

# Positive Outlook Fuels Stock Overweight

## VanEck NDR Managed Allocation Fund Review

By David Schassler, Portfolio Manager

NDRMX / NDRUX / NDRYX

### Overview

The VanEck NDR Managed Allocation Fund (the "Fund") returned +1.99% in February versus +0.83% for its blended 60/40 benchmark. The Fund's outperformance was primarily driven by its overweight equity and underweight fixed income positioning. Optimism over future economic growth in a post-COVID-19 world, combined with fears of inflation, sent interest rates up rather quickly. In February, the yield on the 10-Year U.S. Treasury note increased from 1.08% to an intra-month high of 1.52%. This put downward pressure on bonds, high priced technology stocks and other interest rate sensitive assets. The Bloomberg Barclays U.S. Aggregate Bond Index was down 1.44% this month and the Nasdaq Composite Index was down 7.41% from its intra-month high, on February 12, to the end of the month.

### Average Annual Total Returns (%) as of February 28, 2021

	1 Mo <sup>†</sup>	YTD <sup>†</sup>	1 Year	3 Year	Since Inception
Class A: NAV (Inception 5/11/16)	1.99	2.12	16.91	4.35	6.78
Class A: Maximum 5.75% load	-3.88	-3.76	10.19	2.31	5.47
60% MSCI ACWI/ 40% Bloomberg Barclays US <sup>1</sup> Agg.	0.83	0.30	18.83	9.02	9.72
Morningstar Tactical Allocation Category (average) <sup>2</sup>	1.74	1.98	17.06	5.78	6.87

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

	1 Mo <sup>†</sup>	YTD <sup>†</sup>	1 Year	3 Year	Since Inception
Class A: NAV (Inception 5/11/16)	3.64	8.35	8.35	3.44	6.54
Class A: Maximum 5.75% load	-2.32	2.12	2.12	1.42	5.19
60% MSCI ACWI/ 40% Bloomberg Barclays US <sup>1</sup> Agg.	2.85	13.75	13.75	8.91	10.01
Morningstar Tactical Allocation Category (average) <sup>2</sup>	3.67	9.83	9.83	5.15	6.67

Source: VanEck.

<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.

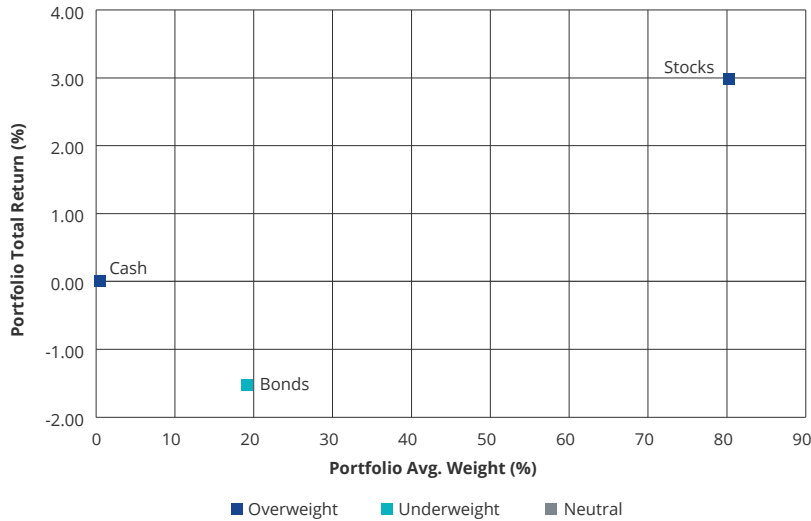
The tables present past performance which is no guarantee of future results and which may be lower or higher than current performance. Returns reflect applicable fee waivers and/or expense reimbursements. Had the Fund incurred all expenses and fees, investment returns would have been reduced. Investment 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.

The Fund was well positioned to perform in this environment. Its top-level asset allocation was overweight stocks and underweight bonds, with an allocation of 80% in stocks and 20% in bonds. As the chart below illustrates, this protected the portfolio from losses as the Fund’s equity allocation returned +2.99% and its bond allocation returned -1.53%. The Fund was overweight stocks because, in aggregate, the NDR stock/bond composite strongly favored stocks due to strong stock price momentum, moderate levels of volatility, tight credit spreads and cyclical market leadership.

**Global Balanced Allocation: Fund vs. Neutral Allocation**  
As of February 28, 2021

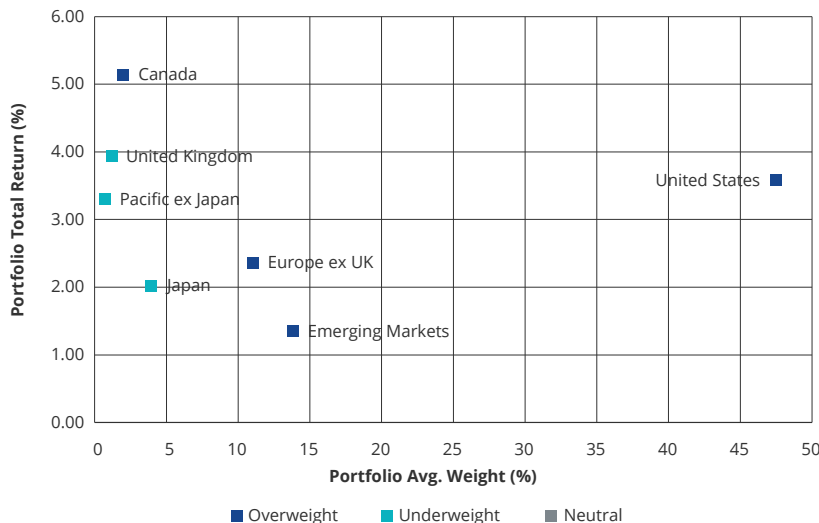


Data as of February 28, 2021. Source: NDR, VanEck, FactSet. Past performance is no guarantee of future results. The neutral allocation is (60% MSCI ACWI/ 40% Bloomberg Barclays US Agg.). This represents the starting allocation point absent an alternative recommendation based on model indicators. These are not recommendations to buy or sell any security.

With a return of +2.99%, the allocations across the different equity regions, together with U.S. market cap and style positioning, in aggregate, outperformed the MSCI All Country World Index, which returned +2.32%.

The chart below demonstrates the relative weightings and total returns based on country. Regionally, overweight positions in the U.S. and the Europe ex. U.K. were the large contributors to performance. The Fund’s holdings within the U.S. returned +3.58% and its holdings within the Europe ex. U.K. returned +2.36%. Its largest regional equity detractors from performance were underweight allocations to Pacific ex. Japan and the U.K., which returned +3.30% and +3.94%, respectively.

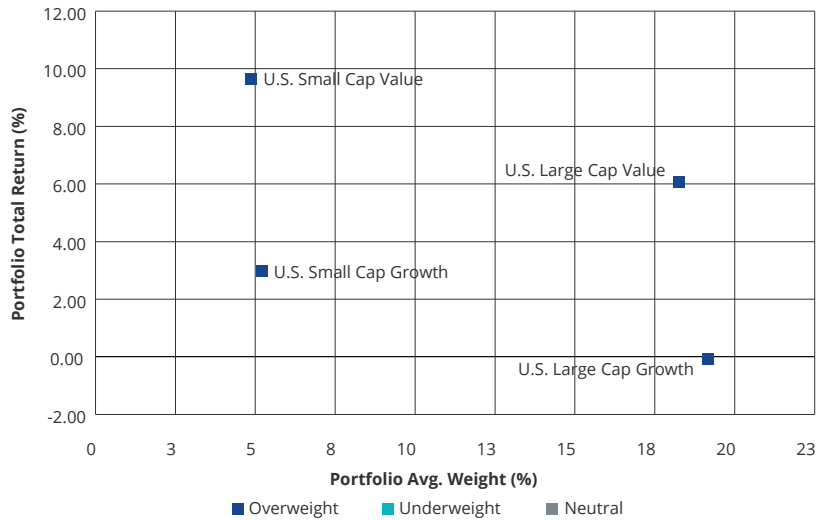
**Global Regional Equity Allocation: Fund vs. Neutral Allocation**  
As of February 28, 2021



Data as of February 28, 2021. Source: NDR, VanEck, FactSet. Past performance is no guarantee of future results. The neutral allocation is (60% MSCI ACWI/ 40% Bloomberg Barclays US Agg.). This represents the starting allocation point absent an alternative recommendation based on model indicators. These are not recommendations to buy or sell any security.

In the U.S., the Fund was overweight growth, value, large- and small-cap stocks. As you can see in the chart below, value significantly outperformed growth during the period. The Fund’s allocations to large-cap value returned +6.00% and its allocation to small-cap value returned +9.54%. Its allocations to small-cap growth returned +3.12%, but its allocation to large-cap growth returned a disappointing -0.03%. The high valuations of many large-cap growth stocks made them vulnerable to the surge in interest rates. Many of these growth stocks are priced based on the expectations of future profits, which become worth much less when the discount rate moves up significantly.

**U.S. Cap and Style Allocation: Fund vs. Neutral Allocation**  
As of February 28, 2021

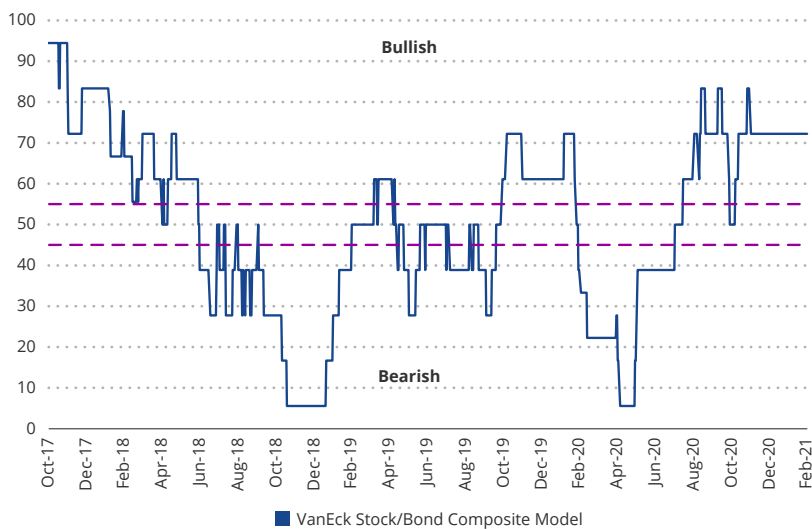


Data as of February 28, 2021. Source: NDR, VanEck, FactSet. Past performance is no guarantee of future results. The neutral allocation is (60% MSCI ACWI/ 40% Bloomberg Barclays US Agg.). This represents the starting allocation point absent an alternative recommendation based on model indicators. These are not recommendations to buy or sell any security.

**Weight-of-the-Evidence**

The February Allocation shifts were minimal, and the largest changes were reductions to Europe ex. U.K. and the U.S., and increases to the U.K. and Canada. The Fund maintained its 80% allocation to stocks and 20% allocation to bonds. The chart below demonstrates that the NDR stock/bond composite remains decisively bullish. This is expected to be helpful as the market prepares for additional stimulus and an uptick in economic growth activity.

**VanEck Stock/Bond Composite Model**  
As of February 28, 2021



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Regionally, the model's indicators remain the most bullish on the Emerging Markets, based on strong technical indicator readings, strong commodity prices and improving economic activity. The reduction in the allocation to Europe ex. U.K. was due to the reduced attractiveness of Europe ex. U.K. relative to the other equity regions based on prices and dividend yields. The increase in exposure to the U.K. was based on a near-term improvement in sentiment from previously depressed levels.

**Regional Equity Model Scores**

	Mar-21	Feb-21	Jan-21
U.S.	45.8	54.2	64.2
Europe ex. U.K.	39.3	54.8	50.0
Emerging Markets	65.0	65.0	50.0
U.K.	40.0	31.7	41.7
Japan	27.9	35.0	47.1
Pacific ex. Japan	22.5	32.5	36.7
Canada	56.7	48.3	48.3

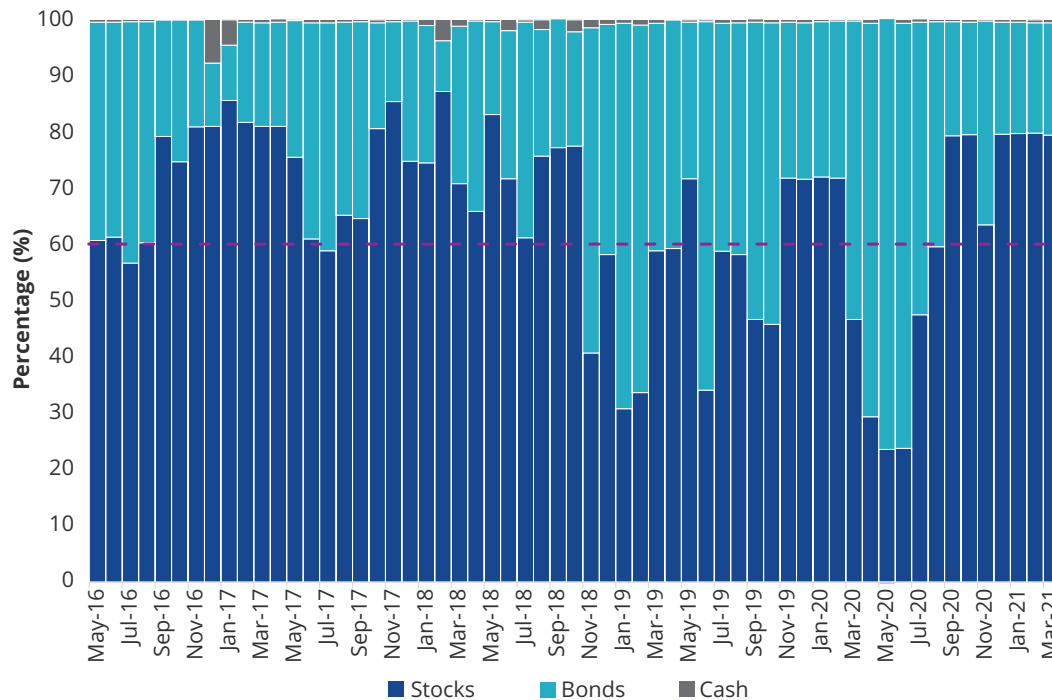
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Going forward, we believe that the Fund is well positioned to navigate the near-term opportunities and risks. Optimism over future economic growth and fears of inflation are dominating the markets. This is most evident in assets with the most interest rate sensitivity, such as fixed income and high growth stocks. The Fund has done well lately by underweighting fixed income and maintaining broad diversification within its equity holdings. We believe that this positioning is likely to continue to help the Fund generate strong performance.

NDR Indicator Summary, March 2021		Macro/Fundamental	Technical	Overall
<b>Stocks, Bonds, or Cash</b>	Stocks (vs. Bonds)	Bullish	Bullish	Bullish
	Bonds (vs. Cash)	Bullish	Bearish	Bearish
<b>Global Regional Equity</b>	U.S.	Neutral	Neutral	Neutral
	Canada	Bullish	Bearish	Neutral
	U.K.	Neutral	Bearish	Neutral
	Europe ex. U.K.	Bearish	Neutral	Bearish
	Japan	Bearish	Bearish	Bearish
	Pacific ex. Japan	Bearish	Bearish	Bearish
	Emerging Markets	Bullish	Neutral	Bullish
<b>U.S. Cap &amp; Style</b>	Large-Cap	Neutral	Neutral	Neutral
	Small-Cap	Neutral	Neutral	Neutral
	Growth	Neutral	Bullish	Neutral
	Value	Neutral	Bearish	Neutral

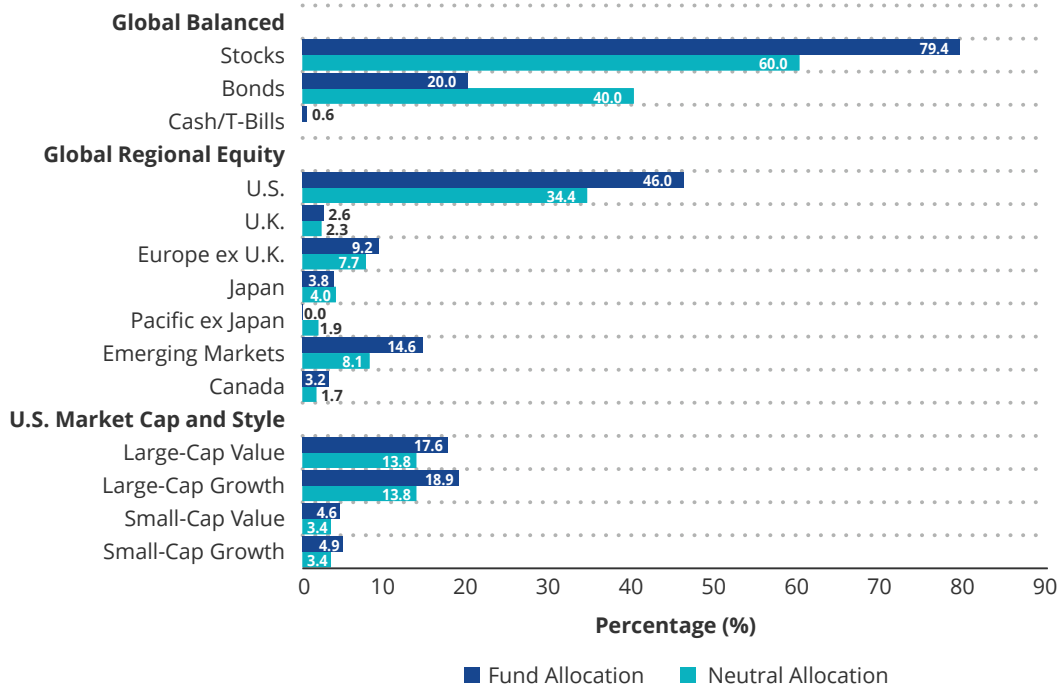
Source: Ned Davis Research. Data as of March 2, 2021.

**Allocations Since Inception**



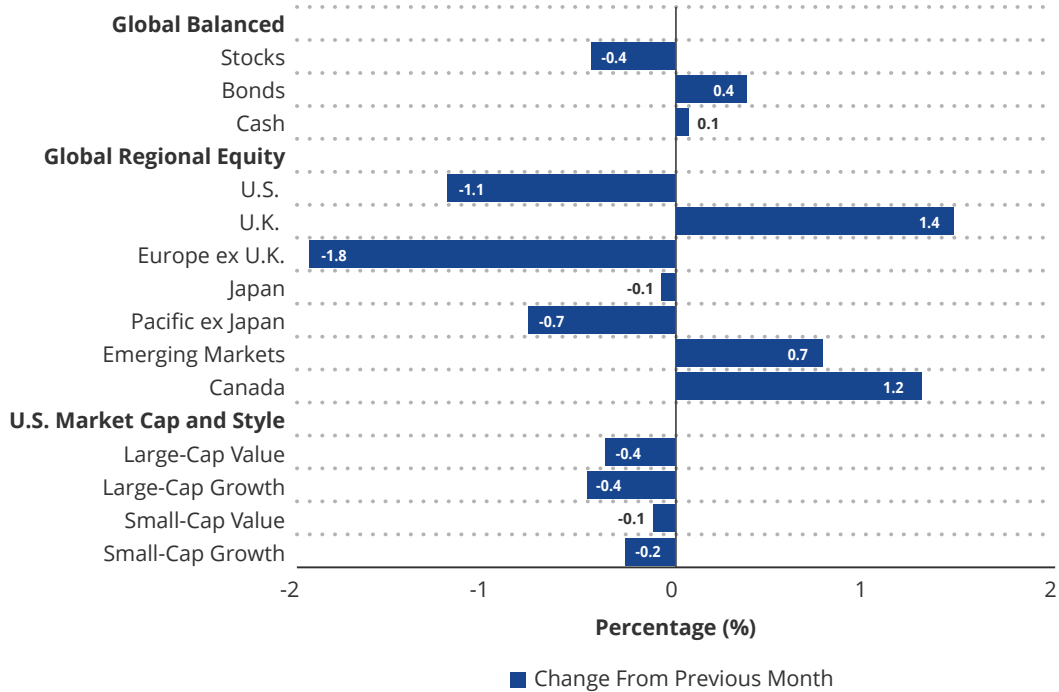
Source: VanEck, Ned Davis Research. Data as of March 2, 2021.

Asset Class Positioning vs. Neutral Allocation, March 2021



Source: VanEck, Ned Davis Research. Data as of March 2, 2021.

Asset Class Positioning Changes from Prior Month



Source: VanEck, Ned Davis Research. Data as of March 2, 2021.

<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 December 31, 2020, the Fund ranked 104 out of 245 funds for the 1 month period; 125 out of 243 funds for the YTD period; 125 out of 243 funds for the 1 Year period; 162 out of 232 funds for the 3 Year period; and 129 out of 217 funds since inception. As of February 28, 2021, the Fund ranked 110 out of 242 funds for the 1 month period; 89 out of 242 funds for the YTD period; 112 out of 241 funds for the 1 Year period; 63 out of 228 funds for the 3 Year period; and 58 out of 213 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. The Nasdaq Composite Index is the market capitalization-weighted index of over 2,500 common equities listed on the Nasdaq stock exchange. 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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