

Jump In, the Water's Fine

By David Schassler, Portfolio Manager

RAAX[®] VanEck Vectors[®] Real Asset Allocation ETF

Overview

The VanEck Vectors Real Asset Allocation ETF ("RAAX") returned 0.49% in October versus 1.49% for its blended benchmark and 2.02% for the Bloomberg Commodity Index. RAAX was positioned defensively in October, with two thirds of its assets in T-Bills and a large gold position, based on negative real asset price trends, weak commodity prices and heightened economic and sentiment risk readings. Gold generated a solid return of 2.84%, ahead of many other real assets. RAAX's other top performing real assets were in base metal and steel equity investments, which returned 2.51% and 1.73%, respectively. Its worst performing real assets were MLPs, which returned -7.35%, and unconventional oil & gas equities, which returned -6.73%.

In November, RAAX transitioned from partially invested to fully invested based on improving conditions for real assets. While price trends remained bearish across natural resource equities and commodities, there was improvement in investor sentiment and economic risk and volatility remained subdued.

RAAX is now well diversified across gold, natural resource equities, REITs, global infrastructure and MLPs. Its largest allocations are to gold (36%), natural resource equities (22%), global infrastructure (18%), REITs (15%), MLPs (4%) and diversified commodities (5%).

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

	1 Mo [†]	YTD [†]	1 Yr	Life (04/09/18)
RAAX (NAV)	0.49	2.37	3.82	0.86
RAAX (Share Price)	0.28	2.14	3.42	0.79
Blended Real Asset Index*	1.49	11.76	5.42	2.12

Average Annual Total Returns (%) as of September 30, 2019

	1 Mo [†]	YTD [†]	1 Yr	Life (04/09/18)
RAAX (NAV)	0.04	1.87	0.02	0.58
RAAX (Share Price)	0.08	1.85	0.01	0.65
Blended Real Asset Index*	1.83	10.12	-0.82	1.01

[†]Returns less than a year are not annualized.

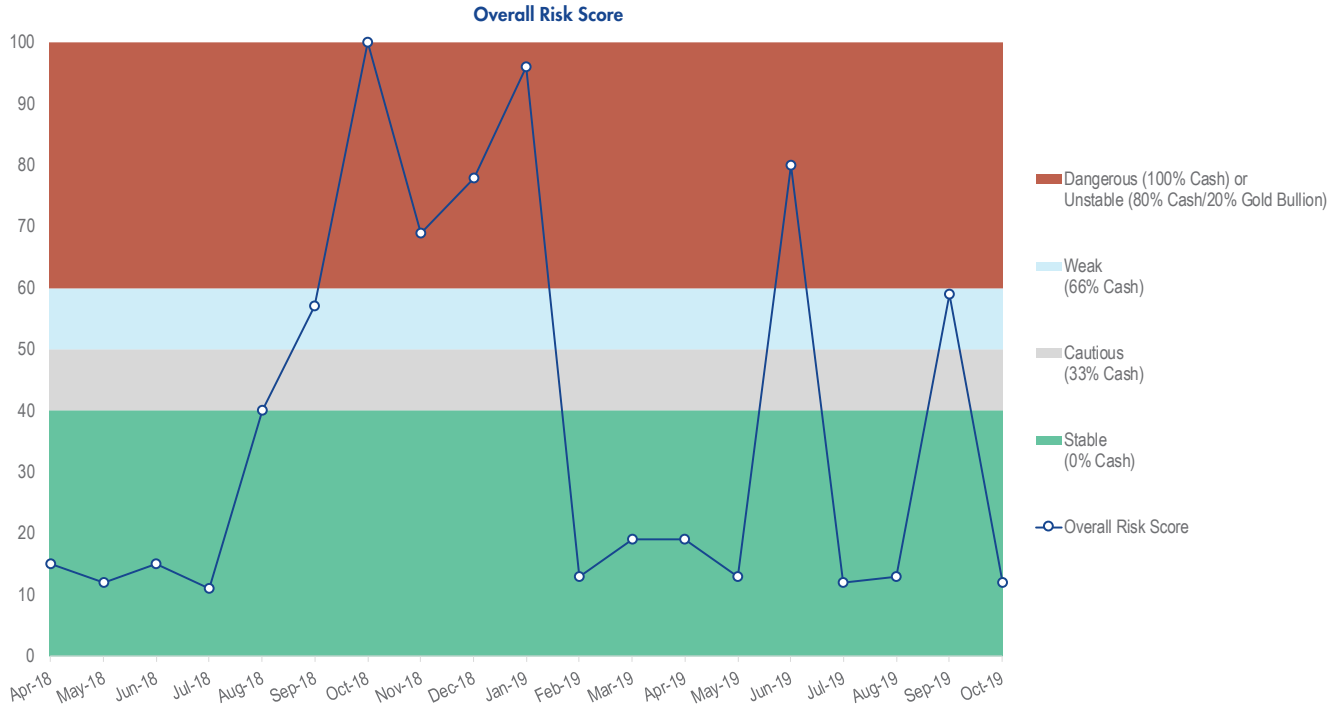
Expenses: Gross 1.04%; Net 0.64%. Expenses are capped contractually at 0.55% through February 1, 2020. Expenses are based on estimated amounts for the current fiscal year. Cap exclude certain expenses, such as interest, acquired fund fees and expenses, and trading expenses.

The table presents past performance which is no guarantee of future results and which may be lower or higher than current performance. Returns reflect temporary contractual fee waivers and/or expense reimbursements. Had the ETF incurred all expenses and fees, investment returns would have been reduced. Investment returns and ETF share values will fluctuate so that investors' shares, when redeemed, may be worth more or less than their original cost. ETF returns assume that distributions have been reinvested in the Fund at "Net Asset Value" (NAV). NAV is determined at the close of each business day, and represents the dollar value of one share of the fund; it is calculated by taking the total assets of the fund, subtracting total liabilities, and dividing by the total number of shares outstanding. The NAV is not necessarily the same as the ETF's intraday trading value. VanEck Vectors ETF investors should not expect to buy or sell shares at NAV.

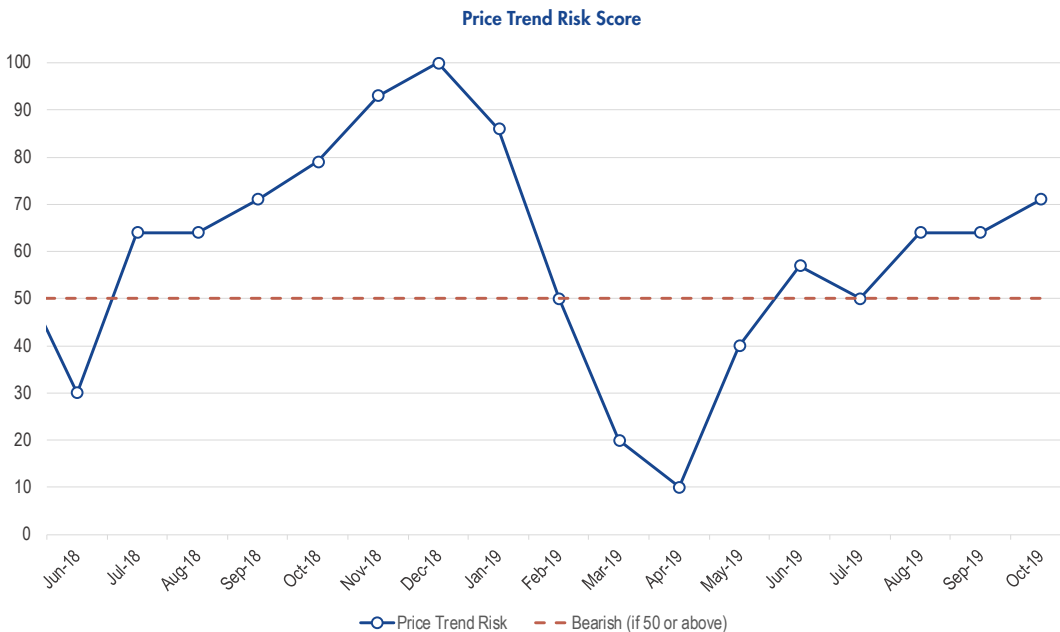
*The Blended Real Asset Index is calculated by VanEck and comprises an equally weighted blend of the returns of Bloomberg Commodity Index (BCOM), S&P Real Assets Equity Index, and VanEck[®] Natural Resources Index. Equal weightings are reset monthly. This is an appropriate benchmark because it represents the various real assets investments considered by the Fund covering natural resources equities, MLPs, infrastructure, real estate, and commodity futures.

A Deeper Dive

Below is the overall real asset economic composite. A score of 0 represents the lowest risk level and a score of 100 represents the highest risk level. A score of 60 or higher will result in our most defensive posture. The current score of 12 indicates a stable risk regime for real assets.

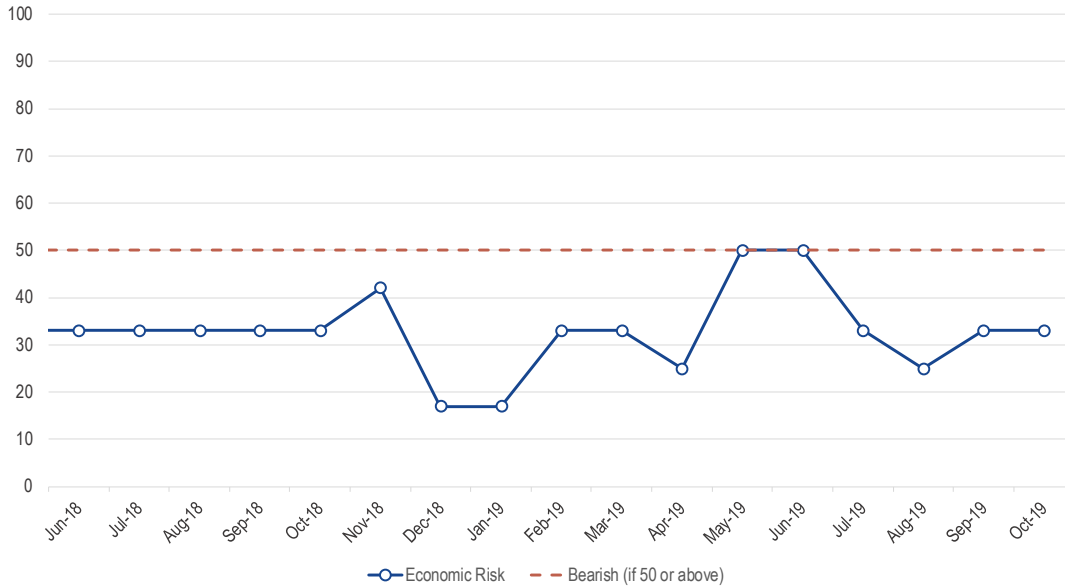


The risk score can be decomposed into key factors that drive real asset prices. These include price trends, economic activity, commodity prices, realized volatility and investor sentiment.



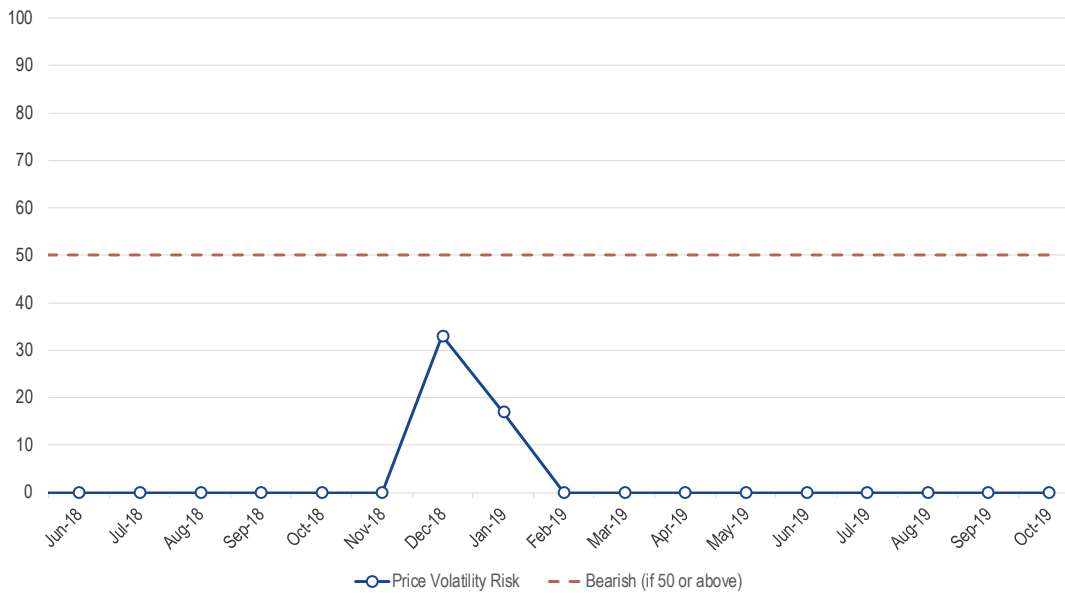
Price trends remained bearish. The assets with negative trends were focused in the natural resource equity and commodity segments of the portfolio.

Economic Risk Score



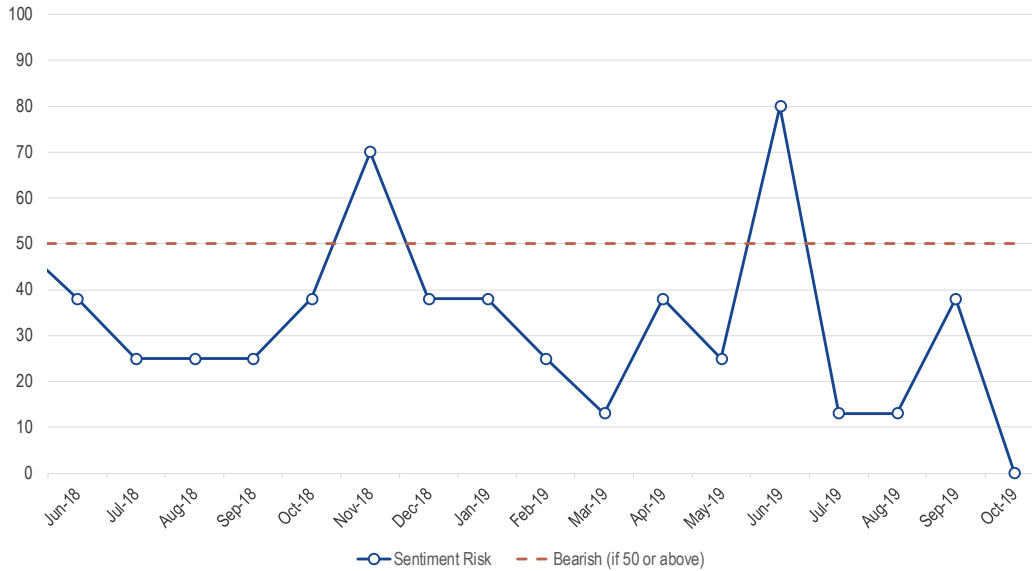
This chart shows that economic risk did not change in October. In aggregate, economic activity remained supportive of real asset prices.

Price Volatility Risk Score



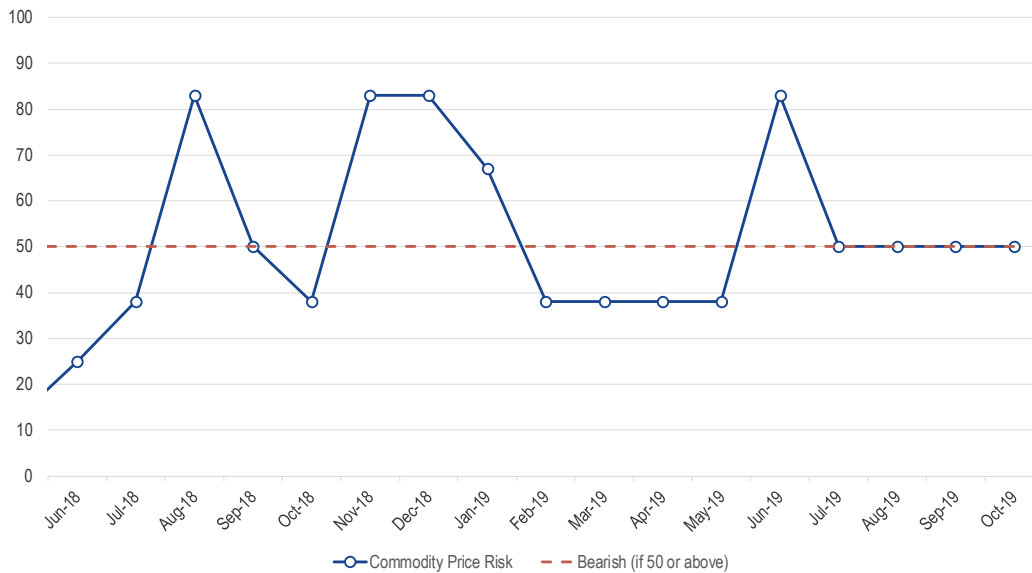
Volatility is not at extreme levels. These extremes are often associated with rapid price declines, and we do not have those yet.

Investor Sentiment Risk Score



Investor sentiment risk, within commodities, is low, which is a bullish signal.

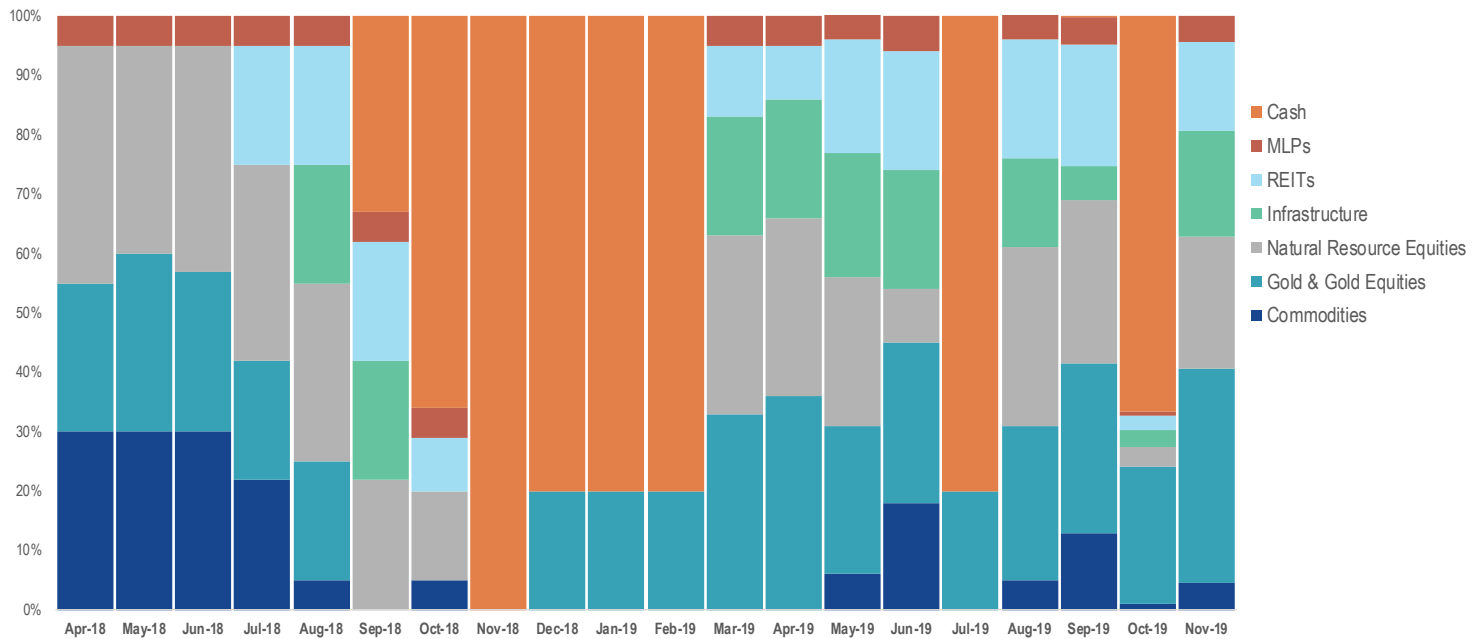
Commodity Price Risk Score



Commodity price trends, in aggregate, remain bearish. Most of the commodities that we track have negative trending prices.

It is difficult to be bullish at this late stage in the market cycle. The headwinds are powerful and large in number. But, as tactical allocators, we stay committed to the process and invest based on our indicators. Therefore, RAAX is now fully invested and diversified. We believe its large allocation to gold will come in handy if there is an abrupt change in the investment climate. Overall, this mix of assets, in our view, places RAAX in a strong position to deliver, regardless of whether the market continues to rise, or changes course and falls.

Real Asset Sector Allocations Since Inception



Real Asset Class Allocations

	Nov-19	Oct-19	Change from Previous Month	
Global Infrastructure	17.8%	2.8%	15.0%	Increase
REITs	15.0%	2.4%	12.6%	Increase
Gold Bullion	29.0%	22.3%	6.7%	Increase
Gold Equities	7.0%	0.7%	6.3%	Increase
Coal Equities	4.1%	0.0%	4.1%	Increase
Global Metals & Mining Equities	4.5%	0.7%	3.8%	Increase
Unconventional Oil & Gas Equities	4.5%	0.7%	3.8%	Increase
Agribusiness Equities	4.5%	0.7%	3.8%	Increase
Oil Services Equities	4.4%	0.7%	3.7%	Increase
MLPs	4.4%	0.7%	3.7%	Increase
Diversified Commodities	4.6%	1.0%	3.6%	Increase
Steel Equities	0.3%	0.7%	-0.4%	Decrease
Cash	0.0%	66.7%	-66.7%	Decrease

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The Blended Real Assets Index consists of an equally weighted blend of the returns of Bloomberg Commodity Index, S&P Real Assets Equity Index, and VanEck® Natural Resources Index. Equal weightings are reset monthly. The S&P Real Assets Equity Index measures the performance of equity real return strategies that invest in listed global property, infrastructure, natural resources, and timber and forestry companies. The VanEck Natural Resources Index is a rules-based index intended to give investors a means of tracking the overall performance of a global universe of listed companies engaged in the production and distribution of commodities and commodity-related products and services. Sector weights are set annually based on estimates of global natural resources consumption, and stock weights within sectors are based on market capitalization, float-adjusted and modified to conform to various asset diversification requirements. The S&P 500® Index (S&P 500) consists of 500 widely held common stocks, covering four broad sectors (industrials, utilities, financial and transportation).

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The Solactive MLP & Energy Infrastructure Index tracks the performance of MLPs and energy infrastructure corporations. The MVIS U.S. Listed Oil Services 25 Index is intended to track the overall performance of U.S.-listed companies involved in oil services to the upstream oil sector, which include oil equipment, oil services, or oil drilling. The Dow Jones Equity All REIT Index, designed to measure all publicly traded real estate investment trusts in the Dow Jones U.S. stock universe classified as equity REITs according to the S&P Dow Jones Indices REIT Industry Classification Hierarchy. The NYSE Arca Gold Miners Index is a modified market capitalization-weighted index composed of publicly traded companies involved primarily in the mining for gold. The Index is calculated and maintained by the New York Stock Exchange. The S&P® North American Natural Resources Sector Index: a modified capitalization-weighted index which includes companies involved in the following categories: extractive industries, energy companies, owners and operators of timber tracts, forestry services, producers of pulp and paper, and owners of plantations. The S&P® GSCI Total Return Index is a world production-weighted commodity index comprised of liquid, exchange-traded futures contracts and is often used as a benchmark for world commodity prices.

Any indices listed are unmanaged indices 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.

An investment in the Fund may be subject to risks which include, among others, in fund of funds risk which may subject the Fund to investing in commodities, gold, natural resources companies, MLPs, real estate sector, infrastructure, equities securities, small- and medium-capitalization companies, foreign securities, emerging market issuers, foreign currency, credit, high yield securities, interest rate, call and concentration risks, all of which may adversely affect the Fund. The Fund may also be subject to affiliated fund, U.S. Treasury Bills, subsidiary investment, commodity regulatory (with respect to investments in the Subsidiary), tax (with respect to investments in the Subsidiary), liquidity, gap, cash transactions, high portfolio turnover, model and data, management, operational, authorized participant concentration, no guarantee of active trading market, trading issues, market, fund shares trading, premium/discount and liquidity of fund shares, non-diversified and ETPs risks. 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 returns. Small- and medium-capitalization companies may be subject to elevated risks.

Diversification does not assure a profit or protect against a loss.

Fund shares are not individually redeemable and will be issued and redeemed at their net asset value (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.

Investing involves substantial risk and high volatility, including possible loss of principal. Bonds and bond funds will decrease in value as interest rates rise. 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 contain this and other information, call 800.826.2333 or visit vaneck.com. Please read the prospectus and summary prospectus carefully before investing.

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