

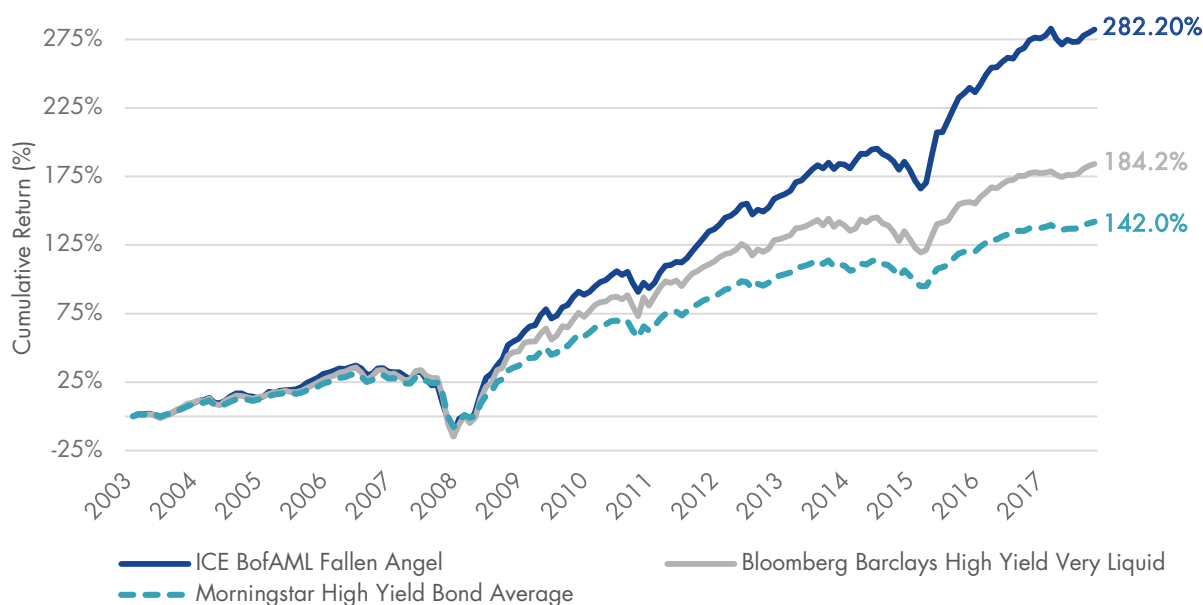
# Fallen Angel High Yield Bonds Offer Distinct Embedded Value Proposition

**ANGL<sup>®</sup>** VanEck Vectors<sup>®</sup> Fallen Angel High Yield Bond ETF

## Proven Index Track Record

Noted for a history of equity-like returns and less sensitivity to rising interest rates than investment grade bonds, high yield bonds have become known as a distinct asset class warranting a strategic allocation in many fixed income portfolios. Fallen angel bonds, high yield bonds that were originally investment grade issues, warrant further distinction for an embedded value proposition that is not common to all of high yield. Fallen angels make up about 10% of the broad U.S. high yield bond market.

## Historical Cumulative Return 12/31/2003 to 9/30/2018

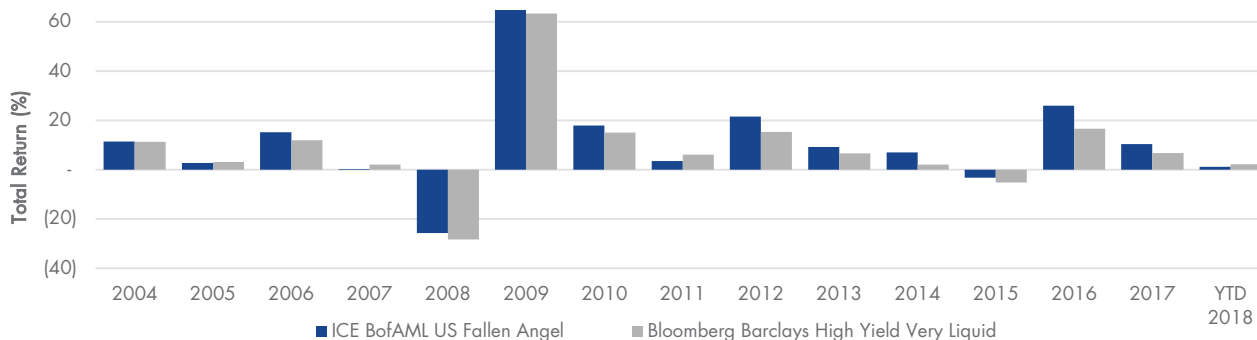


Source: FactSet. Index performance is not illustrative of fund performance. Fund performance current to the most recent month end is available by visiting [vaneck.com](http://vaneck.com). Historical performance is not indicative of future results. Current data may differ from data quoted. Indices are unmanaged and are not securities in which an investment can be made.

For 11 out of the last 14 calendar years, fallen angel high yield bonds<sup>1</sup> have outperformed the broad U.S. high yield bond market,<sup>2</sup> including original issue high yield bonds.

Relative to original issue high yield bonds, fallen angel bond outperformance can be attributed to a variety of historical trends; including valuation after forced selling by investment grade investors, franchise or brand value generally associated with the larger issuers, and a higher propensity to seek to and eventually regain investment grade status.

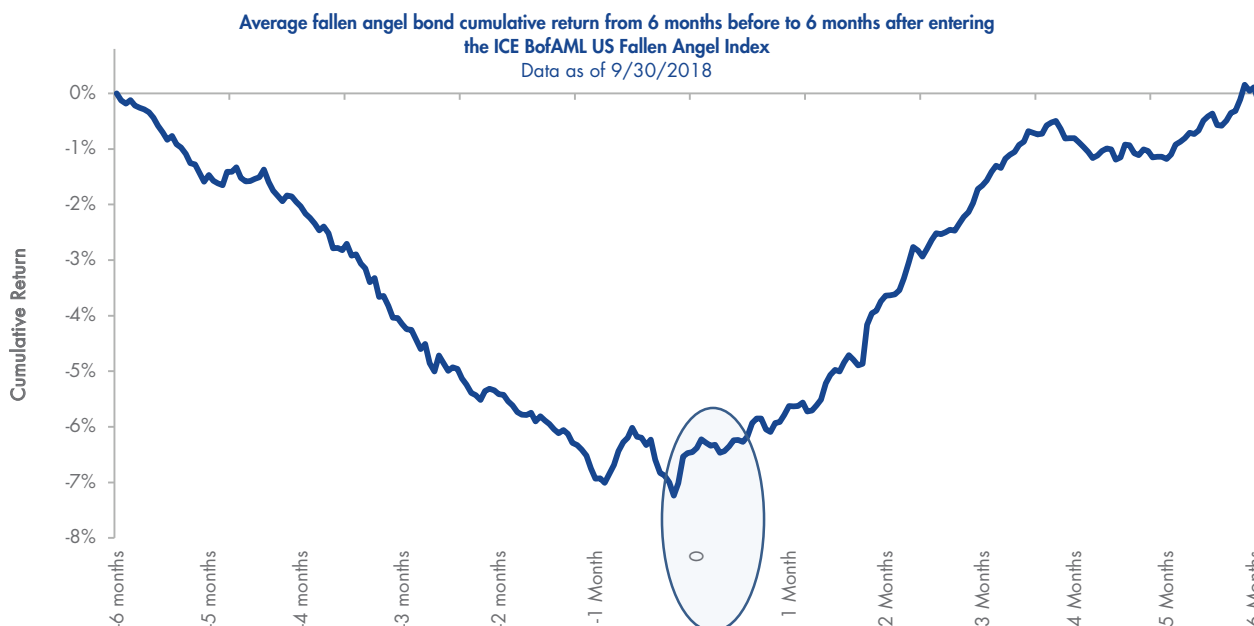
#### Calendar Year Returns as of 9/30/2018



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#### Forced Selling Prior to Downgrade

Rating actions tend to be anticipated by the market, and significant price deterioration often has occurred prior to bonds entering the ICE BofAML US Fallen Angel Index. As a consequence, increasing exposure to falling angels, as they enter the ICE BofAML US Fallen Angel Index, with monthly rebalances, often represents a contrarian approach.



Source: FactSet. This chart is for illustrative purposes only. Index performance is not illustrative of fund performance. Fund performance current to the most recent month end is available by visiting [vaneck.com](http://vaneck.com). Historical information is not indicative of future results. Current data may differ from data quoted.

Data is based on bond constituents of the ICE BofAML US Fallen Angel Index that were downgraded to high yield and entered the index in 2004 or later.

<sup>3</sup>See further details on methodology along with disclaimers on the last page of this brochure.

## Characteristics

While currently yielding less than original issue high yield bonds, mainly as a result of a relatively higher rated credit composition, a portfolio of fallen angels presents an interesting value proposition given the trends listed above. It should also be noted that, on average, fallen angels currently have higher interest rate sensitivity than the broad high yield bond market. However, other factors can influence performance during rising rate environments. As illustrated above, fallen angels had outperformed the broad high yield bond market in 2004-6, 2009, and 2013 – years when interest rates rose approximately one percent or more.<sup>4</sup>

VanEck Vectors Fallen Angel High Yield Bond ETF (ANGL), the first-of-its-kind, U.S.-listed ETF, offers high yield investors this differentiated asset class. ANGL seeks to replicate as closely as possible, before fees and expenses, the price and yield performance of the ICE BofAML US Fallen Angel High Yield Index (H0FA). The H0FA Index is comprised of below investment grade corporate bonds denominated in U.S. dollars, issued in the U.S. market, and that were rated investment grade at the time of issuance.

### Index Characteristics as of 9/30/2018

| Index                      | Current Yield to Worst | Modified Duration | Market Value (\$M) | # of Bonds in Index | % of Fallen Angels |
|----------------------------|------------------------|-------------------|--------------------|---------------------|--------------------|
| ICE BofAML US Fallen Angel | 6.03%                  | 6.22              | 123,339            | 226                 | 100%               |
| ICE BofAML US High Yield   | 6.24%                  | 4.58              | 1,258,737          | 1,866               | 10%                |

### Credit Composition of High Yield Indices (%) as of 9/30/2018

|     | ICE BofAML<br>US Fallen Angel | ICE BofAML<br>US High Yield | ICE BofAML<br>US Original Issue High Yield |
|-----|-------------------------------|-----------------------------|--|
| BB  | 73.0                          | 46.1                        | 43.3                                       |
| B   | 18.8                          | 41.0                        | 43.4                                       |
| CCC | 8.2                           | 12.0                        | 12.4                                       |
| CC  | 0.0                           | 0.7                         | 0.8  |
| C   | 0.0                           | 0.2                         | 0.1  |

Source: FactSet. Index performance is not illustrative of fund performance. Fund performance current to the most recent month end is available by visiting [vaneck.com](http://vaneck.com). Indices are unmanaged and are not securities in which an investment can be made. Yield to Worst is generally defined as being the lowest yield that a buyer can expect to receive. Modified Duration measures the responsiveness of a bond's price to interest rate changes. It is defined as the percentage change in price for a 100 basis point change in interest rate.

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VanEck Vectors Fallen Angel High Yield Bond ETF seeks to replicate as closely as possible, before fees and expenses, the price and yield performance of the ICE BofAML US Fallen Angel High Yield Index (HOFA). The Index is comprised of below investment grade corporate bonds denominated in U.S. dollars, issued in the U.S. domestic market, and that were rated investment grade at the time of issuance.

| Fund Ticker                                | ANGL      |
|--|-----------|
| Commencement Date                          | 4/10/2012 |
| Management Fee (%)                         | 0.40      |
| Other Expenses (%)                         | 0.04      |
| Gross Expense Ratio (%)                    | 0.44      |
| Fees Waivers and Expense Reimbursement (%) | -0.09     |
| Net Expense Ratio/TER (%)*                 | 0.35      |

\*Expenses for ANGL are capped contractually at 0.35% until 9/1/2019. Cap excludes acquired fund fees and expenses, interest expense, trading expenses, taxes and extraordinary expenses. TER, or Total Expense Ratio, is also referred to as Net Expense Ratio.

<sup>1</sup>ICE BofAML US Fallen Angel High Yield Index (HOFA) is a subset of the ICE BofAML US High Yield Index (HOAO), including securities that were rated investment grade at time of issuance. ICE BofAML US Original Issue High Yield Index (HOHY) is a subset of the ICE BofAML US High Yield Index, including securities that were not rated investment grade at the time of issuance.

<sup>2</sup>Bloomberg Barclays US High Yield Very Liquid Index is the market of USD-denominated, non-investment grade, fixed-rate, taxable corporate bonds. Qualifying issues must have been issued within the past three years, have a USD 600 million minimum amount outstanding, and include only the largest issue from each issuer.

Morningstar High-Yield Bond Average category is comprised of open-end mutual funds with an investment objective to seek returns via significant exposure to low quality bonds; those that are either unrated or rated by a major agency as BB or lower.

<sup>3</sup>Van Eck methodology for the fallen angel bond sample set began with the HOFA index bond constituents that had more than six months performance and entered the index in 2004 or later. Fallen angel bond price levels were captured and cumulative returns were calculated, isolating 12 months of performance beginning six months prior to index entry through six months after entry.

<sup>4</sup>Source: Factset. Based on the Federal Reserve's federal funds rate or 5-year U.S. Treasury rate rising approximately one percent or more since HOFA's inception on December 31, 2003.

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Performance and characteristics of the ICE BofAML US Fallen Angel High Yield Index (HOFA) are quoted throughout this material. HOFA is representative of the entire fallen angels high yield corporate bond market. HOFA does not represent the performance or yield of the Fund.

The indices listed are unmanaged indices and do not reflect the payment of transaction costs, advisory fees, or expenses that are associated with an investment in any underlying exchange-traded funds. An index's performance is not illustrative of any underlying exchange-traded fund's performance. Indices are not securities in which investments can be made.

ETF Net Asset Values (NAVs) are determined at the close of each business day, and represent 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. 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. Shares may trade at a premium or discount to their NAV in the secondary market. You will incur brokerage expenses when trading Fund shares in the secondary market.

An investment in the Fund may be subject to risk, which include, among others, credit risk, call risk, and interest rate risk, all of which may adversely affect the Fund. High yield bonds may be subject to greater risk of loss of income and principal, and are likely to be more sensitive to adverse economic changes than higher rated securities. International investing involves additional risks, which include greater market volatility, the availability of less reliable financial information, higher transactional and custody costs, taxation by foreign governments, decreased market liquidity, and political instability. 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.

**Investing involves substantial risk and high volatility, including possible loss of principal. Bonds and bond funds will generally decrease in value as interest rates rise. 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 contain this and other information, call 800.826.2333 or visit [vaneck.com](http://vaneck.com). Please read the prospectus and summary prospectus carefully before investing.**

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