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## **The Importance of Flexibility in the Municipal Bond ETF Space.**

Today's interest rate environment puts a premium on flexibility - something not all bond strategies offer. That ability to evolve with the times is particularly important when it comes to municipal bonds.

The VanEck Vectors Municipal Allocation ETF (Cboe: MAAX) is up to the challenge.

MAAX is based off a proprietary model that incorporates momentum, along with both duration and credit risk indicators, to tactically allocate among selected VanEck Vectors Municipal Bond ETFs, which cover the full range of the risk/return spectrum in the muni market and includes five VanEck Vectors Municipal Bond ETF options.

"In late February, MAAX identified a higher interest rate risk. The Fund responded by reducing its interest rate sensitivity. It sold 10% of long duration bonds and re-allocated the proceeds to short duration bonds. The model effectively warned that higher interest rates were coming. The chart below illustrates the move in the yield of the 10-Year U.S. Treasury, which reached 1.74% last month. MAAX reduced duration when the yield was approximately 1.40%," notes VanEck portfolio manager David Schassler.

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