

March 24, 2020



Trends with Benefits Podcast: A Q&A with Jan van Eck

Investors are left with a lot of questions as coronavirus headlines continue to disrupt the markets. The current unpredictability and uncertainty in the markets are concerning for everyone. It's important to remain calm. Remember, we've been through bear markets before.

Speakers:

Jan van Eck, *CEO*
VanEck's Senior Investment Professionals

Moderator:

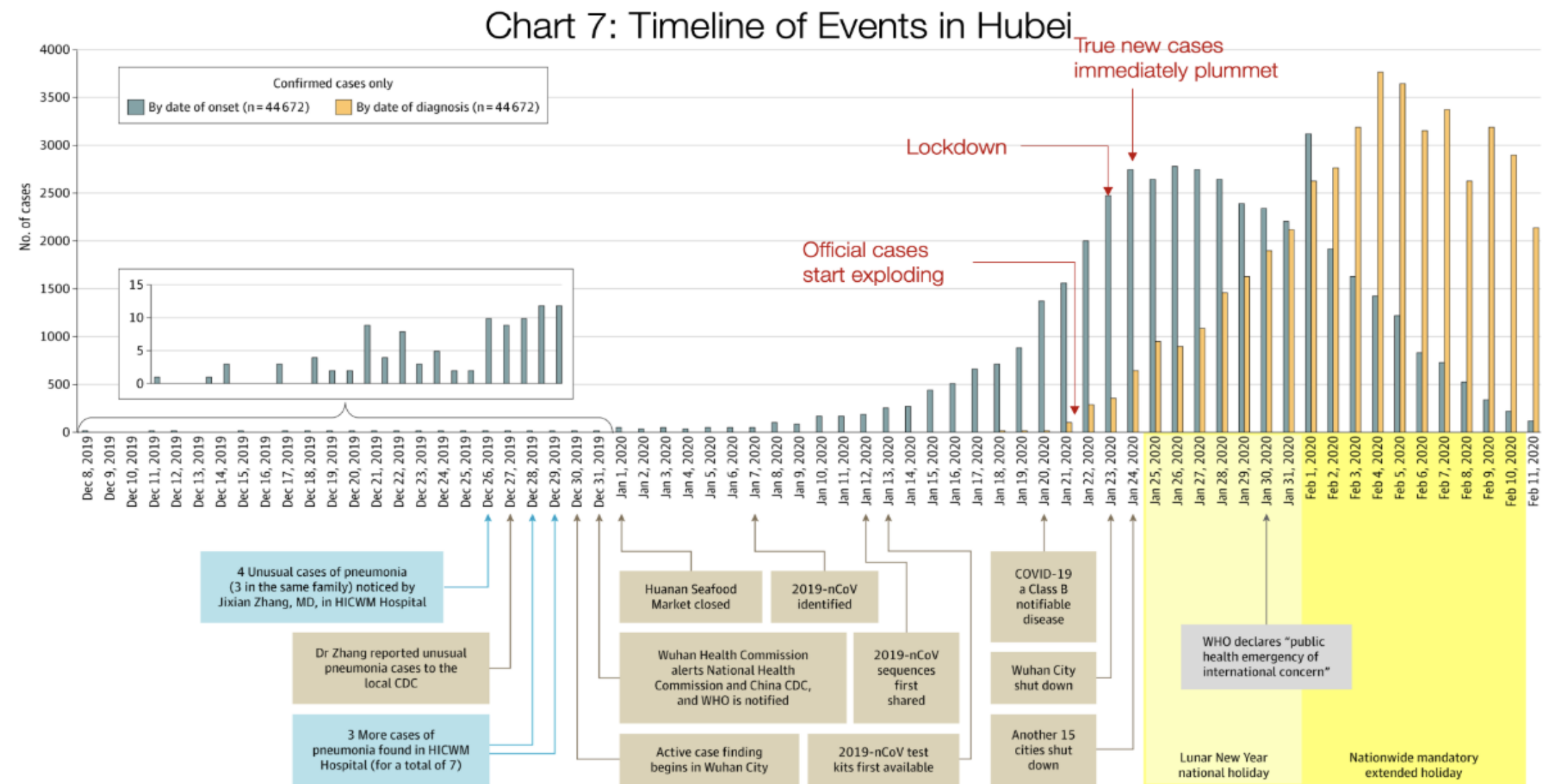
Ed Lopez, *Managing Director and Head of ETF Product*

Investment Outlook -- Assumptions



- Our quarterly investment outlooks are general observations on the market, not investment advice and not necessarily the same as any fund or portfolio.
- In our March 10 investment outlook, we turned from positive to negative because of the coronavirus
- My view is that we needed a fall in new cases before governments would relax social distancing rules. My base case is mid-April for that based on . I think the chances are 20% that it's before then, 50% mid-April and 30% afterwards. The market seems to think the chances are 5% before, 45% mid-April, and 50% after.
- China data is interesting in understanding economic activity after “peak new case”
- Other factors include development of therapeutics
- Base View=Recession>Depression

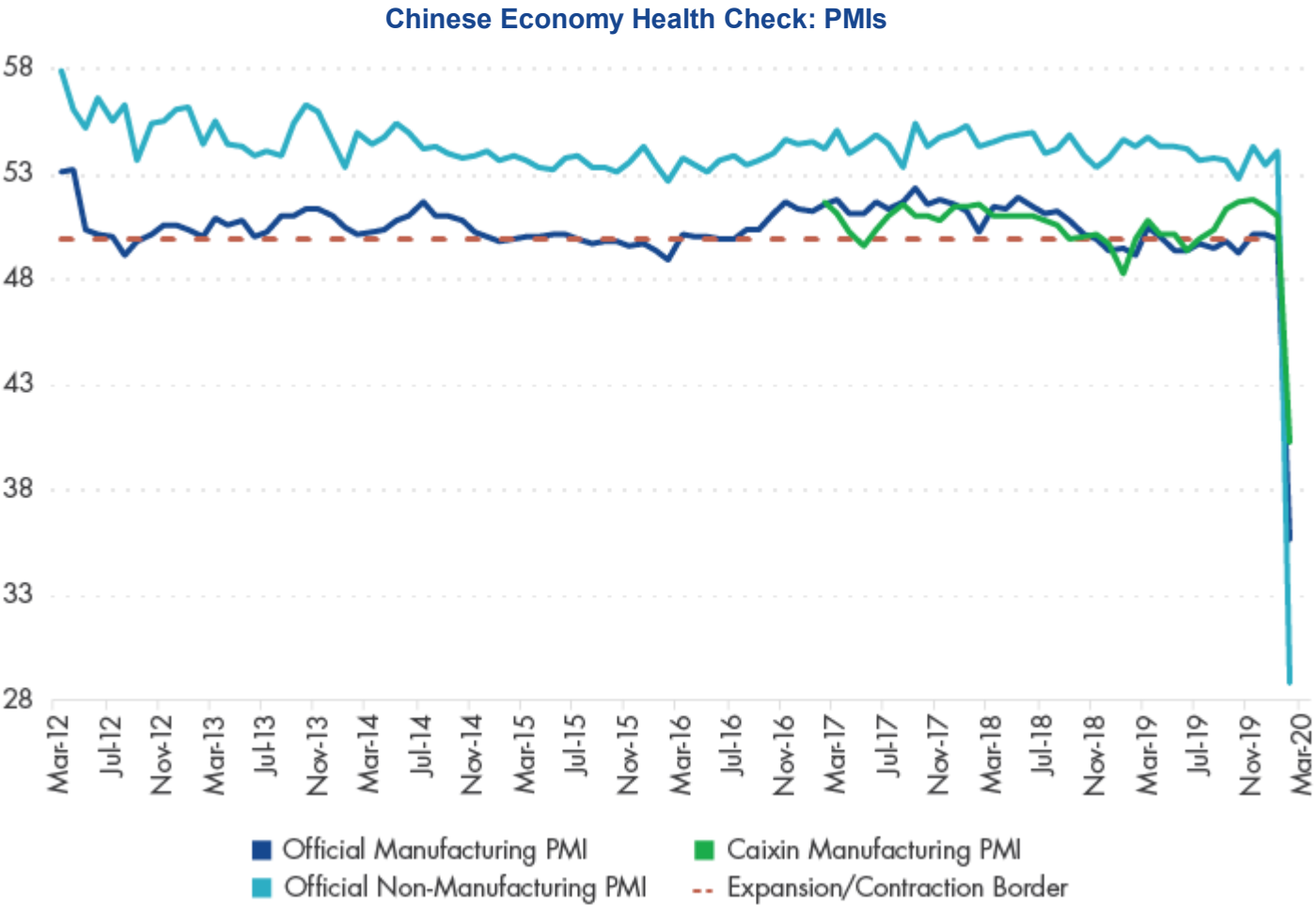
China Peak Cases



Source: Tomas Pueyo analysis over chart from the [Journal of the American Medical Association](#), based on raw case data from the Chinese Center for Disease Control and Prevention

China PMIs Hit Hard in February

- Best indicator of China’s economic cycle; we update our blog monthly
- Likely to be repeated in the U.S.

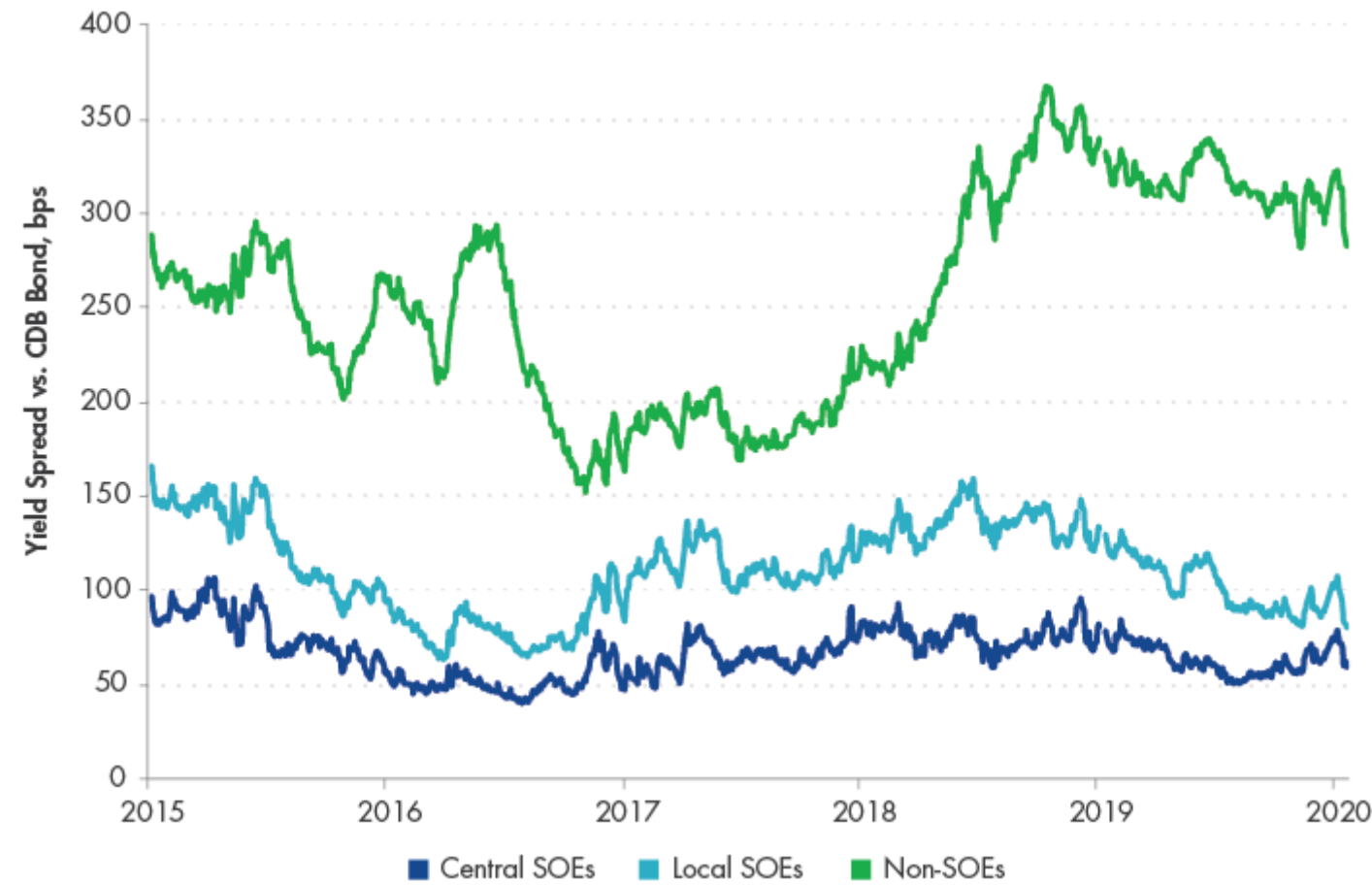


Source: Bloomberg. Data as of February 28, 2020. Data for Caixin Manufacturing PMI was not available prior to December 2016. Past performance is no guarantee of future results. Chart is for illustrative purposes only.

Borrowing Costs for China's Private Sector Still High



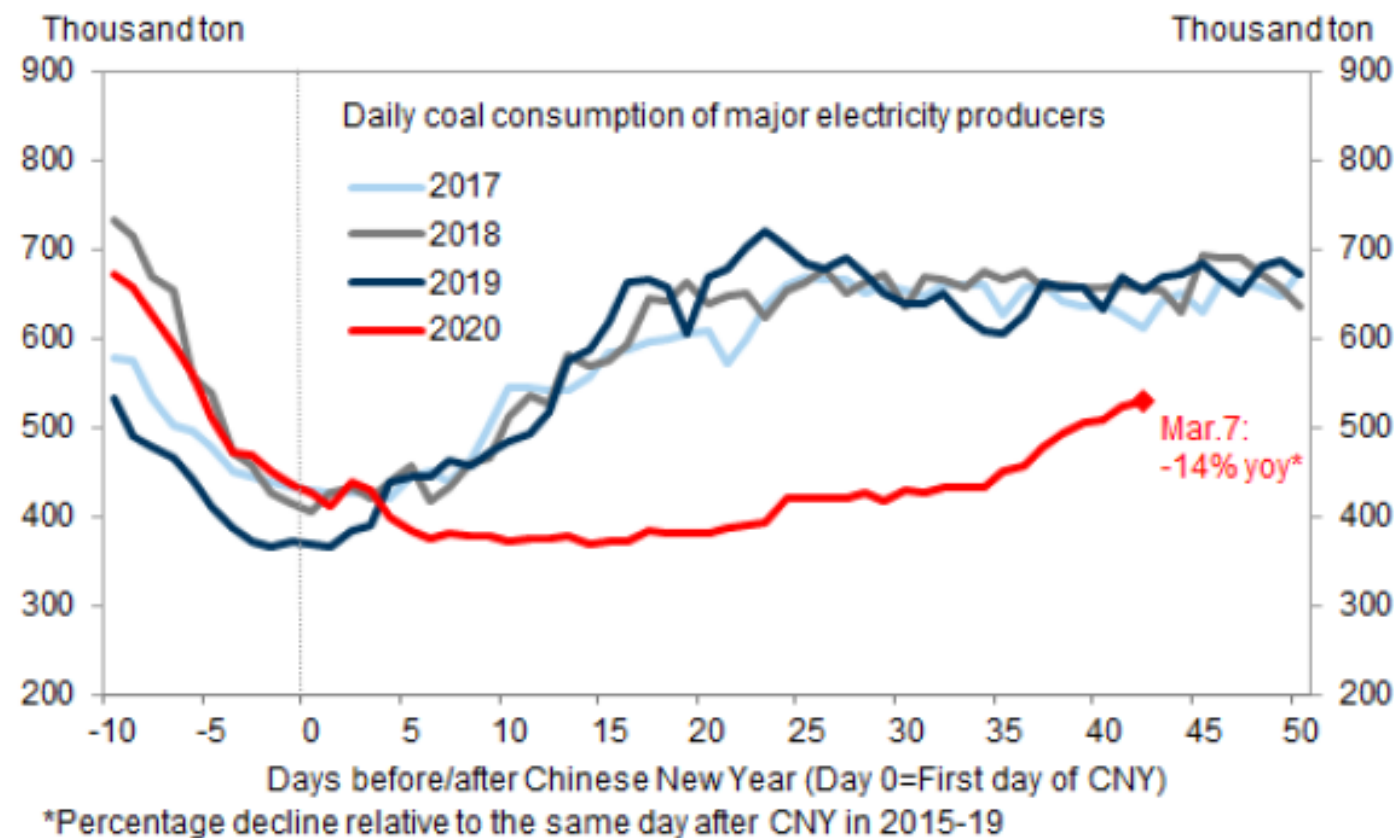
Understanding the Credit Cycle: Non-SOE Borrowing Costs



Source: UBS. Data as of February 25, 2020. Past performance is no guarantee of future results. Chart is for illustrative purposes only. Spreads are measured relative to average yield of 1, 3, 5, and 10 year bonds issued by the China Development Bank.

China Economic Activity Resumes

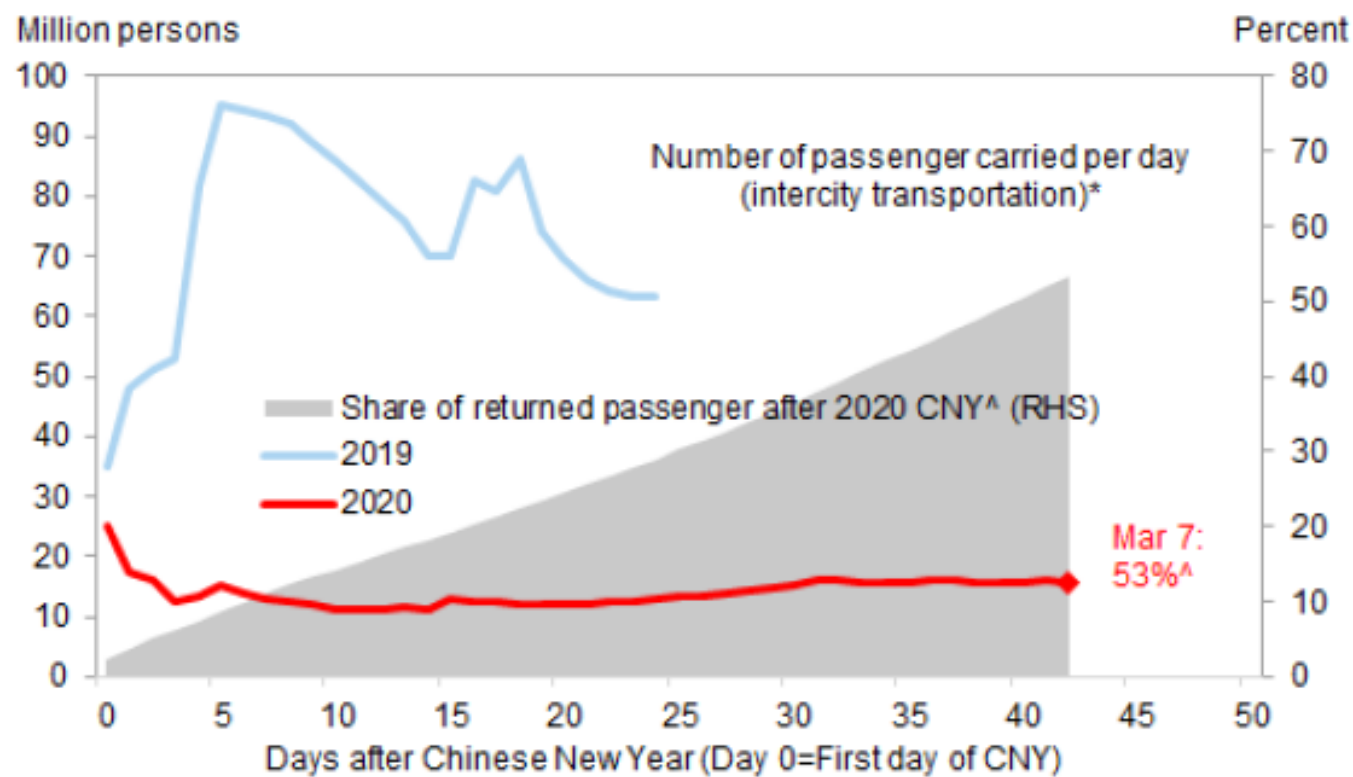
1. Daily Coal Consumption of Major Electricity Producers



China Transportation Levels Low



1. Number of Passengers Carried per Day (Intercity Transportation)



*Passengers of intra-city public transportation (e.g., subway, bus, etc.) are not included

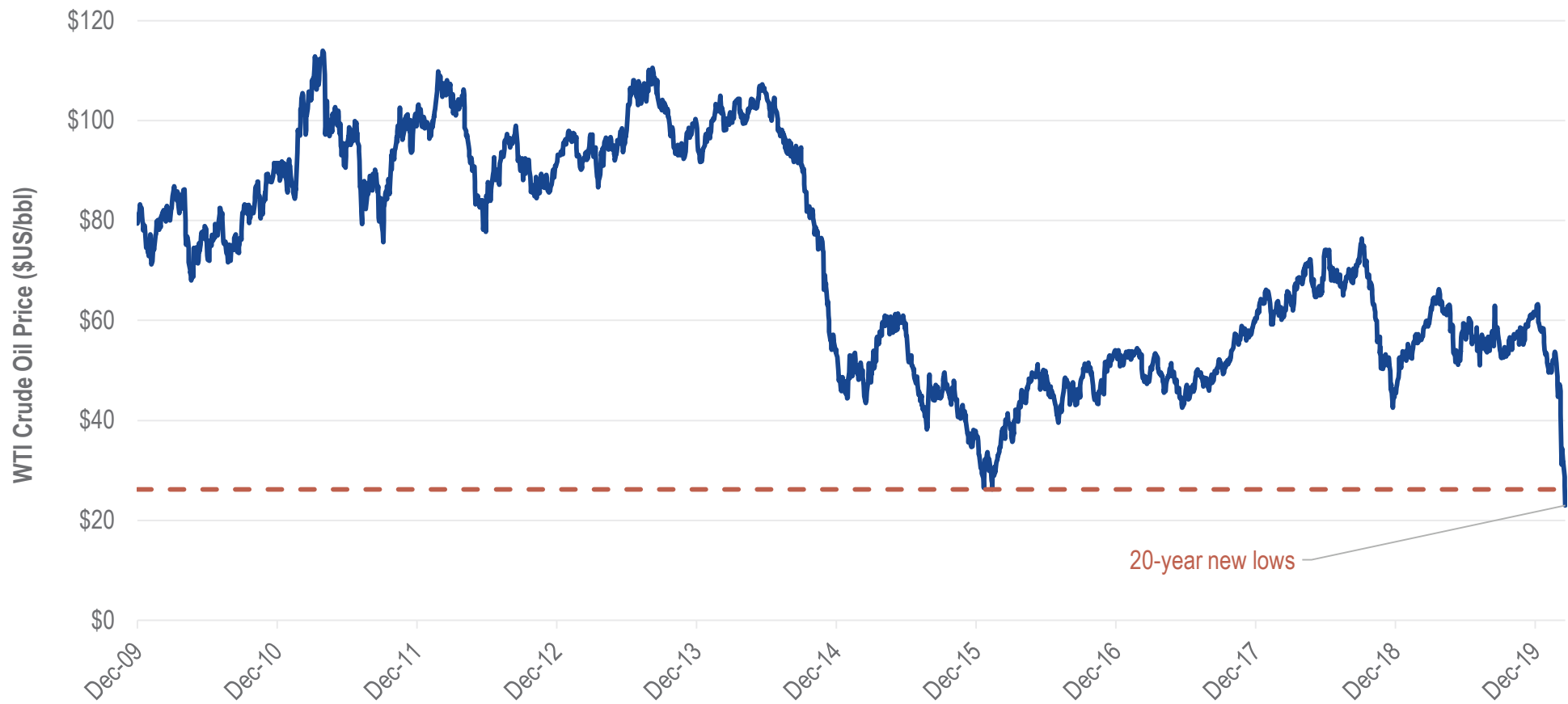
Sources: Goldman Sachs

Copper as Indicator of Economic Activity



Source: Bloomberg. Past performance is no guarantee of future results. Chart is for illustrative purposes only.

Crude Oil as Indicator of Economic Activity

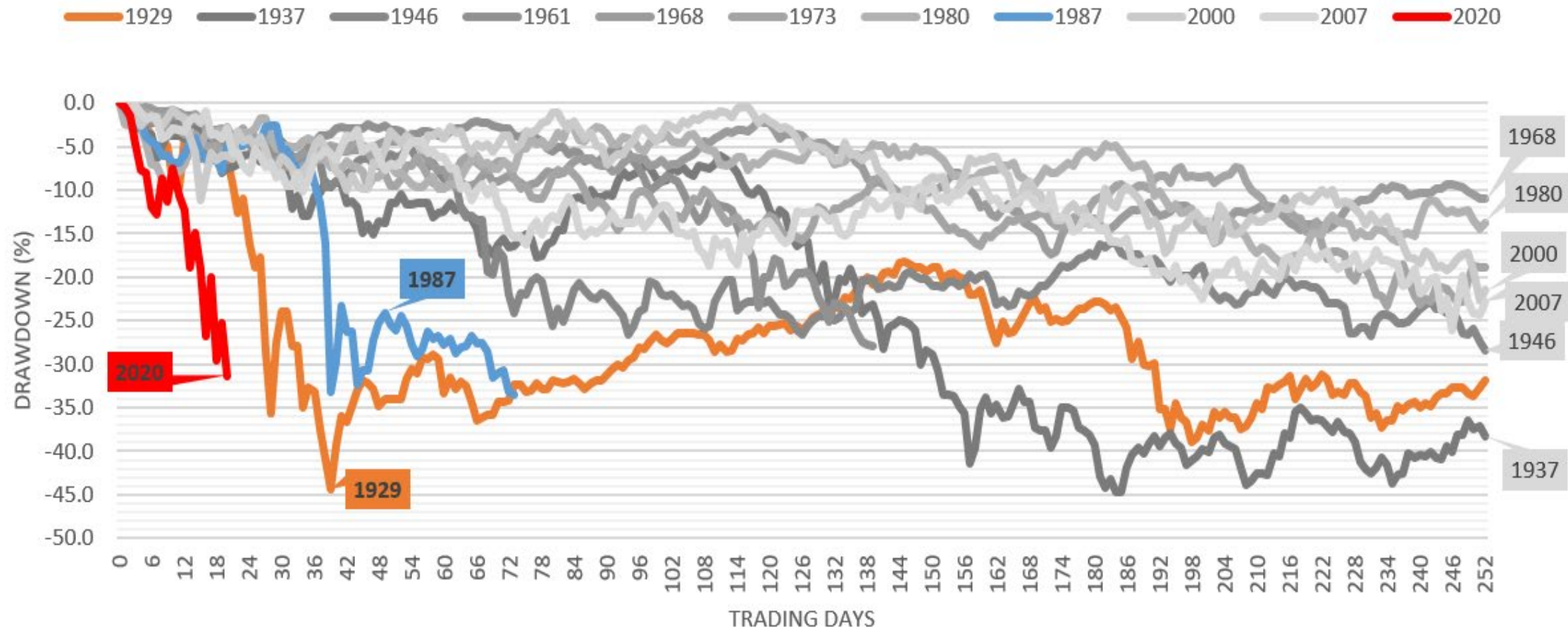


Source: Bloomberg. Past performance is no guarantee of future results. Chart is for illustrative purposes only.

Navigating a Market Like No Other



Historical Drawdowns



Source: FactSet. Data as of March 18, 2020. Chart is for illustrative purposes only.

Stock Market Observations

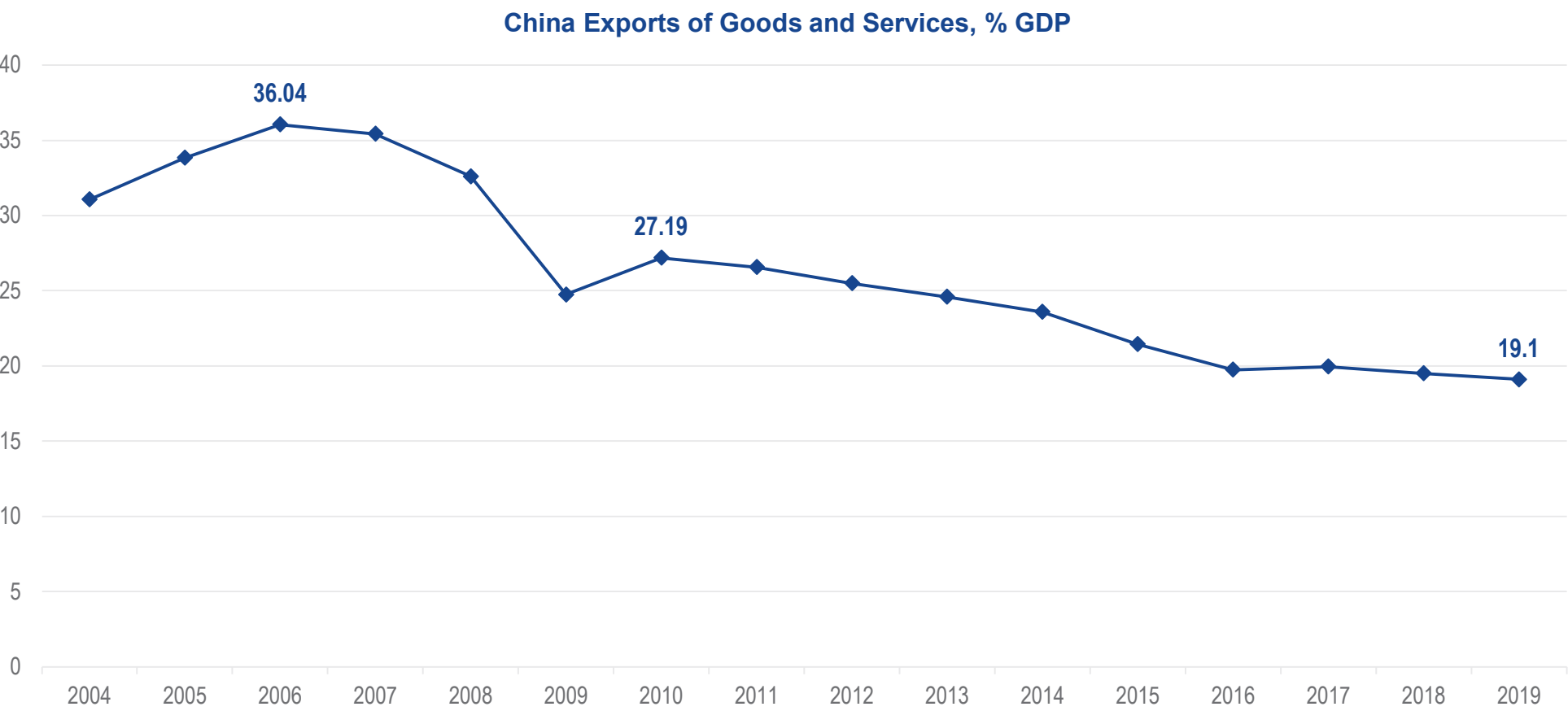


- It's one of the deepest stock market declines on record
- It's the fastest stock market decline ever
- The VIX volatility measure has reached the highs of the global financial crisis
- Sell-offs normally last 17-25 sessions, 30 at the outside and 41 sessions is the longest in 56 years. So “normal” would end the week of March 20, “bad” the week of March 27 and the worst ever April 10th

China – External Risks Are Real But Lower This Time Around

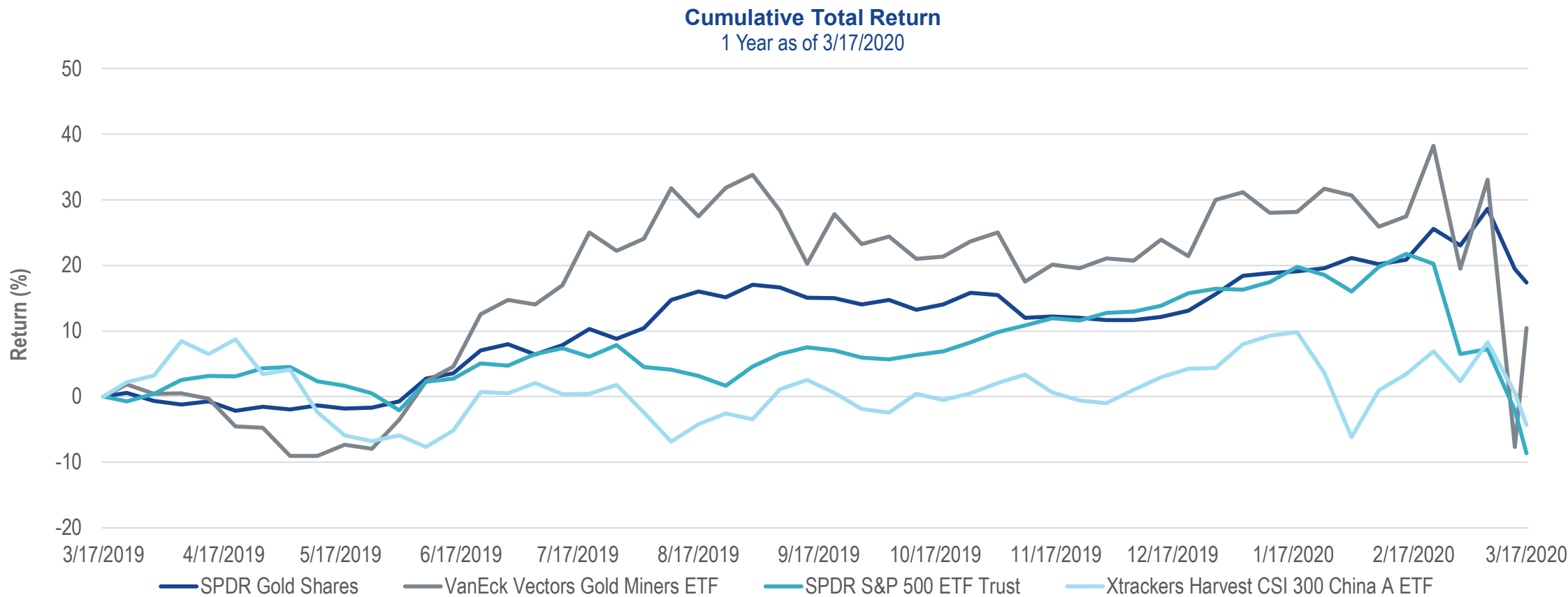


- An external slump risk is real, but the economy is less dependent on exports than before



Sources: Bloomberg and GS (for 2019)

Gold Returns Over the Past Year

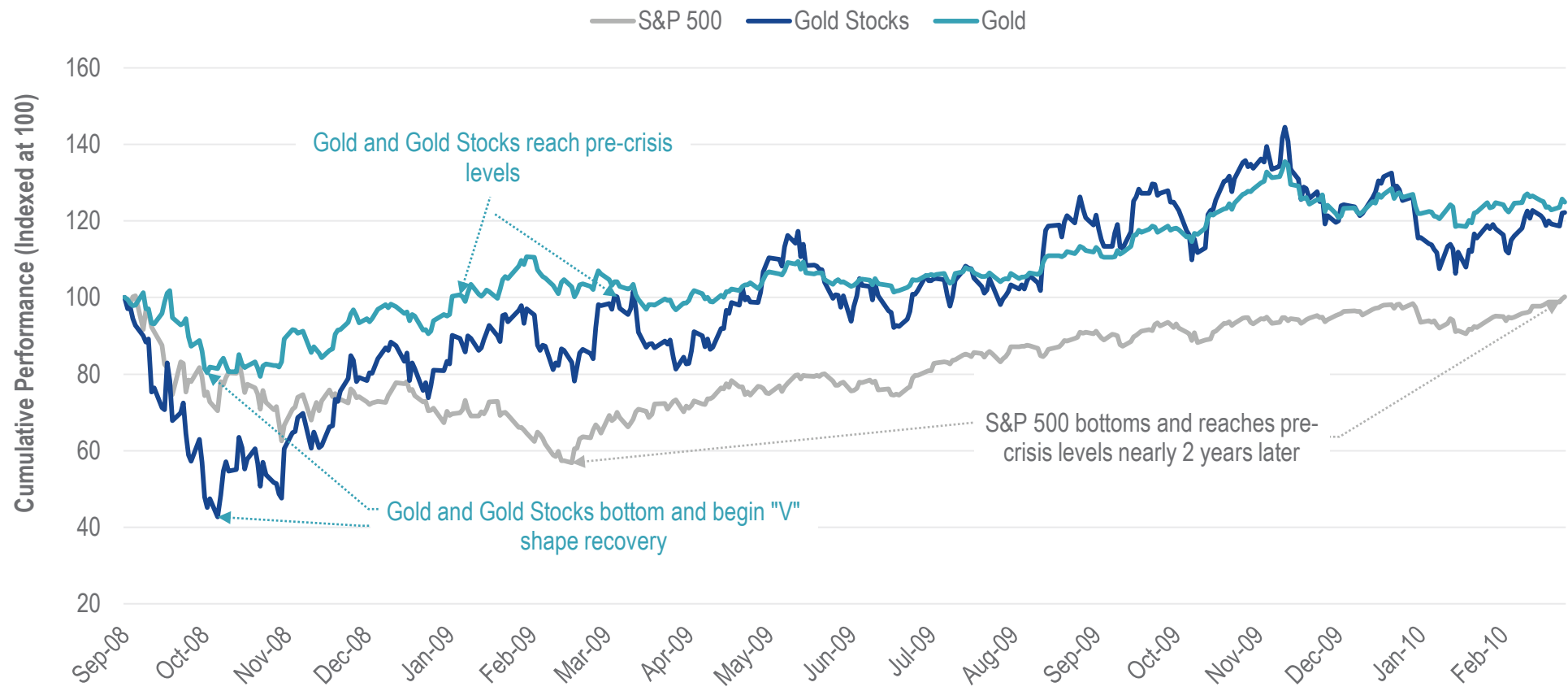


Source: Bloomberg. Past performance is no guarantee of future results. Chart is for illustrative purposes only

GDX Performance History (%) as of 12/31/2019						LIFE
	YTD	1YR	3YR	5YR	10YR	5/16/2006
NAV	40.15	40.15	12.65	10.41	-3.80	-1.57
Share Price	39.73	39.73	12.57	10.43	-3.83	-1.58
GDMNTR Index	40.89	40.89	13.00	10.84	-3.35	-1.11

The table presents 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 NAV. Index returns assume that dividends of the Index constituents in the Index have been reinvested. Investing involves risk, including loss of principal. Please call 800.826.2333 or visit vaneck.com for performance current to the most recent month ended.

Examining Gold's Recovery During Financial Crisis



Source: VanEck, Bloomberg. Data as of March 2020. "S&P 500" represented by the S&P 500 Index TR (SPXT). "Gold Stocks" represented by the NYSE Arca Gold Miners Index Net Total Return (GDMNTR). "Gold" represented by gold spot prices.

Long-Term Support for Gold



Gold has downside support at \$1,400 to \$1,450, indicating the upside potential given current conditions



Source: Bloomberg. Data as of March 18, 2020. Past performance is no guarantee of future results. Chart is for illustrative purposes only.

Risks Going Forward



- While China industry is coming back, transport and social interaction are well below normal activity.
- Are central banks out of bullets now that the U.S. is at about 0%?
- COVID-19 may return in waves which may unhinge policy makers or the economy.



Appendix



Fixed Income ETFs: Despite Discounts Principles Hold True



Although the effects are more exacerbated, this is not the first time that HYD has experienced pronounced discounts and divergence from NAV during stressed market conditions. Some basic principles still hold true.

- **NAV:** There were no NAV issues. NAV prices use matrix pricing (based on dealer runs, trades, etc.); bonds do not trade on an exchange with a consolidated tape like stocks and as a result the lack of frequent trading and transparency makes them more difficult to price.
- **Tracking Difference:** HYD's NAV has tracked its index well YTD (through 3/16), registering a tracking difference of 33bps during this period.
- **Secondary Market ETF Price:** Unlike the prices used for NAV, when ETF market makers price risk they incorporate into their secondary market prices not only their valuation of the underlying bonds but also include the cost to transact in these bonds. Uncertainty plays a role in this as well. This comes as a result of the turbulence that bond markets saw/are seeing (which may lead to wider spreads in the underlying)
- **Primary Market (ETF creation/redemption process):** No issues around the primary market mechanism for HYD. All redemptions are/will be effected based off an in-kind delivery of a basket of bonds.

Market prices for ETFs are reflecting a fast moving price discovery process and the costs associated with accessing liquidity in this market environment. As high as this discount seems, one can argue and market makers are indicating that this is the “true” price of liquidity in this market where one can sell a large amount of the bonds in the portfolio and transfer that risk; the secondary market price truly represents the price that an investor can expect to pay/receive.

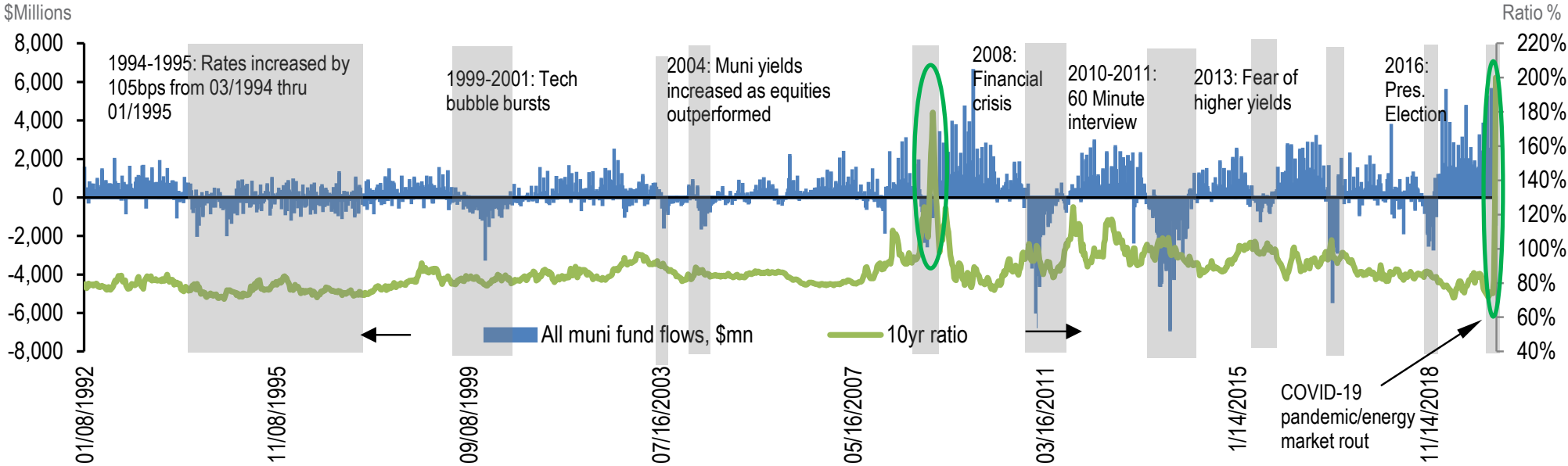
Periods of Large Discounts in HYD



Trough Date	Next Premium Date	Max Discount (%)	Business Days to Recover	Calendar Days to Recover	Market Cycle Reason
11/11/2010	11/22/2010	-4.27	7	11	Meredith Whitney
12/10/2010	12/17/2010	-2.92	5	7	Meredith Whitney
1/18/2011	2/3/2011	-2.90	12	16	Meredith Whitney
8/8/2011	8/22/2011	-6.75	10	14	US Downgrade
12/14/2012	12/24/2012	-3.87	6	10	Default Fears
6/24/2013	6/26/2013	-5.77	2	2	Taper Tantrum
9/12/2013	10/23/2013	-3.61	29	41	Taper Tantrum
12/23/2013	1/10/2014	-2.18	12	18	Taper Tantrum
7/3/2014	7/23/2014	-2.28	13	20	Rate Hike Fears
11/14/2016	12/28/2016	-3.27	30	44	Trump Election Surprise
3/12/2020	TBD	-19.35	TBD	TBD	Covid19 Virus Fears
Average Days to Recover			13	18	

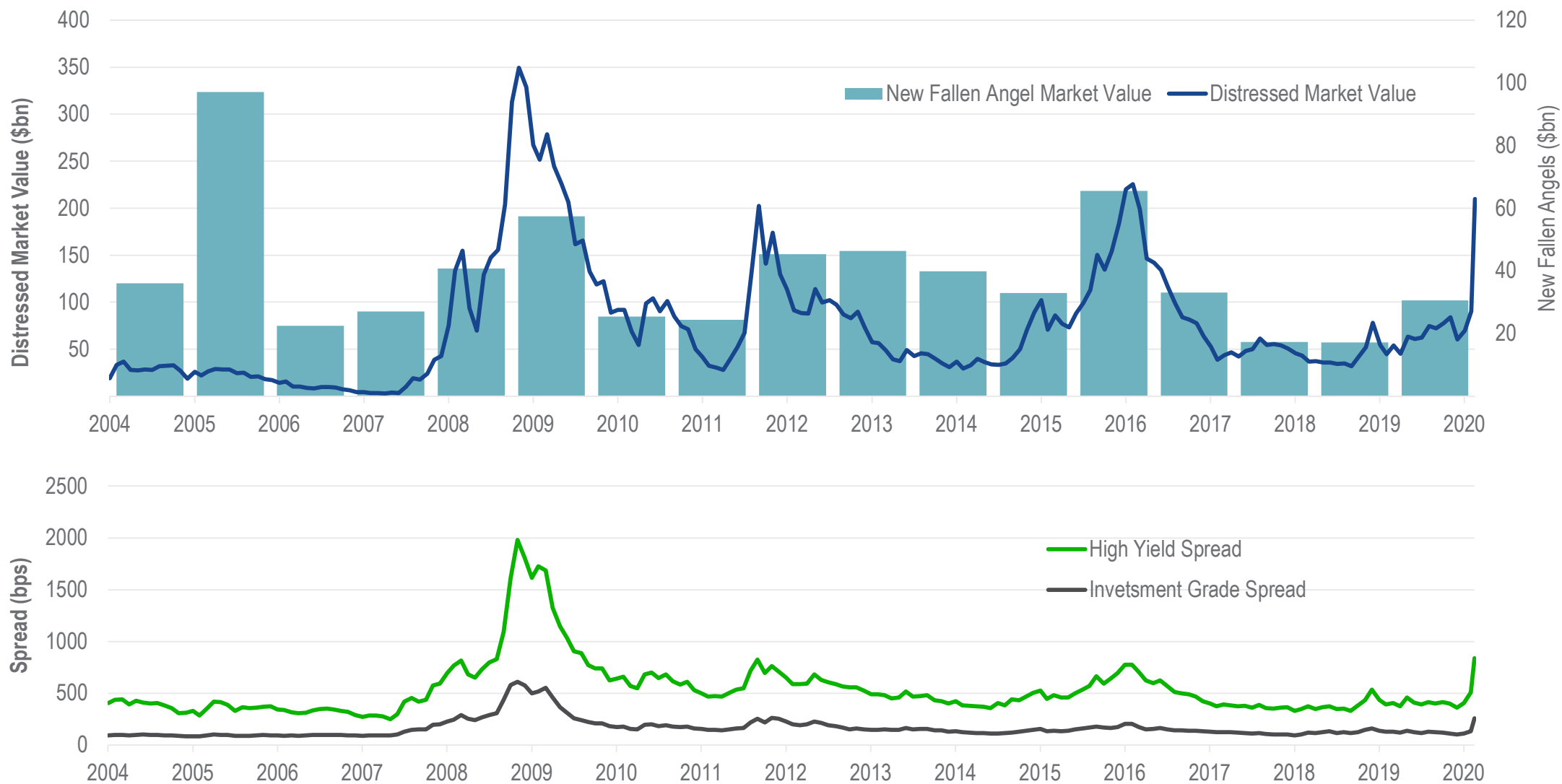
Source: VanEck. Data as of 3/16/2020. All investing is subject to risk, including the possible loss of the money you invest. As with any investment strategy, there is no guarantee that investment objectives will be met and investors may lose money. Diversification does not ensure a profit or protect against a loss in a declining market. **Past performance is no guarantee of future performance.**

Muni / Treasury Ratio



Source: Lipper US Fund Flows, J.P. Morgan. As of 3/11/2020. All investing is subject to risk, including the possible loss of the money you invest. As with any investment strategy, there is no guarantee that investment objectives will be met and investors may lose money. Diversification does not ensure a profit or protect against a loss in a declining market. **Past performance is no guarantee of future performance.**

Periods of Distress Typically Correlate with Higher Fallen Angel Volumes

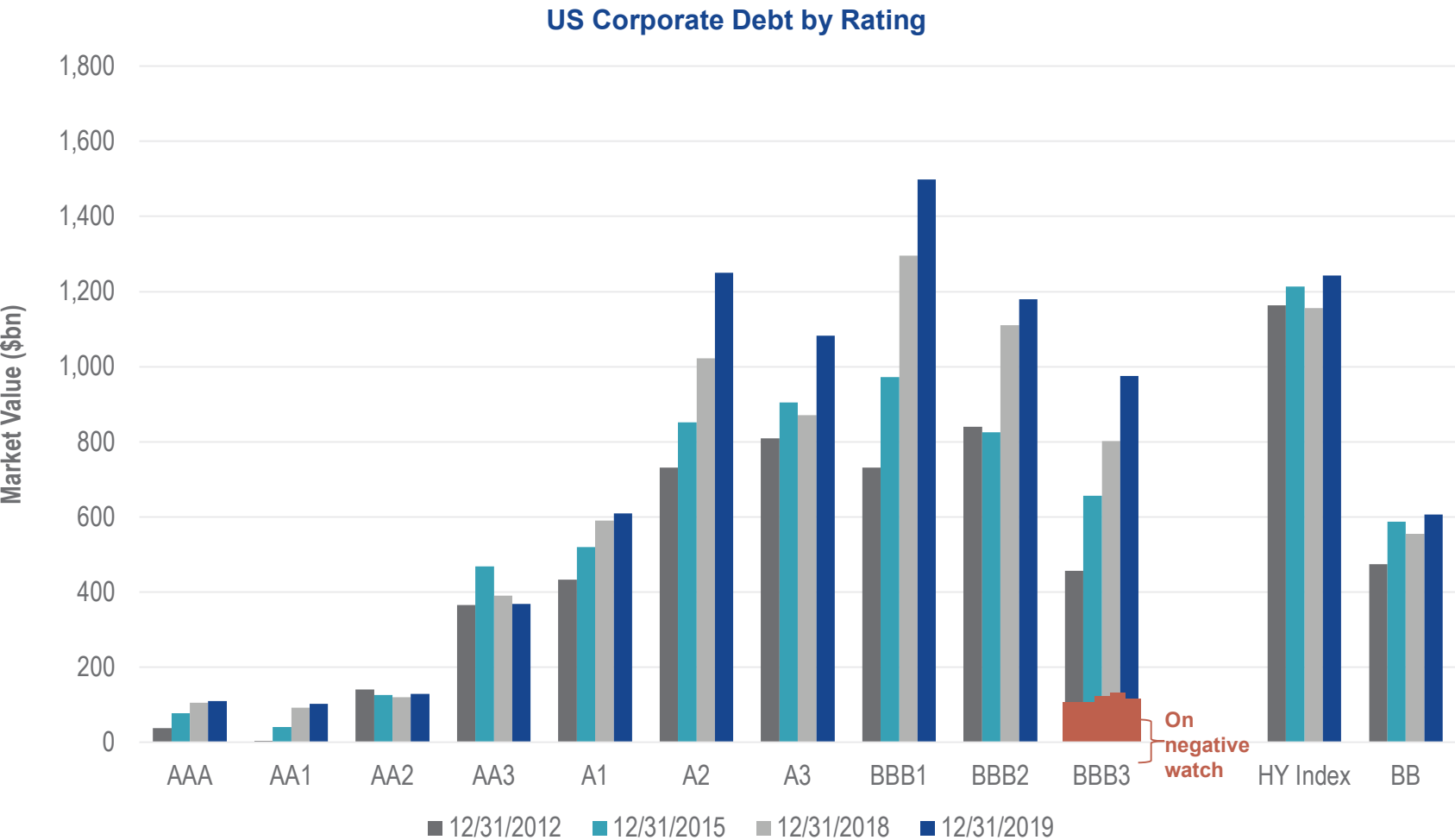


Source: ICE Data Indices as of 3/16/2020. Distressed market value based on the ICE BofA US Distressed High Yield Index. Fallen Angels based on the market value of new fallen angels in the ICE BofA US Fallen Angel Index in a calendar year. High Yield spreads based on the ICE BofA US High Yield Index. Investment Grade spreads based on the ICE BofA US Corporate Index. See disclaimers and index descriptions at the end of this presentation.

Is a Wave of Downgrades Coming?

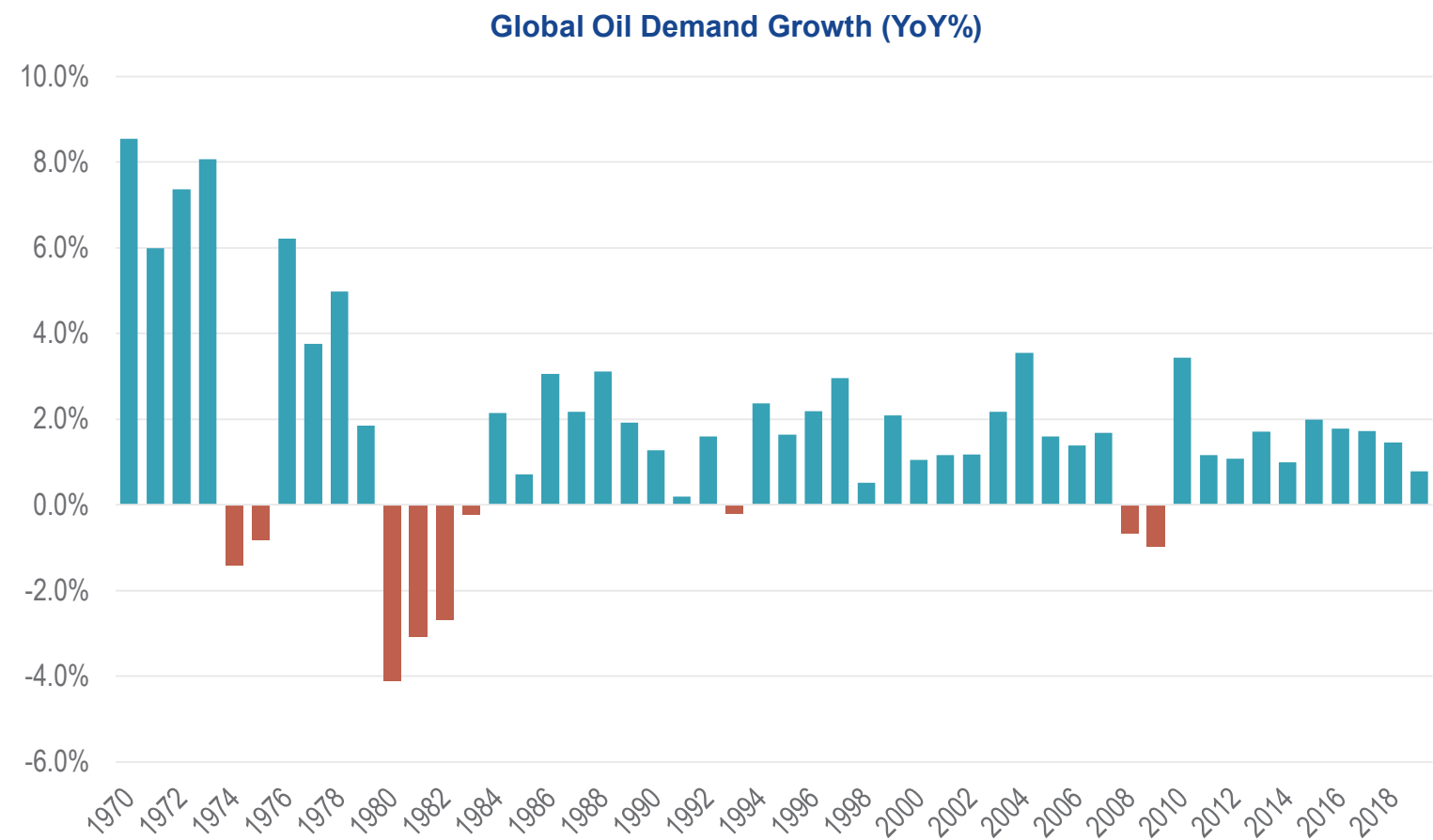


BBB rated bonds comprise over 50% of the investment grade universe. Although only a small portion is currently on watch to become fallen angels, that may increase.



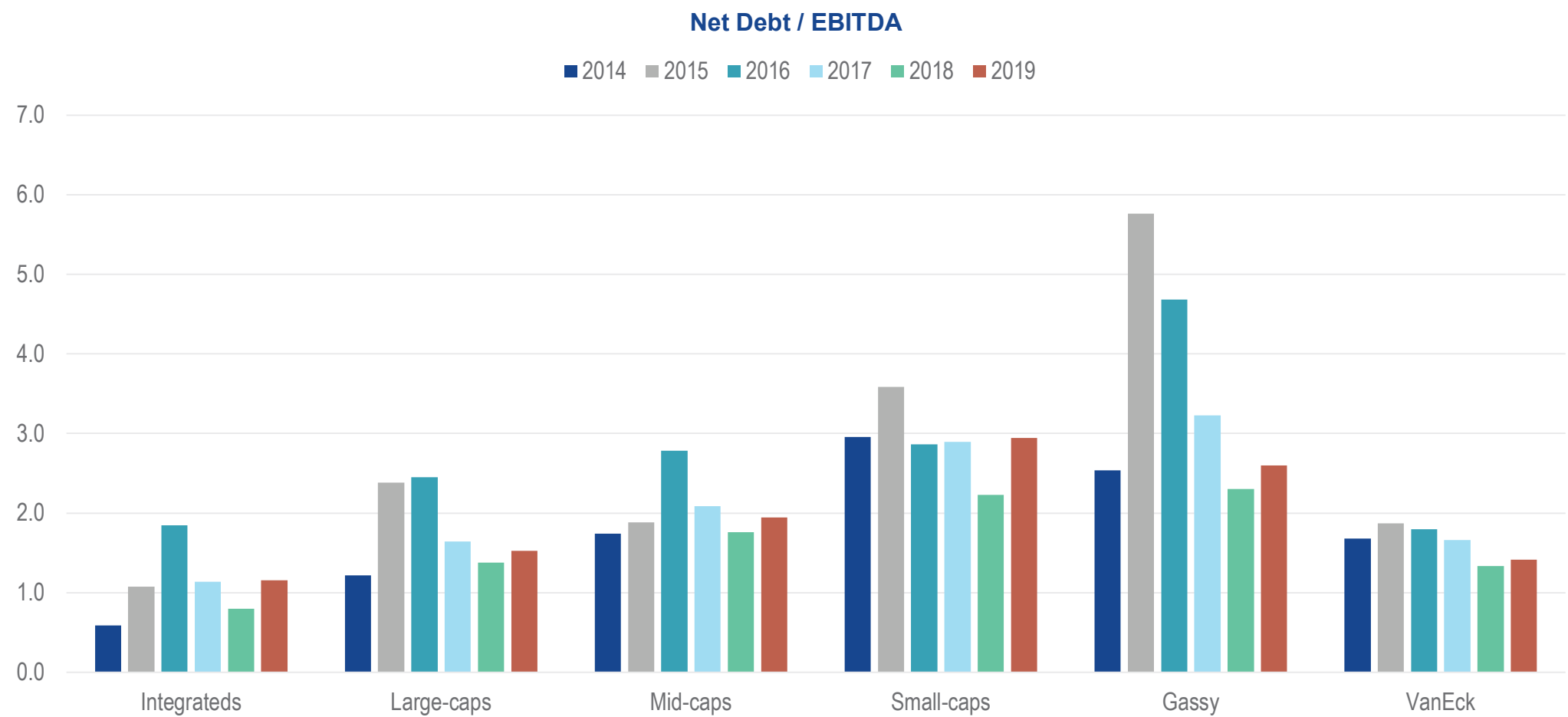
Source: ICE Data Indices and VanEck as of 12/31/2019. See disclaimers and index descriptions at the end of this presentation.

Global Oil Demand Has Been Remarkably Resilient



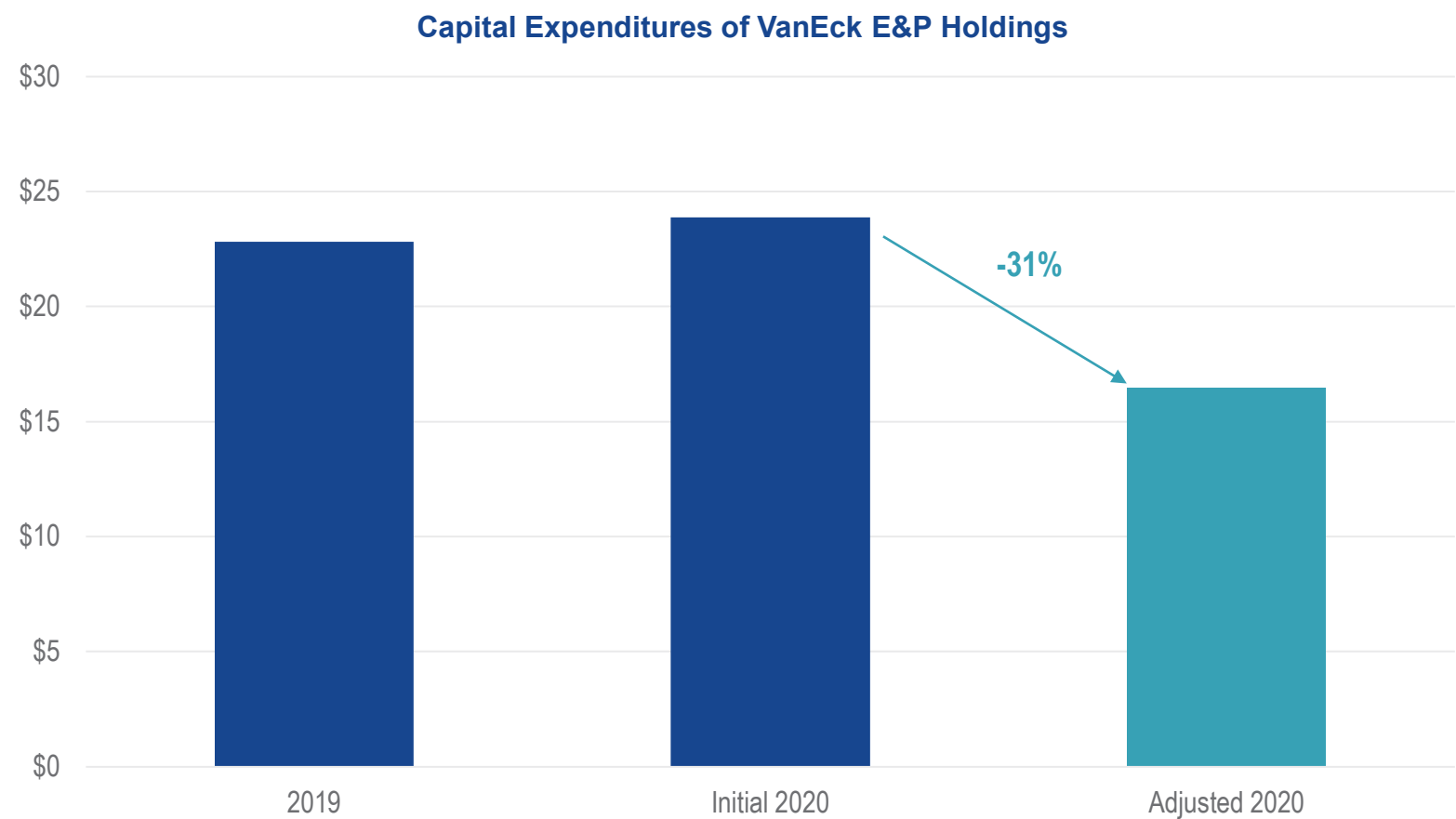
Source: IEA, BP, VanEck. Data as of December 2019.

U.S. Energy Producers Largely Under-Leveraged



Source: Bloomberg, VanEck. Data as of March 2020. "VanEck" represents the average Net Debt/EBITDA of E&Ps held within VanEck's active natural resource equity strategies.

E&Ps Committed To Return Of Capital (Over Growth)



Source: Bloomberg, VanEck. Data as of March 2020. "VanEck" E&P holdings represents the E&P held within VanEck's active natural resource equity strategies.

Index Descriptions



The indices listed are unmanaged indices and 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.

ICE BofA US Corporate Index tracks the performance of US dollar denominated investment grade corporate debt publicly issued in the US domestic market.

ICE BofA US Distressed High Yield Index is a subset of ICE BofA US High Yield Index including all securities with an option-adjusted spread greater than or equal to 1,000 basis points.

ICE BofA US Fallen Angel High Yield Index is a subset of the ICE BofA US High Yield Index and includes securities that were rated investment grade at time of issuance.

ICE BofA US High Yield tracks the performance of U.S. dollar-denominated below investment grade corporate debt publically issued in the U.S. domestic market. Qualifying securities must have a below investment grade rating. Original issue zero coupon bonds, 144a securities, both with and without registration rights, and pay-in-kind securities, including toggle notes, qualify for inclusion. Eurodollar bonds, taxable and tax-exempt U.S. municipal, warrant-bearing, DRD-eligible and defaulted securities are excluded from the Index.



DISCLOSURES

GDx Risk: An investment in the Fund may be subject to risks which include, among others, investing in gold and silver mining companies, Canadian issuers, foreign securities, foreign currency, depository receipts, small- and medium-capitalization companies, equity securities, market, operational, index tracking, authorized participant concentration, no guarantee of active trading market, trading issues, passive management, fund shares trading, premium/discount risk and liquidity of fund shares, non-diversified and concentration risks, all of which may adversely affect the Fund. Foreign investments are subject to risks, which include changes in economic and political conditions, foreign currency fluctuations, changes in foreign regulations, and changes in currency exchange rates which may negatively impact the Fund's return. Small- and medium-capitalization companies may be subject to elevated risks.

HYD Risk: An investment in the Fund may be subject to risks which include, among others, municipal securities, high yield securities, credit, interest rate, call, private activity bonds, health care bond, industrial development bond, special tax bond, tobacco bond, California and Illinois, market, operational, sampling, index tracking, tax, authorized participant concentration, no guarantee of active trading market, trading issues, passive management, fund shares trading, premium/discount risk and liquidity of fund shares and concentration risks, all of which may adversely affect the Fund. High-yield municipal bonds are subject to greater risk of loss of income and principal than higher-rated securities, and are likely to be more sensitive to adverse economic changes or individual municipal developments than those of higher-rated securities. Municipal bonds may be less liquid than taxable bonds. A portion of the dividends you receive may be subject to the federal alternative minimum tax (AMT). There is no guarantee that the Fund's income will be exempt from federal, state or local income taxes, and changes in those tax rates or in alternative minimum tax rates or in the tax treatment of municipal bonds may make them less attractive as investments and cause them to lose value. Capital gains, if any, are subject to capital gains tax.

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Fund shares are not individually redeemable and will be issued and redeemed at their NAV only through certain authorized broker-dealers in large, specified blocks of shares called "creation units" and otherwise can be bought and sold only through exchange trading. Shares may trade at a premium or discount to their NAV in the secondary market. You will incur brokerage expenses when trading Fund shares in the secondary market. Past performance is no guarantee of future results. Returns for actual Fund investments may differ from what is shown because of differences in timing, the amount invested, and fees and expenses.

Investing involves substantial risk and high volatility, including possible loss of principal. An investor should consider the investment objective, risks, charges and expenses of the Fund carefully before investing. To obtain a prospectus and summary prospectus, which contains this and other information, call 800.826.2333 or visit vaneck.com/etfs.

Please read the prospectus and summary prospectus carefully before investing.

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