

# Neutral Until More Clarity

## VanEck NDR Managed Allocation Fund Review

By David Schassler, Portfolio Manager

NDRMX / NDRUX / NDRYX

### Overview

The VanEck NDR Managed Allocation Fund (the “Fund”) returned -1.59% in October versus -1.60% for its blended 60/40 benchmark.

The Fund’s top-level asset allocation positioning, with its 20% overweight to equities, detracted from performance as global stocks underperformed U.S. bonds. The MSCI All Country World Index returned -2.43% and the Bloomberg Barclays US Aggregate Bond Index returned -0.45%. However, the Fund’s regional equity positioning more than offset the negative performance from the equity overweight. The Fund maintained significantly overweight positions in the U.S. and the Emerging Markets, both of which outperformed most global equities indices. U.S. equities, as measured by the Russell 3000 Index, returned -2.16% and Emerging Markets, as measured the MSCI Emerging Markets Index, returned an impressive +2.06%. Within the U.S., the Fund was overweight both growth and value, and large-cap and small-cap stocks. Last month, value outperformed growth and small cap outperformed large cap.

### Average Annual Total Returns (%) as of October 31, 2020

	1 Mo <sup>†</sup>	YTD <sup>†</sup>	1 Year	3 Year	Since Inception
Class A: NAV (Inception 5/11/16)	-1.59	-4.23	-0.72	-0.05	3.89
Class A: Maximum 5.75% load	-7.25	-9.74	-6.42	-2.00	2.52
60% MSCI ACWI/40% Bloomberg Barclays US <sup>1</sup> Agg.	-1.60	2.70	6.41	6.07	7.91
Morningstar Tactical Allocation Category (average) <sup>2</sup>	-1.46	-1.74	1.54	2.24	4.33

### Average Annual Total Returns (%) as of September 30, 2020

	1 Mo <sup>†</sup>	YTD <sup>†</sup>	1 Year	3 Year	Since Inception
Class A: NAV (Inception 5/11/16)	-2.58	-2.68	2.14	1.13	4.34
Class A: Maximum 5.75% load	-8.18	-8.28	-3.73	-0.85	2.95
60% MSCI ACWI/40% Bloomberg Barclays US <sup>1</sup> Agg.	-1.91	4.37	10.06	7.09	8.47
Morningstar Tactical Allocation Category (average) <sup>2</sup>	-2.38	-0.42	3.92	3.30	4.77

<sup>†</sup>Returns less than a year are not annualized.

Expenses: Class A: Gross 2.03%; Net 1.32%. Expenses are capped contractually until 05/01/21 at 1.15% for Class A. Caps excluding acquired fund fees and expenses, interest, trading, dividends, and interest payment of securities sold short, taxes, and extraordinary expenses.

**The tables present 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 net asset value (NAV). An index’s performance is not illustrative of the Fund’s performance. Indices are not securities in which investments can be made. Index returns assume that dividends of the Index constituents in the Index have been reinvested.**

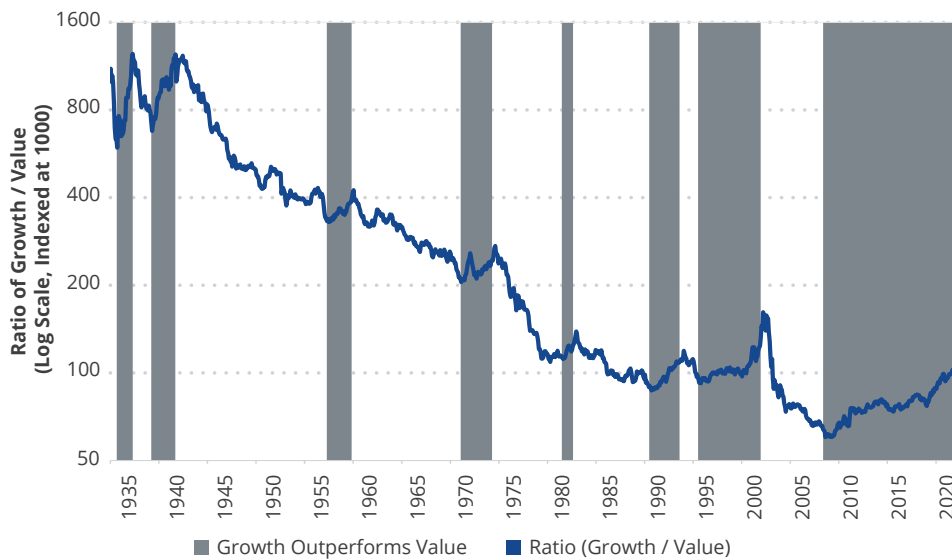
All weighting comparisons are relative to the blended benchmark (60% MSCI ACWI/40% Bloomberg Barclays US Agg.) or neutral allocation. This represents the starting allocation point absent an alternative recommendation once the model takes into consideration the indicators that yield the global tactical allocation model.

Please see additional information regarding benchmark and Morningstar category performance on last page.

Now that the elections are largely behind us, we can begin to assess the outcomes. As it was widely anticipated, Joseph Biden is now set to become the 46th President of the United States and will serve with a split congress. The markets have lauded a stop to the “Big Blue Wave” that would likely have seen significant increases to the corporate tax rates, higher tax rates for those with high incomes and more regulations. Investors should also consider that a split congress leaves the market more vulnerable to disappointments in much needed fiscal stimulus when COVID-19 cases are soaring across the globe.

The markets have also been celebrating an announcement from Pfizer that its vaccine trial showed 90% effectiveness in blocking the transmission of COVID-19. This great news reignited the great debate over growth versus value. The chart below demonstrates that we have been in the longest period of growth outperformance ever. Growth stocks have outperformed for the past decade as investors have flocked to companies offering growth potential in what was, prior to 2020, a long cycle with limited economic growth. Then came 2020 and the outperformance of growth accelerated as many technology companies benefited from the societal changes stemming from the COVID-19 pandemic. That trend may now be overextended. The price-to-earnings on the Russell 3000 Growth Index is an eye-popping 43 compared to 24 for the Russell 3000 Value Index. Now, with an anticipated vaccine in the not too distant future, investors are revisiting the value companies that are positioned to benefit from a return to normalcy. The Fund has benefited from its growth overweight for some time now, but in September it transitioned to a more balanced mix of both growth and value.

Vaccine May Lead to Rotation Back to Value

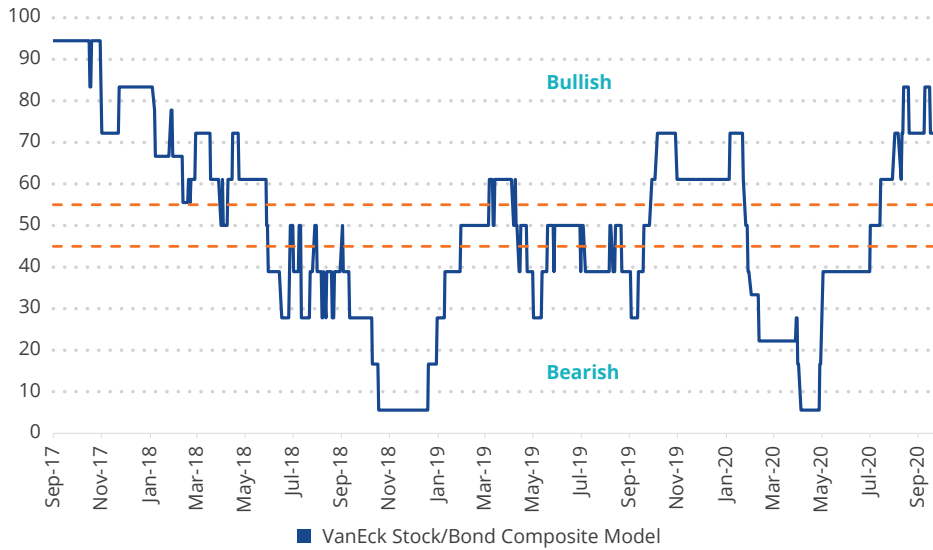


Source: Bloomberg. Data as of October 30, 2020. Charts are for illustrative purposes only. Past performance is not a guarantee of future results

### Weight-of-the-Evidence

The Fund entered November with a significant overweight to equities and reduced this exposure into the impressive rally that followed the post-election rally. Below is a chart of the NDR stock/bond composite. As you can see, this composite transitioned from bullish, with a score of 71 in the beginning of October, to neutral, with a score of 50 in November. The reasons for the change in score are defensive leadership within global equities, declining equity country breadth and negative price trends within global corporate high yield. These were all indications of increased near-term risks within the equity markets.

**Stock Signal Changes from Bullish to Neutral**  
NDR Stock/Bond Composite Indicator



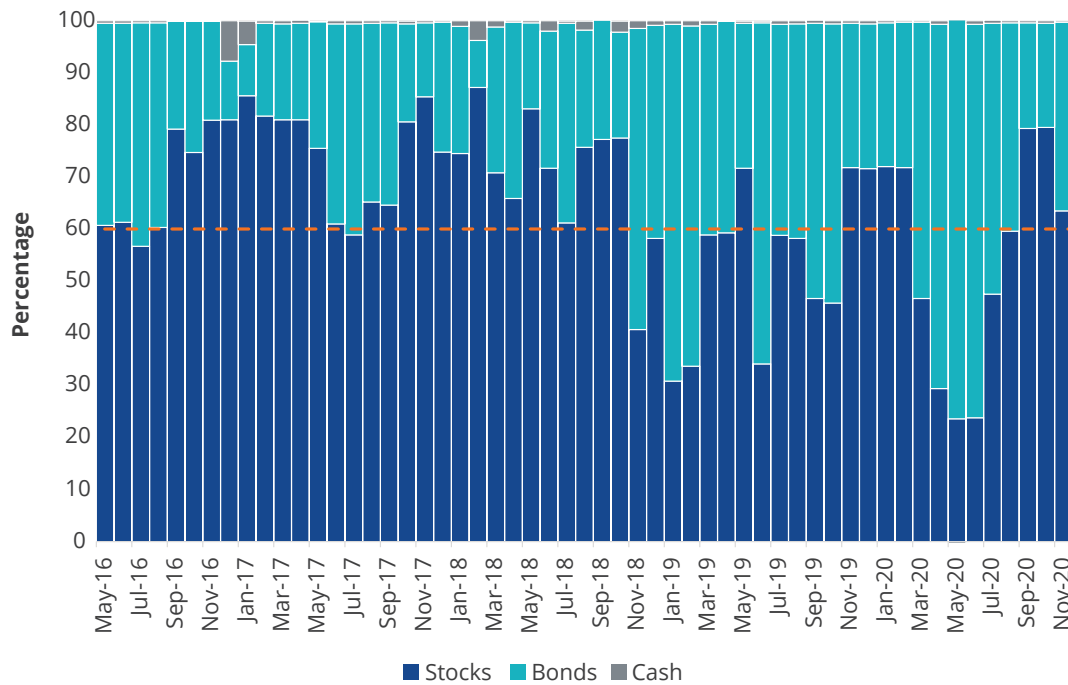
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The market is now in a precarious position. There is both a lot to be excited about and a lot to be worried about. Universally, the largest issue facing both the markets and humanity is the novel coronavirus. The Fund will continue to measure the risks in the market and seek to balance those risks with opportunities to make money.

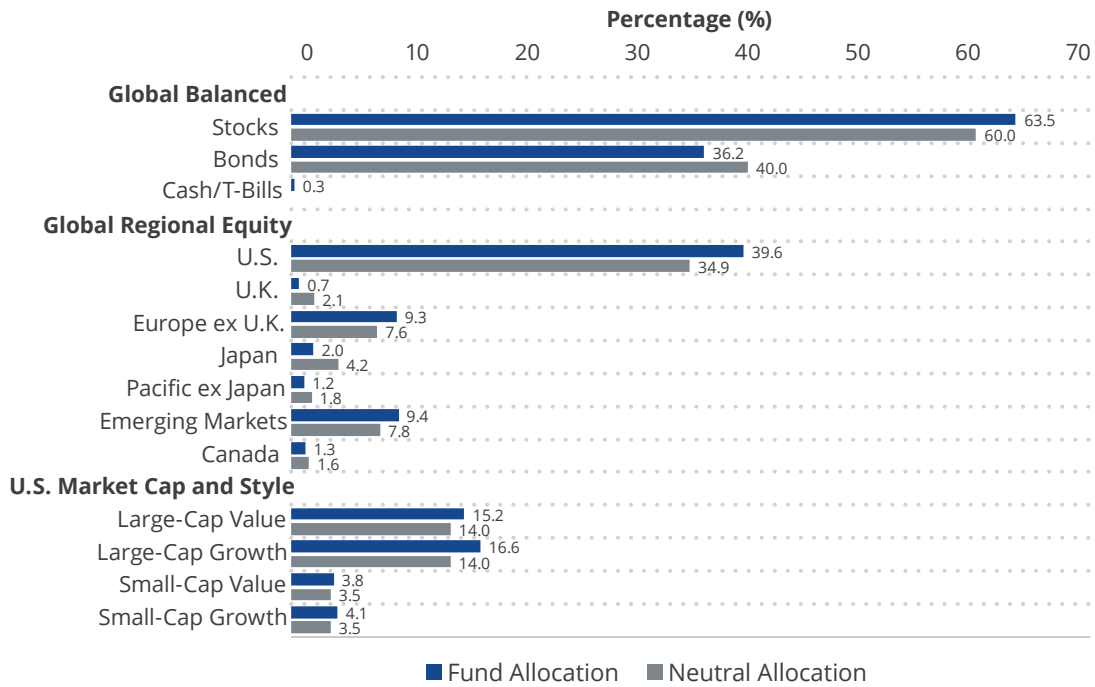
NDR Indicator Summary, November 2020

		Macro/Fundamental	Technical	Overall
<b>Stocks, Bonds, or Cash</b>	Stocks (vs. Bonds)	Bearish	Bullish	Neutral
	Bonds (vs. Cash)	Bullish	Bullish	Bullish
<b>Global Regional Equity</b>	U.S.	Bullish	Bullish	Bullish
	Canada	Bullish	Bearish	Neutral
	U.K.	Neutral	Bearish	Neutral
	Europe ex. U.K.	Bullish	Bullish	Bullish
	Japan	Bearish	Bearish	Bearish
	Pacific ex. Japan	Neutral	Neutral	Neutral
	Emerging Markets	Bullish	Bullish	Bullish
<b>U.S. Cap &amp; Style</b>	Large-Cap	Neutral	Neutral	Neutral
	Small-Cap	Neutral	Neutral	Neutral
	Growth	Neutral	Neutral	Neutral
	Value	Neutral	Neutral	Neutral

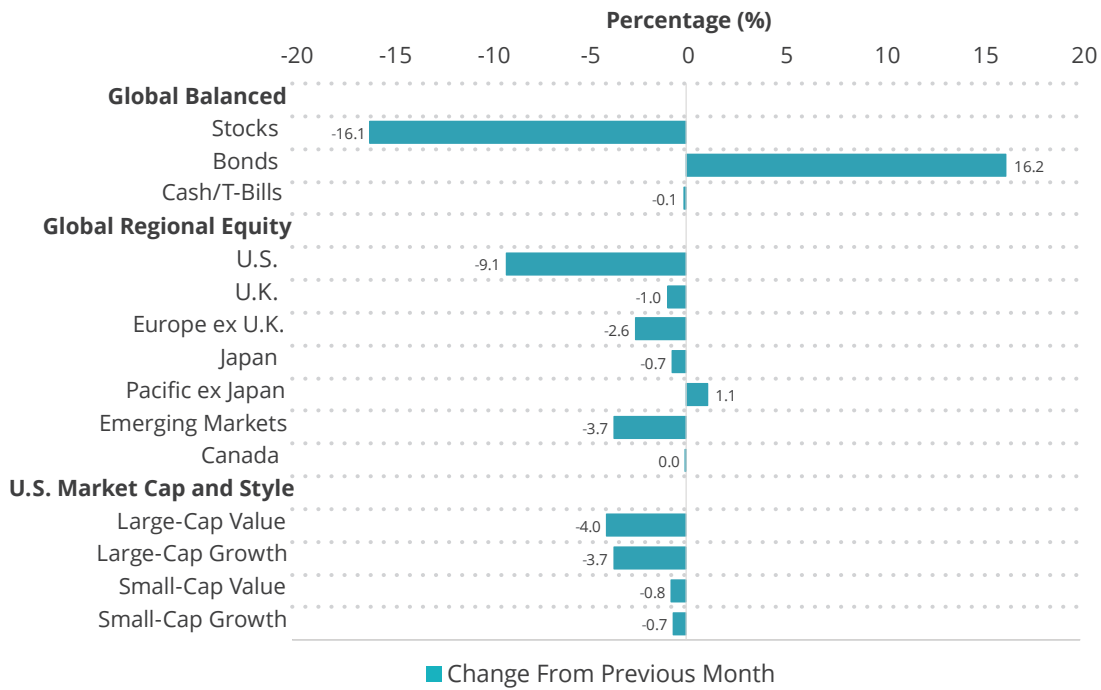
Allocations Since Inception



Asset Class Positioning vs. Neutral Allocation, November 2020



Asset Class Positioning Changes from Prior Month



<sup>1</sup> The Fund's benchmark is a blended unmanaged index created by the Van Eck Associates Corporation (the "Adviser") consisting of 60% MSCI All Country World Index (ACWI) and 40% Bloomberg Barclays US Aggregate Bond Index. The MSCI ACWI captures large- and mid-cap representation across both developed and emerging markets countries and covers approximately 85% of the global investable equity opportunity set. The Bloomberg Barclays US Aggregate Bond Index is a broad-based benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. This includes treasuries, government-related and corporate securities, mortgage-backed securities, asset-backed securities and collateralized mortgage-backed securities.

<sup>2</sup> Morningstar category averages are equal-weighted category (total) returns. The calculation is the average of the total returns for all funds in a given category. The standard category average calculation is based on constituents of the category at the end of the period. Total return reflects performance without adjusting for sales charges or the effects of taxation, but is adjusted to reflect all actual ongoing fund expenses and assumes reinvestment of dividends and capital gains. If adjusted, sales charges would reduce the performance quoted.

The Morningstar Tactical Allocation category includes portfolios that seek to provide capital appreciation and income by actively shifting allocations across investments. These portfolios have material shifts across equity regions, and bond sectors on a frequent basis. To qualify for the tactical allocation category, a fund must have minimum exposures of 10% in bonds and 20% in equity. Next, a fund must historically demonstrate material shifts in sector or regional allocations either through a gradual shift over three years or through a series of material shifts on a quarterly basis. Within a three-year period, typically the average quarterly changes between equity regions and bond sectors exceeds 15% or the difference between the maximum and minimum exposure to a single equity region or bond sector exceeds 50%. As of June 30, 2020, the Fund ranked 147 out of 244 funds for the 1 month period; 110 out of 244 funds for the YTD period; 105 out of 243 funds for the 1 Year period; 154 out of 226 funds for the 3 Year period; and 133 out of 220 funds since inception. As of October 31, 2020, the Fund ranked 134 out of 238 funds for the 1 month period; 136 out of 247 funds for the YTD period; 135 out of 237 funds for the 1 Year period; 174 out of 227 funds for the 3 Year period; and 149 out of 214 funds since inception.

Global stocks are measured by the MSCI ACWI and U.S. bonds are measured by the Bloomberg Barclays US Aggregate Bond Index. Large-cap stocks are measured by the Russell 1000 Index, an index of the largest 1,000 companies in the Russell 3000 Index. The Russell 1000 Index comprises over 90% of the total market capitalization of all listed U.S. stocks. Small-cap stocks are measured by the Russell 2000 Index, an index which measures the performance of the smallest 2,000 companies within the Russell 3000 Index. Value stocks are measured by the Russell 3000 Value Index, a market-capitalization weighted equity index based on the Russell 3000 Index, which measures how U.S. stocks in the equity value segment perform. Included in the Russell 3000 Value Index are stocks from the Russell 3000 Index with lower price-to-book ratios and lower expected growth rates. Growth stocks are measured by the Russell 3000 Growth Index, a market capitalization weighted index based on the Russell 3000 Index. The Russell 3000 Growth Index includes companies that display signs of above average growth. Companies within the Russell 3000 Index that exhibit higher price-to-book and forecasted earnings are used to form the Russell 3000 Growth Index. U.S. stocks are measured by the Russell 3000 Index which is a capitalization-weighted stock market index that seeks to be a benchmark of the entire U.S. stock market. It measures the performance of the 3,000 largest publicly held companies incorporated in America and is based on market capitalization. The MSCI Europe ex UK Index captures large and mid cap representation across developed markets (DM) countries in Europe. The MSCI Canada Index is designed to measure the performance of the large and mid cap segments of the Canada market. The MSCI Pacific ex Japan Index captures large and mid cap representation across developed markets (DM) countries in the Pacific region (excluding Japan). Emerging Markets stock are measured by the MSCI Emerging Markets Index which captures large and mid cap representation across emerging markets (EM) countries. The MSCI United Kingdom Index is designed to measure the performance of the large and mid cap segments of the UK market. The S&P 500® Index consists of 500 widely held common stocks, covering four broad sectors (industrials, utilities, financial and transportation). International stocks are measured by the MSCI EAFE captures large and mid cap representation across developed markets countries around the world, excluding the US and Canada. U.S. Dollar Index (DXY) indicates the general international value of the U.S. dollar. The DXY does this by averaging the exchange rates between the U.S. dollar and six major world currencies: Euro, Japanese yen, Pound sterling, Canadian dollar, Swedish kroner, and Swiss franc. Please note that 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. No part of this material may be reproduced in any form, or referred to in any other publication, without express written permission of VanEck.

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. Certain indices may take into account withholding taxes. An index's performance is not illustrative of the Fund's performance. Indices are not securities in which investments can be made. Results reflect past performance and do not guarantee future results.

You can lose money by investing in the Fund. Any investment in the Fund should be part of an overall investment program rather than a complete program. Because the Fund is a "fund-of-funds," an investor will indirectly bear the principal risks of the exchange-traded products in which it invests, including but not limited to, risks associated with cash and cash equivalents, debt securities, exchange traded products, exchange traded products' underlying investments, below investment grade securities, commodities and commodity-linked derivatives, commodities and commodity-linked derivatives tax, common stock, concentration, derivatives, emerging markets, investment style, small- medium and large-capitalization companies, limited number of holdings, market, model and data, operational, portfolio turnover and regulatory risks. The Fund will bear its share of the fees and expenses of the exchange-traded products. Consequently, an investment in the Fund entails more direct and indirect expenses than a direct investment in an exchange-traded product. Because the Fund invests in exchange-traded products, it is subject to additional risks that do not apply to conventional mutual funds, including the risks that the market price of an exchange-traded product's shares may be higher or lower than the value of its underlying assets, there may be a lack of liquidity in the shares of the exchange-traded product, or trading may be halted by the exchange on which they trade. Principal risks of investing in foreign securities include changes in currency rates, foreign taxation and differences in auditing and other financial standards. Debt securities may be subject to credit risk and interest rate risk. Investments in debt securities typically decrease in value when interest rates rise.

**Please call 800.826.2333 or visit [vaneck.com](http://vaneck.com) for performance information current to the most recent month end and for a free prospectus and summary prospectus. An investor should consider the Fund's investment objective, risks, charges and expenses carefully before investing. The prospectus and summary prospectus contain this as well as other information. Please read them carefully before investing.**

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