

# Short Municipal Index ETF (SMB)

## Fund Description

The Short Municipal Index ETF (SMB) seeks to replicate as closely as possible, before fees and expenses, the price and yield performance of the **Barclays Capital AMT-Free Short Continuous Municipal Index**. The Index provides broad exposure to investment grade municipal bonds with a **nominal maturity of 1-6 years**.

## Features and Benefits

- ▶ **TRIPLE TAX-EXEMPT** • income generally exempt from federal and, in some cases, state and local taxes
- ▶ **CREDIT QUALITY** • constituents rated investment grade
- ▶ **AMT-FREE**<sup>1</sup> • constituents not subject to alternative minimum tax

## Associated Risks

- ▶ **SECTOR RISK** municipal bond risk including credit risk, interest rate risk, call risk, lease obligations and tax risk
- ▶ **TRADING HALTS** subject to “circuit breaker” rules
- ▶ **PAYING MORE THAN NAV** price may vary from NAV
- ▶ **TRACKING ERROR** may be unable to replicate Index results

## Fund Details

<b>FUND TICKER</b>	SMB
<b>INTRADAY NAV (IIV)</b>	SMB.IV
<b>GROSS EXPENSE RATIO</b>	1.11%
<b>NET EXPENSE RATIO</b> <sup>2</sup>	0.20%
<b>EXCHANGE</b>	NYSE Arca

<sup>2</sup>Expenses are capped contractually until 9/01/10. Cap excludes certain expenses, such as interest.

## 30-Day Yield

<b>30-DAY YIELD</b>	1.75%
<b>TAX EQUIVALENT YIELD</b> <sup>3</sup>	
Tax rate 15%	2.06%
Tax rate 25%	2.33%
Tax rate 28%	2.43%
Tax rate 33%	2.61%
Tax rate 35%	2.69%

## Distribution Schedule

<b>DIVIDENDS</b>	Monthly
<b>CAPITAL GAINS</b>	Annually

Index returns assume the reinvestment of all income and do not reflect any management fees or brokerage expenses associated with Fund returns. Returns for actual Fund investors may differ from what is shown because of differences in timing, the amount invested and fees and expenses. You cannot invest directly in an Index.

## Performance History (%)

AS OF JUNE 30, 2010		LIFE <sup>1</sup>	1MO	3MO	YTD	1YR	3YR	5YR
<b>INDEX</b>		5.21%	0.23%	1.30%	2.00%	5.90%	n.a.	n.a.
<b>THE FUND</b>	NAV	4.65%	0.23%	1.34%	1.93%	5.48%	n.a.	n.a.
	SHARE PRICE	4.67%	0.00%	1.04%	1.51%	4.78%	n.a.	n.a.
<b>AFTER TAX HELD</b>		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<b>AFTER TAX SOLD</b>		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

<sup>1</sup>Commencement Date: February 22, 2008. Annualized.

The performance data quoted represents past performance. Past performance is not a guarantee of future results. Performance information for the Fund reflects temporary waivers of expenses and/or fees. Had the Fund incurred all expenses, investment returns would have been reduced. Investment return and value of the shares of the Fund will fluctuate so that an investor's shares, when sold, may be worth more or less than their original cost. Performance may be lower or higher than performance data quoted. Fund returns reflect dividends and capital gains distributions. Performance current to the most recent month-end is available by calling 888.MKT.VCTR or by visiting vaneck.com/muni.

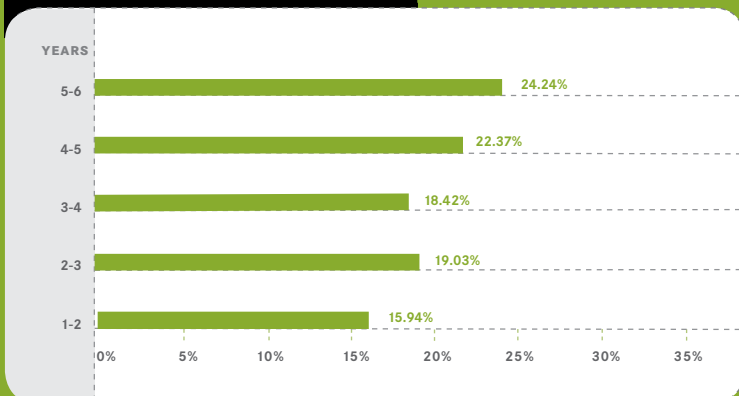
After Tax Held Returns represent return after taxes on distributions and assumes shares have not been sold. After Tax Sold Returns represent the return after taxes on distributions and the sale of fund shares. After Tax on Distributions assumes share have not been sold. After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on the investor's tax situation and may differ from those shown. The after-tax returns shown are not relevant to investors who hold their fund shares through tax-deferred arrangements such as 401(k) plans or individual retirement accounts.

**Data Points**

	INDEX DETAILS	FUND DETAILS
AVERAGE YIELD TO WORST <sup>5</sup>	1.76	1.97
AVERAGE MODIFIED DURATION*	3.33	3.38
AVERAGE YEARS TO MATURITY*	3.66	3.80
AVERAGE COUPON*	4.70	4.76
SUBJECT TO ALTERN. MINIMUM TAX <sup>4</sup>	No	No
NUMBER OF ISSUES	5,574	198
MARKET VALUE/TOTAL NET ASSETS	\$114.9B	\$92.7M
AVERAGE CREDIT QUALITY	AA2/AA3	AA3/AA

\*Averages are market weighted.

**Index Maturity Breakdown**



**Index Sector Breakdown**

STATE	23.50%
SPECIAL TAX	16.06%
LOCAL	14.33%
TRANSPORTATION	12.63%
POWER	6.98%
EDUCATION	6.83%
HOSPITAL	6.12%
WATER	4.51%
LEASE	4.16%
INDUSTRIAL REVENUE	3.99%
HOUSING	0.59%
SOLID WASTE/RESOURCE RECOVERY	0.31%
TOTAL	100.00%

**Index Top Ten Geogr. Breakdown**

NEW YORK	15.27%
CALIFORNIA	15.01%
FLORIDA	6.59%
TEXAS	6.17%
MASSACHUSETTS	3.87%
GEORGIA	3.83%
PENNSYLVANIA	3.76%
CONNECTICUT	3.21%
OHIO	3.15%
WASHINGTON	2.88%

<sup>3</sup> Tax equivalent yields estimate what you would have to earn on a taxable investment to equal the Fund's tax-exempt yield for a given tax rate. TEYs do not reflect tax credits, exemptions, limits on itemized deductions or federal an/or state alternative minimum taxes. For state specific funds, TEYs assume investors are state residents and take an itemized deduction for state income taxes on their federal tax returns. For NY funds, TEYs reflect NYC income taxes and treat them the same as state taxes.

<sup>4</sup> A portion of the dividends you receive may be subject to federal, state, or local income taxes or may be subject to the federal alternative minimum tax.

<sup>5</sup> Lowest of either yield-to-maturity or yield-to-call date on every possible call date.

Index statistics are provided by Barclays Capital.

Municipal bonds are subject to risks related to litigation, legislation, political changes, local business or economic conditions, conditions in underlying sectors, bankruptcy or other changes in the financial condition

of the issuer, and/or the discontinuance of the taxation supporting the project or assets or the inability to collect revenues for the project or from the assets. Bonds and bond funds will decrease in value as interest rates rise. The market for municipal bonds may be less liquid than for taxable bonds. There is no guarantee that the Fund's income will be exempt from federal or state income taxes. Federal or state changes in income or alternative minimum tax rates or in the tax treatment of municipal bonds may make them less attractive as investments and cause them to lose value. Capital gains, if any, are subject to capital gains tax.

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.

Investing involves risk, including possible loss of principal. Bonds and bond funds will decrease in value as interest rates rise. An investor should consider investment objectives, risks, charges and expenses of the investment company carefully before investing. To obtain a prospectus, which contains this and other information, call 888.MKT.VCTR or visit [vaneck.com/muni](http://vaneck.com/muni). Please read the prospectus carefully before investing.

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