

MAAX Reinvests in High Yield

By David Schassler, Portfolio Manager

MAAX VanEck Vectors® Municipal Allocation ETF

Municipal Allocation ETF Overview

The VanEck Vectors® Municipal Allocation ETF (“MAAX”) returned 4.17% vs. 3.18% for its benchmark as of month end.

MAAX performed well in May. At the beginning of the month, it pivoted from ultra-conservative, with a portfolio of exclusively high quality short-duration bonds, through its investment in the VanEck Vectors AMT-Free Short Municipal Index ETF (SMB), to a high quality portfolio of longer duration bonds. It turned out to be the right call.

Prior to rebalance, MAAX held a 50% allocation to the VanEck Vectors AMT-Free Long Municipal ETF (MLN), a 40% allocation to the VanEck Vectors AMT-Free Intermediate Municipal ETF (ITM) and a 10% allocation to SMB. In May, these funds returned 5.88%, 5.78% and 2.24% (all based on market price), respectively. Over the month, the returns of ETFs that invest in longer-duration, high-quality bonds were impressive, keeping pace with those of ETFs that invest in high-yield municipals, such as the VanEck Vectors High-Yield Municipal Index ETF (HYD), with a market price return of 5.93%, but with much less credit risk.

Average Annual Total Returns (%) as of May 31, 2020

| | 1 Mo [†] | YTD [†] | 1 Yr | Life (05/15/19) |
|---|-------------------|------------------|-------|--------------------|
| MAAX (NAV) | 4.17 | -5.51 | -2.83 | -2.12 |
| MAAX (Share Price) | 4.95 | -5.46 | -2.78 | -2.00 |
| Bloomberg Barclays Municipal Bond Index* | 3.18 | 1.24 | 3.98 | 4.24 |

Average Annual Total Returns (%) as of March 31, 2020

| | 1 Mo [†] | YTD [†] | 1 Yr | Life (05/15/19) |
|---|-------------------|------------------|------|--------------------|
| MAAX (NAV) | -12.09 | -9.03 | - | -5.85 |
| MAAX (Share Price) | -11.18 | -8.15 | - | -4.87 |
| Bloomberg Barclays Municipal Bond Index* | -3.63 | -0.63 | 3.85 | 2.50 |

[†]Returns less than a year are not annualized.

Expenses: Gross 0.38%; Net 0.38%. Van Eck Associates Corporation (the “Adviser”) will pay all expenses of the Fund, except for the fee payment under the investment management agreement, acquired fund fees and expenses, interest expense, offering costs, trading expenses, taxes and extraordinary expenses. Expenses are based on estimated amounts for the current fiscal year. Cap excludes acquired fund fees and expenses, interest expense, trading expenses, taxes and extraordinary expenses.

The table presents past performance which is no guarantee of future results and which may be lower or higher than current performance. Returns reflect temporary contractual fee waivers and/or expense reimbursements. Had the ETF incurred all expenses and fees, investment returns would have been reduced. 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 distributions have been reinvested in the Fund at “Net Asset Value” (NAV). NAV is determined at the close of each business day, and represents 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. VanEck Vectors ETF investors should not expect to buy or sell shares at NAV.

*Bloomberg Barclays Municipal Bond Index is considered representative of the broad market for investment grade, tax-exempt municipal bonds with a maturity of at least one year.

In June, MAAX re-invested in ETFs with exposure to high-yield municipal bonds. This offers MAAX the potential ability to outperform its benchmark in the near term because of the current distressed pricing in high-yield municipal bonds. At the beginning of June, HYD was priced -12.78% below the high achieved on February 26, offering a 30-day SEC yield of 4.88%. In order to make the yield comparable to taxable fixed income investments, the tax equivalent yield (based on investors in the highest tax bracket) is 7.6%! That is significantly higher than the 6.05% yield currently being offered by popular corporate high yield ETFs¹.

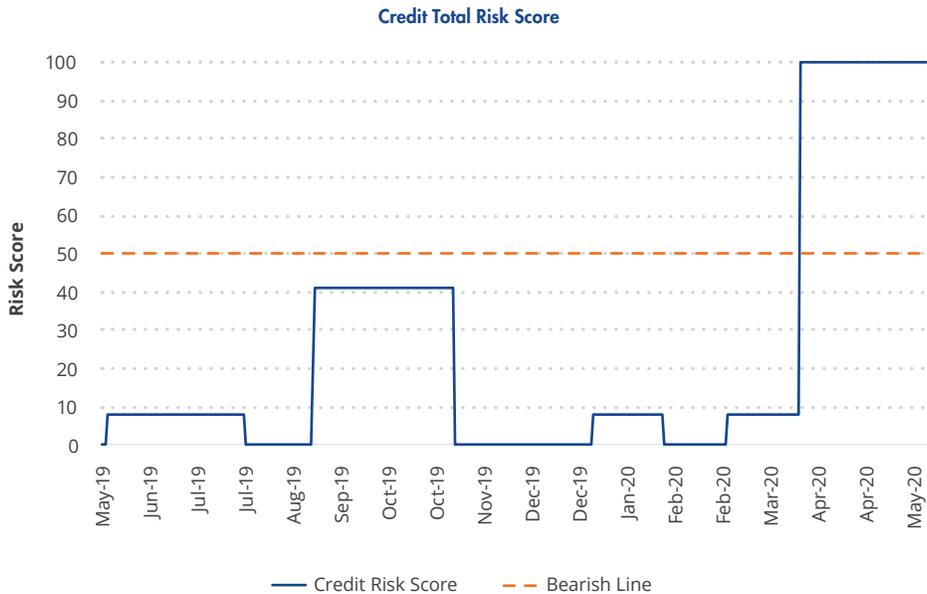
MAAX now holds a 40% position in HYD, a 30% position in MLN a 20% position in the ITM and a 10% position in VanEck Vectors Short High-Yield Municipal Index ETF (SHYD).

The next section of this commentary explains why.

Muni Risk Factors

The model indicates that this is an attractive time to invest in high yield municipal bonds. This results from measuring credit and duration risk using stability in price levels, volatility and historical relationships.

Risk is scored from 0 to 100. A score of 50 or lower implies that risk is low and a score of 50 or higher implies that risk is high. The credit risk score recently declined from 100 to 33 based on lower volatility and mean reversion.



There was a major decline in the volatilities of both the key benchmark U.S. 10-year Treasury bond yield and high yield municipal bonds. In addition, investment grade municipal bond yields now lie within a more reasonable range of yields on U.S. Treasury bonds, and AAA municipal bond yields are trading within a more normalized range of the broad municipal bond market.

These indicators signal that the market is healing from the wounds inflicted in March and this is what the model believes to be a good re-entry point for investment in high yield municipal bonds.

¹ Source: Factset. Yield to worst of the iShares iBoxx \$ High Yield Corporate Bond ETF as of 5/31/2020.

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Bloomberg Barclays Municipal Bond Index is considered representative of the broad market for investment grade, tax-exempt municipal bonds with a maturity of at least one year.

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666 Third Avenue | New York, NY 10017

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