

VanEck Vectors UCITS ETFs – Index Transition Communication

24th November 2021

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Which funds are affected?

Share Class Name	ISIN
VanEck Vectors™ Morningstar US Wide Moat UCITS ETF (USD) Class A	IE00BQQP9H09

What exactly will happen?

VanEck Vectors™ Morningstar US Wide Moat UCITS ETF will switch its underlying index from Morningstar Wide Moat Focus Index to Morningstar US Sustainable Moat Focus Index. To reflect this change, the fund name will be adjusted to VanEck Vectors™ Morningstar US Sustainable Wide Moat UCITS ETF. These changes are subject to approval by the Shareholders. The related shareholder communication is available at vaneck.com.

Why was the index transition initiated?

There are two main reasons why VanEck intends to change the underlying index of VanEck Vectors™ Morningstar US Wide Moat UCITS ETF:

- Increasing demand for Sustainable investment solutions. VanEck experiences an increasing demand for sustainable investment solutions. These sustainable characteristics are becoming more and more the norm for investors leaving less room for mainstream products. VanEck expects that the demand for the funds incorporating ESG criteria will substantially increase going forward whereas the demand for the funds, that don't incorporate ESG considerations in portfolio construction process will further deteriorate going forward.
- VanEck's ambition to improve its sustainable footprint by increasingly focusing on product strategies on sustainable investment strategies. At the moment, VanEck Vectors™ Morningstar US Wide Moat UCITS ETF belongs to the worst 10%¹ (1 globe out of 5) of all the funds by Morningstar Portfolio sustainability in its peer group of US Large-Cap Blend funds. The new underlying index selection will target a Morningstar Sustainability Rating of 4 out of 5 globes, Equivalent to the best 32.5% in its peer group.

In the light of the aforementioned reasons, VanEck believes that it is in the interest of the investors of the VanEck Vectors™ Morningstar US Wide Moat UCITS ETF to transition to a more sustainable underlying index.

How will the ETF investment process change?

In addition to selection parameters incorporated in the incumbent index to select attractively valued companies with long-term competitive advantages, the Morningstar US Sustainable Moat Focus Index introduces the following exclusions:

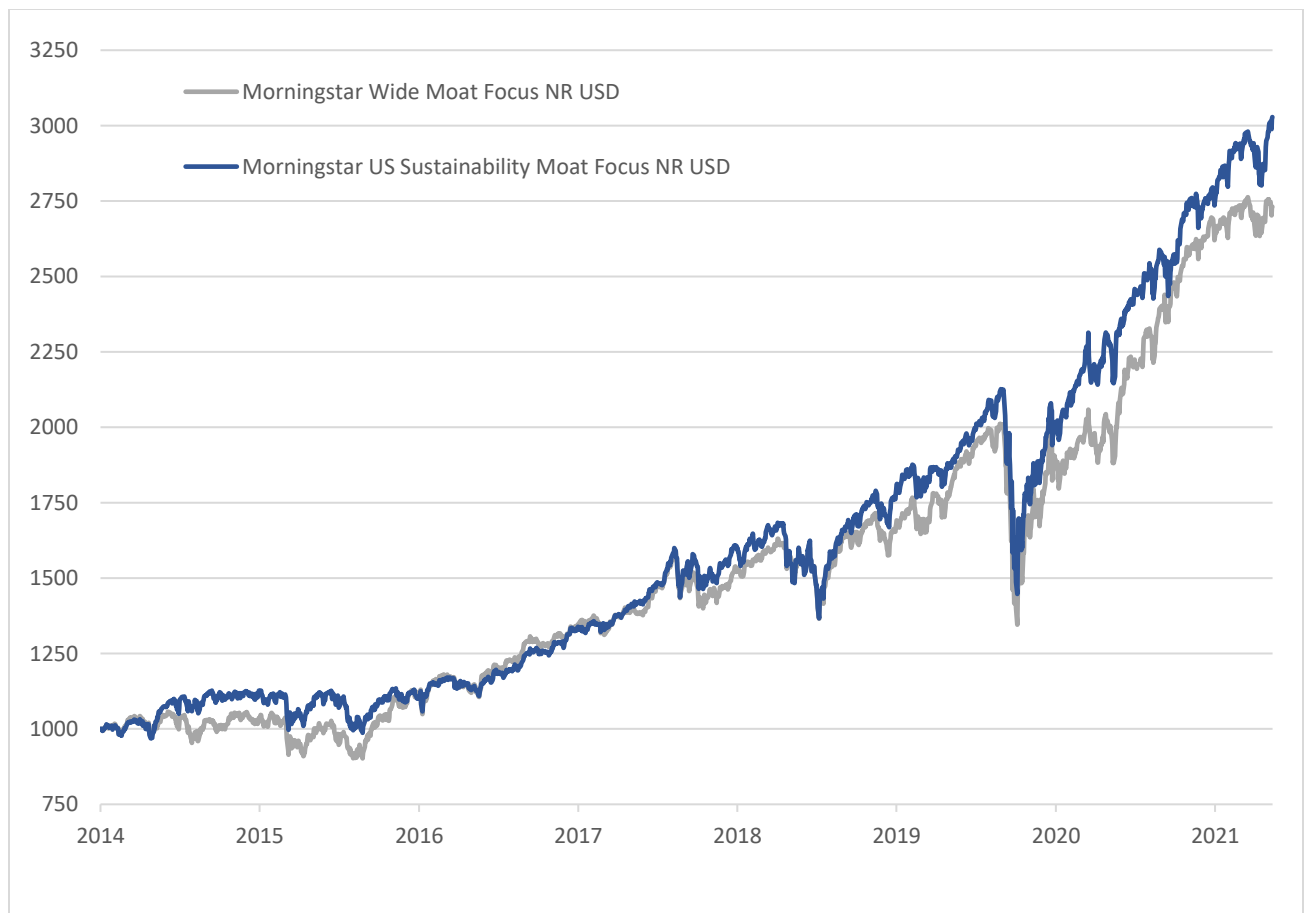
¹ Source: Morningstar as of 23rd November, 2021

- **Product Involvement**
 - o Involvement in production of controversial weapons
 - o Involvement in civilian firearms production
 - o Involvement in Thermal Coal extraction or power generation
 - o More than 50% of revenue derived from Tobacco Production and Distribution
- **Sustainalytics ESG Scores**
 - o ESG Risk rating of High or Severe
 - o Carbon Risk rating of High or Severe
 - o Controversy rating of “Severe” at any point in time during the last 3 years
- **Momentum Screen**
 - o Worst 20% of yearly performers among eligible securities

Additionally, the index selection targets a Sustainalytics ESG Risk score equivalent to top 32.5% in the respective Morningstar Fund universe by means of iterative selection process that will replace the worst ESG performers until the target score is reached.

What is the difference in performance and ESG characteristics of the indices?

Index Performance since Inception²



² Source: Morningstar, from 20th June 2014 to 29th October 2021. Returns are calculated in USD on a Net Return basis. Past performance is not indicative of future results.

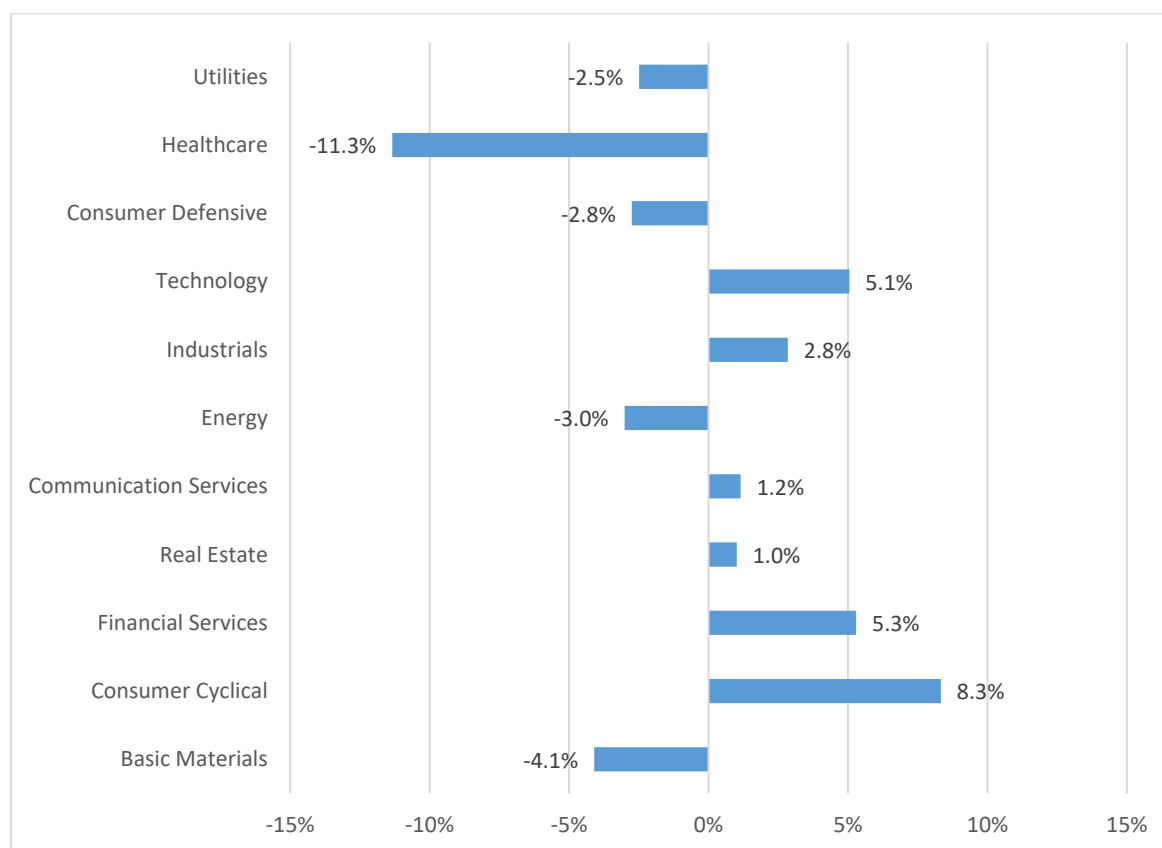
Risk/Return Characteristics ³		Morningstar Wide Moat Focus	Morningstar US Sustainability Moat Focus
Performance, %	3M	0.7	3.8
	YTD	22.6	22.8
	1Y	45.2	41.1
	3Y	21.6	25.3
	5Y	19.4	21.9
Volatility, %	3Y	19.9	18.1
	5Y	16.6	15.3
Sharpe Ratio	3Y	1	1.3
	5Y	1.1	1.3
Dividend Yield, %	12-Month Realized	1.27	0.94

Fundamental Characteristics³

	Morningstar Wide Moat Focus	Morningstar US Sustainability Moat Focus
P/E	21.9	28.3
P/Sales	3.2	4.1
P/Cash Flow	16.4	22.9
Sales Growth, %	3.3	5.5
Return on Equity, %	23.2	32.8
Return on Assets, %	7.7	11.6
ROIC, %	12.1	17.8

³ Source: Morningstar, Bloomberg as of 31st October 2021. Returns are calculated in USD on a Net Return basis. Past performance is not indicative of future results.

Difference in the Sector Allocation³



ESG Characteristics⁴

	Morningstar Wide Moat Focus	Morningstar US Sustainability Moat Focus
Consolidated ESG Risk Rating	23.58	19.08
Consolidated Environmental Risk Rating	4.3	3.24
Consolidated Social Risk Rating	11.43	9.48
Consolidated Governance Risk Rating	7.47	6.36

Environmental Factors

Carbon Intensity (t CO ₂ e/\$M Revenue)	118.6	51.6
High Emitting Sector Exposure (%)	9%	3%

⁴ Source: Morningstar, Sustainalytics as of 6th October 2021. Lower risk rating levels represent lower exposure to the risk as measured by Morningstar.

Social Factors

Controversial Weapons (%)	8%	0%
Lack of Due Diligence Policy (ILO) Exposure (%)	43%	47%
Social violations (% of constituents)	6%	2%
Social violations (Count)	3	1
Tobacco Involvement (%)	5%	3%

Governance Factors

Board Diversity (%)	34%	36%
Board Independence (%)	81%	83%
Ratio of female to male board members	21%	22%

What is the timeline for the change?

Subject to shareholder approval the Index change will become effective at the Fund rebalancing date at close of trading 17th December 2021.

Will I incur any costs as a result of the transition?

The additional costs incurred in respect of the transition will be paid by VanEck Asset Management B.V. The Fund's normal operating costs and transaction costs together will continue to be borne by the Fund and its respective Shareholders in accordance with the terms of the Supplement for the Fund. VanEck does not expect transaction costs in excess of usual ones, mainly due to very limited costs of trading US stocks and high strategy turnover in general.

How can I contact VanEck?

If you have any queries concerning the matters outlined in this FAQs page, please contact your local agent, or (if none) VanEck at EMEAsales@vaneck.com.

About VanEck

VanEck is a privately held global asset management firm founded in 1955. VanEck offers forward-looking, intelligently designed strategies that seek to strengthen a long-term investment portfolio to individual investors and institutions across a range of vehicles including mutual funds (retail and institutional shares), pooled institutional funds, variable insurance portfolios, sub-advisory portfolios, separate accounts, exchange traded funds ("ETFs") and UCITS funds.

VanEck's approach is to think outside the confines of financial markets as they exist today and identify what major historical trends – e.g. geopolitical and technological – will change the opportunity set of these markets. Being one of the first to offer investors access to international markets in 1955 set the tone for the Firm's drive to identify and define investment trends. VanEck manages both active and ETF portfolios.

The Firm's index-based VanEck ETFs are purpose-built, aimed at either providing exposure to asset classes that are underrepresented in investor portfolios or offering a different approach to established investment categories. VanEck has been offering its ETFs since 2006 when the Firm launched the first gold-mining ETF in the U.S. Today, the Firm offers over 100 ETFs globally spanning regional equity, global resources equity, sustainable equity, strategic equity, equity income, emerging markets, industry, government bonds, corporate bonds and digital assets.

The Firm's headquarters is in New York, NY and has international offices in Switzerland, Netherlands, Germany, Australia, Singapore and China.

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VanEck Asset Management B.V., the management company of VanEck Vectors Morningstar US Wide Moat UCITS ETF (the "ETF"), a sub-fund of VanEck Vectors™ UCITS ETFs plc, is a UCITS management company under Dutch law registered with the Dutch Authority for the Financial Markets (AFM). The ETF is registered with the Central Bank of Ireland and tracks an equity index. The value of the ETF's assets may fluctuate heavily as a result of the investment strategy. If the underlying index falls in value, the ETF will also lose value.

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Effective June 20, 2016, Morningstar implemented several changes to the Morningstar Wide Moat Focus Index construction rules. Among other changes, the index increased its constituent count from 20 stocks to at least 40 stocks and modified its rebalance and reconstitution methodology. These changes may result in more diversified exposure, lower turnover and longer holding periods for index constituents than under the rules in effect prior to this date.

Investors must read the sales prospectus and key investor information before investing in a fund. These are available in English and the KIID in certain other languages as applicable and can be obtained free of charge at www.vaneck.com, from the Management Company or from the local information agent details to be found on the website.

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