

June 2019



## **Value in Municipal Bond Closed-End Fund Discounts**

**XMPT**® VanEck Vectors® CEF Municipal Income ETF

# Introduction

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## Index Overview

- A Diversified Portfolio of 63 Municipal Bond Closed-End Funds
- Targets Federal Income Tax Exempt Yield
- All U.S.-Registered Funds
- Modified Net Asset-Weighted Methodology
- Multiple Qualitative Screens
  - Discount
  - Expense Ratio
- Screened for Liquidity
- Designed to Take Advantage of Inefficiencies in the Closed-End Fund Market

## XMPT Key Features

- Diversification
  - By asset class
  - By investment strategy
  - By manager
- Active portfolio management of underlying CEFs
- Monthly distributions
- Distributions exempt from federal income taxes
- Opportunity to gain exposure to CEFs at a discount
- Underlying CEFs possess leverage potential

As of 6/30/2019. Discount to NAV is defined as a pricing situation that occurs with a closed-end fund when it's market price is lower than the net asset value of its components.

# Historical performance vs. broad muni benchmark

S-Network Municipal Bond Closed-End Fund Index (CEFMXTR) vs.  
S&P National AMT-Free Municipal Bond Index (SPMUNUST)  
6/30/2008 – 6/30/2019

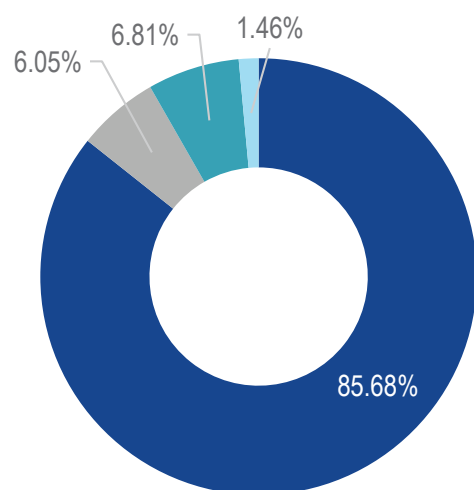


Source: Bloomberg. As of 6/30/2019. **Index performance is not representative of Fund performance.** Indices are unmanaged and are not securities in which an investment can be made. See index descriptions at the end. **Past performance is not indicative of future results.** See fund performance, and disclaimers at the end of this presentation.

# Diversified index sector and manager composition

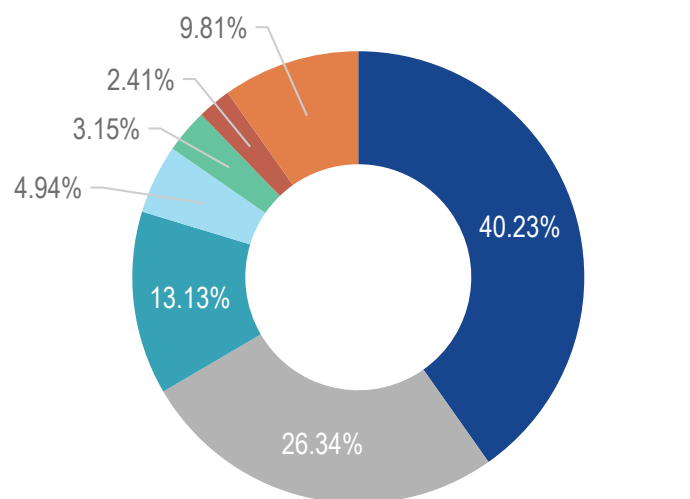
- CEFMX diversifies risk by including municipal bond closed-end funds that employ differing investment strategies and use different levels of leverage to increase yield.
- CEFMX also diversifies risk by manager and includes many of the leading fixed income closed-end fund managers.

**S-Network Municipal Bond Closed-End Fund Index: Sector Distribution**  
As of 6/30/2019



■ Leveraged Investment Grade  
 ■ Unleveraged Investment Grade  
 ■ Leveraged High Yield  
 ■ Unleveraged High Yield

**S-Network Municipal Bond Closed-End Fund Index: Manager Distribution**  
As of 6/30/2019



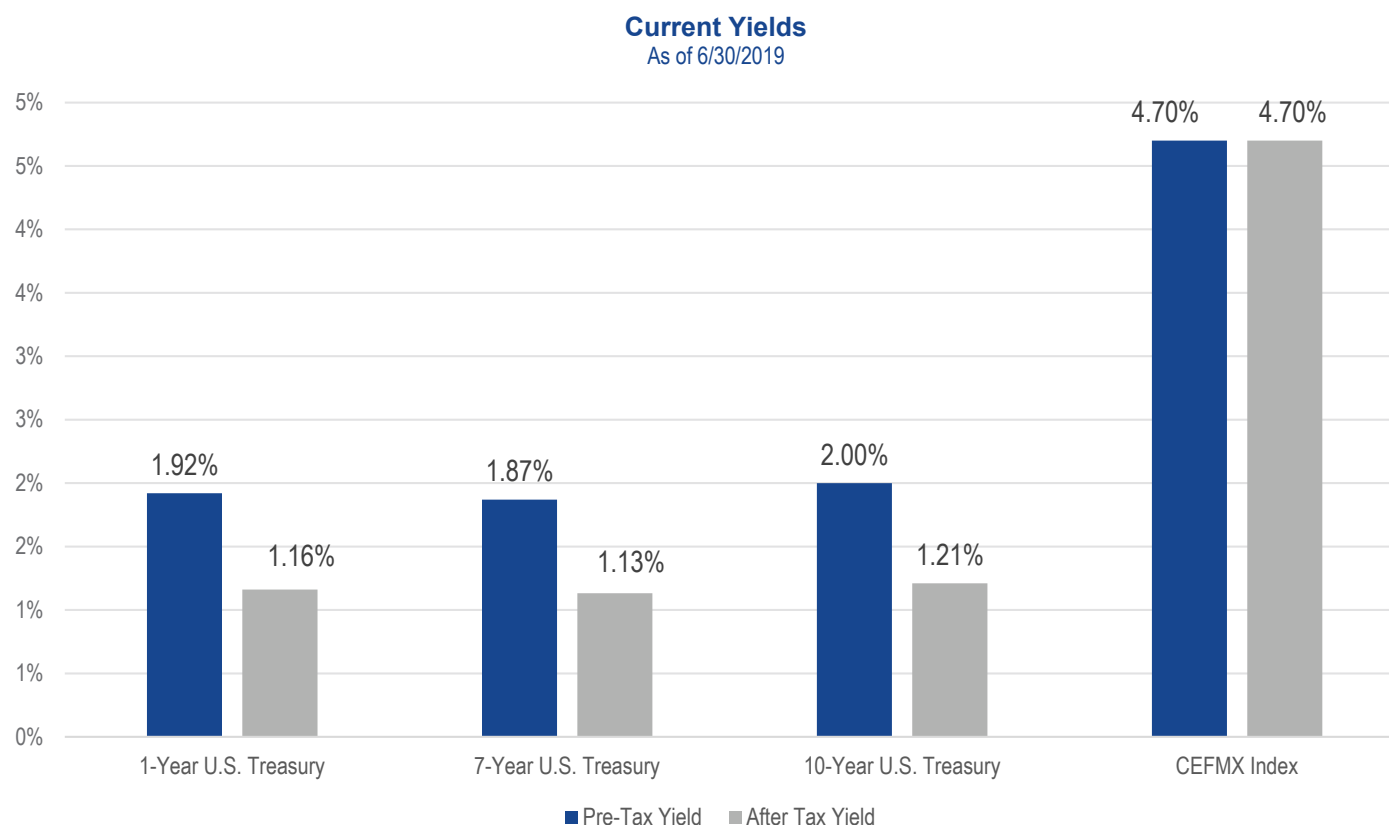
■ Nuveen    ■ BlackRock    ■ Invesco    ■ Eaton Vance  
 ■ Dreyfus    ■ Putnam    ■ Others

Source: S-Network. As of 6/30/2019. Indices are unmanaged and are not securities in which an investment can be made. See disclaimers and index descriptions at the end of this presentation.

# Index yield



With a current yield of 4.70%, CEFMX indicates a higher tax free yield than most other classes of fixed income investments, including government and corporate bonds.

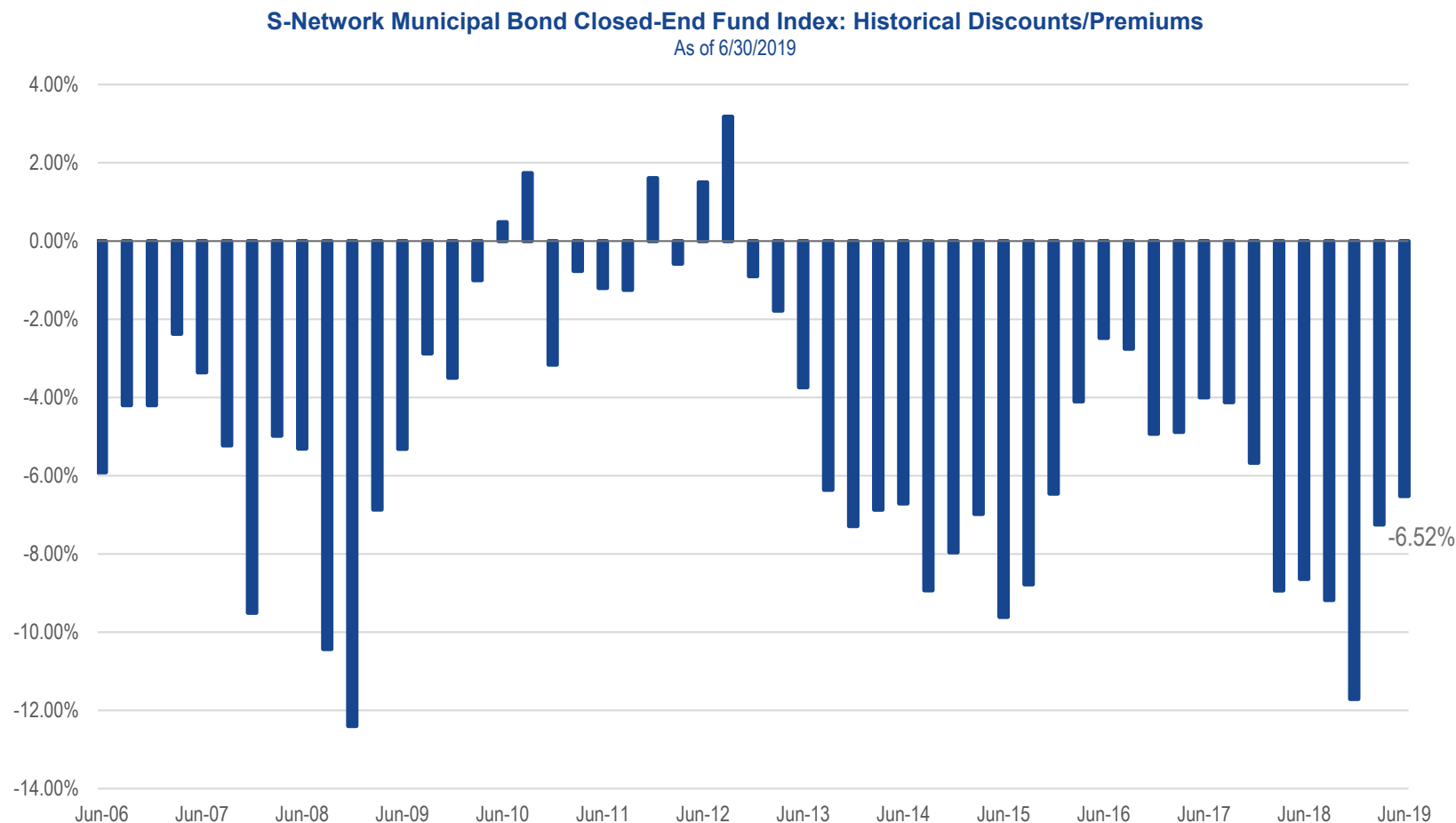


Source: U.S. Department of Treasury, S-NetWork. As of 6/30/2019. Index performance is not representative of Fund performance. See fund performance, important, and disclaimers at the end of this presentation. Past performance is not indicative of future results.

# Index rationale – discount/premium



CEFMX's current market value trades at a discount to net asset value of -6.52%.



Source: Bloomberg. As of 6/30/2019. Indices are unmanaged and are not securities in which an investment can be made. See index descriptions at the end. **Past performance is not indicative of future results.** This chart does not represent CEFMX's premium/discount. It represents the weighted average premium/discount of the underlying closed-end funds (CEFs) within CEFMX. There are many factors that influence the up-down movement of a closed-end fund's share price, such as the fund's yield, performance, and investor demand. See disclaimers at the end of this presentation.

# Index construction – eligibility

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CEFMX is rules based, providing a fair and accurate measure of the municipal bond closed-end fund sector.

- A total universe of approximately 100 municipal bond closed-end funds
- Must be registered in the United States
- Minimum market capitalization for inclusion = \$100 million
- CEFs must be listed on regulated exchange (no pink sheets)
- CEFs representing 95% of index weight must have 3-month average daily trading volume >\$500,000 per day
- Must have a total expense ratio < 2%
- Funds trading at premiums > 20% eliminated

# Index construction - weighting

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CEFMX's unique weighting methodology accords higher weights to municipal bond closed-end funds that trade at discounts.

- Weights based on net assets adjusted for premium/discount
  - Increases in weighting for funds trading at a discount
    - Discount > 6% = 30% increase
    - Discount > 3% and < 6% = 20% increase
    - Discount > 0% and < 3% = 10% increase
  - Decreases in fund net assets for funds trading at a premium
    - Premium > 6% = 30% decrease
    - Premium > 3% and < 6% = 20% decrease
    - Premium > 0% and < 3% = 10% decrease
- CEFs capped at 8% index weight
- Combined weight of CEFs with weights over 5% capped at 45%



# Index top ten constituents



CEFMX includes many of the largest municipal bond closed-end funds on the market today.

Fund Name	Ticker	Sector	Weight (%)	Assets Under Management (AUM)
Nuveen AMT-Free Municipal Credit Income Fund	NVG UN	Leveraged	8.06%	3.21 Billion USD
Nuveen Quality Municipal Income Fund	NAD UN	Leveraged	8.04%	2.83 Billion USD
Nuveen AMT-Free Quality Municipal Income Fund	NEA UN	Leveraged	8.00%	3.63 Billion USD
BlackRock Municipal 2030 Target Term Trust	BTT UN	Leveraged	5.11%	1.64 Billion USD
Nuveen Enhanced Municipal Credit Income Fund	NZF UN	Leveraged	4.91%	2.24 Billion USD
Nuveen Municipal Value Fund Inc	NUV UN	Unleveraged	4.58%	2.11 Billion USD
Eaton Vance Municipal Bond Closed Fund	EIM UN	Leveraged	2.87%	1.00 Billion USD
BlackRock MuniYield Quality Closed Fund III	MYI UN	Leveraged	2.83%	899.16 Million USD
Invesco Municipal Opportunity Trust	VMO UN	Leveraged	2.57%	829.20 Million USD
Invesco Value Municipal Income Closed Fund	IIM UN	Leveraged	2.18%	716.20 Million USD

Source: S-Network. As of 6/30/2019. See disclaimers at the end of this presentation.

# Index capitalization profile



With an average market capitalization of approximately \$626.51 million, CEFMX offers a broad spectrum of fund sizes.

## S-Network Municipal Bond Closed-End Fund Index: Market Capitalization Profile

Number of Constituents	63
Total Market Capitalization	39.47 Billion USD
Largest Market Capitalization	3.63 Billion USD
Smallest Market Capitalization	156.58 Million USD
Average Market Capitalization	626.51 Million USD
Median Market Capitalization	386.62 Million USD

Source: S-Network. As of 6/30/2019. See disclaimers at the end of this presentation.

# Summary – index features and benefits



CEFMX offers multiple forms of diversification that help manage specific risks, seeking to provide high current yield and high current discount.

Feature	Result
Asset Diversification	Index constituents hold various types of municipal bond closed-end funds, including leveraged, unleveraged, leveraged high yield and unleveraged high yield.
Strategy Diversification	Index constituents employ a wide range of trading strategies that diversify specific fund risk.
Manager Diversification	Constituent municipal bond closed-end funds employ a wide range of managers, including some of the leading fixed income managers in the world.
High Current Yield	At 4.70%, the CEFMX offers yields substantially higher than most fixed income investments.
High Current Discount	At -6.52%, the CEFMX currently trades at a low valuation – exceeded only in times of severe market disruption.

Source: S-Network. As of 6/30/2019. Index performance is not representative of Fund performance. See current Fund performance and important note at the end of this presentation. See disclaimers at the end of this presentation.

# Statistical profile I



CEFMX includes many of the largest closed-end funds on the market today.

## Total Return (%)

	CEFMXTR	SPMUNUST
Since Inception	131.95	64.72
10 Year	134.46	55.95
5 Year	35.73	18.92
3 Year	6.37	7.39
1 Year	12.02	6.55

## Compound Annual Growth Rate (CAGR) (%)

	CEFMXTR	SPMUNUST
Since Inception	7.37	4.31
10 Year	8.89	4.54
5 Year	6.30	3.53
3 Year	2.08	2.40
1 Year	12.02	6.55

S&P AMT National AMT-Free Municipal Bond Index inception date of 8/31/2007.

Source: S-Network. As of 6/30/2019. **Index performance is not representative of Fund performance. See page current Fund performance and important note on at the end of this presentation.** The **compound annual growth rate (CAGR)** is the mean annual growth rate of an investment over a specified period of time longer than one year. See disclaimers at the end of this presentation.

# Statistical profile II



CEFMX includes many of the largest closed-end funds on the market today.

## Annualized Standard Deviation (%)

	CEFMXTR	SPMUNUST
Since Inception	12.27	4.62
10 Year	8.95	3.92
5 Year	7.57	2.92
3 Year	7.87	3.30
1 Year	8.35	2.47

## Sharpe Ratio

	CEFMXTR	SPMUNUST
Since Inception	0.5878	0.7958
10 Year	0.9442	1.0289
5 Year	0.7269	0.8929
3 Year	0.1176	0.3008
1 Year	1.1270	1.6531

S&P AMT National AMT-Free Municipal Bond Index inception date of 8/31/2007

Source: S-NetWork. As of 6/30/2019. **Index performance is not representative of Fund performance. See current Fund performance and important note at the end of this presentation.** Standard deviation is applied to the annual rate of return of an investment to measure the investment's volatility. **Sharpe ratio** is a measure for calculating risk-adjusted return. It is the average return earned in excess of the risk-free rate per unit of volatility or total risk. See disclaimers at the end of this presentation.

# CEFMX Index characteristics



## Indicative Characteristics (Weighted)

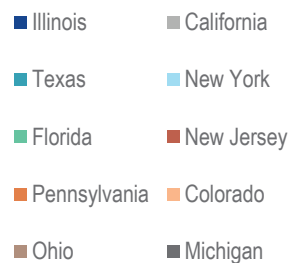
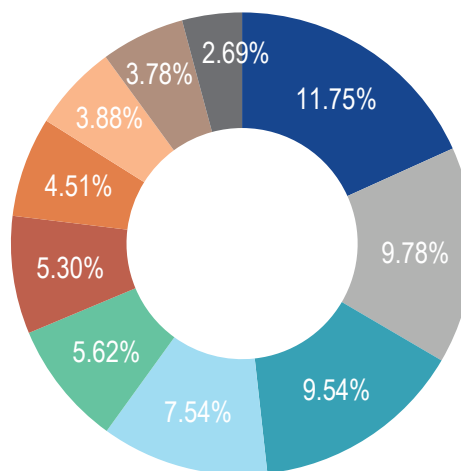
Ticker	CEFMX
Constituents	63
Inception Date	6/31/11
Leverage Exposure (%)	34.57
AMT Exposure (%)	8.57
Effective Duration (Yrs.)	9.06
Puerto Rico Exposure (%)	1.17

## Credit Profile

Investment Grade (%)	82.77
High Yield (%)	8.99
Not Rated (%)	8.24

## Index: Top 10 State Breakdown (%)

As of 6/30/2019



Source: S-Network Global Indexes Inc. As of 6/30/2019. **Past performance does not guarantee future results.** Index performance is not indicative of Fund performance. Indices are not securities in which investments can be made. **Effective duration** is a duration calculation for bonds with embedded options. It takes into account that expected cash flows will fluctuate as interest rates change. See disclaimers at the end of this presentation.

# VanEck Vectors CEF Municipal Income



**VanEck Vectors CEF Municipal Income ETF (XMPT)** seeks to replicate as closely as possible, before fees and expenses, the price and yield performance of the **S-Network Municipal Bond Closed-End Fund Index (CEFMXTR)**, which is intended to track the overall performance of the U.S.-listed closed-end funds that invest in U.S. dollar denominated tax-exempt market.

## Fund Details

Fund Ticker	XMPT
Intraday NAV Ticker	XMPTIV
Exchange	Cboe
Inception Date	7/12/2011
Index Ticker	CEFMX
Rebalance Frequency	Quarterly
Distribution Frequency	Monthly

## Potential high level of tax-exempt income

A portfolio of municipal CEFs that may produce yields higher than most other fixed income investments

## Diversification by assets, strategies, and fund managers

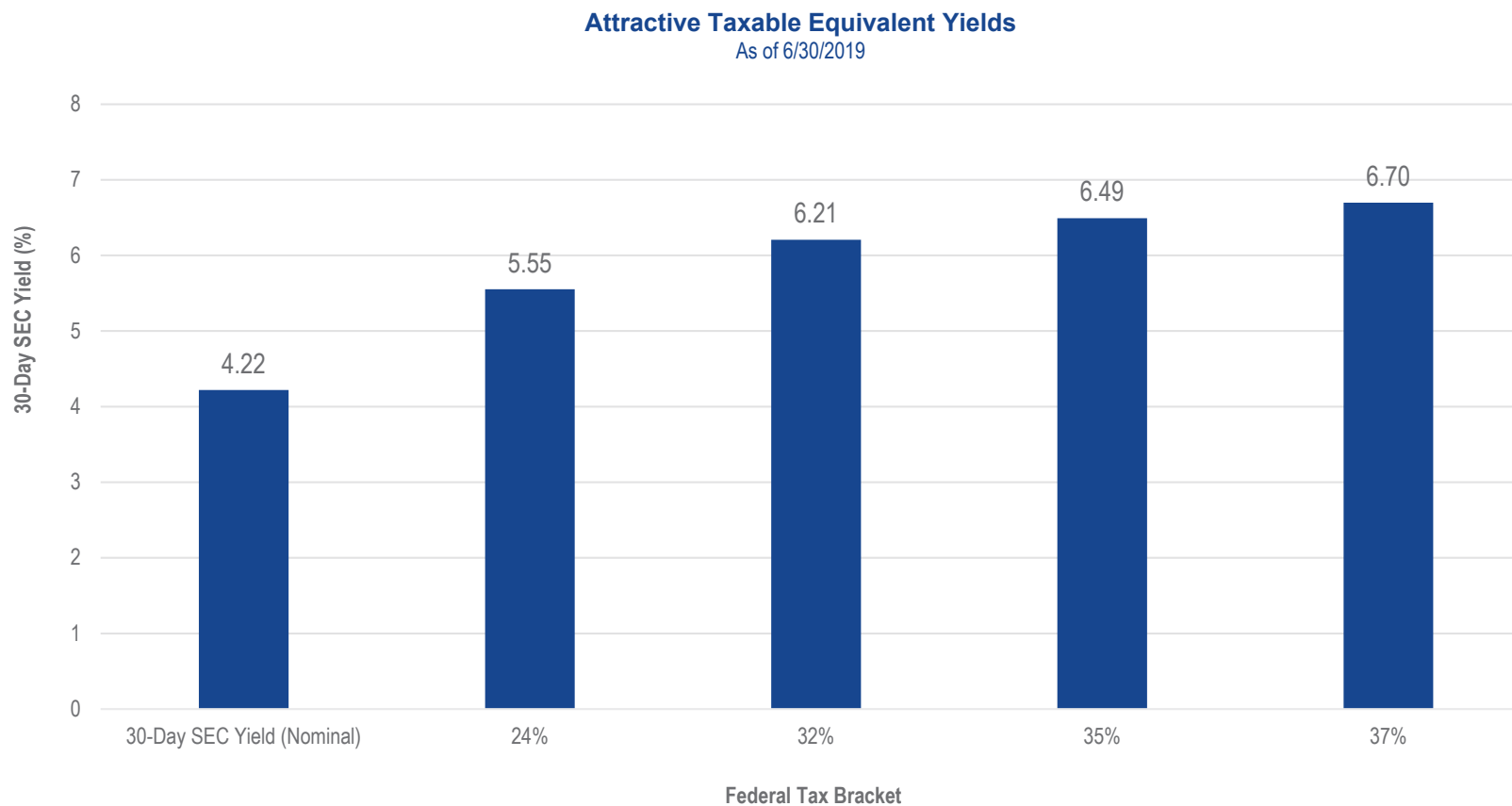
Reduced single fund risk with a portfolio of CEFs managed by leading active fixed income managers

## The discount advantage

Index assigns a greater weight to CEFs trading at discounts, potentially enhancing yield and the opportunity for capital appreciation

Source: VanEck. As of 6/30/2019.

# Attractive taxable equivalent yields



Sources: VanEck. As of 6/30/2019. In the absence of temporary waivers or reimbursements, the 30-Day SEC Yield would have been 4.14% on 6/30/2019. See disclaimers at the end of this presentation.



# XMPT performance



<b>XMPT Performance History (%) as of 6/30/2019</b>	<b>YTD</b>	<b>1YR</b>	<b>3YR</b>	<b>5YR</b>	<b>LIFE 7/12/2011</b>	<b>30-Day SEC Yield</b>
NAV	14.78	12.02	2.08	6.30	6.67	
Share Price	15.03	11.53	1.80	5.95	6.29	4.22
CEFMX Index	15.37	11.55	1.78	5.99	6.32	

## Fees and Expenses (%)<sup>1</sup>

Management Fee	0.40
Other Expenses	0.10
AFFE	1.16
Gross Expense Ratio	1.66
Fee Waiver/Reimbursement	-0.10
Net Expense Ratio	1.56

Source: VanEck.

In the absence of temporary expense waivers or reimbursements, the 30-Day SEC Yield for XMPT would have been 4.14% on 6/30/2019. Expenses for XMPT are capped contractually at 0.40% until 09/01/2019. Cap excludes acquired fund fees and expenses, interest expense, trading expenses, taxes and extraordinary expenses. Van Eck does not offer tax advice. Consult your own tax advisor about the potential tax consequences on an investment in a fund under all applicable laws. **XMPT Fees & Expenses:** "Acquired Fund Fees and Expenses" reflect the Fund's pro rata portion of the expenses charged by the Underlying Funds (as defined herein). These expenses are based on the total expense ratio disclosed in each Underlying Fund's most recent shareholder report. Because Acquired Fund Fees and Expenses are not borne directly by the Fund, they will not be reflected in the expense information in the Fund's financial statements and the information presented in the table will differ from that presented in the Fund's financial highlights, when available. Van Eck Associates Corporation (the "Adviser") has agreed to waive fees and/or pay Fund expenses to the extent necessary to prevent the operating expenses of the Fund (excluding interest expense, offering costs, trading expenses, taxes, extraordinary expenses and Acquired Fund Fees and Expenses) from exceeding 0.40% of the Fund's average daily net assets per year until at least 09/01/2019. During such time, the expense limitation is expected to continue until the Fund's Board of Trustees acts to discontinue all or a portion of such expense limitation. TER, or Total Expense Ratio, is also referred to as "Net Expense Ratio".

The table presents past performance which is no guarantee of future results and which may be lower or higher than current performance. Returns reflect applicable fee waivers and/or expense reimbursements. Had the Fund incurred all expenses and fees, investment returns would have been reduced. Investment returns and Fund share values will fluctuate so that investor's shares, when redeemed, may be worth more or less than their original cost. Fund returns assume that dividends and capital gains distributions have been reinvested in the Fund at NAV. Index returns assume that dividends of the Index constituents in the Index have been reinvested. **Investing involves risk, including loss of principal. Please call [800.826.2333](tel:800.826.2333) or visit [vaneck.com](http://vaneck.com) for performance current to the most recent month ended.**

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# Material differences between asset classes

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The "Current Yields" chart displays current yields on a tax-equivalent basis and compares such yields to other asset classes.

Fixed income investments have interest rate risk, which refers to the risk that bond prices generally fall as interest rates rise and vice versa. U.S. government bonds are guaranteed by the full faith and credit of the United States government. Municipal bonds are not guaranteed by the full faith and credit of the United States and carry the credit risk of the issuer. Municipal bonds are exempt from federal taxes and often state and local taxes. U.S. Treasuries are exempt from state and local taxes, but subject to federal taxes.

# ETF disclosure



Diversification does not assure profit nor protect against a loss.

S-Network Municipal Bond Closed-End Fund Index<sup>SM</sup> is calculated and maintained by S-Network Global Indexes, Inc. S-Network does not sponsor, endorse, or promote the Fund and bears no liability with respect to the Fund or any security.

Any indices listed are unmanaged indices and include the reinvestment of all dividends, but do not reflect the payment of transaction costs, advisory fees or expenses that are associated with an investment in a fund. An index's performance is not illustrative of a fund's performance. Indices are not securities in which investments can be made.

ETF NAVs are determined at the close of each business day, and represent 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. ETF investors should not expect to buy or sell shares at NAV. Performance current to the most recent month end available by calling 800.826.2333 or by visiting [vaneck.com](http://vaneck.com).

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.

VanEck Vectors CEF Municipal Income ETF's (the "Fund") performance, because it is a fund of funds, is dependent on the performance of the Underlying Funds. The Fund is subject to the risks of the Underlying Funds' investments, and the Fund's shareholders will indirectly bear the expenses of the Underlying Funds. In addition, at times certain segments of the market represented by the Underlying Funds may be out of favor and underperform other segments. The shares of a closed-end fund may trade at a discount or premium to its net asset value ("NAV"). Additionally, the securities of closed-end investment companies in which the Fund will invest may be leveraged. As a result, the Fund may be indirectly exposed to leverage through an investment in such securities. An investment in securities of closed-end investment companies that use leverage may expose the Fund to higher volatility in the market value of such securities and the possibility that the Fund's long-term returns on such securities (and, indirectly, the long-term returns of the shares) will be diminished. Investment in the underlying funds may be subject to municipal securities risk, high-yield securities risk, fixed-income securities risk, tax risk, liquidity risk, leverage risk and anti-takeover measures risk. A portion of the dividends you receive may be subject to the federal alternative minimum tax (AMT). There is no guarantee that Fund's income will be exempt from federal, state or local income taxes, and changes in those tax rates or in alternative minimum tax or in the tax treatment of municipal bonds may make them less attractive as investments and cause them to lose value. **For a more complete description of these and other risks, please refer to the Fund's prospectus and summary prospectus.**

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](http://vaneck.com). Please read the prospectus and summary prospectus carefully before investing.

# ETF disclosure

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# Index definitions

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Each index listed is unmanaged and the returns include the reinvestment of all dividends, but do not reflect the payment of transaction costs, advisory fees or expenses that are associated with an investment in any fund. An index's performance is not illustrative of a fund's performance. You cannot invest in an index. Certain indices may take into account withholding taxes.

**S-Network Municipal Bond Closed-End Fund Index (CEFMXTR):** The index is comprised of municipal bond closed-end funds listed in the United States that are principally engaged in asset management processes designed to produce federally tax-exempt annual yield. S-Network Municipal Bond Closed-End Fund Index<sup>SM</sup> is calculated and maintained by S-Network Global Indexes, Inc.

**S&P National AMT-Free Municipal Bond Index (SPMUNUST):** The S&P National AMT-Free Municipal Bond Index is a broad, comprehensive, market value-weighted index designed to measure the performance of the investment-grade tax-exempt U.S. municipal bond market. Bonds issued by U.S. territories, including Puerto Rico, are excluded from this index.