

# VanEck UCITS ETFs – Index Transition Communication

22nd March 2022

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## Which funds are affected?

Share Class Name	ISIN
VanEck European Equal Weight UCITS ETF (USD) Class A	NL0010731816

## What exactly will happen?

As of 18<sup>th</sup> February 2022, Solactive AG has changed the methodology of its index to strengthen the ESG screening. The screening is provided by the external partner Vigeo Eiris, now part of Moody's.

The following rules will apply:

This screening is based on the ten principles of the UN Global Compact as well as specific exclusions related to controversial sectors. Companies in violations of UN Global Compact principles or going beyond predefined thresholds for controversial sectors will be excluded from the index. The extensive list of the controversial sectors that are screened out include: Alcohol, Animal Welfare, Controversial weapons, Firearms, Gambling, Genetic engineering, Hazardous chemicals, Intensive farming, Nuclear, Military production, Production of fur, Pornography, Tobacco.

To reflect this change, the fund name is adjusted to *VanEck Sustainable European Equity UCITS ETF* (the "Fund") and the fees increased to 0.40%. Changes have been communicated to and approved by the Shareholders. The related Shareholder communication is available at [vaneck.com](http://vaneck.com).

## Why was the index change initiated?

There are two main reasons why VanEck intends to change the underlying index of the Fund:

- Increasing demand for sustainable investment solutions. The 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 do not 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. The screening applied is provided by the external partner Vigeo Eiris, acquired by Moody's in April 2019. Thanks to this screening on our Global product, VanEck Sustainable World Equal Weight UCITS ETF is currently ranked in the top 23% of its Morningstar category (Global Equity Large Cap) with a score of 4 globes out of 5 in terms of Sustainability characteristics.

In light of the aforementioned reasons, VanEck believes that it is in the interest of the investors of the VanEck Sustainable European Equal Weight UCITS ETF to transition to a more sustainable screening in its process.

### **How will the Fund investment process change?**

The Fund investment process changes in regards with the following aspects:

#### **i. ESG screening:**

**From:** On the Pool of Stocks a light ESG screening is applied based on indications from Vigeo EIRIS. This screening is based in a first step on Cluster Munition activities and secondly on the UNGC Scores, where the top 5 companies performing worst in terms of environment, human rights, labor rights and anticorruption are removed.

**To:** On the Pool of Stocks an ESG sustainability screening is applied based on indications from Vigeo EIRIS. This screening is based on the ten principles of the UN Global Compact as well as specific exclusions related to controversial sectors. Companies in violations of UN Global Compact principles or going beyond predefined thresholds for controversial sectors will be removed from the index. The extensive list of the controversial sectors that are screened out include: Alcohol, Animal Welfare, Controversial weapons, Firearms, Gambling, Genetic engineering, Hazardous chemicals, Intensive farming, Nuclear, Military production, Production of fur, Pornography, Tobacco. In addition, there is also a second screening level based on Cluster Munition activities and secondly on the UNGC Scores, where the top 5 companies performing worst in terms of environment, human rights, labor rights and anticorruption are removed.

#### **ii. Rebalancing period:**

**From:** Yearly rebalancing

**To:** In addition to the yearly index reconstitution, there is a quarterly index review, where the composition of the index is screened for any ESG sustainability breaches.

#### **iii. Rebalancing date:**

**From:** The Index is adjusted on the third Tuesday of March

**To:** The Index is adjusted on the fourth Tuesday of March.

### **What is the difference in portfolio composition with ESG characteristics?**

From the initial constitution, 42 companies have been screened out to meet the exclusions criteria and being replaced by different European stocks in the composition.

### **What is the timeline for the change?**

The Index change becomes effective at the Fund rebalancing date at close of trading 22<sup>nd</sup> March 2022.

### **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](mailto: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 Sustainable European Equal Weight UCITS ETF (the "ETF"), a sub-fund of VanEck ETFs N.V., is a UCITS management company incorporated under Dutch law and registered with the Dutch Authority for the Financial Markets (AFM). The ETF is registered with the AFM 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.

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

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