**Tracking Error Notes for Explaining Performance**

For Mackay’s High Yield ETF (HYLV)

Tracking error of the ETF NAV … Shares vs. Index

Tracking error of the ETF fund … Bond portfolio vs index

Performance is performance

There are two ways to show the tracking error of the Fund vs. the Index

1. Ex-post Tracking Error = The standard deviation of **historical** (account – benchmark) relative excess returns
2. Ex-anti Tracking Error = The standard deviation of **projected** (account – benchmark) relative excess returns