

Staying the Course for Yield in Municipal Bonds

By David Schassler, Portfolio Manager

MAAX VanEck Vectors® Municipal Allocation ETF

Municipal Allocation ETF Overview

The VanEck Vectors® Municipal Allocation ETF (“MAAX”) yield was 3.06% vs. 1.89% for the Bloomberg Barclays Municipal Bond Index, as of July 31, 2019. In July, MAAX returned 0.78% vs. 0.81% for the Bloomberg Barclays Municipal Bond Index. MAAX’s best performing position was in intermediate term investment grade bonds. Its exposure to high yield and long duration bonds detracted from performance.

Average Annual Total Returns (%) as of July 31, 2019

	1 Mo [†]	YTD [†]	1 Yr	Life (05/15/19)
MAAX (NAV)	0.61	-	-	1.65
MAAX (Share Price)	0.78	-	-	1.75
Bloomberg Barclays Municipal Bond Index*	0.81	5.94	7.31	1.62

Average Annual Total Returns (%) as of June 30, 2019

	1 Mo [†]	YTD [†]	1 Yr	Life (05/15/19)
MAAX (NAV)	0.40	-	-	1.04
MAAX (Share Price)	0.24	-	-	-
Bloomberg Barclays Municipal Bond Index*	0.37	5.09	6.71	0.81

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

Expenses: Gross 0.65%; Net 0.36%. Expenses are capped contractually at 0.08% through February 1, 2020. 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.

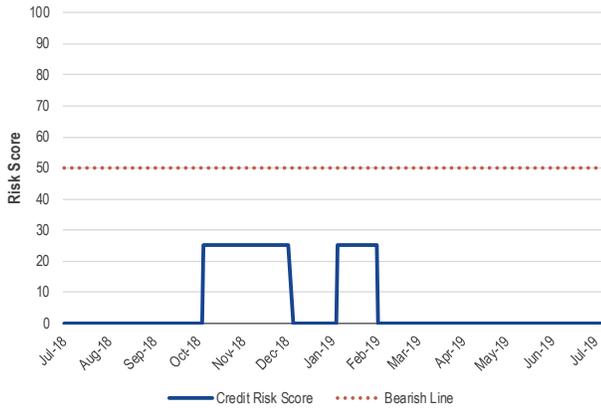
The table presents past performance which is no guarantee of future results and which may be lower or higher than current performance. Returns reflect temporary contractual fee waivers and/or expense reimbursements. Had the ETF incurred all expenses and fees, investment returns would have been reduced. 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.

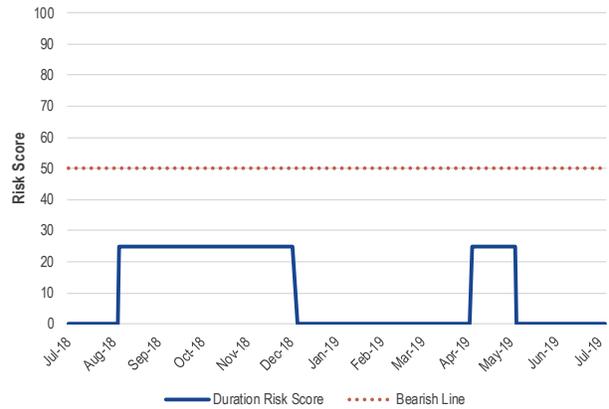
Muni Risk Factors

MAAX remains overweight both credit and duration risks in August. The model is measuring both credit and duration risk as low. The risk is scored from 0 to 100. A score below 50 implies that risk is low and a score of 50 or higher implies that risk is high. The current credit risk score is 0 and the current duration risk score is 0. This leads to our overweight credit and duration positioning.

Credit Total Risk Score

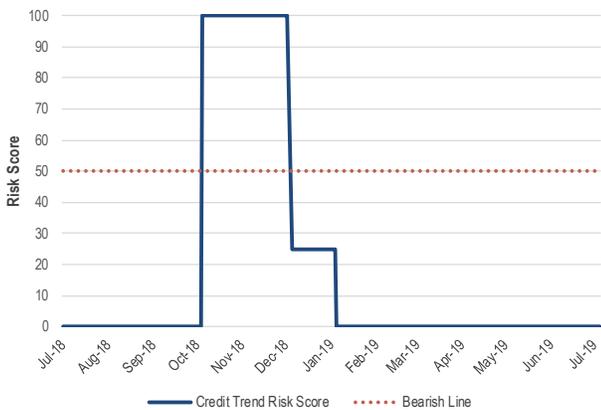


Duration Total Risk Score

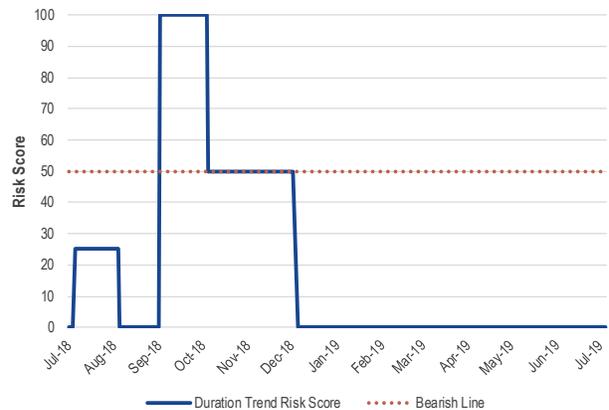


The factors that determine the total level of both credit and duration risks are momentum, volatility and mean reversion. The scoring methodology works the same here. Scores below 50 are bullish and scores 50 or higher are bearish. The scores for momentum of both credit and duration risk are 0.

Credit Trend Risk Score

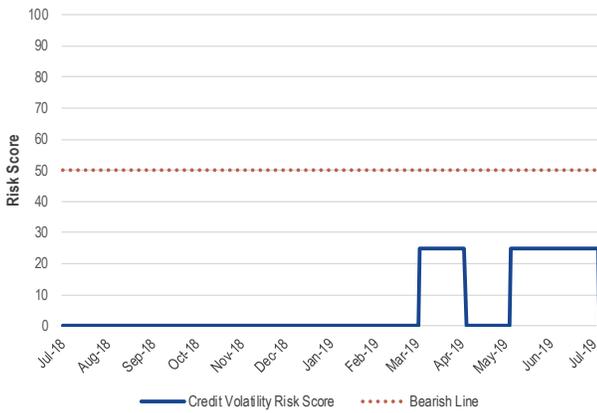


Duration Trend Risk Score

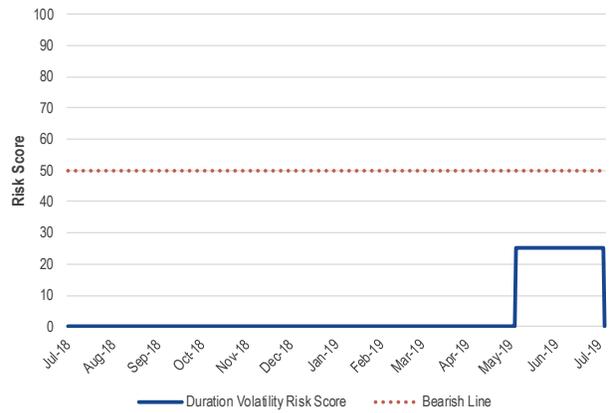


The volatility risk factor uses both realized and implied indicators. Currently, the volatility risk score is 0 for both credit and duration.

Credit Volatility Risk Score

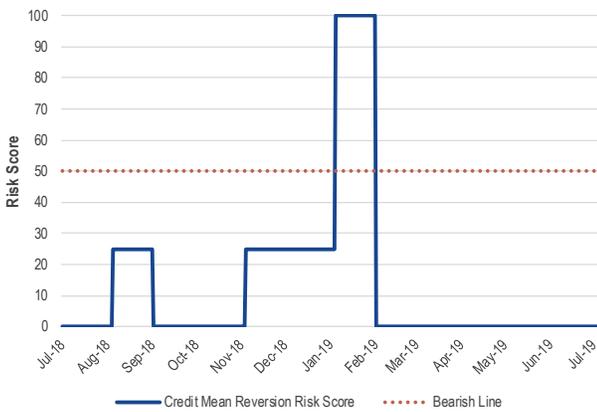


Duration Volatility Risk Score

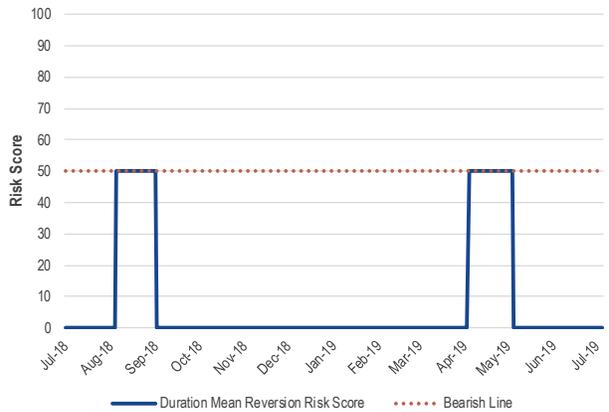


The last category of factors is mean reversion. They seek to identify divergences in typical fixed income relationships. These include credit spreads, yield ratios and cross-asset correlations. The mean reversion risk score is 0 for both credit and duration.

Credit Mean Reversion Risk Score



Duration Mean Reversion Risk Score



Given the modest risk levels measured by MAAX, it is taking both credit and duration risks in the pursuit of yield. These risks will be monitored closely and MAAX's exposures will be adjusted if the risk environment changes materially.

IMPORTANT DISCLOSURES

This content is published in the United States for residents of specified countries. Investors are subject to securities and tax regulations within their applicable jurisdictions that are not addressed on this content. Nothing in this content should be considered a solicitation to buy or an offer to sell shares of any investment in any jurisdiction where the offer or solicitation would be unlawful under the securities laws of such jurisdiction, nor is it intended as investment, tax, financial, or legal advice. Investors should seek such professional advice for their particular situation and jurisdiction.

An investment in the Fund may be subject to risks which include, fund of funds risk, high portfolio turnover, model and data risks, management, operational, authorized participant concentration and absence of prior active market risks, trading issues, market, fund shares trading, premium/discount and liquidity of fund shares and non-diversified risks. The fund may be subject to following risks as a result of investing in Exchange Traded Products including municipal securities, credit, high yield securities, tax, interest rate, call, state concentration and sector concentration risks. Municipal bonds may be less liquid than taxable bonds. There is no guarantee that a Funds' income will be exempt from federal, state or local income taxes, and changes in those tax rates or in alternative minimum tax (AMT) 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. A portion of the dividends you receive may be subject to AMT.

The VanEck Vectors ETFs are not sponsored by, endorsed, sold or promoted by Bloomberg or Barclays and neither Bloomberg nor Barclays makes any representation regarding the advisability of investing in them. The only relationship to the Adviser with respect to the VanEck Vectors ETFs is the licensing of certain trademarks and trade names of Bloomberg and Barclays and the BLOOMBERG BARCLAYS INDICES that are determined, composed and calculated by Bloomberg without regard to the Adviser or any investor in the VanEck Vectors ETFs.

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. Past performance is no guarantee of future results. Returns for actual Fund investments may differ from what is shown because of differences in timing, the amount invested, and fees and expenses.

Investing involves substantial risk and high volatility, including possible loss of principal. Bonds and bond funds will 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 contains this and other information, call 800.826.2333 or visit vaneck.com. Please read the prospectus and summary prospectus carefully before investing.

©2019 VanEck.



Van Eck Securities Corporation, Distributor

666 Third Avenue | New York, NY 10017

vaneck.com | 800.826.2333