

Stock Transition, Value Rotation

VanEck NDR Managed Allocation Fund Review

By David Schassler, Portfolio Manager

NDRMX / NDRUX / NDRYX

Overview

In August, the VanEck NDR Managed Allocation Fund (the "Fund") returned +3.16% versus +3.39% for its blended 60/40 benchmark.

The Fund slightly lagged its benchmark in August. The top-level asset allocation was neutral on stocks versus bonds, and therefore neither contributed nor detracted from performance. The regional equity allocations benefited from the overweight to the U.S. The Russell 3000 Index, which is a broad measure of U.S. equities, returned +7.24%. That handily outperformed the MSCI All Country World Index ex. U.S.A. with a +4.28% return. Another notable regional equity position that impacted performance was Japan. The MSCI Japan Index returned +7.95%. The Fund was underweight Japan, which detracted from performance. Within the U.S., the Fund was overweight growth over value. This contributed to performance as growth significantly outperformed value. The Russell 3000 Growth Index returned +10.07% versus +4.21% for the Russell 3000 Value Index.

In September, the Fund increased its equity allocation from 60% to 80%. The reason for this change was improved technical and fundamental indicators. The following section provides additional information.

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

	1 Mo [†]	YTD [†]	1 Year	3 Year	Since Inception
Class A: NAV (Inception 5/11/16)	3.16	-0.10	5.04	2.33	5.06
Class A: Maximum 5.75% load	-2.77	-5.85	-1.00	0.33	3.63
60% MSCI ACWI/40% Bloomberg Barclays US ¹ Agg.	3.39	0.10	5.35	2.61	9.12
Morningstar Tactical Allocation Category (average) ²	3.34	2.14	6.96	4.59	5.45

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

	1 Mo [†]	YTD [†]	1 Year	3 Year	Since Inception
Class A: NAV (Inception 5/11/16)	1.10	-5.54	-0.78	1.05	3.86
Class A: Maximum 5.75% load	-4.71	-10.97	-6.49	-0.93	2.39
60% MSCI ACWI/40% Bloomberg Barclays US ¹ Agg.	2.20	-0.84	5.61	6.50	7.64
Morningstar Tactical Allocation Category (average) ²	1.40	-5.61	-1.20	2.57	3.84

[†]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.

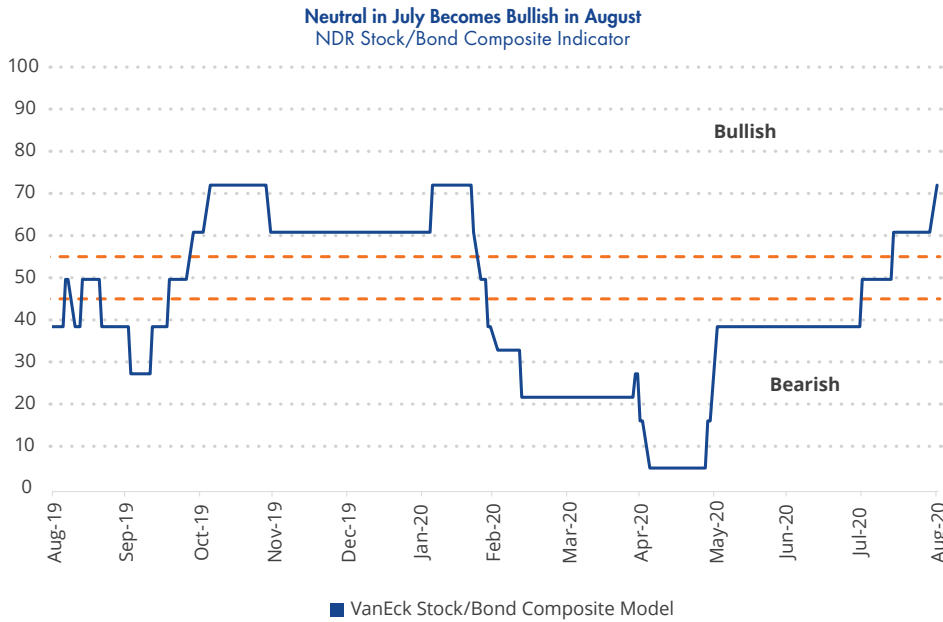
All weighting comparisons are relative to the blended benchmark (60% MSCI ACWI/40% Bloomberg Barclays US Agg.) or neutral allocation. This represents the starting allocation point absent an alternative recommendation once the model takes into consideration the indicators that yield the global tactical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

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

Weight-of-the-Evidence

The chart below shows the current reading for the NDR composition of stock/bond indicators. Readings between 45 and 55 are the neutral zone. Higher scores are associated with bullish environments and lower scores are associated with bearish environments.

The score increased from 50 in July to a current reading of 72 in August:



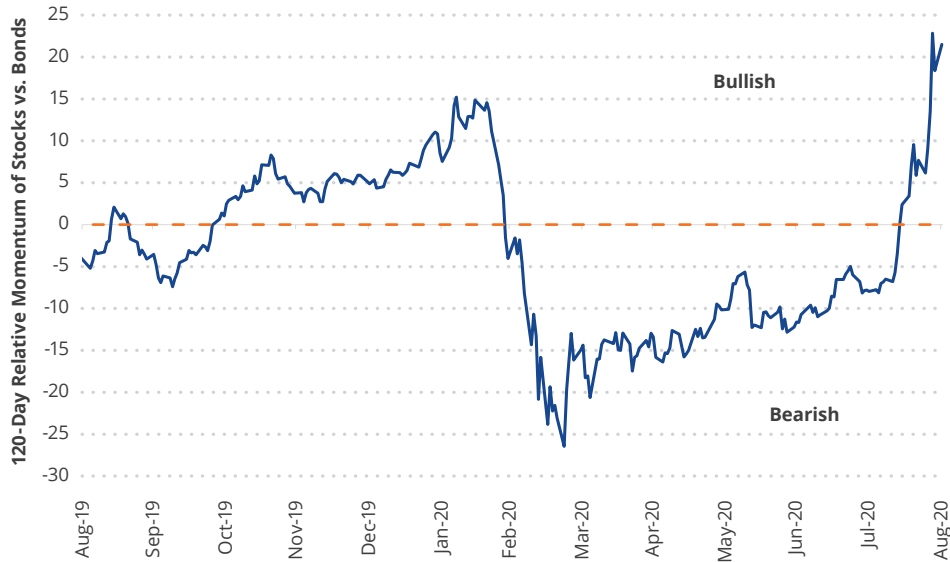
Copyright 2020, Ned Davis Research, Inc. Further distribution prohibited without prior permission. All Rights Reserved. See NDR Disclaimer at www.ndr.com/copyright.html. For data vendor disclaimers refer to www.ndr.com/vendorinfo/.

The score increased so significantly because of two notable indicators changing from bearish to bullish: 120-day stock/bond relative momentum, a technical indicator, and MSCI All Country World Earnings Estimate Revision Breadth, a fundamental indicator.

Let’s first take a look at 120-day stock/bond relative momentum. This indicator measures the medium-term technical strength of global stocks versus U.S. bonds. The general idea behind this indicator is that stocks, given their significantly higher risk and return profile, should outperform bonds over the medium-term. If they do not, that is often a sign of market stress.

On the next page is a chart of the 120-day stock/bond relative momentum indicator. Positive scores indicate periods of stock outperformance and negative scores indicate periods of bond outperformance. As you can see, this indicator turned bearish on February 27, well ahead of the worst of the 2020 correction, and turned bullish on August 13.

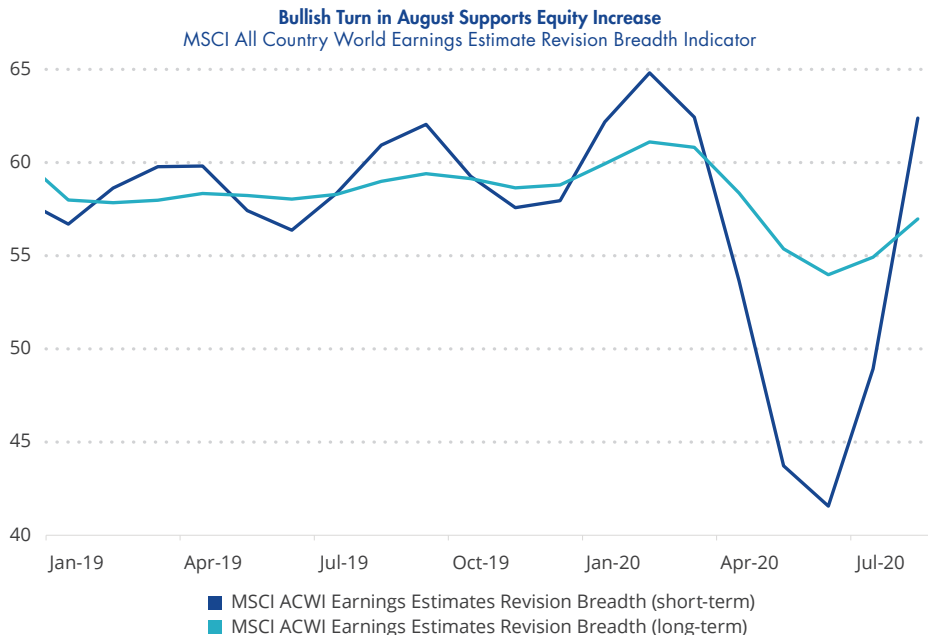
Turned Bearish in February and Bullish in August
 NDR 120-Day Relative Stock/Bond Momentum Indicator



Copyright 2020, Ned Davis Research, Inc. Further distribution prohibited without prior permission. All Rights Reserved. See NDR Disclaimer at www.ndr.com/copyright.html. For data vendor disclaimers refer to www.ndr.com/vendorinfo/.

Now, let's focus on the MSCI All Country World Earnings Estimate Revision Breadth indicator. This indicator measures the direction of analysts' earnings revisions. Generally, it is an encouraging sign when equity analysts are revising their estimates of future earnings upwards.

The next chart shows the MSCI All Country World Earnings Estimate Revision Breadth indicator. This indicator works by using moving averages on the analyst estimate revision data. When the short-term average is above the long-term average it indicates a period of improving estimate revisions and vice versa. This indicator turned bearish on April 30, 2020. This call was not helpful to performance as company fundamentals were overwhelmed by fiscal and monetary responses to the COVID-19 pandemic. Recently, on August 31, the indicator just flipped to bullish and allowed the Fund to increase its equity allocation.



Copyright 2020, Ned Davis Research, Inc. Further distribution prohibited without prior permission. All Rights Reserved. See NDR Disclaimer at www.ndr.com/copyright.html. For data vendor disclaimers refer to www.ndr.com/vendorinfo/.

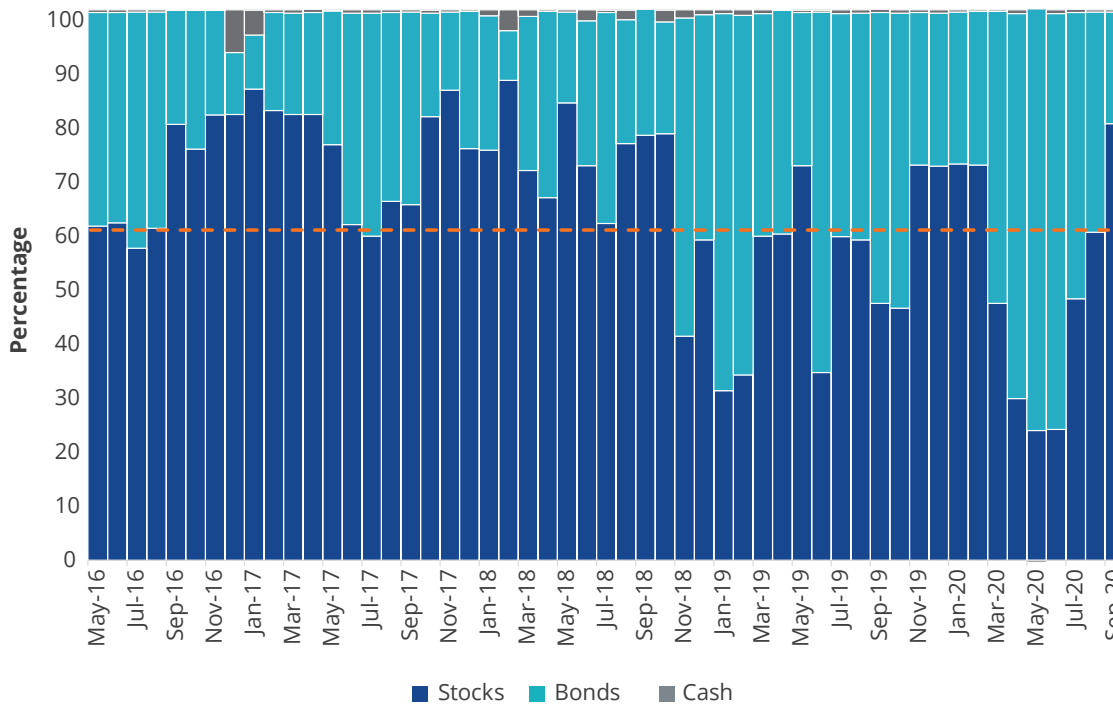
In addition to the increase in equity exposure, the Fund significantly increased its exposure to U.S. value stocks. This was because three technical indicators in the model now favor value over growth. These indicators are (1) stronger momentum in value versus growth stocks, (2) strong medium-term breadth in value relative to growth stocks, and (3) strong long-term breadth in value relative to growth stocks.

In summary, the NDR model is now materially overweight stocks given the consensus between the technical, macroeconomic and fundamental indicators. While the markets are off to a bumpy start for September, at this point it appears to us to be a healthy market pullback and not something more sinister. It may end up being a good short-term buying opportunity perhaps. It is our expectations that the Fund will maintain its overweight equity position for some time unless the risk in the market materially increases from here.

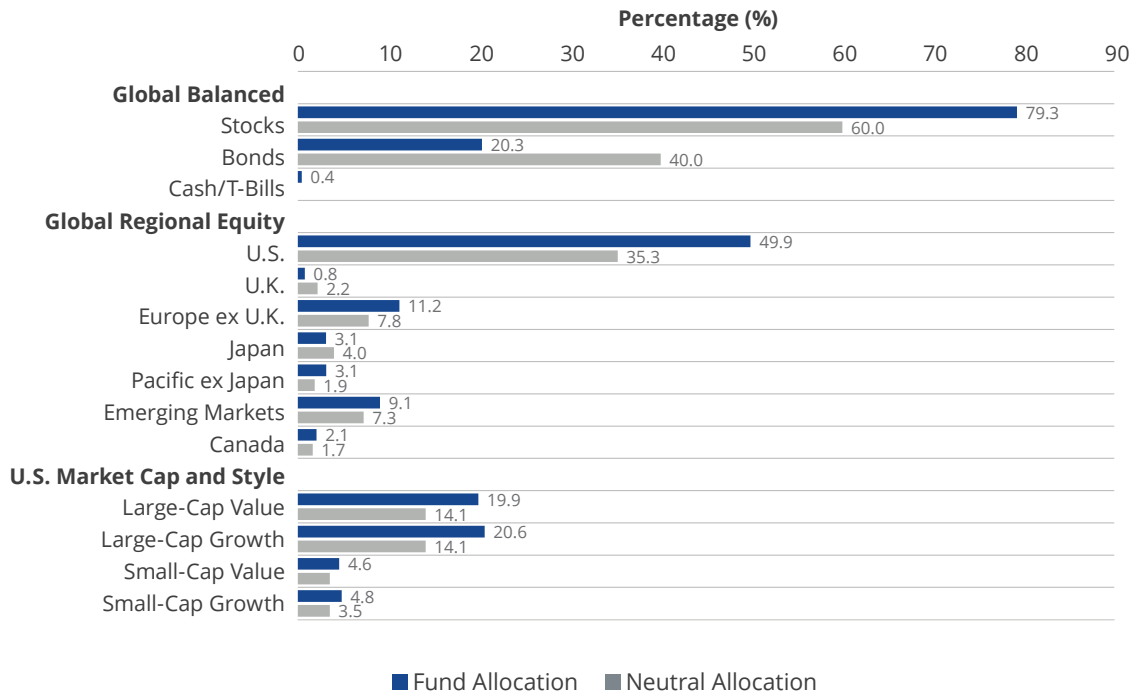
NDR Indicator Summary, September 2020

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

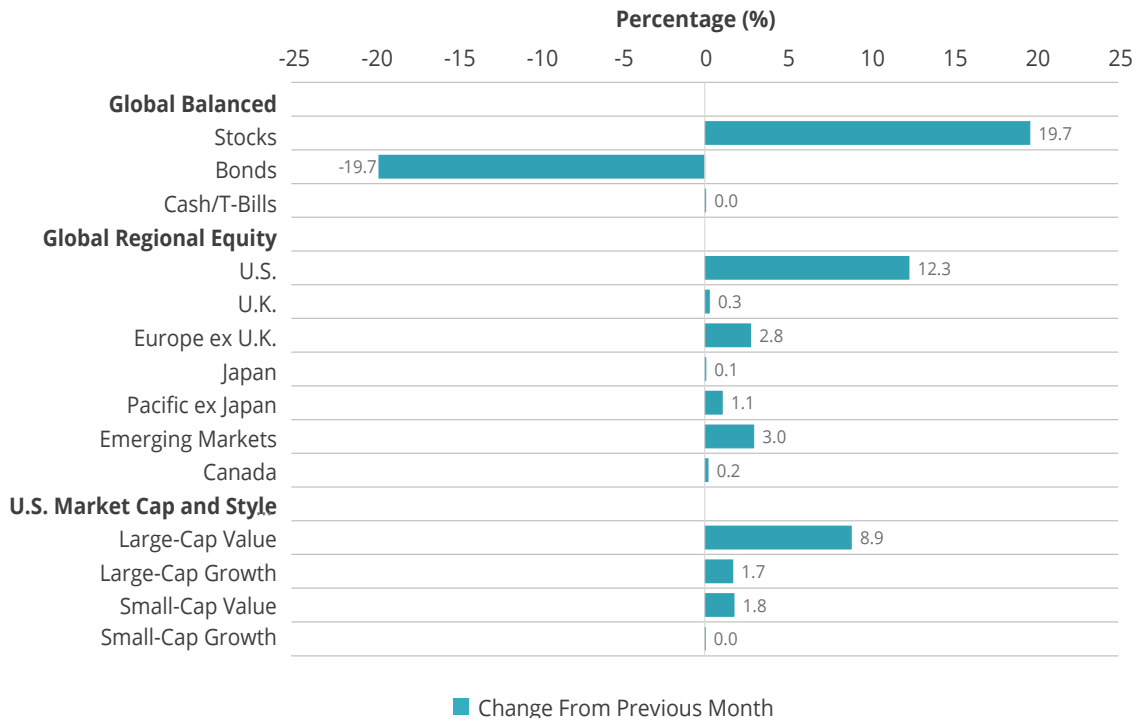
Allocations Since Inception



Asset Class Positioning vs. Neutral Allocation, September 2020



Asset Class Positioning Changes, September vs. August



¹ 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.

² 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 August 31, 2020, the Fund ranked 108 out of 248 funds for the 1 month period; 129 out of 248 funds for the YTD period; 132 out of 248 funds for the 1 Year period; 165 out of 230 funds for the 3 Year period; and 149 out of 224 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 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.

©2020 VanEck.



Van Eck Securities Corporation, Distributor

666 Third Avenue | New York, NY 10017

vaneck.com | 800.826.2333