

**Vaneck** FUNDS

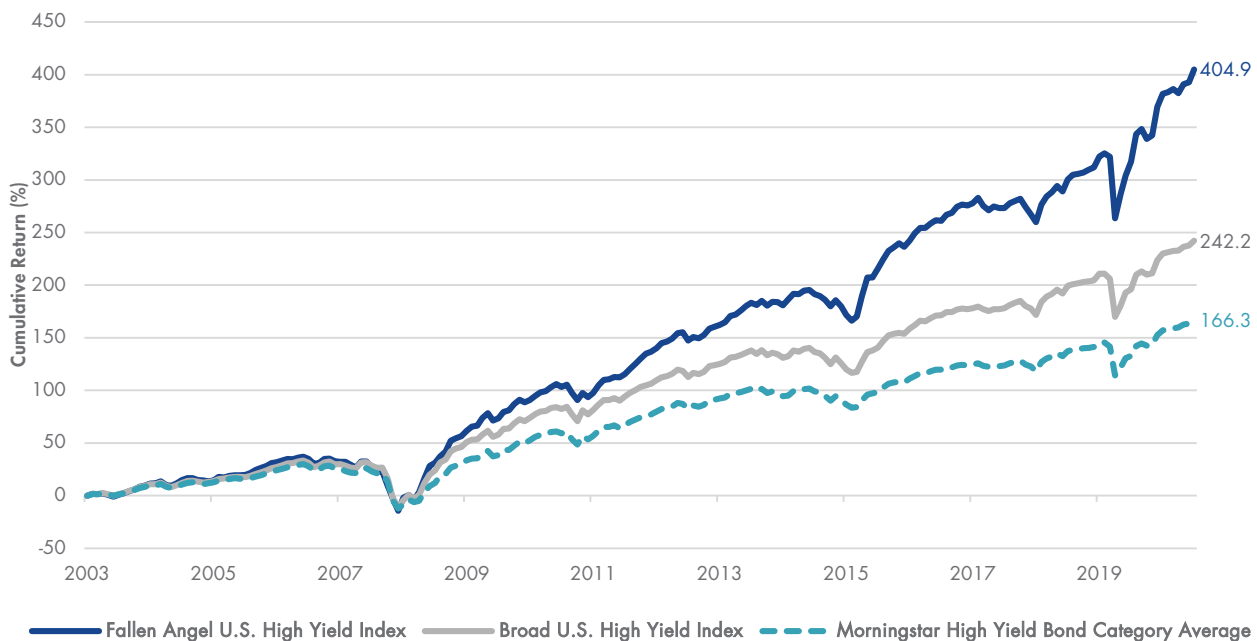
# Fallen Angel High Yield Bonds Offer Distinct Embedded Value Proposition

**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 14% of the broad U.S. high yield bond market.

Historical Cumulative Return 12/31/2003 to 6/30/2021



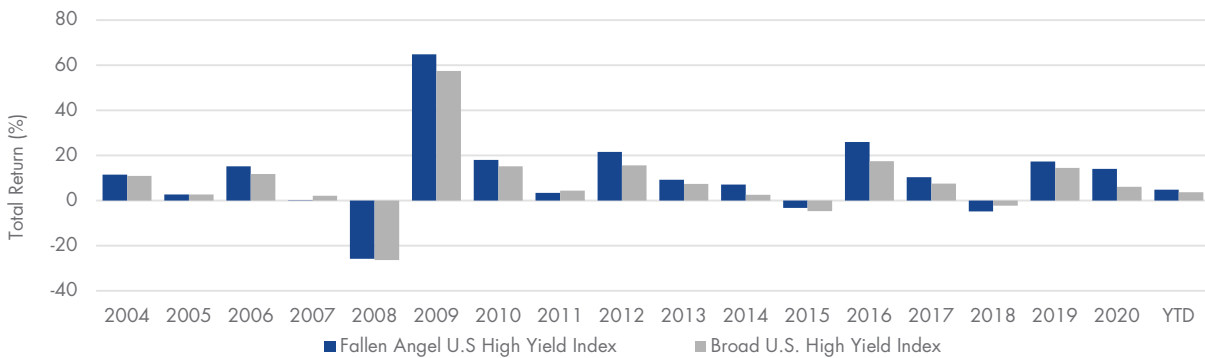
Source: ICE and Morningstar. Index performance is not illustrative of fund performance. Fund performance current to the most recent month end is available by visiting [vaneck.com](http://vaneck.com). Historical performance is not indicative of future results. Current data may differ from data quoted.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

Fallen Angel U.S. High Yield is represented by the ICE US Fallen Angel High Yield 10% Constrained Index (HOCF) and the Broad U.S. High Yield by ICE BofA High Yield Index (HOA0). Fallen Angel U.S. High Yield index data on and prior to February 28, 2020 reflects that of the ICE BofA US Fallen Angel High Yield Index (HOFA). From February 28, 2020 forward, the Fallen Angel U.S. High Yield index data reflects that of the Fund's underlying index, the ICE US Fallen Angel High Yield 10% Constrained Index (HOCF). Fallen Angel U.S. High Yield index data history which includes periods prior to February 28, 2020 links HOFA and HOCF and is not intended for third party use.

For 13 out of the last 17 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.

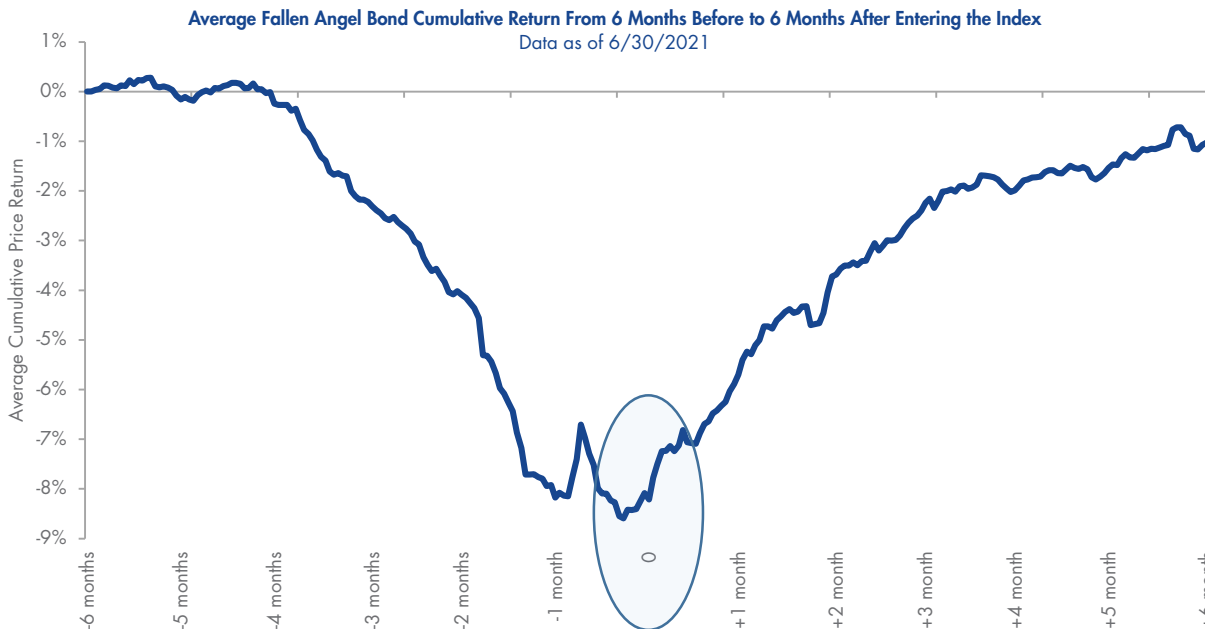
**Calendar Year Returns as of 6/30/2021**



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. Fallen Angel U.S. High Yield is represented by the ICE US Fallen Angel High Yield 10% Constrained Index (HOCF) and the Broad U.S. High Yield by ICE BofA High Yield Index (HOAO). Fallen Angel U.S. High Yield index data on and prior to February 28, 2020 reflects that of the ICE BofA US Fallen Angel High Yield Index (HOFA). From February 28, 2020 forward, the Fallen Angel U.S. High Yield index data reflects that of the Fund's underlying index, the ICE US Fallen Angel High Yield 10% Constrained Index (HOCF). Fallen Angel U.S. High Yield index data history which includes periods prior to February 28, 2020 links HOFA and HOCF and is not intended for third party use.

**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 index. As a consequence, increasing exposure to fallen angels, as they enter the index, with monthly rebalances, often represents a contrarian approach.



Source: FactSet, ICE Data Services. 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 performance is not indicative of future results. Current data may differ from data quoted.

Data is based on bond constituents of the ICE BofA US Fallen Angel High Yield Index that were downgraded to high yield and entered the index in 2004 or late. Index data on and prior to February 28, 2020 reflects that of the ICE BofA US Fallen Angel High Yield Index (HOFA). From February 28, 2020 forward, the index data reflects that of the Fund's underlying index, the ICE US Fallen Angel High Yield 10% Constrained Index (HOCF). Index history which includes periods prior to February 28, 2020 links HOFA and HOCF and is not intended for third party use.

<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 US Fallen Angel High Yield 10% Constrained Index (HOCF). The HOCF 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 6/30/2021

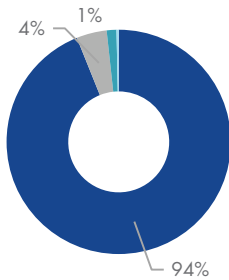
Index	Current Yield to Worst (%)	Modified Duration	Market Value (\$M)	# of Bonds in Index	% of Fallen Angels
Fallen Angel U.S High Yield	3.35	6.81	233,701	295	100%
Broad U.S. High Yield	3.86	3.63	1,640,768	2,110	14%

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.

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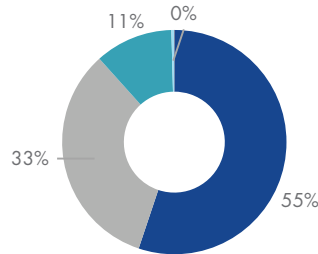
#### Credit Composition of High Yield Indices (%) as of 6/30/2021

**ICE US Fallen Angel High Yield 10% Constrained (HOCF)**



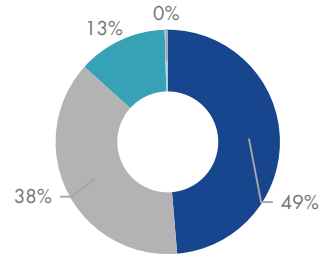
■ BB ■ B ■ CCC ■ CC ■ C

**ICE BofA High Yield (HOAO)**



■ BB ■ B ■ CCC ■ CC ■ C

**ICE BofA US Original Issue (HOHY)**



■ BB ■ B ■ CCC ■ CC ■ C

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 US Fallen Angel High Yield 10% Constrained Index (HOCF). 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 (%)	3.09
Expense Ratio (%)*	0.35

\*Expenses are unitary fees. 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.

Total Return (%) as of 6/30/2021		ANGL	Index**
YTD*	NAV	5.05	4.83
	Share Price	4.73	
1 Yr	NAV	20.21	21.02
	Share Price	20.13	
3 Yr	NAV	9.99	10.59
	Share Price	10.26	
5 Yr	NAV	9.23	9.85
	Share Price	9.04	
10 Yr	NAV	-	-
	Share Price	-	
Since Fund Inception 4/10/12	NAV	8.96	9.95
	Share Price	8.98	

\*Returns less than one year are not annualized.

\*\*Index data on and prior to February 28, 2020 reflects that of the ICE BofA US Fallen Angel High Yield Index (HOFA). From February 28, 2020 forward, the index data reflects that of the Fund's underlying index, the ICE US Fallen Angel High Yield 10% Constrained Index (HOCF). Index history which includes periods prior to February 28, 2020 links HOFA and HOCF and is not intended for third party use.

**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. 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.**

The "Net Asset Value" (NAV) of a VanEck Vectors Exchange Traded Fund (ETF) 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.

<sup>1</sup>ICE US Fallen Angel High Yield 10% Constrained Index (HOCF) is a subset of the ICE BofA US High Yield Index (HOAO), including securities that were rated investment grade at time of issuance. ICE BofA US Original Issue High Yield Index (HOHY) is a subset of the ICE BofA 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. From February 28, 2020 forward, the index data reflects HOCF. 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 and from February 28, 2020 forward, reflects HOCF.

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Performance and characteristics of the ICE BofA US Fallen Angel High Yield 10% Constrained Index (HOCF) are quoted throughout this material. HOCF 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.

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, Consumer staples, consumer discretionary, energy, communications, 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, non-diversified and concentration risks, all of which may adversely affect the Fund.

**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. Please read the prospectus and summary prospectus carefully before investing.**

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