

**Vaneck** FUNDS

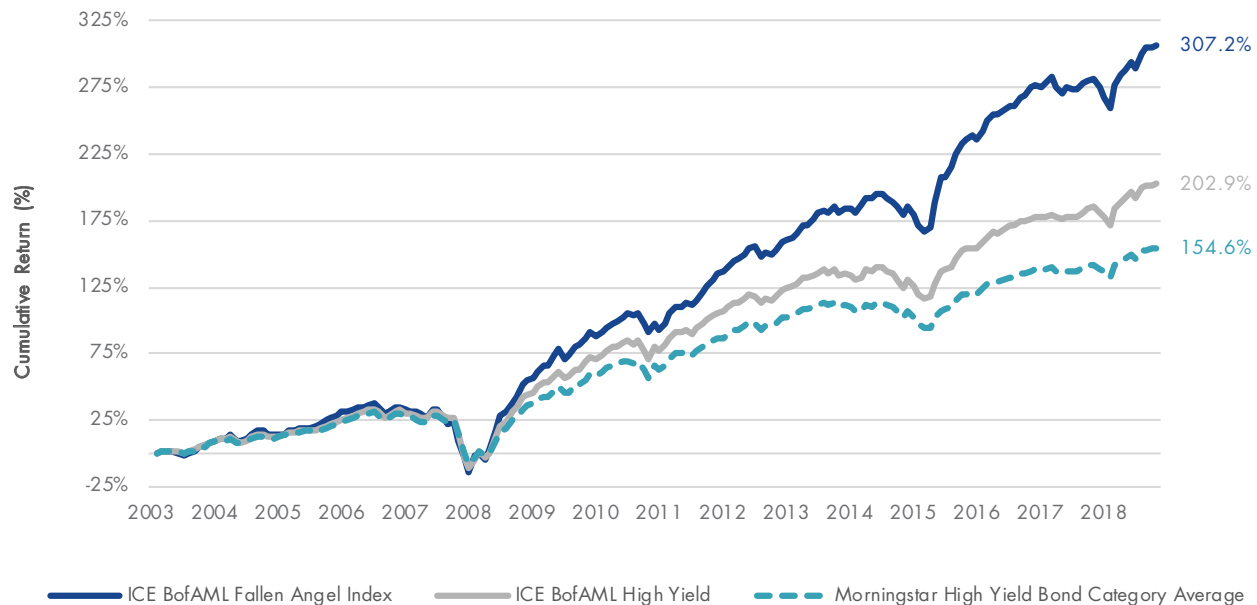
# Fallen Angel High Yield Bonds Offer Distinct Embedded Value Proposition

**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 are a distinct asset class that may warrant a strategic allocation in many fixed income portfolios. Fallen angel bonds, which are high yield bonds that were originally investment grade issues, are further distinguished by an embedded value proposition that is not common to all of high yield. Fallen angels make up about 8% of the broad U.S. high yield bond market.

Historical Cumulative Return 12/31/2003 to 9/30/2019

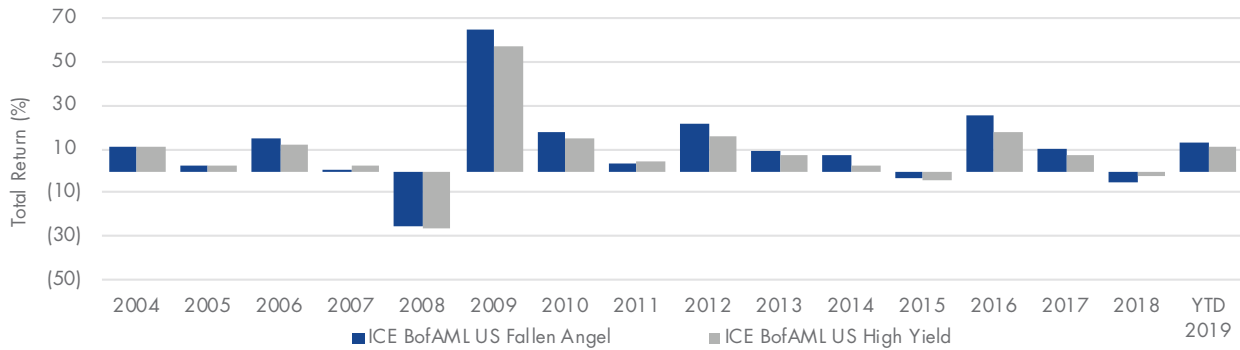


Source: FactSet. Index performance is not illustrative of fund performance. Fund performance current to the most recent month end is available by visiting [vaneck.com](http://vaneck.com). Historical performance is not indicative of future results. Current data may differ from data quoted. Indices are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

For 11 out of the last 15 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 price recovery after forced selling by investment grade investors, franchise or brand value generally associated with the larger issuers, and a higher propensity to seek and eventually regain investment grade status.

**Calendar Year Returns as of 9/30/2019**

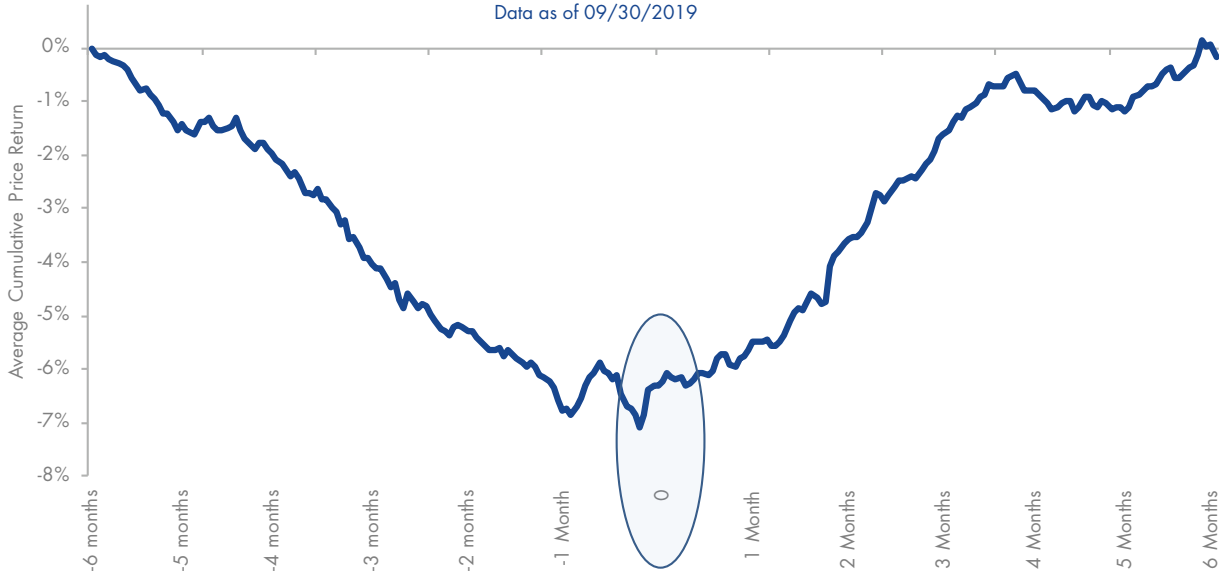


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**Forced Selling Prior to Downgrade**

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.

**Average Fallen Angel Bond Cumulative Return From 6 Months Before to 6 Months After Entering the ICE BofAML US Fallen Angel Index**  
Data as of 09/30/2019



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 (HOFA). The HOFA 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 9/30/2019

Index	Current Yield to Worst (%)	Modified Duration	Market Value (\$M)	# of Bonds in Index	% of Fallen Angels
ICE BofAML US Fallen Angel	5.71	6.07	102,531	188	100%
ICE BofAML US High Yield	5.87	4.54	1,210,221	1784	8%

### Credit Composition of High Yield Indices (%) as of 6/30/2019

	ICE BofAML US Fallen Angel	ICE BofAML US High Yield	ICE BofAML US Original Issue High Yield
BB	74.5	49.2	46.9
B	18.2	38.7	40.6
CCC	7.3	11.4	11.8
CC	0.0	0.5	0.5
C	0.0	0.1	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.

The information herein represents the opinion of the author, but not necessarily those of VanEck, and these opinions may change at any time and from time to time. Non-VanEck proprietary information contained herein has been obtained from sources believed to be reliable, but not guaranteed. Not intended to be a forecast of future events, a guarantee of future results or investment advice. Historical performance is not indicative of future results. Current data may differ from data quoted. Any graphs shown herein are for illustrative purposes only.

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 Details	ANGL
30-Day SEC Yield (%) <sup>3</sup>	5.38
Expense Ratio (%) <sup>4</sup>	0.35

<sup>3</sup> In the absence of temporary waivers or reimbursements, the 30-Day SEC Yield would have been 5.28% on 9/30/2019.

<sup>4</sup> Net expense ratio shown. The gross expense ratio for the fund is 0.45%. Expenses are contractually capped at 0.35%. Expense caps exclude acquired fund fees and expenses, interest expense, trading expenses, taxes and extraordinary expenses. Expense ratio as of the most recent prospectus. Please see the Fund's prospectus for more detailed information on expenses.

Total Return (%) as of 9/30/2019		ANGL	HOFA Index
YTD*	NAV	13.32	13.12
	Share Price	14.53	
1 Yr	NAV	6.16	6.52
	Share Price	6.62	
3 Yr	NAV	6.14	6.64
	Share Price	6.15	
5 Yr	NAV	7.17	7.74
	Share Price	7.07	
10 Yr	NAV	-	10.35
	Share Price	-	
Since Fund Inception 4/10/12	NAV	8.19	9.23
	Share Price	8.24	

\*Returns less than one year are not annualized.

**Performance data quoted represents past performance which is no guarantee of future results and which may be lower or higher than current performance. Performance current to the most recent month end available by calling 800.826.2333 or by visiting [vaneck.com](http://vaneck.com). Investment returns and ETF share values will fluctuate so that investors' shares, when redeemed, may be worth more or less than their original cost. ETF returns assume that dividends and capital gains distributions have been reinvested in the Fund at NAV.**

<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 includes, among others, high yield securities, foreign securities, foreign currency, credit, interest rate, restricted securities, market, operational, call, sampling, basic materials, consumer discretionary, energy, financial, communications, information technology, index tracking, authorized participant concentration, no guarantee of active trading market, trading issues, passive management, fund shares trading, premium/discount risk and liquidity of fund shares and concentration risks, 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.

**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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666 Third Avenue | New York, NY 10017

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