Downside Risk Remains

VanEck NDR Managed Allocation Fund Review

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NDRMX / NDRUX / NDRYX

Overview

The VanEck NDR Managed Allocation Fund (the "Fund") returned -6.8% in March versus -8.1% for its blended 60/40 benchmark. The MSCI All Country World Index returned -13.5% and the Bloomberg Barclays US Aggregate Bond Index returned -0.6%.

The Fund outperformed mainly due to its equity underweight. The Fund held a 47% allocation to stocks and a 53% allocation to bonds. Regionally, the Fund was overweight the U.S. over developed international and emerging market equities. This also helped as the U.S., as measured by the Russell 3000 Index, outperformed both international developed market equities, as measured by the MSCI EAFE Index, and Emerging Markets, as measured by the MSCI Emerging Market Equity Index. Within the U.S., the Fund was biased towards growth and large-cap, both of which outperformed value and small-cap respectively.

Much has changed since the last monthly. The U.S. is now in the midst of what will likely be the fastest economic contraction in history. This is a self-induced recession to fight off the COVID-19 virus. The Fund is adapting to the period of extreme risk by further reducing its exposure to equities, from 47% to 29%. In this commentary we highlight why, based on the indicators that we follow, the market still faces significant challenges ahead.

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

	1 Mo†	YTD†	1 Year	3 Year	Since Inception
Class A: NAV (Inception 5/11/16)	-6.83	-11.83	-6.83	-0.20	2.29
Class A: Maximum 5.75% load	-12.19	-16.89	-12.17	-2.15	0.74
60% MSCI ACWI/ 40% Bloomberg Barclays US[1] Agg.	-8.30	-11.95	-2.82	3.46	4.90
Morningstar Tactical Allocation Category (average)[2]	-9.34	-13.87	-7.90	-0.02	1.68

Average Annual Total Returns (%) as of December 31, 2019

	1 Mo†	YTD†	1 Year	3 Year	Since Inception
Class A: NAV (Inception 5/11/16)	2.09	11.21	11.21	5.56	6.05
Class A: Maximum 5.75% load	-3.77	4.81	4.81	3.51	4.34
60% MSCI ACWI/ 40% Bloomberg Barclays US[1] Agg.	2.11	19.81	19.81	9.55	8.98
Morningstar Tactical Allocation Category (average)[2]	1.98	14.61	14.61	6.46	6.07

†Returns less than a year are not annualized.

Expenses: Class A: Gross 1.83%; Net 1.36%. Expenses are capped contractually until 05/01/20 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.

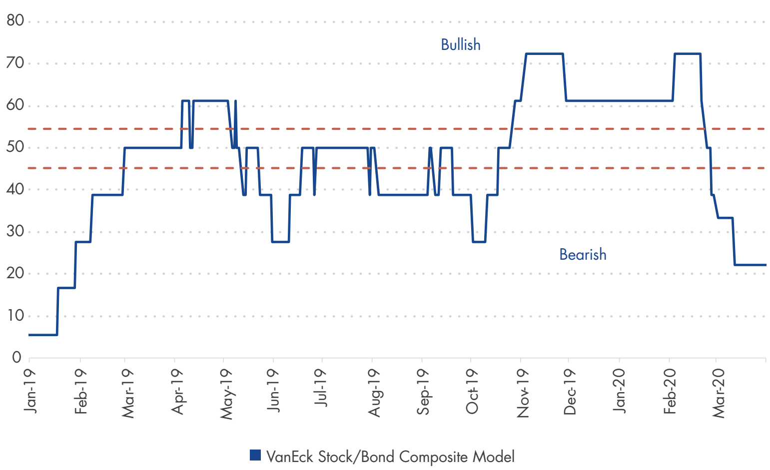
Please see additional information regarding benchmark and Morningstar category performance on last page.

Weight-of-the-Evidence

At the beginning of March, the Managed Allocation Fund reduced its exposure to stocks from 72% to 47%. This adjustment was made based on the relative underperformance of global stocks versus bonds, the leadership of the global defensive sectors and the breakdown of global market country breadth. These changes, coupled with the already nonexistent growth in earnings and global economic activity, led to our defensive posture.

As of the beginning of April, the model that drives the Fund's allocations has gotten even more defensive. Seven out of the nine indicators that we use to determine the stock/bond allocations are currently bearish. Model readings this defensive are reserved only for the worst of corrections. The chart below demonstrates the current risk score for stocks. Higher scores are associated with healthy markets and lower scores are associated with periods of market turmoil.

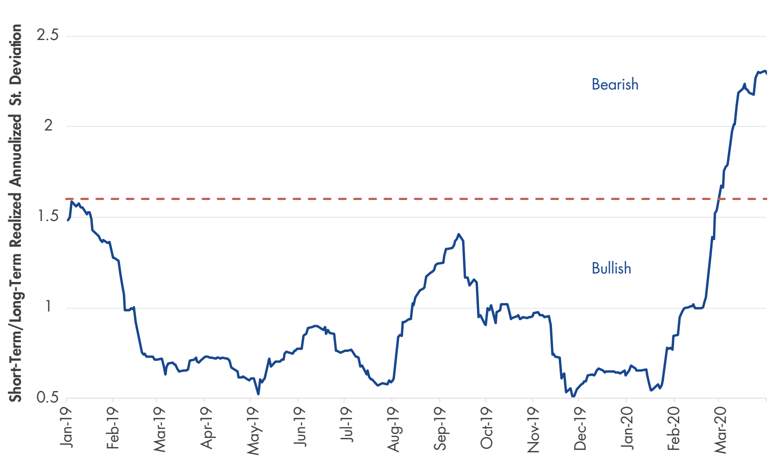
Stock/Bond Indicator Composite Remains Extremely Bearish



The two most recent indicators to turn bearish are the equity volatility indicator and the corporate high yield bond indicator. Let's take a closer look at the two of these:

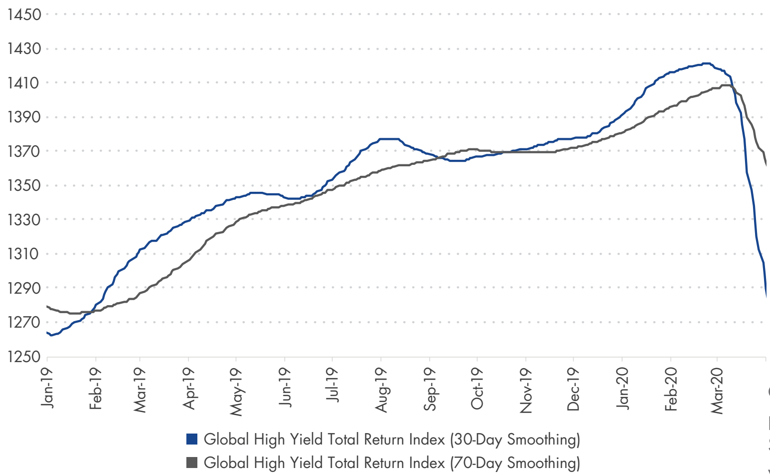
On March 2, the equity volatility indicator turned bearish. It measures the ratio of near-term to long-term realized volatility in the equity market. It remains bearish now and provides a warning sign that more downside risk may be ahead.

Equity Market Realized Volatility Bearish: More Downside Risk Ahead



On March 12, the corporate high yield bond indicator turned bearish and remains bearish today. It provides yet another warning from the fixed income markets that default risk is much higher.

High Yield Bond Indicator Bearish: A Warning of Higher Risk of Defaults



We have been pointing out the downside risks for some time now. On February 4th, we hosted a webinar to talk about our market views. A lot of what we warned about has become reality.

Our message was simple: The market is vulnerable to a correction and the virus may be the catalyst.

Here are the key alarms that were highlighted:

- Economic expansions do not last forever and we were in the midst of both the longest and slowest economic expansion on record.
- Stocks were expensive. Prior to the correction, the price-to-earnings ratio of the S&P 500 Index was 22 versus its 20-year average of 18.5.
- The length and pace of the economic expansion caused pricing dislocations, specifically in growth and higher yielding assets, which are typically seen at the end of market cycles.
- The bond market, through the inversion of the yield curve, indicated an impending recession.

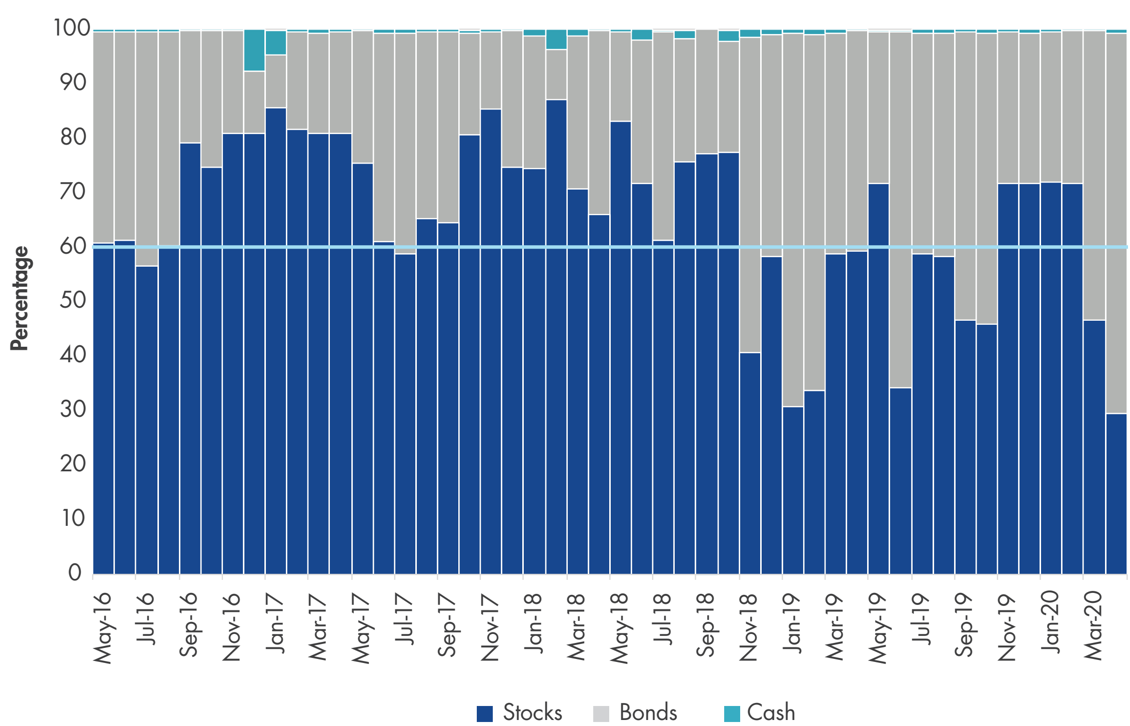
The risks highlighted above made the market vulnerable to a correction and COVID-19 acted as the pin prick that sent the market spiraling downward. Reducing our equity exposure by 25% at the beginning of March proved to be a very good decision. The S&P 500 Index fell nearly 35% from February 19 to March 23. That makes it the steepest market correction on record. Since then, as of April 10, the S&P 500 had recovered nearly 25%. This month we reduced our equity exposure by an additional 18% into the recovery.

Now, especially given the recent run-up in prices, the indicators suggest that there is significant downside risk in the near-term. The Fund will continue to measure the risks using its objective, data-driven indicators and adjust its exposures as needed. This is a complex period of time with great uncertainty ahead. We are confident that the process of the Fund will continue to navigate the environment successfully.

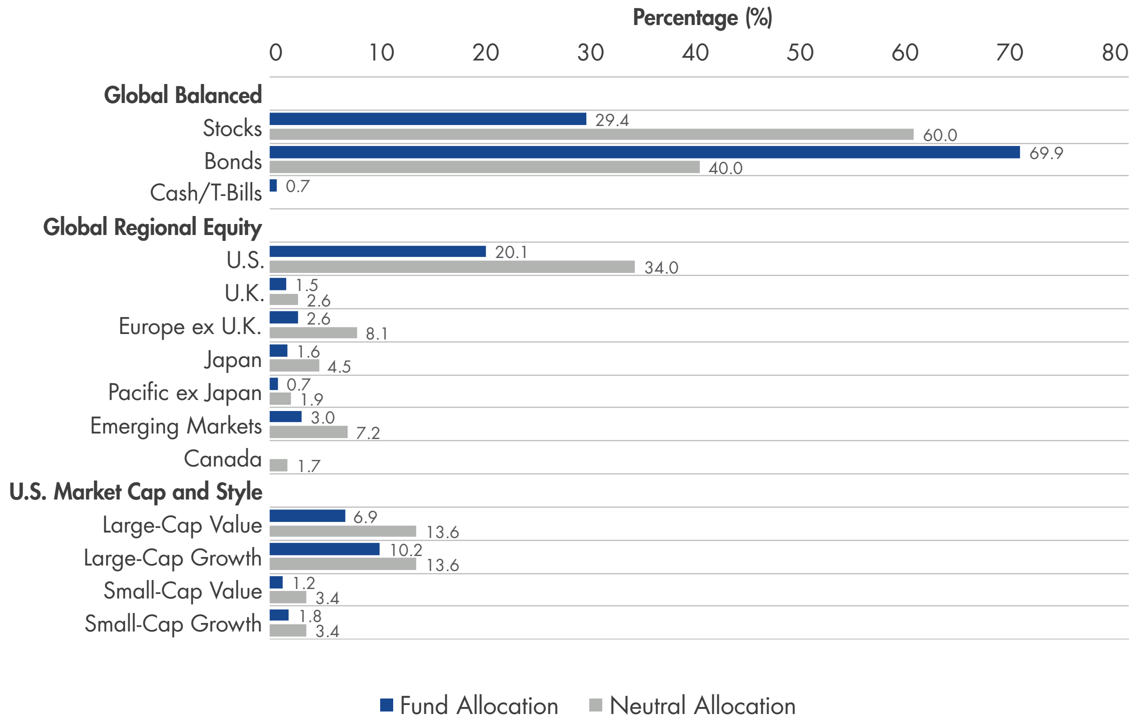
NDR Indicator Summary, April 2020

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

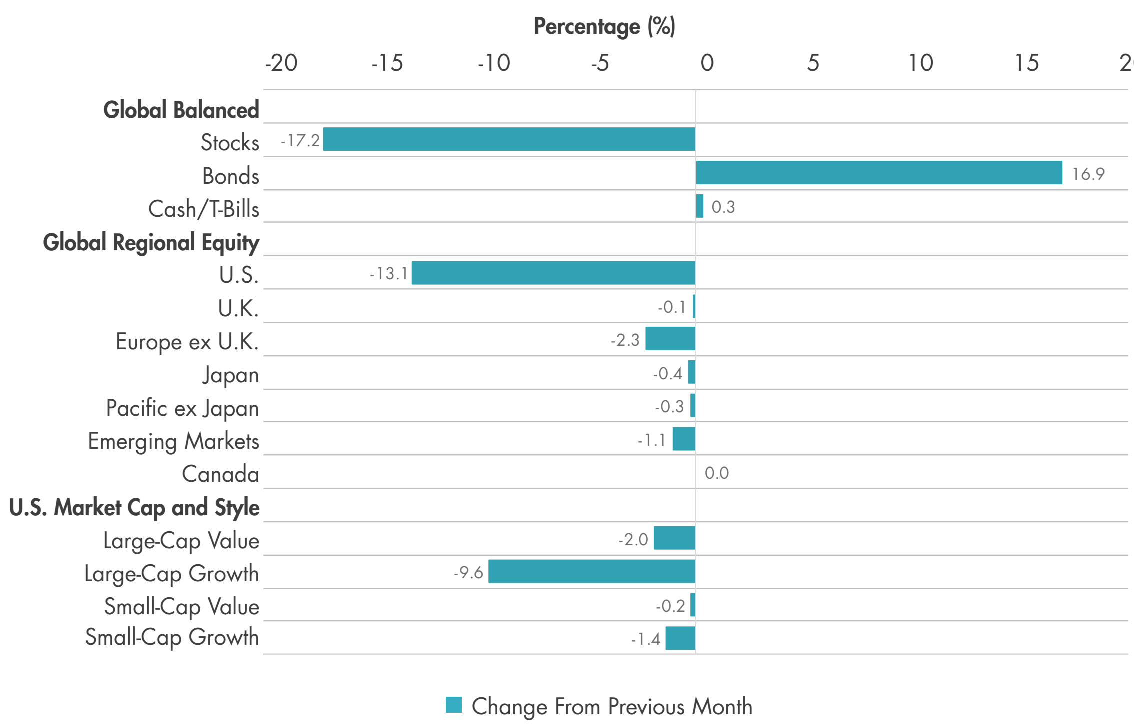
Allocations Since Inception



Asset Class Positioning vs. Neutral Allocation, April 2020



Asset Class Positioning Changes, April vs. March



[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 23 developed markets (DM) and 24 emerging markets (EM) 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 March 31, 2020, the Fund ranked 73 out of 251 funds for the 1 month period; 87 out of 251 funds for the YTD period; 104 out of 248 funds for the 1 Year period; 131 out of 234 funds for the 3 Year period; and 114 out of 229 funds since inception. As of December 31, 2019, the Fund ranked 135 out of 263 funds for the 1 month period; 202 out of 260 funds for the YTD period; 202 out of 260 funds for the 1 Year period; 157 out of 242 funds for the 3 Year period; and 135 out of 238 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 14 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 4 of 5 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 24 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 wcaptures large and mid cap representation across 21 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.

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