

Responsible Investment Policy

VanEck* (the “Firm”) considers environmental, social, and governance (“ESG”) factors to be integral components of its investment philosophy and processes. As part of its continuing commitment to responsible investment, the Firm incorporates these factors into not only its investment analysis, but also its engagement policies.

As a signatory to the Principles for Responsible Investment since 2017, the Firm is committed to a set of six investment principles:

Principle 1: We will incorporate ESG issues into investment analysis and decision-making processes.

Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices.

Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest.

Principle 4: We will promote acceptance and implementation of the Principles within the investment industry.

Principle 5: We will work together to enhance our effectiveness in implementing the Principles.

Principle 6: We will each report on our activities and progress towards implementing the Principles.

In addition, through its involvement with the Emerging Markets Investors Alliance, the Firm is helping enable institutional emerging market investors to support transparency, good governance, promote sustainable development and improve investment performance in the governments and companies in which they invest.

ESG Integration

VanEck applies its ESG approach, as appropriate, across asset classes, regions and markets.

VanEck is a global firm with separate investment teams in different countries around the world. The Firm’s approach to responsible investment, therefore, depends upon not only asset class, region and market, but also client needs, together with both local market practices and regulations. As a result, implementation of the Firm’s responsible investment principles varies across investment teams and is predicated upon not only the ability of each team to integrate ESG into its processes and investment approach, but also both the markets in which such team operates and its clients’ needs.

The Firm believes that appropriate management of a portfolio company’s ESG risks and opportunities should not only translate into a company’s differentiated operational strength, financial performance and prospects, but may also have an impact on valuation. For these reasons, it recognizes that it is in the interest of its clients to include ESG considerations, when possible, when making an investment decision. The Firm also recognizes that companies exhibiting strong ESG practices will more likely be more competitive and successful over the medium to long term.

VanEck also believes that an important part of its responsibility to clients lies not only in encouraging change that can enhance, protect and provide opportunities for shareholders to meet their investment objectives, but also in seeking to mitigate associated risks, including those related to ESG.

In the context of bottom-up equity research, for example, ESG factors have always been integral components of the Firm's active management evaluation process. Corporate governance, in particular, has been a major consideration. VanEck views corporate governance as a critical component of an investment thesis. It views it as a vital input to an evaluation of both management quality and the protections extended to shareholders' interests, particularly those of minority shareholders and especially in emerging markets. Since ESG factors can impact financial performance, VanEck believes that the analysis of such issues is also an important component of the fixed income research process. They can, for example, be relevant when considering both issuer risk and creditworthiness.

Key ESG Factors

ESG issues and their relative importance can vary depending on the type of investment opportunity. While the Firm uses external resources, such as Bloomberg's ESG functionality, Refinitiv and third-party sell-side research it finds that experience and judgement combined with outside information and analyses provide the best approach to this part of the investment process. On a continuing basis, and as part of its research on each industry and/or sector in which it actively invests, the Firm seeks to clarify which E, S and G factors are most material.

Governance

Since its earliest days, good governance practices have remained of significant importance for the Firm. Over the years, VanEck has increased its interactions, and dialogues, around governance with many of the companies in which it invests. The Firm believes that this interaction can often be to significant mutual advantage. Its experience in emerging markets has shown this to be especially the case, particularly with companies that have limited experiences as public enterprises with major foreign shareholders.

VanEck takes a company's business practices, in particular adherence to industry best practices, very seriously. The Firm values investments in companies that engage in honest business dealings and is, for example, particularly mindful of such issues as misaligned, or overly generous, compensation schemes and M&A decisions where insiders seek to benefit disproportionately.

Among the challenges faced by the Firm's active emerging markets equity investment team, for example, are those associated with large insider (or state) ownership, inconsistent and unevenly applied regulations, local accounting norms and those challenges that come with diverse institutional ownership. VanEck believes that governance issues in emerging markets remain a fundamental and indivisible part of the analysis of all active investment opportunities.

VanEck's active emerging markets fixed income team also views governance as a crucial component from the perspective of a bondholder. Regardless of the nature, or the country of domicile, of a corporate bond issuer, the investment team reviews governance factors as integral parts of its due diligence.

Environmental and Social

VanEck considers environmental and social factors to be of equal importance to an investment thesis, although these may vary widely depending on the nature of the investment. For environmental and social matters, VanEck believes certain industries, such as either mining or energy, tend to display more persistent risks. When either considering or monitoring an investment in these industries, the active investment teams explicitly analyze the risks that may appear in those areas. They understand the importance not only of companies' adherence to best environmental and social practices, but also to overarching industry best practices.

Since the Firm believes that its personal interaction with, and knowledge of, companies is so important, many of its active investment teams' members travel frequently to visit prospective and current portfolio companies' operations. This affords an important opportunity to assess for themselves the environmental and social (especially community) impacts of particular enterprises.

In addition, for companies involved in both mining and energy, such visits can provide an opportunity to see, for example, any safety protocols that may be in place. For its actively managed hard assets investments, VanEck pays particular attention to health, safety, security and environment (HSSE), not least since a strong HSSE record can correlate with strong operating performance. Visits can also help the investment teams better understand environmental “context” and, very often, get a better sense of both the communities within which the companies operate and their place within those communities.

Engagement

Active engagement remains an essential element of both the Firm’s investment philosophy and processes.

As part of the Firm’s bottom-up investment process, its active investment teams seek to meet, when possible, with company management, and representatives of debt issuers, prior to investing. Once it invests in a company, VanEck seeks to continue to have regular dialogue with company management and may, where relevant, raise ESG issues pertinent to that company and industry. It may, for example, discuss a board’s focus on ESG or, more specifically, a company’s environmental record, safety record, community engagement, energy and resource efficiency or labor relations. When VanEck raises ESG-related issues during these meetings it does so, among others reasons, in order not only have a better understanding of goals and risks, but also to understand better, and advocate adherence to, best practices. In addition, the Firm tends to engage on such issues when asked to by companies themselves.

Importantly, the Firm’s investment teams also engage with clients on their concerns, including ESG. Beyond its analysis of ESG factors described above, the Firm also offers clients with separately managed accounts the flexibility to implement their own additional and specific investment requirements. VanEck has the ability, for example, to customize separately managed accounts and manage them with screens.

Proxy Voting

As one way of realizing its duty as a responsible active investor, VanEck seeks to consider ESG factors when voting securities owned by the clients for which it has been delegated voting authority. Generally, the majority of proxy votes tend to be management proposals that usually cover more corporate- and governance-related issues (board, audit/financials, capital management, compensation, company statutes, meeting administration and M&A).

To assist in its responsibility for voting proxies and the overall voting process, VanEck retains the services of an independent third-party proxy voting specialist, Glass Lewis, and has adopted Glass Lewis’ Proxy Voting Guidelines as the Firm’s guidelines. The services provided by Glass Lewis include in-depth research, global issuer analysis and voting recommendations, as well as vote execution, reporting and recordkeeping. In certain circumstances, the portfolio manager may vote against Glass Lewis’ recommendations.

Conclusion

As part of its continuing commitment to responsible investing, VanEck considers ESG factors to be integral components of both its investment philosophy and processes. The Firm also understands the importance of active engagement with the companies in which it invests regarding conversations around ESG issues.

VanEck recognizes that intentions, thinking and evidence in the ESG space continue to develop. It remains committed to identifying all those factors that can enhance, protect and provide investment opportunities for shareholders. VanEck believes that this work ultimately helps: 1) the Firm to meet its fiduciary duty to its clients; 2) its clients to achieve their objectives; and, 3) further foster improved corporate behavior.

*VanEck is the marketing name for Van Eck Associates Corporation and its affiliated entities.

IMPORTANT DISCLOSURES

This Responsible Investment Policy document does not constitute an offer to sell or solicitation to buy any security, including shares of any fund. An offer or solicitation will be made only through a fund's official offering document and will be subject to the terms and conditions contained therein. Before making an investment decision, please consult a qualified investment and tax adviser.

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