

April 6, 2017

---



Access the opportunities.

## **Tax-Exempt Advantages Shall Prevail**

**Jim Colby,**  
Senior Municipal Strategist/Portfolio Manager

---

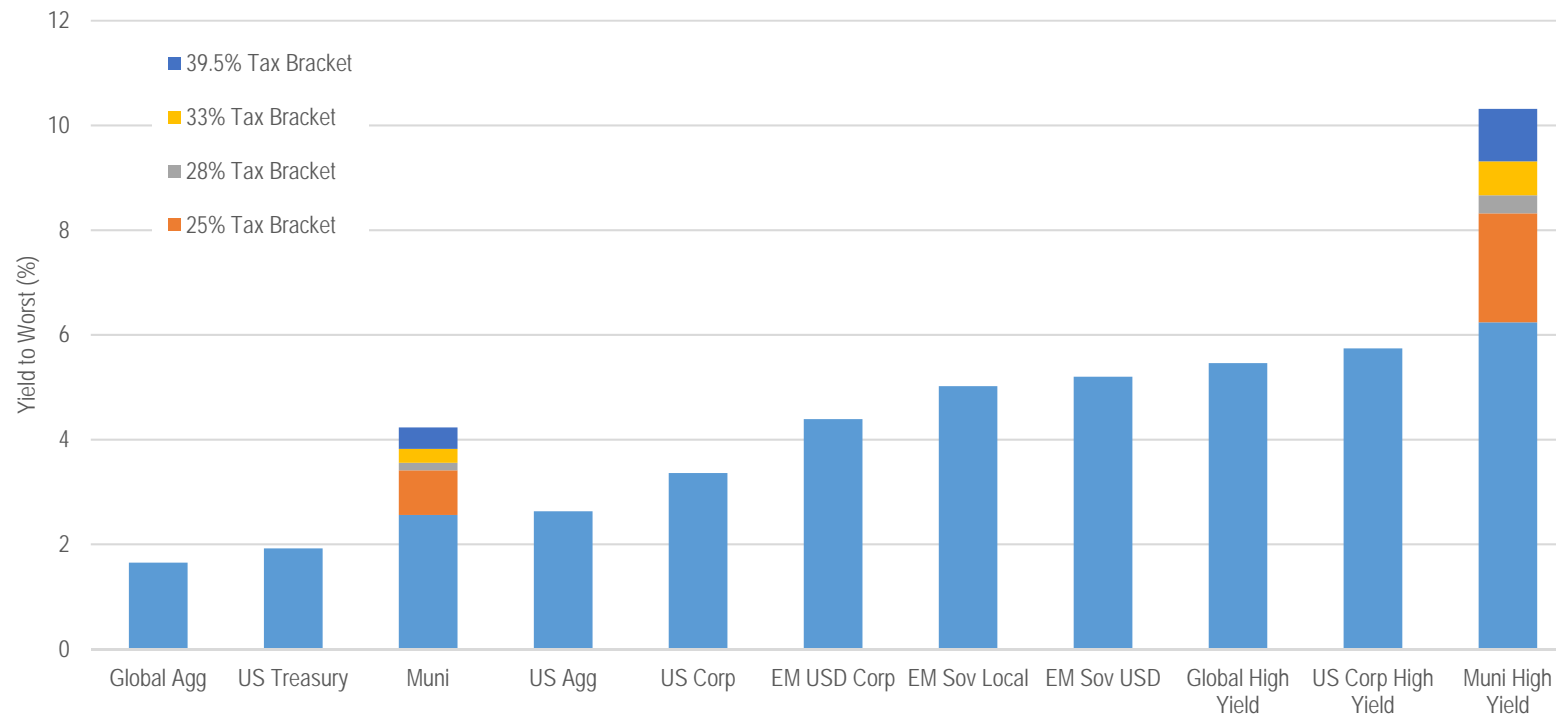
# Municipals retain investor favor



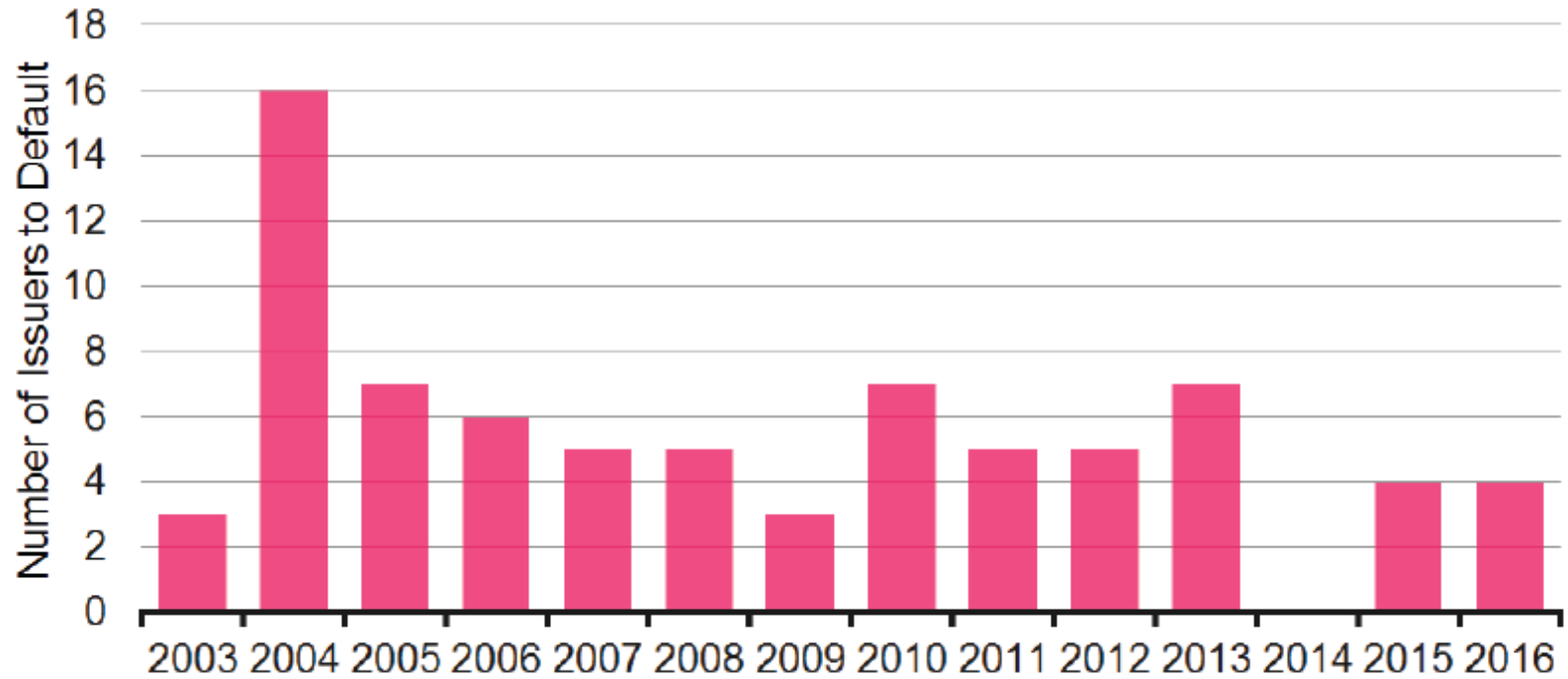
# Compelling income comparison



Comparative Index Yields



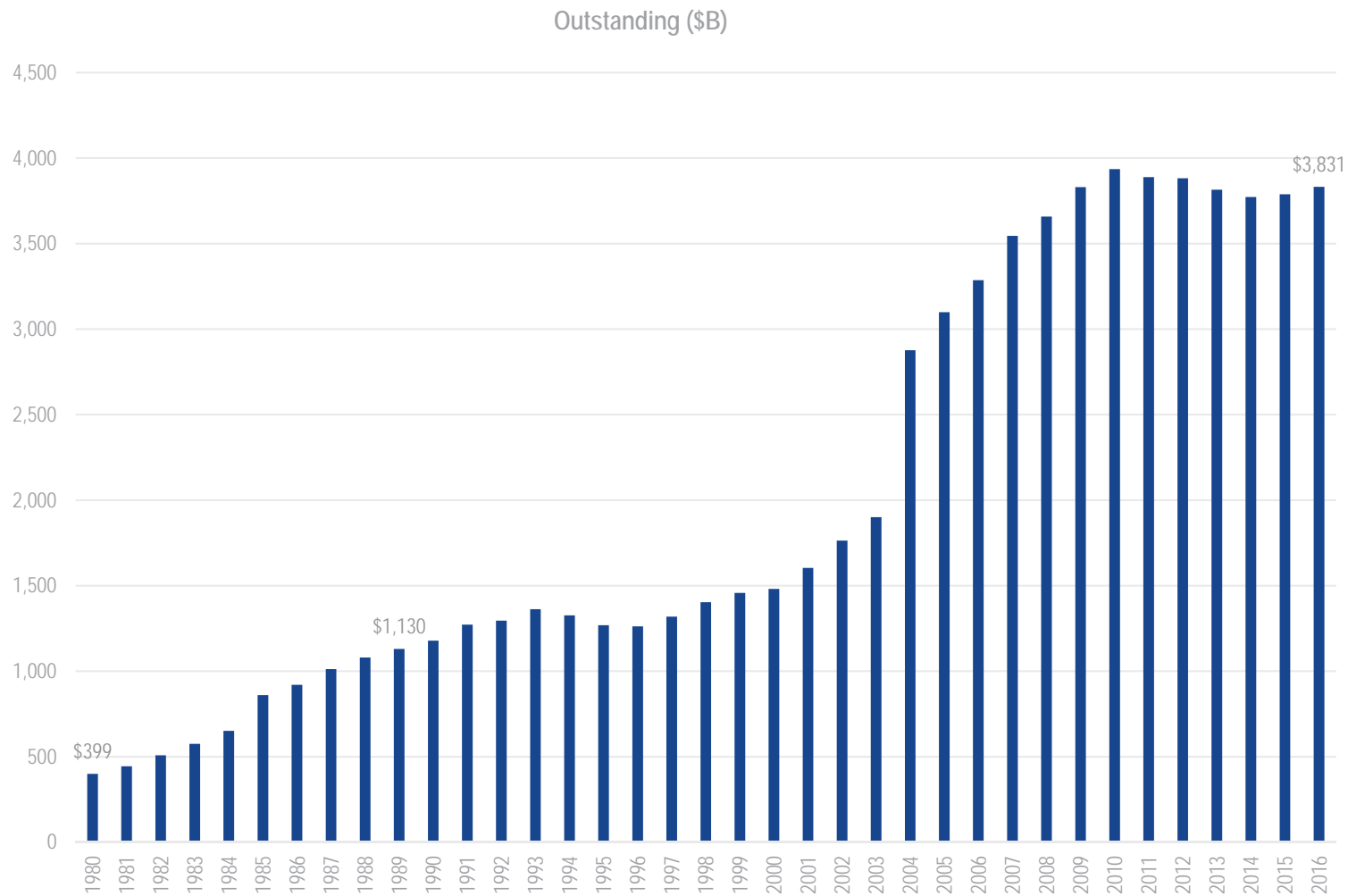
# Low defaults rates



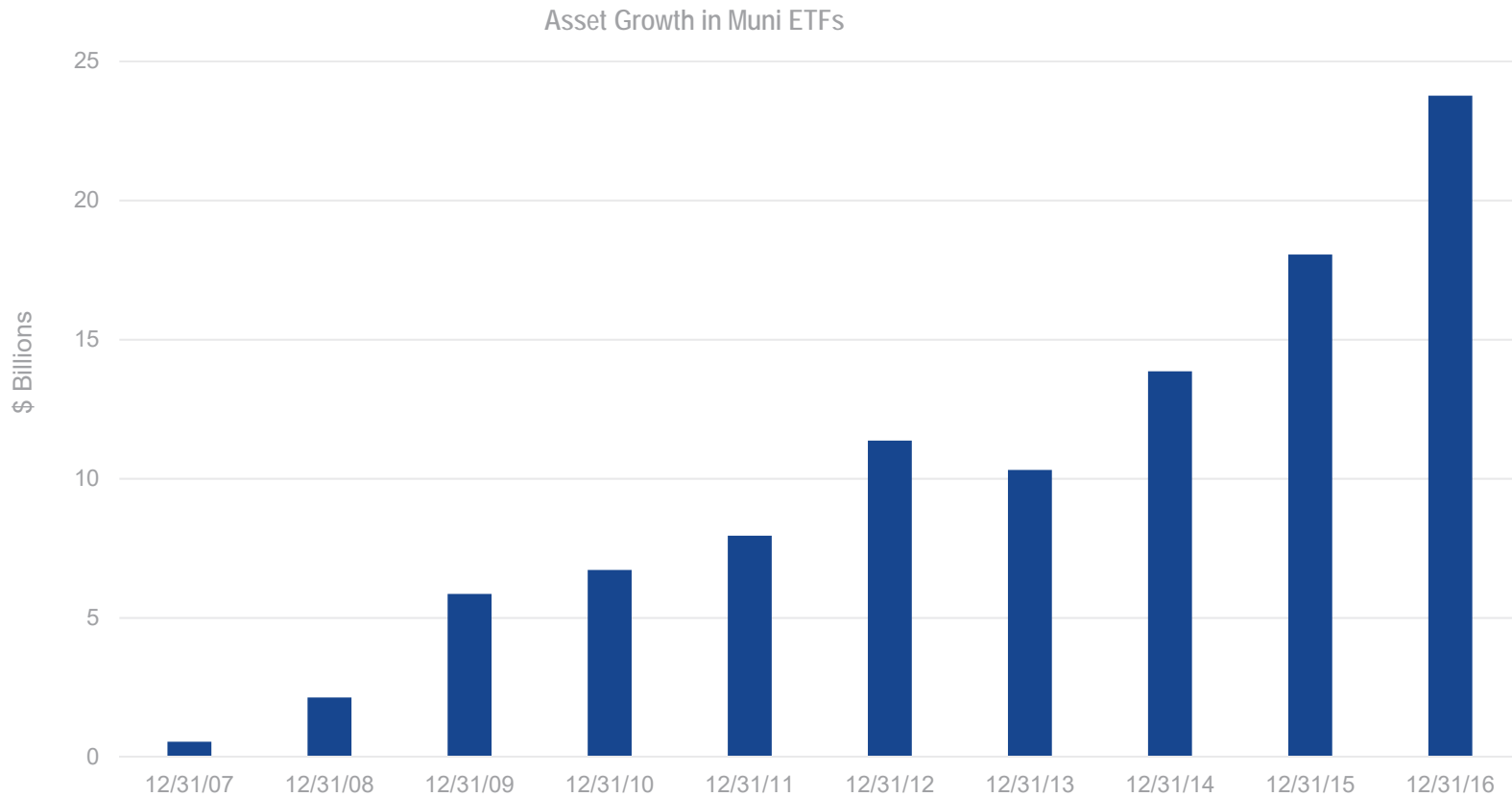
Source: Moody's Investors Service

BloombergBriefs.com

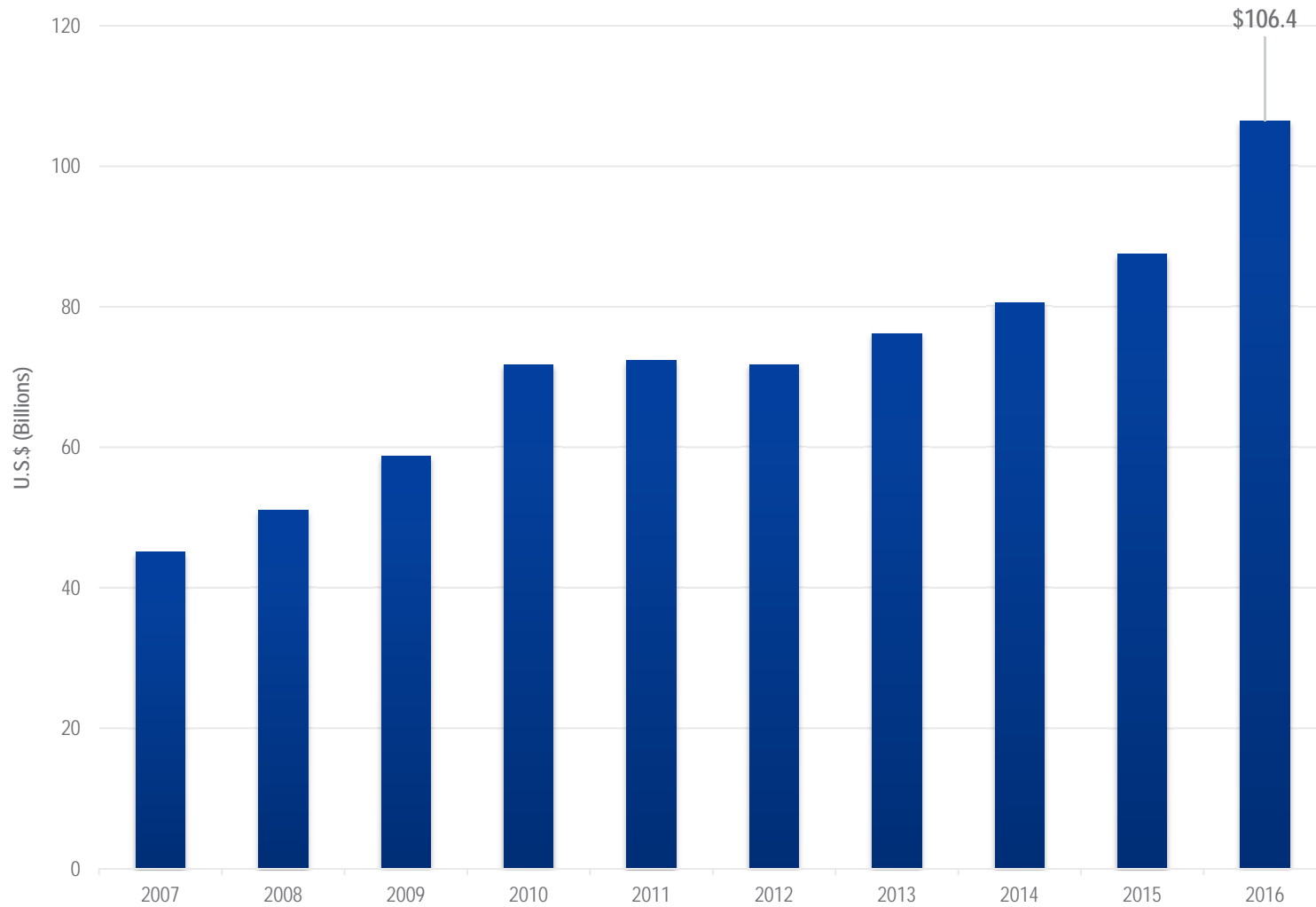
# Maturing market



# Growing assets in ETFs



# Foreign interest increasing



---

# Potential impact of higher rates and lower taxes

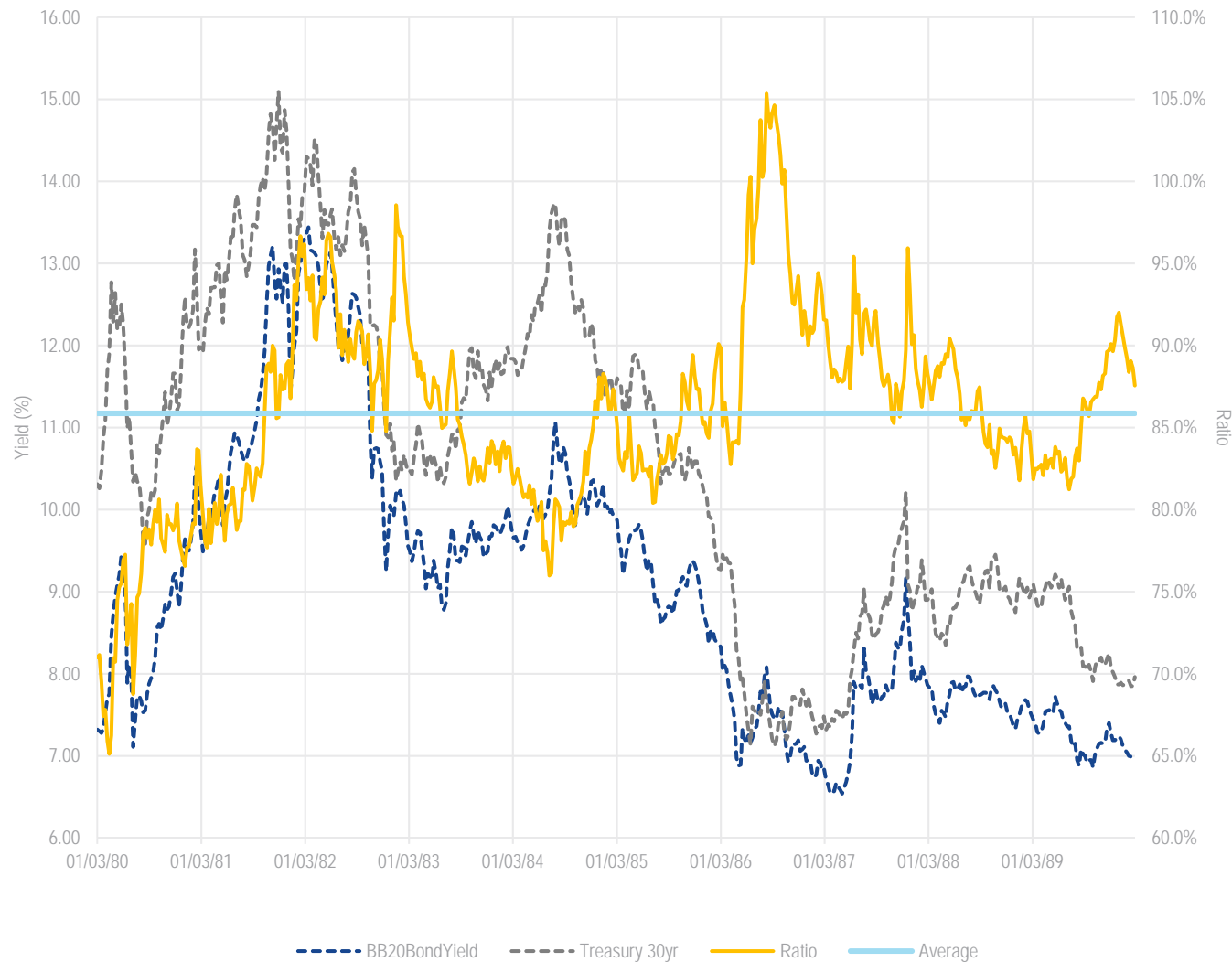




# Muni / U.S. Treasury ratio 1980-1989



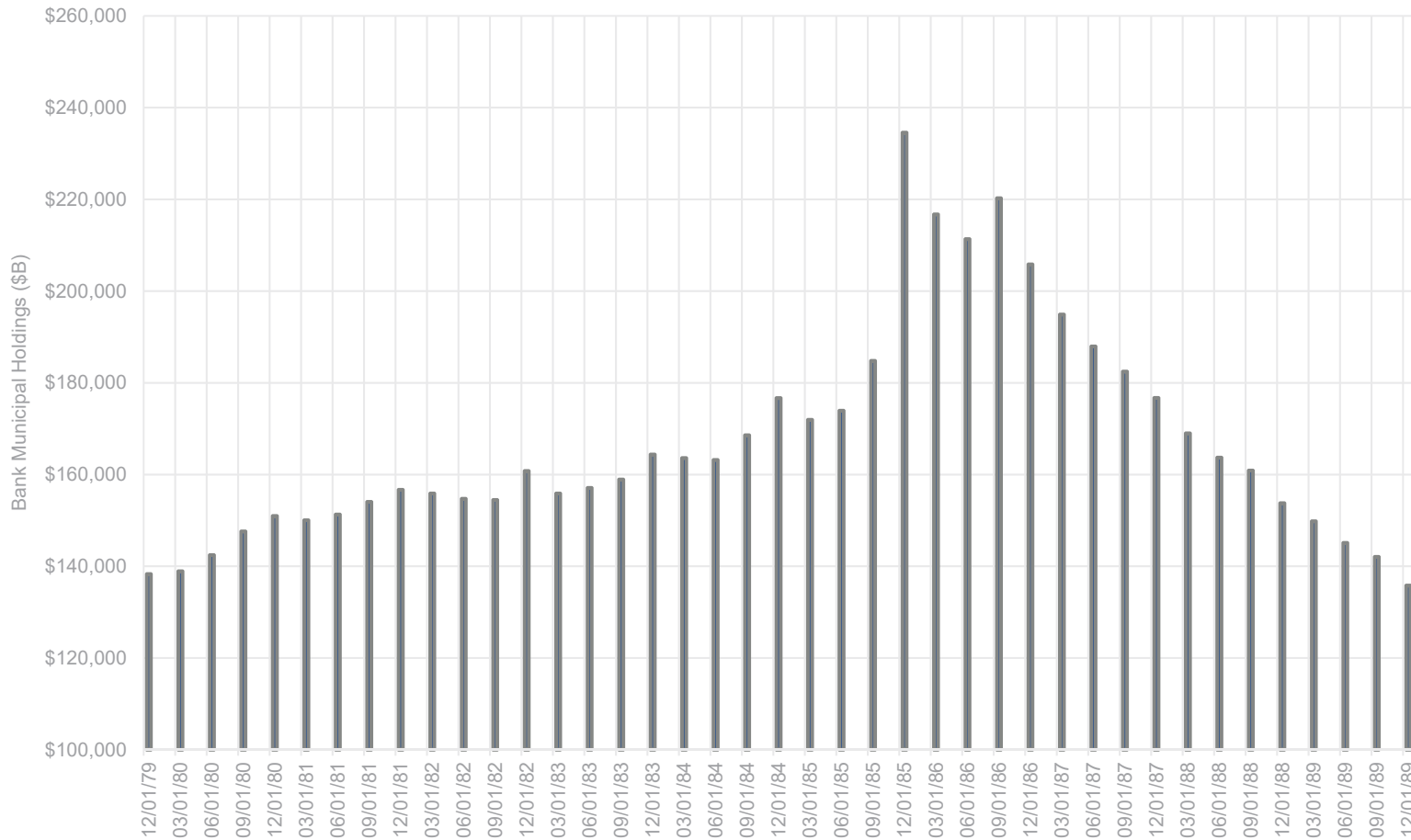
Bond Buyer 20 GO and Treasury 30-Year Yields and Ratio: 1980 to 1989



# Bank ownership 1979-1989



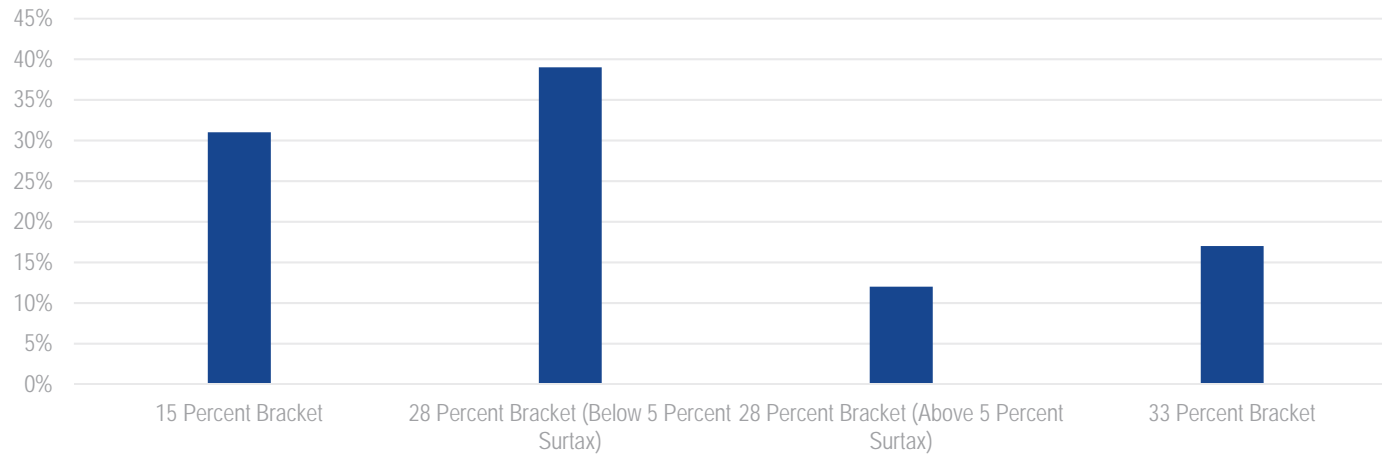
Bank (\$B) Ownership of Municipals: 4Q79 to 4Q89  
1986 Tax Reform Impacted Bank Holdings



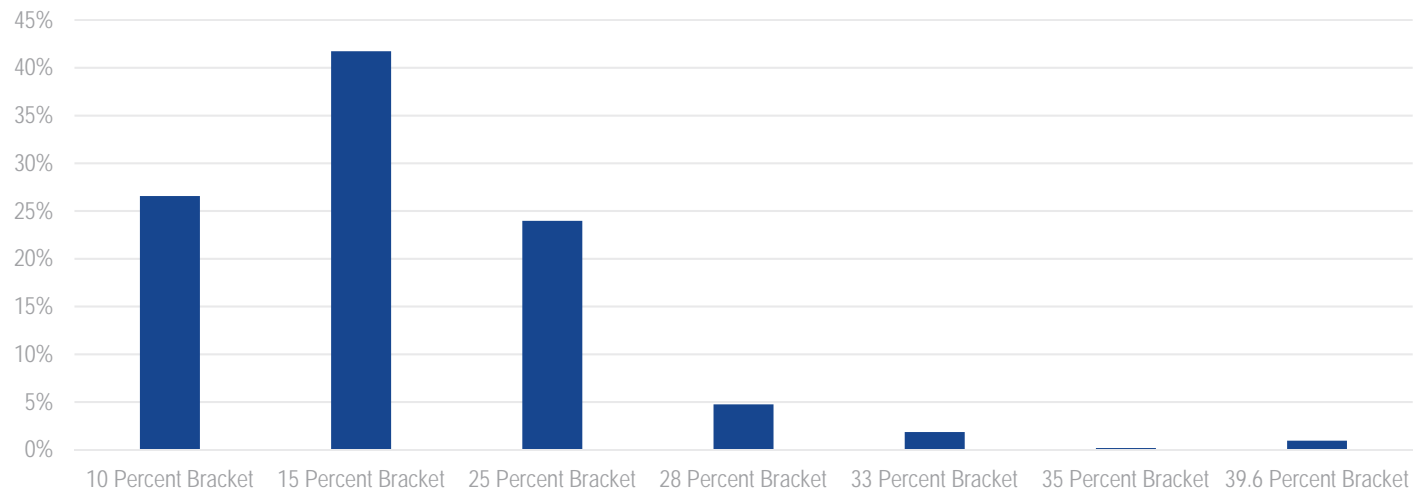
# Filers by tax bracket



1988-1989 Tax Year



2014-2015 Tax Year

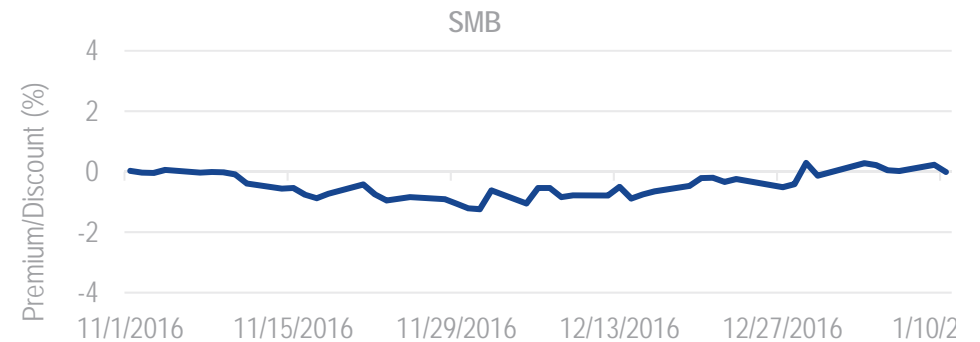
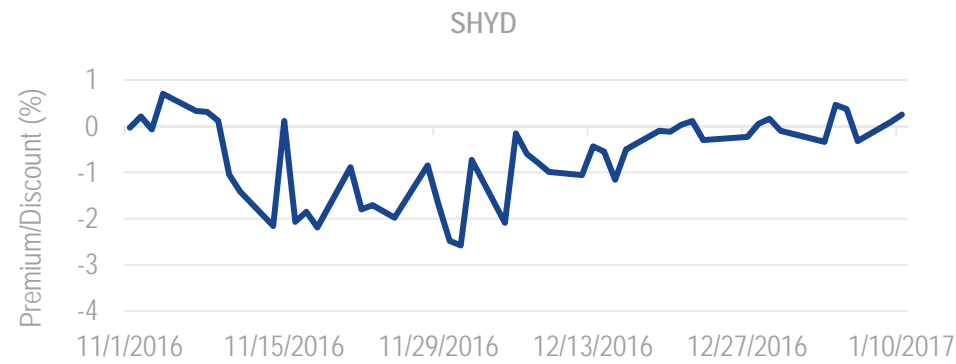
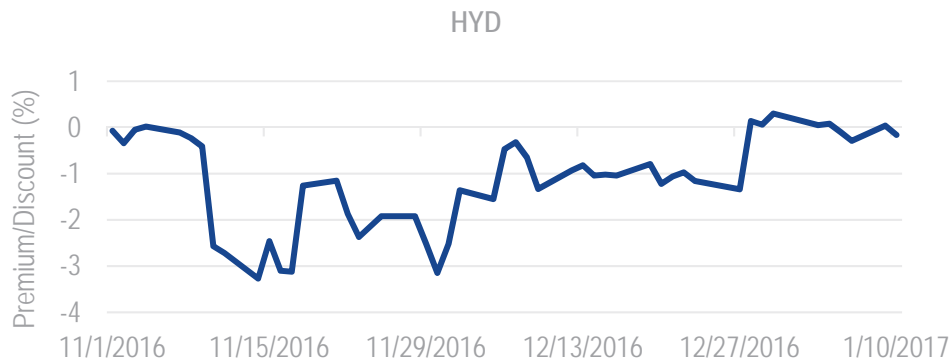


---

# Municipal ETF behavior in times of market stress



# Discounts prevalent in credit



As of 1/10/17

# ETF structure has been resilient



(Oct 07, 2016 - Nov 07, 2016; HYD)

Symbol	Market		Trading			Pricing				Liquidity		Average Size		
	Share	Consolidat	Dollar	Intraday	Daily	Close	VWAP	Range	% Range	Spread	% Spread		Bid Size	Ask Size
HYD	7.70%	11,880,822	\$375,889,965	3.00%	0.20%	\$31.43	\$31.64	\$0.68	2.10%	\$0.01	0.05%	2,704	3,913	3,308

(Nov 07, 2016 - Dec 07, 2016; HYD)

Symbol	Market		Trading			Pricing				Liquidity		Average Size		
	Share	Consolidat	Dollar	Intraday	Daily	Close	VWAP	Range	% Range	Spread	% Spread		Bid Size	Ask Size
HYD	6.80%	36,793,627	\$1,080,134,314	10.10%	0.90%	\$29.59	\$29.36	\$3.18	10.80%	\$0.02	0.08%	1,360	1,661	1,510

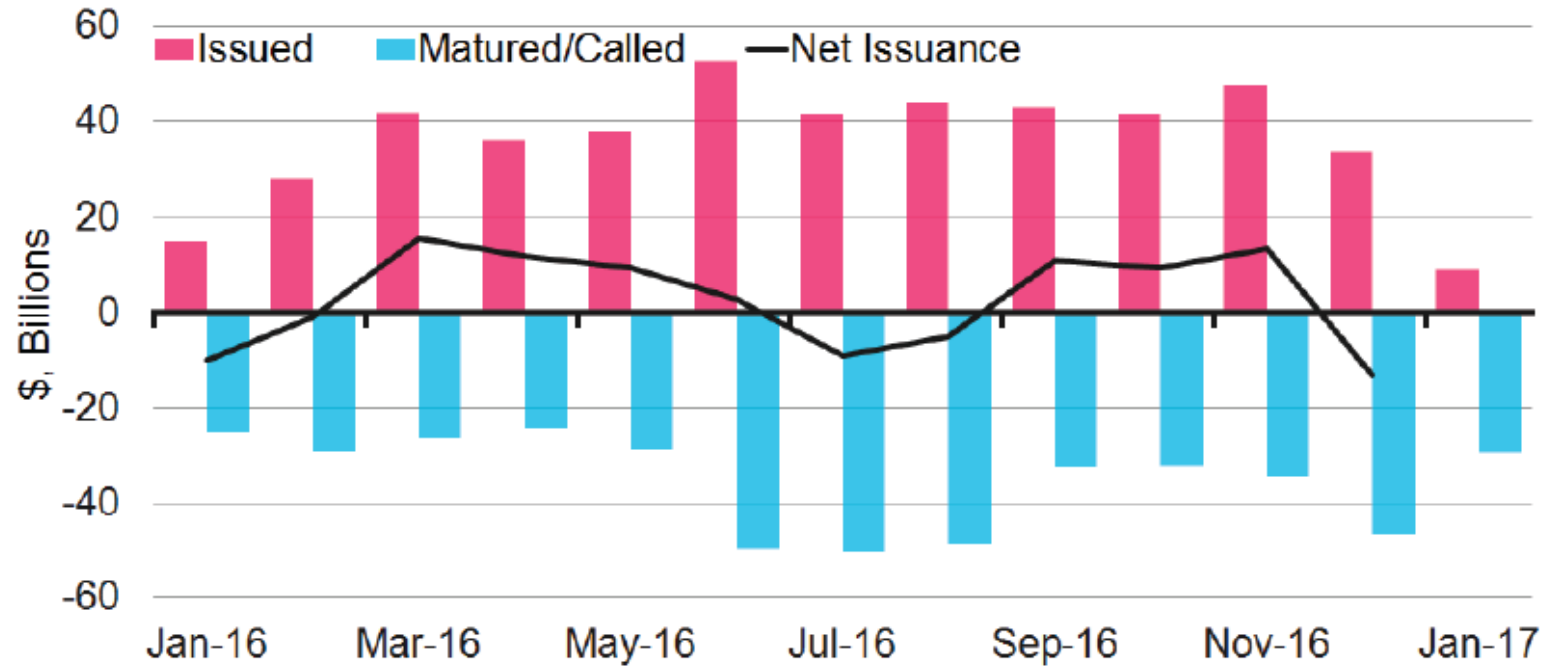


---

# VanEck's 2017 municipal market outlook



# Issuance



Source: Bloomberg

BloombergBriefs.com



# Relative value



Ratio of AAA Muni Index to 10-Year U.S. Treasury Yield to Worst



Ratio of Muni High Yield Index to U.S. Corporate High Yield Index Yield to Worst

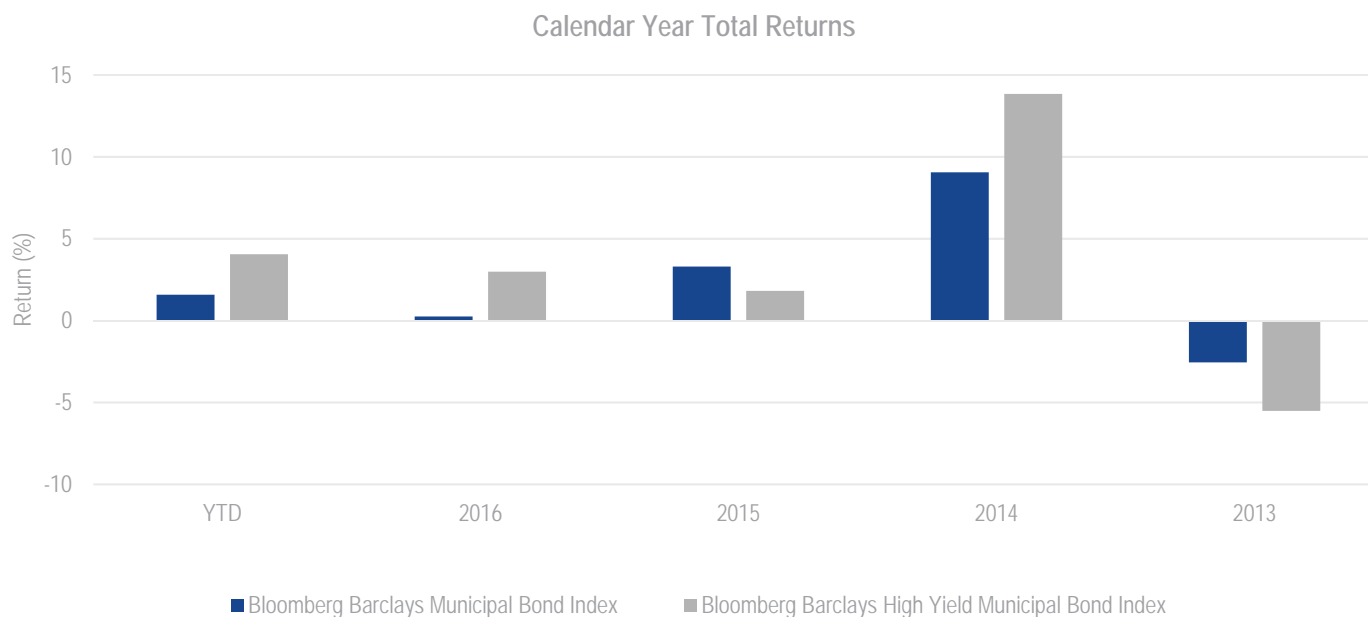


# Performance



## Performance History (%) as of 3/31/2017

	QTD	YTD	1YR	2YR	3YR	5YR
Bloomberg Barclays Municipal Bond Index	1.58	1.58	0.15	2.05	3.55	2.75
Bloomberg Barclays High Yield Municipal Bond Index	4.06	4.06	4.31	3.88	5.46	3.58

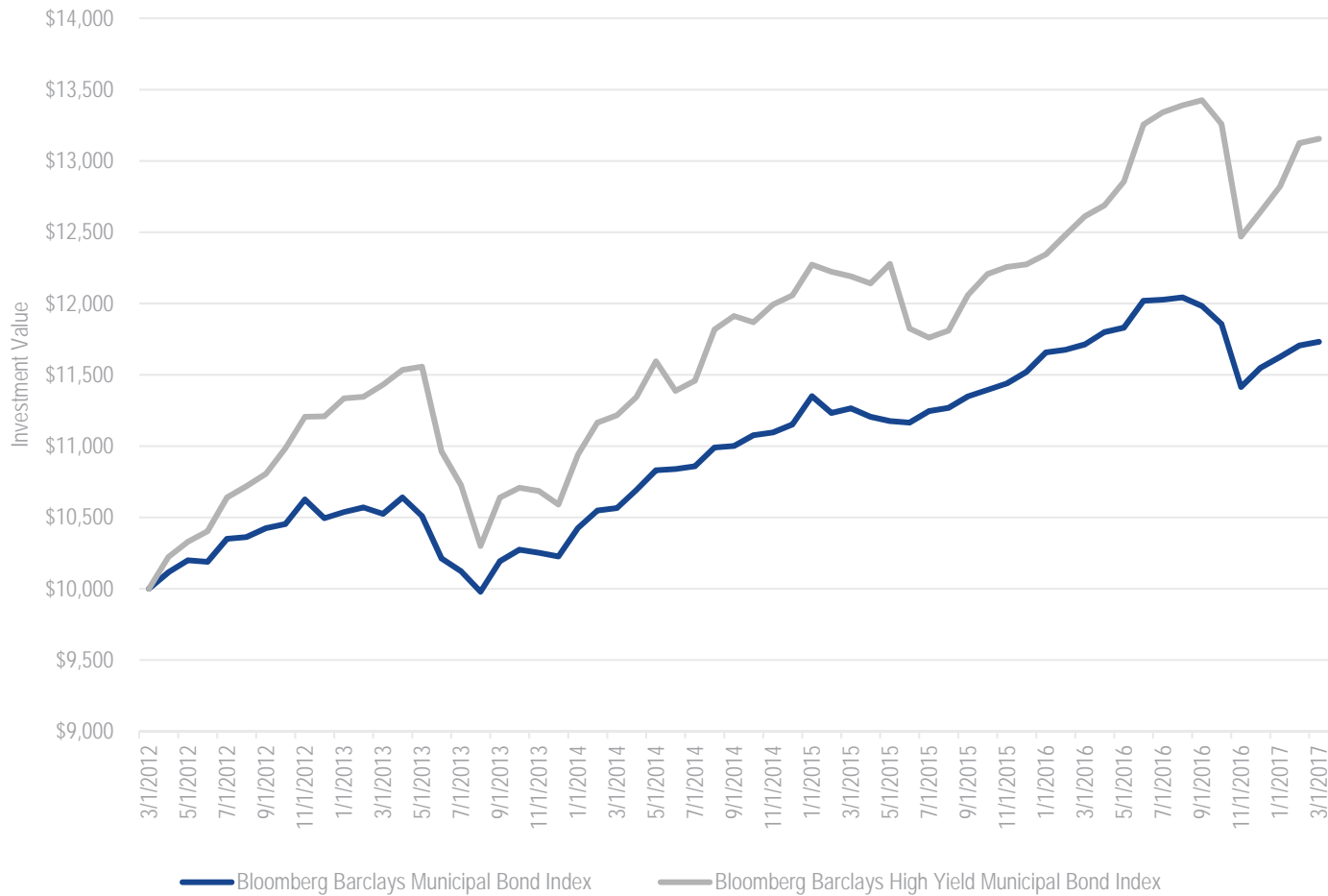


Performance data quoted represents past performance which is no guarantee of future results and which may be lower or higher than current performance. All indices are unmanaged and include the reinvestment of all dividends, but do not reflect the payment of transaction costs, advisory fees or expenses that are associated with an investment in the Fund. An index's performance is not illustrative of the Fund's performance. Indices are not securities in which investments can be made.

# Performance



Growth of \$10,000 as of 3/31/2017



Performance data quoted represents past performance which is no guarantee of future results and which may be lower or higher than current performance. All indices are unmanaged 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 the Fund. An index's performance is not illustrative of the Fund's performance. Indices are not securities in which investments can be made.