

VanEck Vectors® BDC Income ETF (BIZD®) Acquired Fund Fees and Expenses

An SEC rule addressing funds of funds (such as BIZD) adopted in 2006, requires a fund of funds to report a total expense ratio in its prospectus fee table that accounts for both the expenses that a fund pays directly out of its assets (direct expenses), and the expense ratios of the underlying funds, including business development companies (BDCs), in which it invests are called acquired fund fees (AFFEs). AFFEs are indirect expenses. This disclosure is designed to provide investors with a better understanding of the actual costs of investing in a fund that invests in other funds. Accordingly, the prospectus for BIZD discloses its AFFEs which are expected to be 9.21%. However, because these fees are not borne directly by the Fund, they will not be reflected in the expense information in BIZD's financial statements. Information presented in the prospectus table will differ from financial highlights presented in BIZD's reports to shareholders, when available. The direct net expenses that will be borne by BIZD are anticipated to be 0.41%.

What are BDC acquired fund fees and expenses?

BDCs, like all publicly traded companies, have operating expenses, such as payroll and real estate expenses. BDCs report these expenses in their financial statements, which impact the price of their securities. Additionally, many BDCs are externally managed. The external management company typically charges a management fee to the BDC based on total net assets. Some external managers will also charge an incentive fee. These fees are reflected in a BDC's financial statements and also impact the price of their securities.

What is the difference between a direct Fund expense and indirect Fund expense?

Direct Fund Expenses: Expenses and fees, such as management fees and custody fees typically accrue daily and are paid monthly. These expenses are borne directly by the Fund and reduce the Fund's net assets, thus detracting from total return.

Indirect Fund Expenses: AFFEs are not accrued daily, nor are they paid directly from the Fund's net assets. They reflect the Fund's pro rata share of fees and expenses incurred by investing in acquired funds. AFFEs are reflected in the prices of the acquired funds, and thus are included in the total returns of the Fund.

BIZD Expenses Explained¹ As of September 1, 2019

Fee/Expense Type	Amount	Direct/Indirect
Management Fee	0.40%	Direct Expense
Other Expenses	0.07%	Direct Expense
Acquired Fund Fees and Expenses	9.21%	Indirect Expense
Gross Expense Ratio	9.68%	0.47% Direct Expense, 9.21% Indirect Expense
Fee Waivers and Expense Reimbursement	-0.06%	Excludes AFFEs
Net Expense Ratio	9.62%	0.41% Direct Expense, 9.21% Indirect Expense

¹Expenses are capped contractually until at least 9/1/2020. Cap excludes certain expenses, such as interest and Acquired Fund Fees and Expenses. Other expenses are based on estimated amounts for the current fiscal year. Acquired Fund Fees and Expenses are not direct expenses of the Fund, rather they reflect the Fund's pro rata share of indirect fees and expenses incurred by investing in business development companies (BDC). Acquired Fund Fees and Expenses are reflected in the prices of the acquired BDCs, and thus included in the total returns of the Fund. The Fund's direct net expenses (excluding acquired fund fees and expenses, interest expense, trading expenses, taxes, and extraordinary expenses) are capped contractually at 0.40%.

Are AFFE reflected in a Fund's financial statements?

No. Because acquired fund fees and expenses are not borne directly by the Fund, they will not be reflected in the expense information in the Fund's financial statements or the Fund's financial highlights included in the Fund's reports to shareholders.

Business Development Companies (BDC) invest in private companies and thinly traded securities of public companies, including debt instruments of such companies. Generally, little public information exists for private and thinly traded companies and there is a risk that investors may not be able to make fully informed investment decisions. Less mature and smaller private companies involve greater risk than well-established and larger publicly traded companies. Investing in debt involves risk that the issuer may default on its payments or declare bankruptcy and debt may not be rated by a credit rating agency. Many debt investments in which a BDC may invest will not be rated by a credit rating agency and will be below investment grade quality. These investments have predominantly speculative characteristics with respect to an issuer's capacity to make payments of interest and principal. BDCs may not generate income at all times. Additionally, limitations on asset mix and leverage may prohibit the way that BDCs raise capital. The Fund and its affiliates may not own in excess of 25% of a BDC's outstanding voting securities which may limit the Fund's ability to fully replicate its index. Small- and medium-capitalization companies may be subject to elevated risks. The Fund's assets may be concentrated in a particular sector and may be subject to more risk than investments in a diverse group of sectors.

MVIS® US Business Development Companies Index (the "Index") is the exclusive property of MV Index Solutions GmbH (a wholly owned subsidiary of the Adviser), which has contracted with Solactive AG to maintain and calculate the Index. Solactive AG uses its best efforts to ensure that the Index is calculated correctly. Irrespective of its obligations towards MV Index Solutions GmbH, Solactive AG has no obligation to point out errors in the Index to third parties. VanEck Vectors BDC Income ETF (the "Fund") is not sponsored, endorsed, sold or promoted by MV Index Solutions GmbH, and MV Index Solutions GmbH makes no representation regarding the advisability of investing in the Fund.

The "Net Asset Value" (NAV) of a VanEck Vectors exchange-traded fund (ETF) is determined at the close of each business day, and represents the dollar value of one share of the fund; it is calculated by taking the total assets of the fund, subtracting total liabilities, and dividing by the total number of shares outstanding. The NAV is not necessarily the same as the ETF's intraday trading value. VanEck Vectors ETF investors should not expect to buy or sell shares at NAV.

Fund shares are not individually redeemable and will be issued and redeemed at their NAV only through certain authorized broker-dealers in large, specified blocks of shares called "creation units" and otherwise can be bought and sold only through exchange trading. Creation units are issued and redeemed principally in kind. Shares may trade at a premium or discount to their NAV in the secondary market.

This must be preceded or accompanied by a prospectus. Investing involves substantial risk and high volatility, including possible loss of principal. An investor should consider the investment objective, risks, charges and expenses of the Fund carefully before investing. To obtain a prospectus and summary prospectus, which contains this and other information, call 800.826.2333 or visit vaneck.com. Please read the prospectus and summary prospectus carefully before investing.



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