

Join the Swarm

BUZZ VanEck Vectors® Social Sentiment ETF

What is BUZZ?

BUZZ is a large cap equity ETF that tracks the BUZZ Next Gen AI US Sentiment Leaders Index, which provides exposure to U.S. large cap stocks with the highest degree of positive social sentiment and bullish investor perception as expressed by millions of social media messages, news articles, blog posts and other alternative datasets.

How does the Index work?

The Process:

- Every month, millions of unique data points are aggregated from online sources including social media, news articles, blog posts and other alternative datasets. The data is filtered into a universe of large-cap stocks with strong breadth (lots of daily posts) and diversity (lots of people posting).
- Next, an analytics model, utilizing Natural Language Processing technology, parses this data to uncover what the online community is saying about each stock and whether the sentiment is positive, negative, or neutral on a collective basis.
- The model then scores and ranks each stock based on the degree of positive sentiment and breadth of discussion.
- The 75 stocks with the highest rankings are selected for inclusion and are weighted based on the proprietary scoring model (higher score = higher weight) with a 3% constituent weighting cap.
- The process is repeated each month capturing the latest insights and keeping stock selections current.

How does a company become eligible to be included in the Index?

Companies included in the Index must have stock traded on a major U.S. exchange and meet minimum requirements for size, trading volume and online mentions.

- **Size:** minimum market capitalization of at least \$5 billion
- **Trading Volume:** 3-month minimum average daily trading volume of at least \$1 million
- **Online Mentions:** must meet a minimum mentions threshold based on a rolling four quarter review. The threshold ensures that only stocks that exhibit a consistent and diverse breadth of discussion are eligible for inclusion. The minimum threshold is a proprietary calculation.

How often are companies added/deleted from the portfolio?

The Index ranks sentiment toward companies in the eligible universe monthly. Changes are then made on the 3rd Thursday of each calendar month.

Are sector exposures or constituent weights capped?

The Index is not constrained by a sector cap which allows for dynamic exposure to those sectors that investors are currently most bullish on. Stocks are weighted in the Index by their sentiment rank and capped at a maximum of 3%.

Is BUZZ considered a momentum strategy?

BUZZ is not directly a momentum strategy, the Index does not incorporate the use of traditional momentum factors. However, we do expect it to have similar attributes to momentum strategies because top performing securities often receive a lot of positive attention in the marketplace.

Can the strategy pick up on discount or value opportunities?

Yes. Despite having momentum tendencies the Index strategy can at times pick up on value or opportunistic trades. Sentiment can pick up on overly distressed stocks that investors believe may present a value opportunity. Some recent examples include:

The Boeing Company (BA), Carnival Corporation (CCL), and Delta Airlines (DAL):

During the COVID-19 induced selloff in March and April of 2020, airline and cruise stocks were hit particularly hard with many down over 60%. Following this period, the BUZZ Index saw new or increasing allocations to Boeing, Carnival, and Delta indicating investors saw a deep value opportunity in the stocks.

Salesforce.com (CRM):

At the end of 2020, CRM's acquisition of Slack Technologies (WORK) sent the stock sliding over 10% as market commentators opined that CRM over paid. However, Investor sentiment painted a different picture, spiking in the week following the announcement, indicating investor belief that the acquisition could eventually add value to CRM despite the large premium. CRM was added to the Index as a top 15 holding with a 2.5% weighting.

Can sentiment be influenced by bots or bad actors with pump-and-dump schemes?*

We believe the potential for manipulation is mitigated by the Index's focus on large cap stocks (\$5 billion+ market cap) with active online discussions. The market cap size and volume of discussions taking place around these companies makes them difficult targets for manipulation by any bad actors. Additionally, the Natural Language Processing models utilized by BUZZ have proprietary filters in place to detect potential spam and bot-generated post activity. The online platforms, where content data is aggregated from, also typically employ their own filters to reduce or eliminate spam and malicious automation. To help ensure quality of picks and strength of conviction, the Index targets only those stocks that have seasoned message history with consistent, diverse and broad conversations.

Who created the BUZZ Index?

BUZZ Holdings ULC is a subsidiary of Periscope Capital. Founded by Jamie Wise, CEO of Periscope Capital, a Toronto-based hedge fund manager, BUZZ Holdings creates and maintains quantitative portfolio strategies based on big data analytics models. The Company utilizes these models, which incorporate natural language processing algorithms and artificial intelligence applications, to derive actionable investment insights from alternative datasets including online content.

When was the BUZZ Index launched?

The BUZZ Index was launched on 12/18/2015.

Where can I learn more about BUZZ?

You can learn more about the VanEck Vectors Social Sentiment ETF (BUZZ) and stay up to date on its latest holdings and performance at www.vaneck.com/buzz.

*Although the Sentiment Leaders Index provider attempts to mitigate the potential risk of manipulation by employing screens to identify posts which may be computer generated or deceptive and by employing market capitalization and trading volume criteria to remove companies which may be more likely targets for such manipulation, there is no guarantee that the Sentiment Leaders Index's model will successfully reduce such risk. Please see last page for important disclosures.

Risks and Important Disclosures:

An investment in the Fund may be subject to risks which include, among others, risks related to social media analytics, investing in equity securities, medium-capitalization companies, information technology, communication services, consumer discretionary, health care and industrials sectors, market, operational, high portfolio turnover, index tracking, authorized participant concentration, new fund, absence of prior active market, trading issues, passive management, fund shares trading, premium/discount and liquidity of fund shares, non-diversified and concentration risks which may make these investments volatile in price or difficult to trade. Medium-capitalization companies may be subject to elevated risks.

Investing in companies based on social media analytics involves the potential risk of market manipulation because social media posts may be made with an intent to inflate, or otherwise manipulate, the public perception of a company stock or other investment. Although the Sentiment Leaders Index provider attempts to mitigate the potential risk of such manipulation by employing screens to identify posts which may be computer generated or deceptive and by employing market capitalization and trading volume criteria to remove companies which may be more likely targets for such manipulation, there is no guarantee that the Sentiment Leaders Index’s model will successfully reduce such risk. Furthermore, text and sentiment analysis of social media postings may prove inaccurate in predicting a company’s stock performance.

Investing involves substantial risk and high volatility, including possible loss of principal. 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. Please read the prospectus and summary prospectus carefully before investing.

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