not go far enough because requiring a director to resign is not the same as requiring a majority vote to elect a director and does not allow shareholders a definitive voice in the election process. Further, under the modified approach, the corporate governance committee could reject a resignation and, even if it accepts the resignation, the corporate governance committee decides on the director's replacement. And since the modified approach is usually adopted as a policy by the board or a board committee, it could be altered by the same board or committee at any time.

CONFLICTING AND EXCLUDED PROPOSALS

SEC Rule 14a-8(i)(9) allows companies to exclude shareholder proposals "if the proposal directly conflicts with one of the company's own proposals to be submitted to shareholders at the same meeting." On October 22, 2015, the SEC issued Staff Legal Bulletin No. 14H ("SLB 14H") clarifying its rule concerning the exclusion of certain shareholder proposals when similar items are also on the ballot. SLB 14H increased the burden on companies to prove to SEC staff that a conflict exists; therefore, many companies still chose to place management proposals alongside similar shareholder proposals in many cases.

During the 2018 proxy season, a new trend in the SEC's interpretation of this rule emerged. Upon submission of shareholder proposals requesting that companies adopt a lower special meeting threshold, several companies petitioned the SEC for no-action relief under the premise that the shareholder proposals conflicted with management's own special meeting proposals, even though the management proposals set a higher threshold than those requested by the proponent. No-action relief was granted to these companies; however, the SEC stipulated that the companies must state in the rationale for the management proposals that a vote in favor of management's proposal was tantamount to a vote against the adoption of a lower special meeting threshold. In certain instances, shareholder proposals to lower an existing special meeting right threshold were excluded on the basis that they conflicted with management proposals seeking to ratify the existing special meeting rights. We find the exclusion of these shareholder proposals to be especially problematic as, in these instances, shareholders are not offered any enhanced shareholder right, nor would the approval (or rejection) of the ratification proposal initiate any type of meaningful change to shareholders' rights.

In instances where companies have excluded shareholder proposals, such as those instances where special meeting shareholder proposals are excluded as a result of “conflicting” management proposals, Glass Lewis will take a case-by-case approach, taking into account the following issues:

- The threshold proposed by the shareholder resolution;
- The threshold proposed or established by management and the attendant rationale for the threshold;
- Whether management’s proposal is seeking to ratify an existing special meeting right or adopt a bylaw that would establish a special meeting right; and
- The company’s overall governance profile, including its overall responsiveness to and engagement with shareholders.

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Glass Lewis generally favors a 10-15% special meeting right. Accordingly, Glass Lewis will generally recommend voting for management or shareholder proposals that fall within this range. When faced with conflicting proposals, Glass Lewis will generally recommend in favor of the lower special meeting right and will recommend voting against the proposal with the higher threshold. However, in instances where there are conflicting management and shareholder proposals and a company has not established a special meeting right, Glass Lewis may recommend that shareholders vote in favor of the shareholder proposal and that they abstain from a management-proposed bylaw amendment seeking to establish a special meeting right. We believe that an abstention is appropriate in this instance in order to ensure that shareholders are sending a clear signal regarding their preference for the appropriate threshold for a special meeting right, while not directly opposing the establishment of such a right.

In cases where the company excludes a shareholder proposal seeking a reduced special meeting right by means of ratifying a management proposal that is materially different from the shareholder proposal, we will generally recommend voting against the chair or members of the governance committee.

In other instances of conflicting management and shareholder proposals, Glass Lewis will consider the following:

- The nature of the underlying issue;
- The benefit to shareholders of implementing the proposal;
- The materiality of the differences between the terms of the shareholder proposal and management proposal;
- The context of a company's shareholder base, corporate structure and other relevant circumstances; and
- A company's overall governance profile and, specifically, its responsiveness to shareholders as evidenced by a company's response to previous shareholder proposals and its adoption of progressive shareholder rights provisions.

In recent years, we have seen the dynamic nature of the considerations given by the SEC when determining whether companies may exclude certain shareholder proposals. We understand that not all shareholder proposals serve the long-term interests of shareholders, and value and respect the limitations placed on shareholder proponents, as certain shareholder proposals can unduly burden companies. However, Glass Lewis believes that shareholders should be able to vote on issues of material importance.

We view the shareholder proposal process as an important part of advancing shareholder rights and encouraging responsible and financially sustainable business practices. While recognizing that certain proposals cross the line between the purview of shareholders and that of the board, we generally believe that companies should not limit investors' ability to vote on shareholder proposals that advance certain rights or promote beneficial disclosure. Accordingly, Glass Lewis will make note of instances where a company has successfully petitioned the SEC to exclude shareholder proposals. If after review we believe that the exclusion of a shareholder proposal is detrimental to shareholders, we may, in certain very limited circumstances, recommend against members of the governance committee.

Transparency and Integrity in Financial Reporting

AUDITOR RATIFICATION

The auditor's role as gatekeeper is crucial in ensuring the integrity and transparency of the financial information necessary for protecting shareholder value. Shareholders rely on the auditor to ask tough questions and to do a thorough analysis of a company's books to ensure that the information provided to shareholders is complete, accurate, fair, and that it is a reasonable representation of a company's financial position. The only way shareholders can make rational investment decisions is if the market is equipped with accurate information about a company's fiscal health. As stated in the October 6, 2008 Final Report of the Advisory Committee on the Auditing Profession to the U.S. Department of the Treasury:

"The auditor is expected to offer critical and objective judgment on the financial matters under consideration, and actual and perceived absence of conflicts is critical to that expectation. The Committee believes that auditors, investors, public companies, and other market participants must understand the independence requirements and their objectives, and that auditors must adopt a mindset of skepticism when facing situations that may compromise their independence."

As such, shareholders should demand an objective, competent and diligent auditor who performs at or above professional standards at every company in which the investors hold an interest. Like directors, auditors should be free from conflicts of interest and should avoid situations requiring a choice between the auditor's interests and the public's interests. Almost without exception, shareholders should be able to annually review an auditor's performance and to annually ratify a board's auditor selection. Moreover, in October 2008, the Advisory Committee on the Auditing Profession went even further, and recommended that "to further enhance audit committee oversight and auditor accountability ... disclosure in the company proxy statement regarding shareholder ratification [should] include the name(s) of the senior auditing partner(s) staffed on the engagement."⁴⁶

On August 16, 2011, the PCAOB issued a Concept Release seeking public comment on ways that auditor independence, objectivity and professional skepticism could be enhanced, with a specific emphasis on mandatory audit firm rotation. The PCAOB convened several public roundtable meetings during 2012 to further discuss such matters. Glass Lewis believes auditor rotation can ensure both the independence of the auditor and the integrity of the audit; we will typically recommend supporting proposals to require auditor rotation when the proposal uses a reasonable period of time (usually not less than 5-7 years), particularly at companies with a history of accounting problems.

On June 1, 2017, the PCAOB adopted new standards to enhance auditor reports by providing additional important information to investors. For companies with fiscal year end dates on or after December 15, 2017, reports were

required to include the year in which the auditor began serving consecutively as the company's auditor. For large accelerated filers with fiscal year ends of June 30, 2019 or later, and for all other companies with fiscal year ends of December 15, 2020 or later, communication of critical audit matters ("CAMs") will also be required. CAMs are matters that have been communicated to the audit committee, are related to accounts or disclosures that are material to the financial statements, and involve especially challenging, subjective, or complex auditor judgment.

Glass Lewis believes the additional reporting requirements are beneficial for investors. The additional disclosures can provide investors with information that is critical to making an informed judgment about an auditor's

46 "Final Report of the Advisory Committee on the Auditing Profession to the U.S. Department of the Treasury." p. VIII:20, October 6, 2008.

independence and performance. Furthermore, we believe the additional requirements are an important step toward enhancing the relevance and usefulness of auditor reports, which too often are seen as boilerplate compliance documents that lack the relevant details to provide meaningful insight into a particular audit.

VOTING RECOMMENDATIONS ON AUDITOR RATIFICATION

We generally support management's choice of auditor except when we believe the auditor's independence or audit integrity has been compromised. Where a board has not allowed shareholders to review and ratify an auditor, we typically recommend voting against the audit committee chair. When there have been material restatements of annual financial statements or material weaknesses in internal controls, we usually recommend voting against the entire audit committee.

Reasons why we may not recommend ratification of an auditor include:

1. When audit fees plus audit-related fees total less than the tax fees and/or other non-audit fees.

2. Recent material restatements of annual financial statements, including those resulting in the reporting of material weaknesses in internal controls and including late filings by the company where the auditor bears some responsibility for the restatement or late filing.⁴⁷

3. When the auditor performs prohibited services such as tax-shelter work, tax services for the CEO or CFO, or contingent-fee work, such as a fee based on a percentage of economic benefit to the company.

4. When audit fees are excessively low, especially when compared with other companies in the same industry.

5. When the company has aggressive accounting policies.

6. When the company has poor disclosure or lack of transparency in its financial statements.

7. Where the auditor limited its liability through its contract with the company or the audit contract requires the corporation to use alternative dispute resolution procedures without adequate justification.

8. We also look for other relationships or concerns with the auditor that might suggest a conflict between the auditor's interests and shareholder interests.

9. In determining whether shareholders would benefit from rotating the company's auditor, where relevant we will consider factors that may call into question an auditor's effectiveness, including auditor tenure, a pattern of inaccurate audits, and any ongoing litigation or significant controversies.

PENSION ACCOUNTING ISSUES

A pension accounting question occasionally raised in proxy proposals is what effect, if any, projected returns on employee pension assets should have on a company's net income. This issue often arises in the executive-compensation context in a discussion of the extent to which pension accounting should be reflected in business performance for purposes of calculating payments to executives.

Glass Lewis believes that pension credits should not be included in measuring income that is used to award performance-based compensation. Because many of the assumptions used in accounting for retirement plans are subject to the company's discretion, management would have an obvious conflict of interest if pay were tied to pension income. In our view, projected income from pensions does not truly reflect a company's performance.

47 An auditor does not audit interim financial statements. Thus, we generally do not believe that an auditor should be opposed due to a restatement of interim financial statements unless the nature of the misstatement is clear from a reading of the incorrect financial statements.

The Link Between Compensation and Performance

Glass Lewis carefully reviews the compensation awarded to senior executives, as we believe that this is an important area in which the board's priorities are revealed. Glass Lewis strongly believes executive compensation should be linked directly with the performance of the business the executive is charged with managing. We believe the most effective compensation arrangements provide for an appropriate mix of performance-based short- and long-term incentives in addition to fixed pay elements while promoting a prudent and sustainable level of risk-taking.

Glass Lewis believes that comprehensive, timely and transparent disclosure of executive pay is critical to allowing shareholders to evaluate the extent to which pay is aligned with company performance. When reviewing proxy materials, Glass Lewis examines whether the company discloses the performance metrics used to determine executive compensation. We recognize performance metrics must necessarily vary depending on the company and industry, among other factors, and may include a wide variety of financial measures as well as industry-specific performance indicators. However, we believe companies should disclose why the specific performance metrics were selected and how the actions they are designed to incentivize will lead to better corporate performance.

Moreover, it is rarely in shareholders' interests to disclose competitive data about individual salaries below the senior executive level. Such disclosure could create internal personnel discord that would be counterproductive for the company and its shareholders. While we favor full disclosure for senior executives and we view pay disclosure at the aggregate level (e.g., the number of employees being paid over a certain amount or in certain categories) as potentially useful, we do not believe shareholders need or will benefit from detailed reports about individual management employees other than the most senior executives.

ADVISORY VOTE ON EXECUTIVE COMPENSATION ("SAY-ON-PAY")

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") required companies to hold an advisory vote on executive compensation at the first shareholder meeting that occurs six months after enactment of the bill (January 21, 2011).

This practice of allowing shareholders a non-binding vote on a company's compensation report is standard practice in many non-US countries, and has been a requirement for most companies in the United Kingdom since 2003 and in Australia since 2005. Although say-on-pay proposals are non-binding, a high level of "against" or "abstain" votes indicates substantial shareholder concern about a company's compensation policies and procedures.

Given the complexity of most companies' compensation programs, Glass Lewis applies a highly nuanced approach when analyzing advisory votes on executive compensation. We review each company's compensation on a case-by-case basis, recognizing that each company must be examined in the context of industry, size, maturity, performance, financial condition, its historic pay for performance practices, and any other relevant internal or external factors.

We believe that each company should design and apply specific compensation policies and practices that are appropriate to the circumstances of the company and, in particular, will attract and retain competent executives and other staff, while motivating them to grow the company's long-term shareholder value.

Where we find those specific policies and practices serve to reasonably align compensation with performance, and such practices are adequately disclosed, Glass Lewis will recommend supporting the company's approach. If, however, those specific policies and practices fail to demonstrably link compensation with performance, Glass Lewis will generally recommend voting against the say-on-pay proposal.

Glass Lewis reviews say-on-pay proposals on both a qualitative basis and a quantitative basis, with a focus on several main areas:

- The overall design and structure of the company's executive compensation programs including selection and challenging nature of performance metrics;
- The implementation and effectiveness of the company's executive compensation programs including pay mix and use of performance metrics in determining pay levels;
- The quality and content of the company's disclosure;
- The quantum paid to executives; and
- The link between compensation and performance as indicated by the company's current and past pay-for-performance grades.

We also review any significant changes or modifications, and the rationale for such changes, made to the company's compensation structure or award amounts, including base salaries.

SAY-ON-PAY VOTING RECOMMENDATIONS

In cases where we find deficiencies in a company's compensation program's design, implementation or management, we will recommend that shareholders vote against the say-on-pay proposal. Generally such instances include evidence of a pattern of poor pay-for-performance practices (i.e., deficient or failing pay-for-performance grades), unclear or questionable disclosure regarding the overall compensation structure (e.g., limited information regarding benchmarking processes, limited rationale for bonus performance metrics and targets, etc.), questionable adjustments to certain aspects of the overall compensation structure (e.g., limited rationale for significant changes to performance targets or metrics, the payout of guaranteed bonuses or sizable retention grants, etc.), and/or other egregious compensation practices.

Although not an exhaustive list, the following issues when weighed together may cause Glass Lewis to recommend voting against a say-on-pay vote:

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- Inappropriate or outsized peer groups and/or benchmarking issues such as compensation targets set well above peers;
- Egregious or excessive bonuses, equity awards or severance payments, including golden handshakes and golden parachutes;
- Problematic contractual payments, such as guaranteed bonuses;
- Targeting overall levels of compensation at higher than median without adequate justification;
- Performance targets not sufficiently challenging, and/or providing for high potential payouts;
- Performance targets lowered without justification;
- Discretionary bonuses paid when short- or long-term incentive plan targets were not met;

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- Executive pay high relative to peers not justified by outstanding company performance; and
- The terms of the long-term incentive plans are inappropriate (please see “Long-Term Incentives”).

The aforementioned issues may also influence Glass Lewis’ assessment of the structure of a company’s compensation program. We evaluate structure on a “Good, Fair, Poor” rating scale whereby a “Good” rating represents a compensation program with little to no concerns, a “Fair” rating represents a compensation program with some concerns and a “Poor” rating represents a compensation program that deviates significantly from best practice or contains one or more egregious compensation practices.

We believe that it is important for companies to provide investors with clear and complete disclosure of all the significant terms of compensation arrangements. Similar to structure, we evaluate disclosure on a “Good, Fair, Poor” rating scale whereby a “Good” rating represents a thorough discussion of all elements of compensation, a “Fair” rating represents an adequate discussion of all or most elements of compensation and a “Poor” rating represents an incomplete or absent discussion of compensation. In instances where a company has simply failed to provide sufficient disclosure of its policies, we may recommend shareholders vote against this proposal solely on this basis, regardless of the appropriateness of compensation levels.

In general, most companies will fall within the “Fair” range for both structure and disclosure, and Glass Lewis largely uses the “Good” and “Poor” ratings to highlight outliers.

Where we identify egregious compensation practices, we may also recommend voting against the compensation committee based on the practices or actions of its members during the year. Such practices may include: approving large one-off payments, the inappropriate, unjustified use of discretion, or sustained poor pay for performance practices.

COMPANY RESPONSIVENESS

At companies that received a significant level of shareholder opposition (20% or greater) to their say-on-pay proposal at the previous annual meeting, we believe the board should demonstrate some level of engagement and responsiveness to the shareholder concerns behind the discontent, particularly in response to shareholder engagement. While we recognize that sweeping changes cannot be made to a compensation program without due consideration and that a majority of shareholders voted in favor of the proposal, given that the average approval rate for say-on-pay proposals is about 90% we believe the compensation committee should provide some level of response to a significant vote against, including engaging with large shareholders to identify their concerns. In the absence of any evidence that the board is actively engaging shareholders on these issues and responding accordingly, we may recommend holding compensation committee members accountable for failing to adequately respond to shareholder opposition, giving careful consideration to the level of shareholder protest and the severity and history of compensation problems.

PAY FOR PERFORMANCE

Glass Lewis believes an integral part of a well-structured compensation package is a successful link between pay and performance. Our proprietary pay-for-performance model was developed to better evaluate the link between pay and performance of the top five executives at U.S. companies. Our model benchmarks these executives' pay and company performance against peers across five performance metrics. The comparator companies are selected using Equilar's market-based peer groups. After a comparison of both pay and performance against the Equilar peer group, the pay-for-performance model generates two weighted-average percentile rankings for a company: (i) a weighted-average percentile rank in compensation, and (ii) a weighted-average percentile rank in performance.

By measuring the magnitude of the gap between these two weighted-average percentiles, we assign companies a letter grade of A, B, C, D or F. The grades guide our evaluation of compensation committee effectiveness, and we generally recommend voting against compensation committee members at companies with a pattern of failing our pay-for-performance analysis.

The grades derived from the Glass Lewis pay for performance analysis do not follow the traditional U.S. school letter grade system. Rather, the grades are generally interpreted as follows:

- A. The company's percentile rank for pay is significantly less than its percentile rank for performance
- B. The company's percentile rank for pay is moderately less than its percentile rank for performance
- C. The company's percentile rank for pay is approximately aligned with its percentile rank for performance
- D. The company's percentile rank for pay is higher than its percentile rank for performance
- E. The company's percentile rank for pay is significantly higher than its percentile rank for performance

For the avoidance of confusion, the above grades encompass the relationship between a company's percentile rank for pay and its percentile rank in performance. Separately, a specific comparison between the company's executive pay and its peers' executive pay levels is discussed in the analysis for additional insight into the grade. Likewise, a specific comparison between the company's performance and its peers' performance is reflected in the analysis for further context.

We also use this analysis to inform our voting decisions on say-on-pay proposals. As such, if a company receives a "D" or "F" from our proprietary model, we are more likely to recommend that shareholders vote against the say-on-pay proposal. However, other qualitative factors such as an effective overall incentive structure, the relevance of selected performance metrics, significant forthcoming enhancements or reasonable long-term payout levels may give us cause to recommend in favor of a proposal even when we have identified a disconnect between pay and performance.

SHORT-TERM INCENTIVES

A short-term bonus or incentive ("STI") should be demonstrably tied to performance. Whenever possible, we believe a mix of corporate and individual performance measures is appropriate. We would normally expect performance measures for STIs to be based on company-wide or divisional financial measures as well as non-financial factors such as those related to safety, environmental issues, and customer satisfaction. While we recognize that companies operating in different sectors or markets may seek to utilize a wide range of metrics, we expect such measures to be appropriately tied to a company's business drivers.

Further, the target and potential maximum awards that can be achieved under STI awards should be disclosed. Shareholders should expect stretching performance targets for the maximum award to be achieved. Any increase in the potential target and maximum award should be clearly justified to shareholders.

Glass Lewis recognizes that disclosure of some measures may include commercially confidential information. Therefore, we believe it may be reasonable to exclude such information in some cases as long as the company provides sufficient justification for non-disclosure. However, where a short-term bonus has been paid, companies should disclose the extent to which performance has been achieved against relevant targets, including disclosure of the actual target achieved.

Where management has received significant STIs but short-term performance over the previous year prima facie appears to be poor or negative, we believe the company should provide a clear explanation of why these significant short-term payments were made. In addition, we believe that where companies use non-GAAP or bespoke metrics, clear reconciliations between these figures and GAAP figures in audited financial statement should be provided.

Given the pervasiveness of non-formulaic plans in this market, we do not generally recommend against a pay program on this basis alone. If a company has chosen to rely primarily on a subjective assessment or the board's discretion in determining short-term bonuses, we believe that the proxy statement should provide a meaningful discussion of the board's rationale in determining the bonuses paid as well as a rationale for the

use of a non-formulaic mechanism. Particularly where the aforementioned disclosures are substantial and satisfactory, such a structure will not provoke serious concern in our analysis on its own. However, in conjunction with other significant issues in a program's design or operation, such as a disconnect between pay and performance, the absence of a cap on payouts, or a lack of performance-based long-term awards, the use of on a non-formulaic bonus may help drive a negative recommendation.

LONG-TERM INCENTIVES

Glass Lewis recognizes the value of equity-based incentive programs, which are often the primary long-term incentive for executives. When used appropriately, they can provide a vehicle for linking an executive's pay to company performance, thereby aligning their interests with those of shareholders. In addition, equity-based compensation can be an effective way to attract, retain and motivate key employees.

There are certain elements that Glass Lewis believes are common to most well-structured long-term incentive ("LTI") plans. These include:

- No re-testing or lowering of performance conditions;
- Performance metrics that cannot be easily manipulated by management;
- Two or more performance metrics;
- At least one relative performance metric that compares the company's performance to a relevant peer group or index;
- Performance periods of at least three years;
- Stretching metrics that incentivize executives to strive for outstanding performance while not encouraging excessive risk-taking; and
- Individual limits expressed as a percentage of base salary.

Performance measures should be carefully selected and should relate to the specific business/industry in which the company operates and, especially, the key value drivers of the company's business. As with short-term incentive plans, the basis for any adjustments to metrics or results should be clearly explained.

While cognizant of the inherent complexity of certain performance metrics, Glass Lewis generally believes that measuring a company's performance with multiple metrics serves to provide a more complete picture of the company's performance than a single metric; further, reliance on just one metric may focus too much management attention on a single target and is therefore more susceptible to manipulation. When utilized for relative measurements, external benchmarks such as a sector index or peer group should be disclosed and transparent. The rationale behind the

selection of a specific index or peer group should also be disclosed. Internal benchmarks should also be disclosed and transparent, unless a cogent case for confidentiality is made and fully explained. Similarly, actual performance and vesting levels for previous grants earned during the fiscal year should be disclosed.

We also believe shareholders should evaluate the relative success of a company's compensation programs, particularly with regard to existing equity-based incentive plans, in linking pay and performance when evaluating new LTI plans to determine the impact of additional stock awards. We will therefore review the company's pay-for-performance grade (see below for more information) and specifically the proportion of total compensation that is stock-based.

GRANTS OF FRONT-LOADED AWARDS

Many U.S. companies have chosen to provide large grants, usually in the form of equity awards, that are intended to serve as compensation for multiple years. This practice, often called front-loading, is taken up either in the regular course of business or as a response to specific business conditions and with a predetermined objective. We believe shareholders should generally be wary of this approach, and we accordingly weigh these grants with particular scrutiny.

While the use of front-loaded awards is intended to lock-in executive service and incentives, the same rigidity also raises the risk of effectively tying the hands of the compensation committee. As compared with a more responsive annual granting schedule program, front-loaded awards may preclude improvements or changes to reflect evolving business strategies. The considerable emphasis on a single grant can place intense pressures on every facet of its design, amplifying any potential perverse incentives and creating greater room for unintended consequences. In particular, provisions around changes of control or separations of service must ensure that executives do not receive excessive payouts that do not reflect shareholder experience or company performance.

We consider a company's rationale for granting awards under this structure and also expect any front-loaded awards to include a firm commitment not to grant additional awards for a defined period, as is commonly associated with this practice. Even when such a commitment is provided, unexpected circumstances may lead the board to make additional payments or awards for retention purposes, or to incentivize management towards more realistic goals or a revised strategy. If a company breaks its commitment not to grant further awards, we may recommend against the pay program unless a convincing rationale is provided.

The multiyear nature of these awards generally lends itself to significantly higher compensation figures in the year of grant than might otherwise be expected. In analyzing the grant of front-loaded awards to executives, Glass Lewis considers the quantum of the award on an annualized basis, rather than the lump sum, and may compare this result to prior practice and peer data, among other benchmarks.

ONE-TIME AWARDS

Glass Lewis believes shareholders should generally be wary of awards granted outside of the standard incentive schemes, as such awards have the potential to undermine the integrity of a company's regular incentive plans or the link between pay and performance, or both. We generally believe that if the existing incentive programs fail to provide adequate incentives to executives, companies should redesign their compensation programs rather than make additional grants.

However, we recognize that in certain circumstances, additional incentives may be appropriate. In these cases, companies should provide a thorough description of the awards, including a cogent and convincing explanation of their necessity and why existing awards do not provide sufficient motivation. Further, such awards should be tied to future service and performance whenever possible.

Additionally, we believe companies making supplemental or one-time awards should also describe if and how the regular compensation arrangements will be affected by these additional grants. In reviewing a company's use of supplemental awards, Glass Lewis will evaluate the terms and size of the grants in the context of the company's overall incentive strategy and granting practices, as well as the current operating environment.

CONTRACTUAL PAYMENTS AND ARRANGEMENTS

We acknowledge that there may be certain costs associated with transitions at the executive level. We believe that sign-on arrangements should be clearly disclosed and accompanied by a meaningful explanation of the payments and the process by which the amounts were reached. Further, the details of and basis for any "make-whole" payments (paid as compensation for awards forfeited from a previous employer) should be provided. Nonetheless, sign-on awards that are excessive may support or drive a negative recommendation. Lastly, some employment arrangements provide for a minimum payout level under a given incentive arrangement. These

guaranteed bonuses are not exceedingly problematic in the short term, but multiyear guarantees may drive against recommendations on their own.

With respect to severance, we believe companies should abide by the predetermined payouts in most circumstances. While in limited circumstances some deviations may not be inappropriate, we believe shareholders should be provided with a meaningful explanation of any additional or increased benefits agreed upon outside of the regular arrangements.

In the U.S. market, most companies maintain severance entitlements based on a multiple of salary and in many cases bonus. In almost all instances we see, the relevant multiple is three or less, even in the case of a change in control. We believe the basis and total value of severance should be reasonable and should not exceed the upper limit of general market practice. Particularly given the commonality of accelerated vesting and the proportional weight of long-term incentives as a component of total pay, we consider the inclusion of long-term incentives in the cash severance calculations to be inappropriate. Additional considerations, however, will be taken into account when reviewing atypically structured compensation approaches.

In evaluating the size of both severance and sign-on arrangements, we may consider the executive's regular target compensation level, or the sums paid to other executives (including the recipient's predecessor, where applicable) in evaluating the appropriateness of such an arrangement. We will consider severance sums actually paid to departing executives and, in special cases, their appropriateness given the circumstances of the executive's departure.

Beyond the quantum of contractual payments, Glass Lewis will also weigh the design of any entitlements. Executive employment terms including but not limited to key man clauses, board continuity conditions, excessively broad change in control triggers, and poor wording of employment agreements may help drive a negative recommendation. In general, we are wary of terms that are excessively restrictive in favor of the executive or could potentially incentivize behaviors that are not in a company's best interests.

Among other entitlements, Glass Lewis is strongly opposed to excise tax gross-ups related to IRC § 4999 and their expansion, especially where no consideration is given to the safe-harbor limit. We believe that under no normal circumstance is the inclusion of excise tax gross-up provisions in new agreements or the addition of such provisions to amended agreements acceptable. In light of the fact that minor increases in change-in-control payments can lead to disproportionately large excise taxes, the potential negative impact of tax gross-ups far outweighs any retentive benefit. Depending on the circumstances, the addition of new gross-ups around this excise tax in particular may lead to negative recommendations for a company's say-on-proposal, the chair of the compensation committee, or the entire committee, particularly in cases where a company had committed not to provide any such entitlements in future. With respect to gross-ups on other excise taxes or executive benefits, we review those issues on a case-by-case basis.

RECOUPMENT PROVISIONS ("CLAWBACKS")

Section 954 of the Dodd-Frank Act requires the SEC to create a rule requiring listed companies to adopt policies for recouping certain compensation during a three-year look-back period. The rule is more stringent than Section 304 of the Sarbanes-Oxley Act and applies to incentive-based compensation paid to current or former executives in the case of a financial restatement — specifically, the recoupment provision applies in cases where the company is required to prepare an accounting restatement due to erroneous data resulting from material non-compliance with any financial reporting requirements under the securities laws. Although the SEC has yet to finalize the relevant rules, we believe it is prudent for boards to adopt detailed bonus recoupment policies that go beyond Section 304 of the Sarbanes-Oxley Act to prevent executives from retaining performance-based awards that were not truly earned.

We are increasingly focusing attention on the specific terms of recoupment policies beyond whether a company maintains a clawback that simply satisfies the minimum legal requirements. We believe that clawbacks should be triggered, at a minimum, in the event of a restatement of financial results or similar revision of performance indicators upon which bonuses were based. Such policies allow the board to review all performance-

related bonuses and awards made to senior executives during a specified lookback period and, to the extent feasible, allow the company to recoup such bonuses where appropriate. Notwithstanding the foregoing, in cases where a company maintains only a bare-minimum clawback, the absence of more expansive recoupment tools may inform our overall view of the compensation program.

HEDGING OF STOCK

Glass Lewis believes that the hedging of shares by executives in the shares of the companies where they are employed severs the alignment of interests of the executive with shareholders. We believe companies should adopt strict policies to prohibit executives from hedging the economic risk associated with their share ownership in the company.

PLEDGING OF STOCK

Glass Lewis believes that shareholders should examine the facts and circumstances of each company rather than apply a one-size-fits-all policy regarding employee stock pledging. Glass Lewis believes that shareholders benefit when employees, particularly senior executives have “skin-in-the-game” and therefore recognizes the benefits of measures designed to encourage employees to both buy shares out of their own pocket and to retain shares they have been granted; blanket policies prohibiting stock pledging may discourage executives and employees from doing either.

However, we also recognize that the pledging of shares can present a risk that, depending on a host of factors, an executive with significant pledged shares and limited other assets may have an incentive to take steps to avoid a forced sale of shares in the face of a rapid stock price decline. Therefore, to avoid substantial losses from a forced sale to meet the terms of the loan, the executive may have an incentive to boost the stock price in the short term in a manner that is unsustainable, thus hurting shareholders in the long-term. We also recognize concerns regarding pledging may not apply to less senior employees, given the latter group’s significantly more limited influence over a company’s stock price. Therefore, we believe that the issue of pledging shares should be reviewed in that context, as should policies that distinguish between the two groups.

Glass Lewis believes that the benefits of stock ownership by executives and employees may outweigh the risks of stock pledging, depending on many factors. As such, Glass Lewis reviews all relevant factors in evaluating proposed policies, limitations and prohibitions on pledging stock, including:

- The number of shares pledged;
- The percentage executives’ pledged shares are of outstanding shares;
- The percentage executives’ pledged shares are of each executive’s shares and total assets;

- Whether the pledged shares were purchased by the employee or granted by the company;
- Whether there are different policies for purchased and granted shares;
- Whether the granted shares were time-based or performance-based;
- The overall governance profile of the company;
- The volatility of the company's stock (in order to determine the likelihood of a sudden stock price drop);
- The nature and cyclicalness, if applicable, of the company's industry;
- The participation and eligibility of executives and employees in pledging;

- The company’s current policies regarding pledging and any waiver from these policies for employees and executives; and

- Disclosure of the extent of any pledging, particularly among senior executives.

COMPENSATION CONSULTANT INDEPENDENCE

As mandated by Section 952 of the Dodd-Frank Act, as of January 11, 2013, the SEC approved new listing requirements for both the NYSE and NASDAQ which require compensation committees to consider six factors (<https://www.sec.gov/rules/final/2012/33-9330.pdf>, p.31-32) in assessing compensation advisor independence. According to the SEC, “no one factor should be viewed as a determinative factor.” Glass Lewis believes this six-factor assessment is an important process for every compensation committee to undertake but believes companies employing a consultant for board compensation, consulting and other corporate services should provide clear disclosure beyond just a reference to examining the six points, in order to allow shareholders to review the specific aspects of the various consultant relationships.

We believe compensation consultants are engaged to provide objective, disinterested, expert advice to the compensation committee. When the consultant or its affiliates receive substantial income from providing other services to the company, we believe the potential for a conflict of interest arises and the independence of the consultant may be jeopardized. Therefore, Glass Lewis will, when relevant, note the potential for a conflict of interest when the fees paid to the advisor or its affiliates for other services exceeds those paid for compensation consulting.

CEO PAY RATIO

As mandated by Section 953(b) of the Dodd-Frank Wall Street Consumer and Protection Act, beginning in 2018, issuers will be required to disclose the median annual total compensation of all employees except the CEO, the total annual compensation of the CEO or equivalent position, and the ratio between the two amounts. Glass Lewis will display the pay ratio as a data point in our Proxy Papers, as available. While we recognize that the pay ratio has the potential to provide additional insight when assessing a company’s pay practices, at this time it will not be a determinative factor in our voting recommendations.

FREQUENCY OF SAY-ON-PAY

The Dodd-Frank Act also requires companies to allow shareholders a non-binding vote on the frequency of say-on-pay votes, i.e. every one, two or three years. Additionally, Dodd-Frank requires companies to hold such votes on the frequency of say-on-pay votes at least once every six years.

We believe companies should submit say-on-pay votes to shareholders every year. We believe that the time and financial burdens to a company with regard to an annual vote are relatively small and incremental and are outweighed by the benefits to shareholders through more frequent accountability. Implementing biannual or triennial votes on executive compensation limits shareholders' ability to hold the board accountable for its compensation practices through means other than voting against the compensation committee. Unless a company provides a compelling rationale or unique circumstances for say-on-pay votes less frequent than annually, we will generally recommend that shareholders support annual votes on compensation.

VOTE ON GOLDEN PARACHUTE ARRANGEMENTS

The Dodd-Frank Act also requires companies to provide shareholders with a separate non-binding vote on approval of golden parachute compensation arrangements in connection with certain change-in-control transactions. However, if the golden parachute arrangements have previously been subject to a say-on-pay vote which shareholders approved, then this required vote is waived.

Glass Lewis believes the narrative and tabular disclosure of golden parachute arrangements benefits all shareholders. Glass Lewis analyzes each golden parachute arrangement on a case-by-case basis, taking into ac-

count, among other items: the nature of the change-in-control transaction, the ultimate value of the payments particularly compared to the value of the transaction, any excise tax gross-up obligations, the tenure and position of the executives in question before and after the transaction, any new or amended employment agreements entered into in connection with the transaction, and the type of triggers involved (i.e., single vs. double).

EQUITY-BASED COMPENSATION PLAN PROPOSALS

We believe that equity compensation awards, when not abused, are useful for retaining employees and providing an incentive for them to act in a way that will improve company performance. Glass Lewis recognizes that equity-based compensation plans are critical components of a company's overall compensation program and we analyze such plans accordingly based on both quantitative and qualitative factors.

Our quantitative analysis assesses the plan's cost and the company's pace of granting utilizing a number of different analyses, comparing the program with absolute limits we believe are key to equity value creation and with a carefully chosen peer group. In general, our model seeks to determine whether the proposed plan is either absolutely excessive or is more than one standard deviation away from the average plan for the peer group on a range of criteria, including dilution to shareholders and the projected annual cost relative to the company's financial performance. Each of the analyses (and their constituent parts) is weighted and the plan is scored in accordance with that weight.

We compare the program's expected annual expense with the business's operating metrics to help determine whether the plan is excessive in light of company performance. We also compare the plan's expected annual cost to the enterprise value of the firm rather than to market capitalization because the employees, managers and directors of the firm contribute to the creation of enterprise value but not necessarily market capitalization (the biggest difference is seen where cash represents the vast majority of market capitalization). Finally, we do not rely exclusively on relative comparisons with averages because, in addition to creeping averages serving to inflate compensation, we believe that some absolute limits are warranted.

We then consider qualitative aspects of the plan such as plan administration, the method and terms of exercise, repricing history, express or implied rights to reprice, and the presence of evergreen provisions. We also closely review the choice and use of, and difficulty in meeting, the awards' performance metrics and targets, if any. We believe significant changes to the terms of a plan should be explained for shareholders and clearly indicated. Other factors such as a company's size and operating environment may also be relevant in assessing the severity of concerns or the benefits of certain changes. Finally, we may consider a company's executive compensation practices in certain situations, as applicable.

We evaluate equity plans based on certain overarching principles:

- Companies should seek more shares only when needed;
- Requested share amounts should be small enough that companies seek shareholder approval every three to four years (or more frequently);
- If a plan is relatively expensive, it should not grant options solely to senior executives and board members;
- Dilution of annual net share count or voting power, along with the “overhang” of incentive plans, should be limited;
- Annual cost of the plan (especially if not shown on the income statement) should be reasonable as a percentage of financial results and should be in line with the peer group;
- The expected annual cost of the plan should be proportional to the business’s value;

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- The intrinsic value that option grantees received in the past should be reasonable compared with the business's financial results;
- Plans should not permit re-pricing of stock options;
- Plans should not contain excessively liberal administrative or payment terms;
- Plans should not count shares in ways that understate the potential dilution, or cost, to common shareholders. This refers to "inverse" full-value award multipliers;
- Selected performance metrics should be challenging and appropriate, and should be subject to relative performance measurements; and
- Stock grants should be subject to minimum vesting and/or holding periods sufficient to ensure sustainable performance and promote retention.

OPTION EXCHANGES AND REPRICING

Glass Lewis is firmly opposed to the repricing of employee and director options regardless of how it is accomplished. Employees should have some downside risk in their equity-based compensation program and repricing eliminates any such risk. As shareholders have substantial risk in owning stock, we believe that the equity compensation of employees and directors should be similarly situated to align their interests with those of shareholders. We believe this will facilitate appropriate risk- and opportunity-taking for the company by employees.

We are concerned that option grantees who believe they will be "rescued" from underwater options will be more inclined to take unjustifiable risks. Moreover, a predictable pattern of repricing or exchanges substantially alters a stock option's value because options that will practically never expire deeply out of the money are worth far more than options that carry a risk of expiration.

In short, repricings and option exchange programs change the bargain between shareholders and employees after the bargain has been struck.

There is one circumstance in which a repricing or option exchange program may be acceptable: if macroeconomic or industry trends, rather than specific company issues, cause a stock's value to decline dramatically and the repricing is necessary to motivate and retain employees. In this circumstance, we think it fair to conclude that option grantees may be suffering from a risk that was not foreseeable when the original "bargain" was struck. In such a circumstance, we will recommend supporting a repricing if the following conditions are true:

- Officers and board members cannot participate in the program;

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- The stock decline mirrors the market or industry price decline in terms of timing and approximates the decline in magnitude;
- The exchange is value-neutral or value-creative to shareholders using very conservative assumptions and with a recognition of the adverse selection problems inherent in voluntary programs;
- The vesting requirements on exchanged or repriced options are extended beyond one year;
- Shares reserved for options that are reacquired in an option exchange will permanently retire (i.e., will not be available for future grants) so as to prevent additional shareholder dilution in the future; and

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Management and the board make a cogent case for needing to motivate and retain existing employees, such as being in a competitive employment market.

OPTION BACKDATING, SPRING-LOADING AND BULLET-DODGING

Glass Lewis views option backdating, and the related practices of spring-loading and bullet-dodging, as egregious actions that warrant holding the appropriate management and board members responsible. These practices are similar to re-pricing options and eliminate much of the downside risk inherent in an option grant that is designed to induce recipients to maximize shareholder return.

Backdating an option is the act of changing an option's grant date from the actual grant date to an earlier date when the market price of the underlying stock was lower, resulting in a lower exercise price for the option. Since 2006, Glass Lewis has identified over 270 companies that have disclosed internal or government investigations into their past stock-option grants.

Spring-loading is granting stock options while in possession of material, positive information that has not been disclosed publicly. Bullet-dodging is delaying the grants of stock options until after the release of material, negative information. This can allow option grants to be made at a lower price either before the release of positive news or following the release of negative news, assuming the stock's price will move up or down in response to the information. This raises a concern similar to that of insider trading, or the trading on material non-public information.

The exercise price for an option is determined on the day of grant, providing the recipient with the same market risk as an investor who bought shares on that date. However, where options were backdated, the executive or the board (or the compensation committee) changed the grant date retroactively. The new date may be at or near the lowest price for the year or period. This would be like allowing an investor to look back and select the lowest price of the year at which to buy shares.

A 2006 study of option grants made between 1996 and 2005 at 8,000 companies found that option backdating can be an indication of poor internal controls. The study found that option backdating was more likely to occur at companies without a majority independent board and with a long-serving CEO; both factors, the study concluded, were associated with greater CEO influence on the company's compensation and governance practices:⁴⁸

Where a company granted backdated options to an executive who is also a director, Glass Lewis will recommend voting against that executive/director, regardless of who decided to make the award. In addition, Glass Lewis will recommend voting against those directors who either approved or allowed the backdating. Glass Lewis feels that executives and directors who either benefited from backdated options or authorized the practice have breached their fiduciary responsibility to shareholders.

Given the severe tax and legal liabilities to the company from backdating, Glass Lewis will consider recommending voting against members of the audit committee who served when options were backdated, a restatement occurs, material weaknesses in internal controls exist and disclosures indicate there was a lack of documentation. These committee members failed in their responsibility to ensure the integrity of the company's financial reports.

When a company has engaged in spring-loading or bullet-dodging, Glass Lewis will consider recommending voting against the compensation committee members where there has been a pattern of granting options at or near historic lows. Glass Lewis will also recommend voting against executives serving on the board who benefited from the spring-loading or bullet-dodging.

48 Lucian Bebchuk, Yaniv Grinstein and Urs Peyer. "LUCKY CEOs." November, 2006.

DIRECTOR COMPENSATION PLANS

Glass Lewis believes that non-employee directors should receive reasonable and appropriate compensation for the time and effort they spend serving on the board and its committees. However, a balance is required. Fees should be competitive in order to retain and attract qualified individuals, but excessive fees represent a financial cost to the company and potentially compromise the objectivity and independence of non-employee directors. We will consider recommending support for compensation plans that include option grants or other equity-based awards that help to align the interests of outside directors with those of shareholders. However, to ensure directors are not incentivized in the same manner as executives but rather serve as a check on imprudent risk-taking in executive compensation plan design, equity grants to directors should not be performance-based. Where an equity plan exclusively or primarily covers non-employee directors as participants, we do not believe that the plan should provide for performance-based awards in any capacity.

When non-employee director equity grants are covered by the same equity plan that applies to a company's broader employee base, we will use our propriety model and analyst review of this model to guide our voting recommendations. If such a plan broadly allows for performance-based awards to directors or explicitly provides for such grants, we may recommend against the overall plan on this basis, particularly if the company has granted performance-based awards to directors in past.

EMPLOYEE STOCK PURCHASE PLANS

Glass Lewis believes that employee stock purchase plans ("ESPPs") can provide employees with a sense of ownership in their company and help strengthen the alignment between the interests of employees and shareholders. We evaluate ESPPs by assessing the expected discount, purchase period, expected purchase activity (if previous activity has been disclosed) and whether the plan has a "lookback" feature. Except for the most extreme cases, Glass Lewis will generally support these plans given the regulatory purchase limit of \$25,000 per employee per year, which we believe is reasonable. We also look at the number of shares requested to see if a ESPP will significantly contribute to overall shareholder dilution or if shareholders will not have a chance to approve the program for an excessive period of time. As such, we will generally recommend against ESPPs that contain "evergreen" provisions that automatically increase the number of shares available under the ESPP each year.

EXECUTIVE COMPENSATION TAX DEDUCTIBILITY — AMENDMENT TO IRS 162(M)

The "Tax Cut and Jobs Act" had significant implications on Section 162(m) of the Internal Revenue Code, a provision that allowed companies to deduct compensation in excess of \$1 million for the CEO and the next three most highly compensated executive officers, excluding the CFO, if the compensation is performance-based and is paid under shareholder-approved plans. Glass Lewis does not generally view amendments to equity plans and changes to compensation programs in response to the elimination of tax deductions under 162(m) as problematic. This specifically holds true if such modifications contribute to the maintenance of a sound performance-based

compensation program.

As grandfathered contracts may continue to be eligible for tax deductions under the transition rule for Section 162(m), companies may therefore submit incentive plans for shareholder approval to take advantage of the tax deductibility afforded under 162(m) for certain types of compensation.

We believe the best practice for companies is to provide robust disclosure to shareholders so that they can make fully-informed judgments about the reasonableness of the proposed compensation plan. To allow for meaningful shareholder review, we prefer that disclosure should include specific performance metrics, a maximum award pool, and a maximum award amount per employee. We also believe it is important to analyze the estimated grants to see if they are reasonable and in line with the company's peers.

We typically recommend voting against a 162(m) proposal where: (i) a company fails to provide at least a list of performance targets; (ii) a company fails to provide one of either a total maximum or an individual maximum; or (iii) the proposed plan or individual maximum award limit is excessive when compared with the plans of the company's peers.

The company's record of aligning pay with performance (as evaluated using our proprietary pay-for-performance model) also plays a role in our recommendation. Where a company has a record of setting reasonable pay relative to business performance, we generally recommend voting in favor of a plan even if the plan caps seem large relative to peers because we recognize the value in special pay arrangements for continued exceptional performance.

As with all other issues we review, our goal is to provide consistent but contextual advice given the specifics of the company and ongoing performance. Overall, we recognize that it is generally not in shareholders' best interests to vote against such a plan and forgo the potential tax benefit since shareholder rejection of such plans will not curtail the awards; it will only prevent the tax deduction associated with them.

Governance Structure and the Shareholder Franchise

ANTI-TAKEOVER MEASURES

POISON PILLS (SHAREHOLDER RIGHTS PLANS)

Glass Lewis believes that poison pill plans are not generally in shareholders' best interests. They can reduce management accountability by substantially limiting opportunities for corporate takeovers. Rights plans can thus prevent shareholders from receiving a buy-out premium for their stock. Typically we recommend that shareholders vote against these plans to protect their financial interests and ensure that they have an opportunity to consider any offer for their shares, especially those at a premium.

We believe boards should be given wide latitude in directing company activities and in charting the company's course. However, on an issue such as this, where the link between the shareholders' financial interests and their right to consider and accept buyout offers is substantial, we believe that shareholders should be allowed to vote on whether they support such a plan's implementation. This issue is different from other matters that are typically left to board discretion. Its potential impact on and relation to shareholders is direct and substantial. It is also an issue in which management interests may be different from those of shareholders; thus, ensuring that shareholders have a voice is the only way to safeguard their interests.

In certain circumstances, we will support a poison pill that is limited in scope to accomplish a particular objective, such as the closing of an important merger, or a pill that contains what we believe to be a reasonable qualifying offer clause. We will consider supporting a poison pill plan if the qualifying offer clause includes each of the following attributes:

- The form of offer is not required to be an all-cash transaction;
- The offer is not required to remain open for more than 90 business days;
- The offeror is permitted to amend the offer, reduce the offer, or otherwise change the terms;
- There is no fairness opinion requirement; and
- There is a low to no premium requirement.

Where these requirements are met, we typically feel comfortable that shareholders will have the opportunity to voice their opinion on any legitimate offer.

NOL POISON PILLS

Similarly, Glass Lewis may consider supporting a limited poison pill in the event that a company seeks shareholder approval of a rights plan for the express purpose of preserving Net Operating Losses (NOLs). While companies with NOLs can generally carry these losses forward to offset future taxable income, Section 382

of the Internal Revenue Code limits companies' ability to use NOLs in the event of a "change of ownership." In this case, a company may adopt or amend a poison pill ("NOL pill") in order to prevent an inadvertent change of ownership by multiple investors purchasing small chunks of stock at the same time, and thereby preserve the ability to carry the NOLs forward. Often such NOL pills have trigger thresholds much lower than the common 15% or 20% thresholds, with some NOL pill triggers as low as 5%.

Glass Lewis evaluates NOL pills on a strictly case-by-case basis taking into consideration, among other factors, the value of the NOLs to the company, the likelihood of a change of ownership based on the size of the holding and the nature of the larger shareholders, the trigger threshold and whether the term of the plan is limited in duration (i.e., whether it contains a reasonable "sunset" provision) or is subject to periodic board review and/ or shareholder ratification. In many cases, companies will propose the adoption of bylaw amendments specifically restricting certain share transfers, in addition to proposing the adoption of a NOL pill. In general, if we support the terms of a particular NOL pill, we will generally support the additional protective amendment in the absence of significant concerns with the specific terms of that proposal.

Furthermore, we believe that shareholders should be offered the opportunity to vote on any adoption or renewal of a NOL pill regardless of any potential tax benefit that it offers a company. As such, we will consider recommending voting against those members of the board who served at the time when an NOL pill was adopted without shareholder approval within the prior twelve months and where the NOL pill is not subject to shareholder ratification.

FAIR PRICE PROVISIONS

Fair price provisions, which are rare, require that certain minimum price and procedural requirements be observed by any party that acquires more than a specified percentage of a corporation's common stock. The provision is intended to protect minority shareholder value when an acquirer seeks to accomplish a merger or other transaction which would eliminate or change the interests of the minority shareholders. The provision is generally applied against the acquirer unless the takeover is approved by a majority of "continuing directors" and holders of a majority, in some cases a supermajority as high as 80%, of the combined voting power of all stock entitled to vote to alter, amend, or repeal the above provisions.

The effect of a fair price provision is to require approval of any merger or business combination with an "interested shareholder" by 51% of the voting stock of the company, excluding the shares held by the interested shareholder. An interested shareholder is generally considered to be a holder of 10% or more of the company's outstanding stock, but the trigger can vary.

Generally, provisions are put in place for the ostensible purpose of preventing a back-end merger where the interested shareholder would be able to pay a lower price for the remaining shares of the company than he or she paid to gain control. The effect of a fair price provision on shareholders, however, is to limit their ability to gain a premium for their shares through a partial tender offer or open market acquisition which typically raise the share price, often

significantly. A fair price provision discourages such transactions because of the potential costs of seeking shareholder approval and because of the restrictions on purchase price for completing a merger or other transaction at a later time.

Glass Lewis believes that fair price provisions, while sometimes protecting shareholders from abuse in a takeover situation, more often act as an impediment to takeovers, potentially limiting gains to shareholders from a variety of transactions that could significantly increase share price. In some cases, even the independent directors of the board cannot make exceptions when such exceptions may be in the best interests of shareholders. Given the existence of state law protections for minority shareholders such as Section 203 of the Delaware Corporations Code, we believe it is in the best interests of shareholders to remove fair price provisions.

49 Section 382 of the Internal Revenue Code refers to a “change of ownership” of more than 50 percentage points by one or more 5% shareholders within a three-year period. The statute is intended to deter the “trafficking” of net operating losses.

QUORUM REQUIREMENTS

Glass Lewis believes that a company's quorum requirement should be set at a level high enough to ensure that a broad range of shareholders are represented in person or by proxy, but low enough that the company can transact necessary business. Companies in the U.S. are generally subject to quorum requirements under the laws of their specific state of incorporation. Additionally, those companies listed on the NASDAQ Stock Market are required to specify a quorum in their bylaws, provided however that such quorum may not be less than one-third of outstanding shares. Prior to 2013, the New York Stock Exchange required a quorum of 50% for listed companies, although this requirement was dropped in recognition of individual state requirements and potential confusion for issuers. Delaware, for example, required companies to provide for a quorum of no less than one-third of outstanding shares; otherwise such quorum shall default to a majority.

We generally believe a majority of outstanding shares entitled to vote is an appropriate quorum for the transaction of business at shareholder meetings. However, should a company seek shareholder approval of a lower quorum requirement we will generally support a reduced quorum of at least one-third of shares entitled to vote, either in person or by proxy. When evaluating such proposals, we also consider the specific facts and circumstances of the company, such as size and shareholder base.

DIRECTOR AND OFFICER INDEMNIFICATION

While Glass Lewis strongly believes that directors and officers should be held to the highest standard when carrying out their duties to shareholders, some protection from liability is reasonable to protect them against certain suits so that these officers feel comfortable taking measured risks that may benefit shareholders. As such, we find it appropriate for a company to provide indemnification and/or enroll in liability insurance to cover its directors and officers so long as the terms of such agreements are reasonable.

REINCORPORATION

In general, Glass Lewis believes that the board is in the best position to determine the appropriate jurisdiction of incorporation for the company. When examining a management proposal to reincorporate to a different state or country, we review the relevant financial benefits, generally related to improved corporate tax treatment, as well as changes in corporate governance provisions, especially those relating to shareholder rights, resulting from the change in domicile. Where the financial benefits are de minimis and there is a decrease in shareholder rights, we will recommend voting against the transaction.

However, costly, shareholder-initiated reincorporations are typically not the best route to achieve the furtherance of shareholder rights. We believe shareholders are generally better served by proposing specific shareholder resolutions

addressing pertinent issues which may be implemented at a lower cost, and perhaps even with board approval. However, when shareholders propose a shift into a jurisdiction with enhanced shareholder rights, Glass Lewis examines the significant ways would the company benefit from shifting jurisdictions including the following:

- Is the board sufficiently independent?
- Does the company have anti-takeover protections such as a poison pill or classified board in place?
- Has the board been previously unresponsive to shareholders (such as failing to implement a shareholder proposal that received majority shareholder support)?
- Do shareholders have the right to call special meetings of shareholders?
- Are there other material governance issues of concern at the company?
- Has the company's performance matched or exceeded its peers in the past one and three years?

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- How has the company ranked in Glass Lewis' pay-for-performance analysis during the last three years?
- Does the company have an independent chair?

We note, however, that we will only support shareholder proposals to change a company's place of incorporation in exceptional circumstances.

EXCLUSIVE FORUM AND FEE-SHIFTING BYLAW PROVISIONS

Glass Lewis recognizes that companies may be subject to frivolous and opportunistic lawsuits, particularly in conjunction with a merger or acquisition, that are expensive and distracting. In response, companies have sought ways to prevent or limit the risk of such suits by adopting bylaws regarding where the suits must be brought or shifting the burden of the legal expenses to the plaintiff, if unsuccessful at trial.

Glass Lewis believes that charter or bylaw provisions limiting a shareholder's choice of legal venue are not in the best interests of shareholders. Such clauses may effectively discourage the use of shareholder claims by increasing their associated costs and making them more difficult to pursue. As such, shareholders should be wary about approving any limitation on their legal recourse including limiting themselves to a single jurisdiction (e.g., Delaware) without compelling evidence that it will benefit shareholders.

For this reason, we recommend that shareholders vote against any bylaw or charter amendment seeking to adopt an exclusive forum provision unless the company: (i) provides a compelling argument on why the provision would directly benefit shareholders; (ii) provides evidence of abuse of legal process in other, non-favored jurisdictions; (iii) narrowly tailors such provision to the risks involved; and (iv) maintains a strong record of good corporate governance practices.

Moreover, in the event a board seeks shareholder approval of a forum selection clause pursuant to a bundled bylaw amendment rather than as a separate proposal, we will weigh the importance of the other bundled provisions when determining the vote recommendation on the proposal. We will nonetheless recommend voting against the chair of the governance committee for bundling disparate proposals into a single proposal (refer to our discussion of nominating and governance committee performance in Section I of the guidelines).

Similarly, some companies have adopted bylaws requiring plaintiffs who sue the company and fail to receive a judgment in their favor pay the legal expenses of the company. These bylaws, also known as "fee-shifting" or "loser pays" bylaws, will likely have a chilling effect on even meritorious shareholder lawsuits as shareholders would face an strong financial disincentive not to sue a company. Glass Lewis therefore strongly opposes the adoption of such fee-shifting bylaws and, if adopted without shareholder approval, will recommend voting against the governance committee. While we note that in June of 2015 the State of Delaware banned the adoption of fee-shifting bylaws, such

provisions could still be adopted by companies incorporated in other states.

AUTHORIZED SHARES

Glass Lewis believes that adequate capital stock is important to a company's operation. When analyzing a request for additional shares, we typically review four common reasons why a company might need additional capital stock:

Stock Split — We typically consider three metrics when evaluating whether we think a stock split is likely or necessary: The historical stock pre-split price, if any; the current price relative to the company's most common trading price over the past 52 weeks; and some absolute limits on stock price that, in our view, either always make a stock split appropriate if desired by management or would almost never be a reasonable price at which to split a stock.

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Shareholder Defenses — Additional authorized shares could be used to bolster takeover defenses such as a poison pill. Proxy filings often discuss the usefulness of additional shares in defending against or discouraging a hostile takeover as a reason for a requested increase. Glass Lewis is typically against such defenses and will oppose actions intended to bolster such defenses.

Financing for Acquisitions — We look at whether the company has a history of using stock for acquisitions and attempt to determine what levels of stock have typically been required to accomplish such transactions. Likewise, we look to see whether this is discussed as a reason for additional shares in the proxy.

Financing for Operations — We review the company's cash position and its ability to secure financing through borrowing or other means. We look at the company's history of capitalization and whether the company has had to use stock in the recent past as a means of raising capital.

Issuing additional shares generally dilutes existing holders in most circumstances. Further, the availability of additional shares, where the board has discretion to implement a poison pill, can often serve as a deterrent to interested suitors. Accordingly, where we find that the company has not detailed a plan for use of the proposed shares, or where the number of shares far exceeds those needed to accomplish a detailed plan, we typically recommend against the authorization of additional shares. Similar concerns may also lead us to recommend against a proposal to conduct a reverse stock split if the board does not state that it will reduce the number of authorized common shares in a ratio proportionate to the split.

While we think that having adequate shares to allow management to make quick decisions and effectively operate the business is critical, we prefer that, for significant transactions, management come to shareholders to justify their use of additional shares rather than providing a blank check in the form of a large pool of unallocated shares available for any purpose.

ADVANCE NOTICE REQUIREMENTS

We typically recommend that shareholders vote against proposals that would require advance notice of shareholder proposals or of director nominees.

These proposals typically attempt to require a certain amount of notice before shareholders are allowed to place proposals on the ballot. Notice requirements typically range between three to six months prior to the annual meeting. Advance notice requirements typically make it impossible for a shareholder who misses the deadline to present a shareholder proposal or a director nominee that might be in the best interests of the company and its shareholders.

We believe shareholders should be able to review and vote on all proposals and director nominees. Shareholders can always vote against proposals that appear with little prior notice. Shareholders, as owners of a business, are capable of identifying issues on which they have sufficient information and ignoring issues on which they have insufficient information. Setting arbitrary notice restrictions limits the opportunity for shareholders to raise issues that may come

up after the window closes.

VIRTUAL SHAREHOLDER MEETINGS

A relatively small but growing contingent of companies have elected to hold shareholder meetings by virtual means only. Glass Lewis believes that virtual meeting technology can be a useful complement to a traditional, in-person shareholder meeting by expanding participation of shareholders who are unable to attend a shareholder meeting in person (i.e. a “hybrid meeting”). However, we also believe that virtual-only meetings have the potential to curb the ability of a company’s shareholders to meaningfully communicate with the company’s management.

Prominent shareholder rights advocates, including the Council of Institutional Investors, have expressed concerns that such virtual-only meetings do not approximate an in-person experience and may serve to reduce

the board's accountability to shareholders. When analyzing the governance profile of companies that choose to hold virtual-only meetings, we look for robust disclosure in a company's proxy statement which assures shareholders that they will be afforded the same rights and opportunities to participate as they would at an in-person meeting.

Examples of effective disclosure include: (i) addressing the ability of shareholders to ask questions during the meeting, including time guidelines for shareholder questions, rules around what types of questions are allowed, and rules for how questions and comments will be recognized and disclosed to meeting participants; (ii) procedures, if any, for posting appropriate questions received during the meeting and the company's answers, on the investor page of their website as soon as is practical after the meeting; (iii) addressing technical and logistical issues related to accessing the virtual meeting platform; and (iv) procedures for accessing technical support to assist in the event of any difficulties accessing the virtual meeting.

We will generally recommend voting against members of the governance committee where the board is planning to hold a virtual-only shareholder meeting and the company does not provide such disclosure.

VOTING STRUCTURE

DUAL-CLASS SHARE STRUCTURES

Glass Lewis believes dual-class voting structures are typically not in the best interests of common shareholders. Allowing one vote per share generally operates as a safeguard for common shareholders by ensuring that those who hold a significant minority of shares are able to weigh in on issues set forth by the board.

Furthermore, we believe that the economic stake of each shareholder should match their voting power and that no small group of shareholders, family or otherwise, should have voting rights different from those of other shareholders. On matters of governance and shareholder rights, we believe shareholders should have the power to speak and the opportunity to effect change. That power should not be concentrated in the hands of a few for reasons other than economic stake.

We generally consider a dual-class share structure to reflect negatively on a company's overall corporate governance. Because we believe that companies should have share capital structures that protect the interests of non-controlling shareholders as well as any controlling entity, we typically recommend that shareholders vote in favor of recapitalization proposals to eliminate dual-class share structures. Similarly, we will generally recommend against proposals to adopt a new class of common stock.

With regards to our evaluation of corporate governance following an IPO or spin-off within the past year, we will now include the presence of dual-class share structures as an additional factor in determining whether shareholder rights are being severely restricted indefinitely.

When analyzing voting results from meetings of shareholders at companies controlled through dual-class structures, we will carefully examine the level of approval or disapproval attributed to unaffiliated shareholders when determining whether board responsiveness is warranted. Where vote results indicate that a majority of unaffiliated shareholders supported a shareholder proposal or opposed a management proposal, we believe the board should demonstrate an appropriate level of responsiveness.

CUMULATIVE VOTING

Cumulative voting increases the ability of minority shareholders to elect a director by allowing shareholders to cast as many shares of the stock they own multiplied by the number of directors to be elected. As companies generally have multiple nominees up for election, cumulative voting allows shareholders to cast all of their votes for a single nominee, or a smaller number of nominees than up for election, thereby raising the likelihood of electing one or more of their preferred nominees to the board. It can be important when a board is controlled by insiders or affiliates and where the company's ownership structure includes one or more shareholders who control a majority-voting block of company stock.

Glass Lewis believes that cumulative voting generally acts as a safeguard for shareholders by ensuring that those who hold a significant minority of shares can elect a candidate of their choosing to the board. This allows the creation of boards that are responsive to the interests of all shareholders rather than just a small group of large holders.

We review cumulative voting proposals on a case-by-case basis, factoring in the independence of the board and the status of the company's governance structure. But we typically find these proposals on ballots at companies where independence is lacking and where the appropriate checks and balances favoring shareholders are not in place. In those instances we typically recommend in favor of cumulative voting.

Where a company has adopted a true majority vote standard (i.e., where a director must receive a majority of votes cast to be elected, as opposed to a modified policy indicated by a resignation policy only), Glass Lewis will recommend voting against cumulative voting proposals due to the incompatibility of the two election methods. For companies that have not adopted a true majority voting standard but have adopted some form of majority voting, Glass Lewis will also generally recommend voting against cumulative voting proposals if the company has not adopted anti-takeover protections and has been responsive to shareholders.

Where a company has not adopted a majority voting standard and is facing both a shareholder proposal to adopt majority voting and a shareholder proposal to adopt cumulative voting, Glass Lewis will support only the majority voting proposal. When a company has both majority voting and cumulative voting in place, there is a higher likelihood of one or more directors not being elected as a result of not receiving a majority vote. This is because shareholders exercising the right to cumulate their votes could unintentionally cause the failed election of one or more directors for whom shareholders do not cumulate votes.

SUPERMAJORITY VOTE REQUIREMENTS

Glass Lewis believes that supermajority vote requirements impede shareholder action on ballot items critical to shareholder interests. An example is in the takeover context, where supermajority vote requirements can strongly limit the voice of shareholders in making decisions on such crucial matters as selling the business. This in turn degrades share value and can limit the possibility of buyout premiums to shareholders. Moreover, we believe that a supermajority vote requirement can enable a small group of shareholders to overrule the will of the majority shareholders. We believe that a simple majority is appropriate to approve all matters presented to shareholders.

TRANSACTION OF OTHER BUSINESS

We typically recommend that shareholders not give their proxy to management to vote on any other business items that may properly come before an annual or special meeting. In our opinion, granting unfettered discretion is unwise.

ANTI-GREENMAIL PROPOSALS

Glass Lewis will support proposals to adopt a provision preventing the payment of greenmail, which would serve to prevent companies from buying back company stock at significant premiums from a certain shareholder. Since a large or majority shareholder could attempt to compel a board into purchasing its shares at a large premium, the anti-greenmail provision would generally require that a majority of shareholders other than the majority shareholder approve the buyback.

MUTUAL FUNDS: INVESTMENT POLICIES AND ADVISORY AGREEMENTS

Glass Lewis believes that decisions about a fund's structure and/or a fund's relationship with its investment advisor or sub-advisors are generally best left to management and the members of the board, absent a showing of egregious or illegal conduct that might threaten shareholder value. As such, we focus our analyses of such proposals on the following main areas:

- The terms of any amended advisory or sub-advisory agreement;
- Any changes in the fee structure paid to the investment advisor; and
- Any material changes to the fund's investment objective or strategy.

We generally support amendments to a fund's investment advisory agreement absent a material change that is not in the best interests of shareholders. A significant increase in the fees paid to an investment advisor would be reason for us to consider recommending voting against a proposed amendment to an investment advisory agreement or fund reorganization. However, in certain cases, we are more inclined to support an increase in advisory fees if such increases result from being performance-based rather than asset-based. Furthermore, we generally support sub-advisory agreements between a fund's advisor and sub-advisor, primarily because the fees received by the sub-advisor are paid by the advisor, and not by the fund.

In matters pertaining to a fund's investment objective or strategy, we believe shareholders are best served when a fund's objective or strategy closely resembles the investment discipline shareholders understood and selected when they initially bought into the fund. As such, we generally recommend voting against amendments to a fund's investment objective or strategy when the proposed changes would leave shareholders with stakes in a fund that is noticeably different than when originally purchased, and which could therefore potentially negatively impact some investors' diversification strategies.

REAL ESTATE INVESTMENT TRUSTS

The complex organizational, operational, tax and compliance requirements of Real Estate Investment Trusts ("REITs") provide for a unique shareholder evaluation. In simple terms, a REIT must have a minimum of 100 shareholders (the "100 Shareholder Test") and no more than 50% of the value of its shares can be held by five or fewer individuals (the "5/50 Test"). At least 75% of a REITs' assets must be in real estate, it must derive 75% of its gross income from rents or mortgage interest, and it must pay out 90% of its taxable earnings as dividends. In addition, as a publicly traded security listed on a stock exchange, a REIT must comply with the same general listing requirements as a publicly traded equity.

In order to comply with such requirements, REITs typically include percentage ownership limitations in their organizational documents, usually in the range of 5% to 10% of the REITs outstanding shares. Given the complexities of REITs as an asset class, Glass Lewis applies a highly nuanced approach in our evaluation of REIT proposals, especially regarding changes in authorized share capital, including preferred stock.

PREFERRED STOCK ISSUANCES AT REITS

Glass Lewis is generally against the authorization of preferred shares that allows the board to determine the preferences, limitations and rights of the preferred shares (known as “blank-check preferred stock”). We believe that granting such broad discretion should be of concern to common shareholders, since blank-check preferred stock could be used as an antitakeover device or in some other fashion that adversely affects the voting power or financial interests of common shareholders. However, given the requirement that a REIT must distribute 90% of its net income annually, it is inhibited from retaining capital to make investments in its business. As such, we recognize that equity financing likely plays a key role in a REIT’s growth and creation of shareholder value. Moreover, shareholder concern regarding the use of preferred stock as an anti-takeover mechanism may be allayed by the fact that most REITs maintain ownership limitations in their certificates of incorporation. For these reasons, along with the fact that REITs typically do not engage in private placements of preferred stock (which result in the rights of common shareholders being adversely impacted), we may support requests to authorize shares of blank-check preferred stock at REITs.

BUSINESS DEVELOPMENT COMPANIES

Business Development Companies (“BDCs”) were created by the U.S. Congress in 1980; they are regulated under the Investment Company Act of 1940 and are taxed as regulated investment companies (“RICs”) under the Internal Revenue Code. BDCs typically operate as publicly traded private equity firms that invest in early stage to mature private companies as well as small public companies. BDCs realize operating income when their investments are sold off, and therefore maintain complex organizational, operational, tax and compliance requirements that are similar to those of REITs—the most evident of which is that BDCs must distribute at least 90% of their taxable earnings as dividends.

AUTHORIZATION TO SELL SHARES AT A PRICE BELOW NET ASSET VALUE

Considering that BDCs are required to distribute nearly all their earnings to shareholders, they sometimes need to offer additional shares of common stock in the public markets to finance operations and acquisitions. However, shareholder approval is required in order for a BDC to sell shares of common stock at a price below Net Asset Value (“NAV”). Glass Lewis evaluates these proposals using a case-by-case approach, but will recommend supporting such requests if the following conditions are met:

- The authorization to allow share issuances below NAV has an expiration date of one year or less from the date that shareholders approve the underlying proposal (i.e. the meeting date);
- The proposed discount below NAV is minimal (ideally no greater than 20%);
- The board specifies that the issuance will have a minimal or modest dilutive effect (ideally no greater than 25% of the company’s then-outstanding common stock prior to the issuance); and
- A majority of the company’s independent directors who do not have a financial interest in the issuance approve the sale.

In short, we believe BDCs should demonstrate a responsible approach to issuing shares below NAV, by proactively addressing shareholder concerns regarding the potential dilution of the requested share issuance, and explaining if and how the company’s past below-NAV share issuances have benefitted the company.

AUDITOR RATIFICATION AND BELOW-NAV ISSUANCES

When a BDC submits a below-NAV issuance for shareholder approval, we will refrain from recommending against the audit committee chair for not including auditor ratification on the same ballot. Because of the unique way these proposals interact, votes may be tabulated in a manner that is not in shareholders’ interests. In cases where these proposals appear on the same ballot, auditor ratification is generally the only “routine proposal,” the presence of which

triggers a scenario where broker non-votes may be counted toward shareholder quorum, with unintended consequences.

Under the 1940 Act, below-NAV issuance proposals require relatively high shareholder approval. Specifically, these proposals must be approved by the lesser of: (i) 67% of votes cast if a majority of shares are represented at the meeting; or (ii) a majority of outstanding shares. Meanwhile, any broker non-votes counted toward quorum will automatically be registered as “against” votes for purposes of this proposal. The unintended result can be a case where the issuance proposal is not approved, despite sufficient voting shares being cast in favor. Because broker non-votes result from a lack of voting instruction by the shareholder, we do not believe shareholders’ ability to weigh in on the selection of auditor outweighs the consequences of failing to approve an issuance proposal due to such technicality.

Shareholder Initiatives

Glass Lewis generally believes decisions regarding day-to-day management and policy decisions, including those related to social, environmental or political issues, are best left to management and the board as they in almost all cases have more and better information about company strategy and risk. However, when there is a clear link between the subject of a shareholder proposal and value enhancement or risk mitigation, Glass Lewis will recommend in favor of a reasonable, well-crafted shareholder proposal where the company has failed to or inadequately addressed the issue.

We believe that shareholders should not attempt to micromanage a company, its businesses or its executives through the shareholder initiative process. Rather, we believe shareholders should use their influence to push for governance structures that protect shareholders and promote director accountability. Shareholders should then put in place a board they can trust to make informed decisions that are in the best interests of the business and its owners, and hold directors accountable for management and policy decisions through board elections. However, we recognize that support of appropriately crafted shareholder initiatives may at times serve to promote or protect shareholder value.

To this end, Glass Lewis evaluates shareholder proposals on a case-by-case basis. We generally recommend supporting shareholder proposals calling for the elimination of, as well as to require shareholder approval of, antitakeover devices such as poison pills and classified boards. We generally recommend supporting proposals likely to increase and/or protect shareholder value and also those that promote the furtherance of shareholder rights. In addition, we also generally recommend supporting proposals that promote director accountability and those that seek to improve compensation practices, especially those promoting a closer link between compensation and performance, as well as those that promote more and better disclosure of relevant risk factors where such disclosure is lacking or inadequate.

ENVIRONMENTAL, SOCIAL & GOVERNANCE INITIATIVES

For a detailed review of our policies concerning compensation, environmental, social and governance shareholder initiatives, please refer to our comprehensive *Proxy Paper Guidelines for Shareholder Initiatives*, available at www.glasslewis.com.

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Glass, Lewis & Co.

2018

PROXY PAPER™

SUMMARY GUIDELINES

AN OVERVIEW OF THE GLASS LEWIS APPROACH TO PROXY ADVICE

INTERNATIONAL

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Guidelines Introduction

SUMMARY OF CHANGES FOR THE 2018 INTERNATIONAL PROXY PAPER GUIDELINES

Following is a summary of the significant changes to the 2018 International Proxy Paper Policy Guidelines:

DIRECTOR NOMINEES

We have clarified that we believe it is incumbent on boards to provide the necessary disclosure for shareholders to evaluate the independence, skills and past performance of a director nominee. Where such information is lacking, we will typically recommend voting against the nominee.

BOARD RESPONSIVENESS

We have added a discussion of our approach to evaluating board responsiveness to shareholder votes. Glass Lewis believes that any time 20% or more of shareholders vote contrary to the recommendation of management, the board should, depending on the issue, demonstrate some level of responsiveness to address the concerns of shareholders, particularly in the case of a compensation or director election proposal.

DUAL-CLASS SHARE STRUCTURES

We have added a discussion of our views on dual-class share structures. We believe dual-class share structures are not in the best interests of shareholders; therefore, we typically recommend that shareholders vote in favor of recapitalization proposals to eliminate dual-class share structures, and vote against proposals seeking to adopt a new class of common stock.

EXECUTIVE COMPENSATION

We have clarified that we favor granting discretion to the board to implement compensation plans that drive sustainable growth.

SHAREHOLDER PROPOSALS

We have added additional information about our current approach to shareholder proposals. Specifically, we have cited that we do not believe shareholders should seek to micromanage a company through shareholder initiatives and we have detailed our research process for assessing risk posed by ESG issues.

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Election of Directors

BOARD OF DIRECTORS

Boards are put in place to represent shareholders and protect their interests. Glass Lewis seeks boards with a proven record of protecting shareholders and delivering value over the medium- and long-term. In our view, boards working to protect and enhance the best interests of shareholders typically include some independent directors (the percentage will vary by local market practice and regulations), boast a record of positive performance, have directors with diverse backgrounds, and appoint directors with a breadth and depth of experience.

BOARD COMPOSITION

When companies disclose sufficient relevant information, we look at each individual on the board and examine his or her relationships with the company, the company's executives and with other board members. The purpose of this inquiry is to determine whether pre-existing personal, familial or financial relationships are likely to impact the decisions of that board member.

Where the company does not disclose the names or backgrounds of director nominees with sufficient time in advance of the shareholder meeting to evaluate their independence, performance or skills we will consider recommending abstaining on the directors' election.

We vote in favor of governance structures that will drive positive performance and enhance shareholder value. The most crucial test of a board's commitment to the company and to its shareholders is the performance of the board and its members. The performance of directors in their capacity as board members and as executives of the company, when applicable, and in their roles at other companies where they serve is critical to this evaluation.

We believe a director is independent if he or she has no material financial, familial or other current relationships with the company, its executives or other board members except for service on the board and standard fees paid for that service. Relationships that have existed within the three-five years prior to the inquiry are usually considered to be "current" for purposes of this test.

In our view, a director is affiliated if he or she has a material financial, familial or other relationship with the company or its executives, but is not an employee of the company. This includes directors whose employers have a material financial relationship with the Company. This also includes a director who owns or controls 10-20% or more of the

company's voting stock.

We define an inside director as one who simultaneously serves as a director and as an employee of the company. This category may include a chairman of the board who acts as an employee of the company or is paid as an employee of the company.

Although we typically vote for the election of directors, we will recommend voting against directors for the following reasons:

- A director who attends less than 75% of the board and applicable committee meetings.

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A director who is also the CEO of a company where a serious restatement has occurred after the CEO certified the pre-restatement financial statements.

We also feel that the following conflicts of interest may hinder a director's performance and will therefore recommend voting against a:

- Director who presently sits on an excessive number of boards.

Director, or a director whose immediate family member, provides material professional services to the company at any time during the past five years.

Director, or a director whose immediate family member, engages in airplane, real estate or other similar deals, including perquisite type grants from the company.

- Director with an interlocking directorship.

SLATE ELECTIONS

In some countries, companies elect their board members as a slate, whereby shareholders are unable to vote on the election of each individual director, but rather are limited to voting for or against the board as a whole. If significant issues exist concerning one or more of the nominees or in markets where directors are generally elected individually, we will recommend voting against the entire slate of directors.

BOARD COMMITTEE COMPOSITION

We believe that independent directors should serve on a company's audit, compensation, nominating and governance committees. We will support boards with such a structure and encourage change where this is not the case.

REVIEW OF RISK MANAGEMENT CONTROLS

We believe companies, particularly financial firms, should have a dedicated risk committee, or a committee of the board charged with risk oversight, as well as a chief risk officer who reports directly to that committee, not to the CEO or another executive. In cases where a company has disclosed a sizable loss or writedown, and where a reasonable analysis indicates that the company's board-level risk committee should be held accountable for poor oversight, we

would recommend that shareholders vote against such committee members on that basis. In addition, in cases where a company maintains a significant level of financial risk exposure but fails to disclose any explicit form of board-level risk oversight (committee or otherwise), we will consider recommending to vote against the chairman of the board on that basis.

CLASSIFIED BOARDS

Glass Lewis favors the repeal of staggered boards in favor of the annual election of directors. We believe that staggered boards are less accountable to shareholders than annually elected boards. Furthermore, we feel that the annual election of directors encourages board members to focus on protecting the interests of shareholders.

BOARD RESPONSIVENESS

Glass Lewis believes that any time 20% or more of shareholders vote contrary to the recommendation of management, the board should, depending on the issue, demonstrate some level of responsiveness to address the concerns of shareholders, particularly in the case of a compensation or director election proposal. While the 20% threshold alone will not automatically generate a negative vote recommendation from Glass Lewis on a future proposal (e.g., to recommend against a director nominee, against a remuneration proposal, etc.),

it will be a contributing factor to recommend a vote against management's recommendation in the event we determine that the board did not respond appropriately.

As a general framework, our evaluation of board responsiveness involves a review of the publicly available disclosures released following the date of the company's last annual meeting up through the publication date of our most current Proxy Paper.

Financial Reporting

ACCOUNTS AND REPORTS

Many countries require companies to submit the annual financial statements, director reports and independent auditors' reports to shareholders at a general meeting. Shareholder approval of such a proposal does not discharge the board or management. We will usually recommend voting in favor of these proposals except when there are concerns about the integrity of the statements/reports. However, should the audited financial statements, auditor's report and/or annual report not be published at the writing of our report, we will recommend that shareholders abstain from voting on this proposal.

INCOME ALLOCATION (DISTRIBUTION OF DIVIDENDS)

In many countries, companies must submit the allocation of income for shareholder approval. We will generally recommend voting for such a proposal. However, we will give particular scrutiny to cases where the company's dividend payout ratio is exceptionally low or excessively high relative to its peers and the company has not provided a satisfactory explanation.

APPOINTMENT OF AUDITORS AND AUTHORITY TO SET FEES

We believe that role of the auditor is crucial in protecting shareholder value. Like directors, auditors should be free from conflicts of interest and should assiduously avoid situations that require them to make choices between their own interests and the interests of the shareholders. We generally support management's recommendation regarding the selection of an auditor and support granting the board the authority to fix auditor fees except in cases where we believe the independence of an incumbent auditor or the integrity of the audit has been compromised. However, we recommend voting against ratification of the auditor and/or authorizing the board to set auditor fees for the following reasons:

- When audit fees added to audit-related fees total less than one-half of total fees.

• When there have been any recent restatements or late filings by the company where the auditor bears some responsibility for the restatement or late filing (e.g., a restatement due to a reporting error).

- When the company has aggressive accounting policies.

- When the company has poor disclosure or lack of transparency in financial statements.

When there are other relationships or issues of concern with the auditor that might suggest a conflict between the interest of the auditor and the interests of shareholders.

When the company is changing auditors as a result of a disagreement between the company and the auditor on a matter of accounting principles or practices, financial statement disclosure or auditing scope or procedures.

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Compensation

COMPENSATION REPORT/COMPENSATION POLICY

We closely review companies' remuneration practices and disclosure as outlined in company filings to evaluate management-submitted advisory compensation report and policy vote proposals. In evaluating these proposals, which can be binding or non-binding depending on the country, we examine how well the company has disclosed information pertinent to its compensation programs, the extent to which overall compensation is tied to performance, the performance metrics selected by the company and the levels of remuneration in comparison to company performance and that of its peers.

We will usually recommend voting against approval of the compensation report or policy when the following occur:

- Gross disconnect between pay and performance;
- Performance goals and metrics are inappropriate or insufficiently challenging;

• Lack of disclosure regarding performance metrics and goals as well as the extent to which the performance metrics, targets and goals are implemented to enhance company performance and encourage prudent risk-taking;

• Excessive discretion afforded to or exercised by management or the compensation committee to deviate from defined performance metrics and goals in making awards;

• Ex gratia or other non-contractual payments have been made and the reasons for making the payments have not been fully explained or the explanation is unconvincing;

- Guaranteed bonuses are established;
- There is no clawback policy; or
- Egregious or excessive bonuses, equity awards or severance payments.

LONG-TERM INCENTIVE PLANS

Glass Lewis recognizes the value of equity-based incentive programs. When used appropriately, they can provide a vehicle for linking an employee's pay to a company's performance, thereby aligning their interests with those of shareholders. Tying a portion of an employee's compensation to the performance of the Company provides an incentive to maximize share value. In addition, equity-based compensation is an effective way to attract, retain and motivate key employees. In order to allow for meaningful shareholder review, we believe that incentive programs should generally include: (i) specific and appropriate performance goals; (ii) a maximum award pool; and (iii) a maximum award amount per employee. In addition, the payments made should be reasonable relative to the performance of the business and total compensation to those covered by the plan should be in line with compensation paid by the Company's peers.

PERFORMANCE-BASED EQUITY COMPENSATION

Glass Lewis believes in performance-based equity compensation plans for senior executives. We feel that executives should be compensated with equity when their performance and that of the company warrants such rewards. While we do not believe that equity-based compensation plans for all employees need to be based on overall company performance, we do support such limitations for grants to senior executives (although even some equity-based compensation of senior executives without performance criteria is acceptable, such as in the case of moderate incentive grants made in an initial offer of employment). Boards often argue that such a proposal would hinder them in attracting talent. We believe that boards can develop a consistent, reliable approach, as boards of many companies have, that would still attract executives who believe in their ability to guide the company to achieve its targets.

We generally recommend that shareholders vote in favor of performance-based option requirements. There should be no retesting of performance conditions for all share- and option- based incentive schemes. We will generally recommend that shareholders vote against performance-based equity compensation plans that allow for re-testing.

DIRECTOR COMPENSATION

Glass Lewis believes that non-employee directors should receive appropriate types and levels of compensation for the time and effort they spend serving on the board and its committees. Director fees should be reasonable in order to retain and attract qualified individuals. We support compensation plans that include equity awards, so long as the awards are not subject to any performance hurdle or other type of restriction. Glass Lewis compares the costs of these plans to the plans of peer companies with similar market capitalizations in the same country to help inform its judgment on this issue.

RETIREMENT BENEFITS FOR DIRECTORS

We will typically recommend voting against proposals to grant retirement benefits to non-executive directors. Such extended payments can impair the objectivity and independence of these board members. Directors should receive adequate compensation for their board service through initial and annual fees.

LIMITS ON EXECUTIVE COMPENSATION

As a general rule, Glass Lewis believes that shareholders should not seek to micromanage executive compensation programs. Such matters should be left to the board's compensation committee. We view the election of directors, and specifically those who sit on the compensation committee, as an appropriate mechanism for shareholders to express

their disapproval or support of board policy on this issue. Further, we believe that companies whose pay-for-performance is in line with their peers should be granted the flexibility to compensate their executives in a manner that drives sustainable growth. However, Glass Lewis favors performance-based compensation as an effective means of motivating executives to act in the best interests of shareholders. Performance-based compensation may be limited if a chief executive's pay is capped at a low level rather than flexibly tied to the performance of the company.

Governance Structure

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

We will evaluate proposed amendments to a company's articles of association on a case-by-case basis. We are opposed to the practice of bundling several amendments under a single proposal because it prevents shareholders from evaluating each amendment on its own merits. In such cases, we will analyze each change individually and will recommend voting for the proposal only when we believe that the amendments on balance are in the best interests of shareholders.

ANTI-TAKEOVER MEASURES

DUAL-CLASS SHARE STRUCTURES

Glass Lewis believes dual-class voting structures are typically not in the best interests of common shareholders. We believe the economic stake of each shareholder should match their voting power and that no small group of shareholders, family or otherwise, should have voting rights different from those of other shareholders.

We generally consider a dual-class share structure to reflect negatively on a company's overall corporate governance. Because we believe that allowing one vote per share best protects the interests of shareholders, we typically recommend that shareholders vote in favor of recapitalization proposals to eliminate dual-class share structures. Similarly, we will generally recommend voting against proposals to adopt a new class of common stock.

POISON PILLS (SHAREHOLDER RIGHTS PLANS)

Glass Lewis believes that poison pill plans generally are not in the best interests of shareholders. Specifically, they can reduce management accountability by substantially limiting opportunities for corporate takeovers. Rights plans can thus prevent shareholders from receiving a buy-out premium for their stock. We believe that boards should be given wide latitude in directing the activities of the company and charting the company's course. However, on an issue such as this where the link between the financial interests of shareholders and their right to consider and accept buyout offers is so substantial, we believe that shareholders should be allowed to vote on whether or not they support such a plan's implementation. In certain limited circumstances, we will support a limited poison pill to accomplish a particular objective, such as the closing of an important merger, or a pill that contains what we believe to be a reasonable 'qualifying offer' clause.

SUPERMAJORITY VOTE REQUIREMENTS

Glass Lewis favors a simple majority voting structure. Supermajority vote requirements act as impediments to shareholder action on ballot items that are critical to our interests. One key example is in the takeover context where supermajority vote requirements can strongly limit shareholders' input in making decisions on such crucial matters as selling the business.

INCREASE IN AUTHORIZED SHARES

Glass Lewis believes that having adequate capital stock available for issuance is important to the operation of a company. We will generally support proposals when a company could reasonably use the requested shares for financing, stock splits and stock dividends. While we believe that having adequate shares to allow management to make quick decisions and effectively operate the business is critical, we prefer that, for significant transactions, management come to shareholders to justify their use of additional shares rather than providing a blank check in the form of large pools of unallocated shares available for any purpose.

In general, we will support proposals to increase authorized shares up to 100% of the number of shares currently authorized unless, after the increase the company would be left with less than 30% of its authorized shares outstanding.

ISSUANCE OF SHARES

Issuing additional shares can dilute existing holders in some circumstances. Further, the availability of additional shares, where the board has discretion to implement a poison pill, can often serve as a deterrent to interested suitors. Accordingly, where we find that the company has not disclosed a detailed plan for use of the proposed shares, or where the number of shares requested are excessive, we typically recommend against the issuance. In the case of a private placement, we will also consider whether the company is offering a discount to its share price.

In general, we will support proposals to issue shares (with pre-emption rights) when the requested increase is the lesser of (i) the unissued ordinary share capital; or (ii) a sum equal to one-third of the issued ordinary share capital. This authority should not exceed five years. In some countries, if the proposal contains a figure greater than one-third, the company should explain the nature of the additional amounts.

We will also generally support proposals to suspend pre-emption rights for a maximum of 5-20% of the issued ordinary share capital of the company, depending on best practice in the country in which the company is located. This authority should not exceed five years, or less for some countries.

REPURCHASE OF SHARES

We will recommend voting in favor of a proposal to repurchase shares when the plan includes the following provisions: (i) a maximum number of shares which may be purchased (typically not more than 15% of the issued share capital); and (ii) a maximum price which may be paid for each share (as a percentage of the market price), that

those who hold a significant minority of shares are able to elect a candidate of their choosing to the board.

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Environmental and Social Risk

Glass Lewis generally believes decisions regarding day-to-day management and policy decisions, including those related to social, environmental or political issues, are best left to management and the board as they in almost all cases have more and better information about company strategy and risk. However, when there is a clear link between the subject of a shareholder proposal and value enhancement or risk mitigation, Glass Lewis will recommend in favor of such proposal where the company has failed to or inadequately addressed the issue.

We strongly feel that shareholders should not attempt to micromanage the company, its business or its executives through the shareholder initiative process. Rather, we believe shareholders should use their influence to push for governance structures that protect shareholders and promote director accountability. Shareholders should put in place a board they can trust to make informed decisions that are in the best interests of the business and its owners, and hold directors accountable through the election of directors.

To this end, we examine the circumstances at each company on a case-by-case basis. We thoroughly research each firm, using publicly available information, such as annual reports, sustainability reports, companies' websites, NGO websites, and news sources. When we identify situations where shareholder value may be at risk, we will note our concerns in the relevant section of the Proxy Paper analysis as well as in any applicable shareholder proposals. Though relatively rare, should a shareholder proposal seek action on a specific ESG issue, Glass Lewis will recommend voting in favor of such a proposal when we believe its implementation will enhance or protect shareholder value. We will also recommend voting in favor of a proposal if we believe supporting such proposal will promote disclosure of significant risk exposure.

In limited cases where a company has failed to adequately mitigate risks stemming from environmental or social practices, we will recommend shareholders vote against: (i) ratification of board and/or management acts; (ii) approving a company's accounts and reports and/or; (iii) directors (in egregious cases).

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