

All-in for Yield in Municipal Bonds

By David Schassler, Portfolio Manager

MAAX VanEck Vectors® Municipal Allocation ETF

Overview

The VanEck Vectors® Municipal Allocation ETF's ("MAAX") yield to worst is 3.15%¹ vs. 2.02% for the Bloomberg Barclays Municipal Bond Index, as of June 30, 2019. In June, MAAX returned 0.40% vs. 0.37% for the Bloomberg Barclays Municipal Bond Index. MAAX benefited from its exposure to high yield bonds. However, its exposure to long duration fixed income was a drag on performance.

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	-	-	0.96
Bloomberg Barclays Municipal Bond Index*	0.37	5.09	6.71	0.81

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

	1 Mo [†]	YTD [†]	1 Yr	Life (05/15/19)
MAAX (NAV)	-	-	-	-
MAAX (Share Price)	-	-	-	-
Bloomberg Barclays Municipal Bond Index*	1.58	2.90	5.38	-

[†]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.

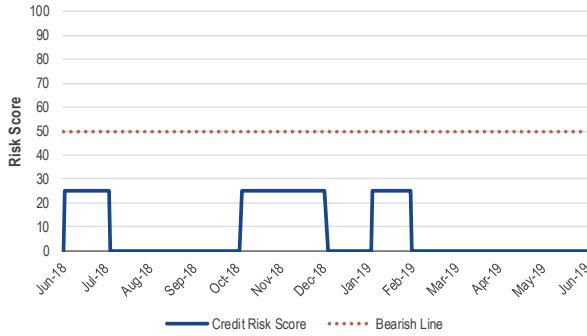
The table presents past performance which is no guarantee of future results and which may be lower or higher than current performance. Returns reflect temporary contractual fee waivers and/or expense reimbursements. Had the ETF incurred all expenses and fees, investment returns would have been reduced.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

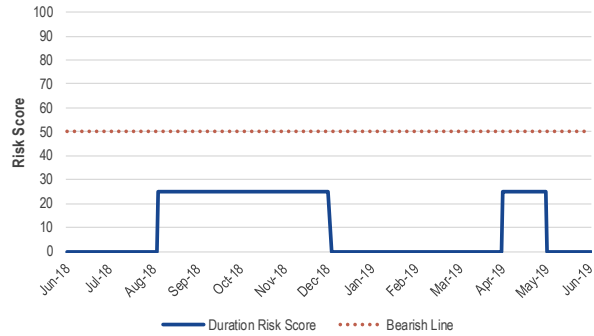
Muni Risk Factors

MAAX remains overweight both credit risk and duration risk in July. Currently, MAAX's measures of both credit and duration risk are low. The risks are each 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 risk score of each is currently 0, which leads to our overweight credit and duration positioning.

Credit Total Risk Score

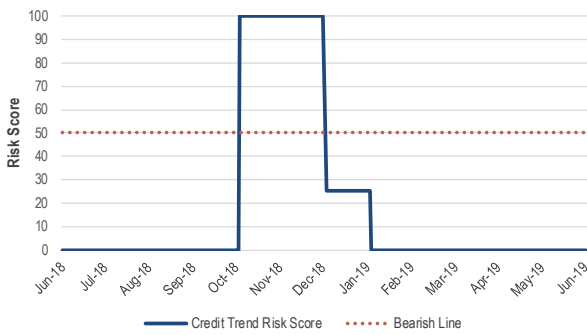


Duration Total Risk Score

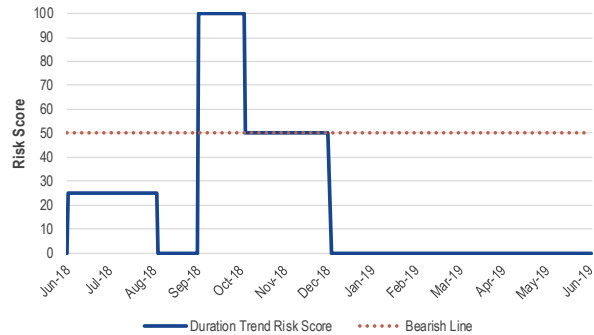


The factors that determine the total level of both credit risk and duration risk are: momentum, volatility and mean reversion. The same scoring methodology is used for each. Scores below 50 are bullish and scores 50 or higher are bearish. The momentum score for both credit and duration risk is currently 0.

Credit Trend Risk Score

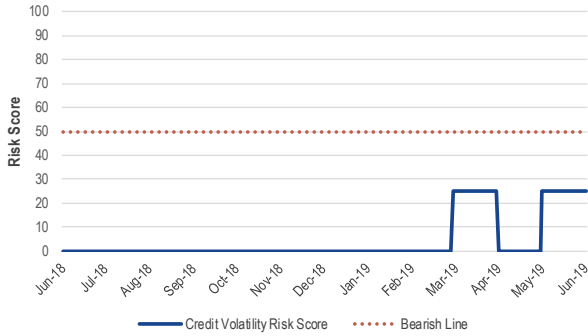


Duration Trend Risk Score

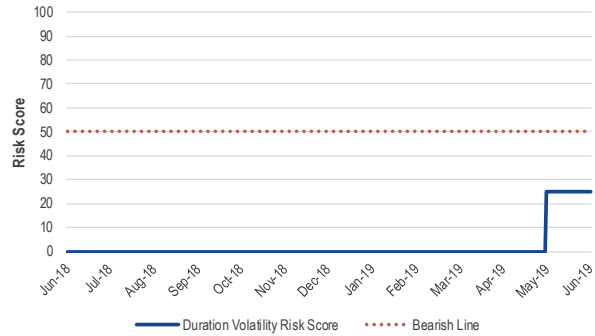


The volatility risk factor uses both realized and implied indicators. Currently, the volatility risk score is 25 for both credit and duration:

Credit Volatility Risk Score

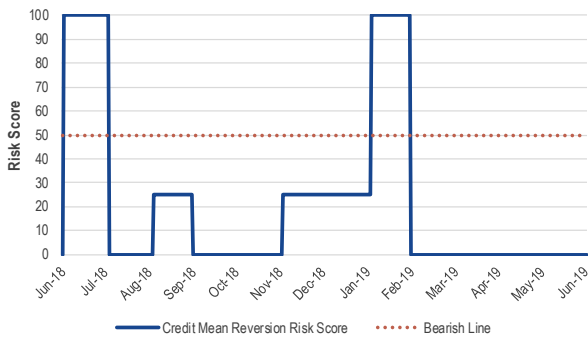


Duration Volatility Risk Score

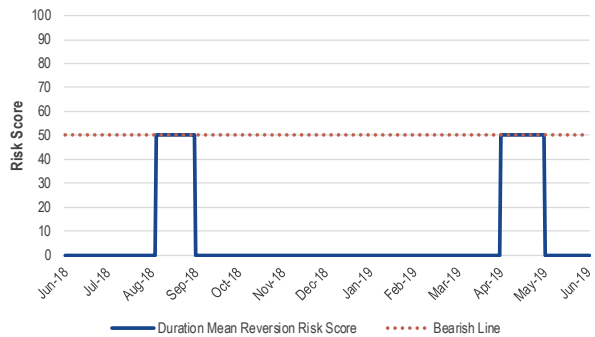


The last category of factors is mean reversion. These seek to identify divergences in typical fixed income relationships and include credit spreads, yield ratios and cross-asset correlations. These metrics, too, are currently bullish.

Credit Mean Reversion Risk Score



Duration Mean Reversion Risk Score



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

¹ 30-day SEC yield for MAAX was 3.25% (unsubsidized -0.09%) as of 6/30/19.

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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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