

Powell's Quest to Talk Inflation Down



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Portfolio Manager

RAAX

VanEck Inflation Allocation ETF

Overview

The VanEck Inflation Allocation ETF ("RAAX") returned +0.51% versus +1.84% for the Bloomberg Commodity Index in the month of July. RAAX is up 23.08% year-to-date. The top performing segment of the portfolio was financial assets, which, led higher by strong performance in bitcoin and gold, returned +4.26%. The income assets returned a solid +2.04% due to the strong performance of REITs and infrastructure. The largest detractor from performance was the resource assets, with a return of -1.69%. Resource assets were bogged down by falling prices in traditional energy companies.

Month-End Total Returns (%) as of August 31, 2021¹

	1 Mo†	YTD†	1 Yr	3 Yr	Life (04/09/18)
RAAX (NAV)	-0.35	23.08	28.69	3.36	3.31
RAAX (Share Price)	-0.27	23.22	28.86	3.35	3.34
Bloomberg Commodity Index	-0.30	23.01	31.00	5.82	3.83

Quarter-End Total Returns (%) as of June 30, 2021¹

	1 Mo†	YTD†	1 Yr	3 Yr	Life (04/09/18)
RAAX (NAV)	0.14	22.89	40.09	3.01	3.44
RAAX (Share Price)	0.04	22.84	39.57	2.84	3.42
Bloomberg Commodity Index	1.85	21.15	45.60	3.91	3.54

† Returns less than a year are not annualized.

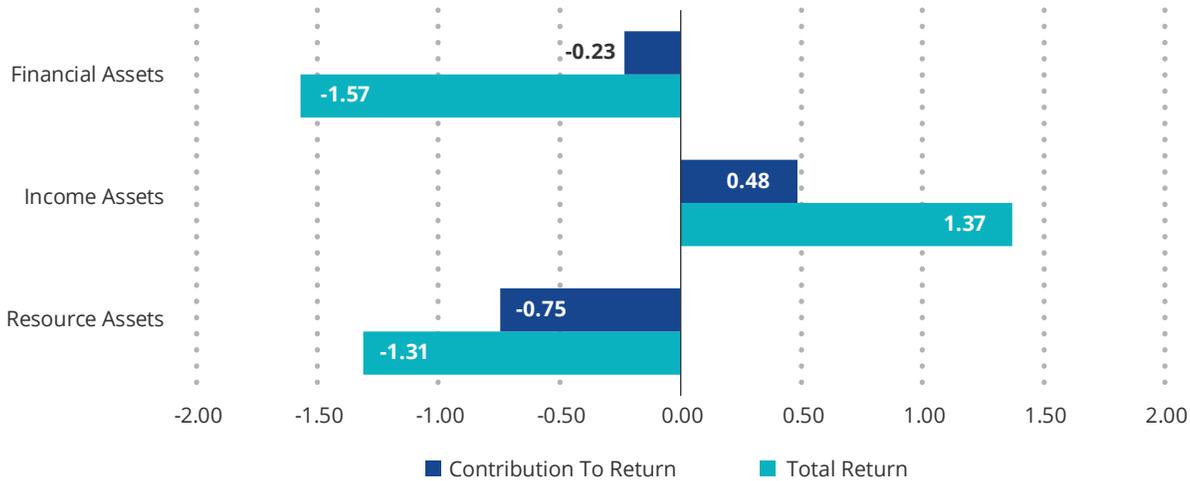
Expenses: Gross 1.35%; Net 0.78%. Expenses are capped contractually at 0.55% through February 1, 2022. Expenses are based on estimated amounts for the current fiscal year. Cap exclude certain expenses, such as interest, acquired fund fees and expenses, and trading expenses.

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.

The Bloomberg Commodity Index is a broadly diversified index that tracks the commodity markets through commodity futures contracts and is made up of exchange-traded futures on physical commodities, which are weighted to account for economic significance and market liquidity.

¹ Source: Bloomberg. Please note that the returns include the distribution on the ex-date of December 29, 2020 but not the potential reinvestment that occurred on January 5, 2021. Had the returns above included reinvested distributions, the returns would have been higher. Please visit our website at <https://www.vaneck.com/resources/tax-and-distributions/etfs/> for additional information.

Total Return Contribution (August 2021)



Data as of August 31, 2021. Source: Bloomberg. Past performance does not guarantee future results. Please see index description on last page.

U.S. Federal Reserve (“Fed”) Chairman Jerome Powell recently gave his much-anticipated Jackson Hole speech. In that, he continued with his hard sell on why inflation is only temporary. Mr. Powell well understands the importance of controlling the psychology of inflation. Two times in his speech, Mr. Powell mentioned the importance of inflation expectations. Once consumers believe that inflation is here to stay, it changes consumption patterns as people look to buy now before prices increase in the future.

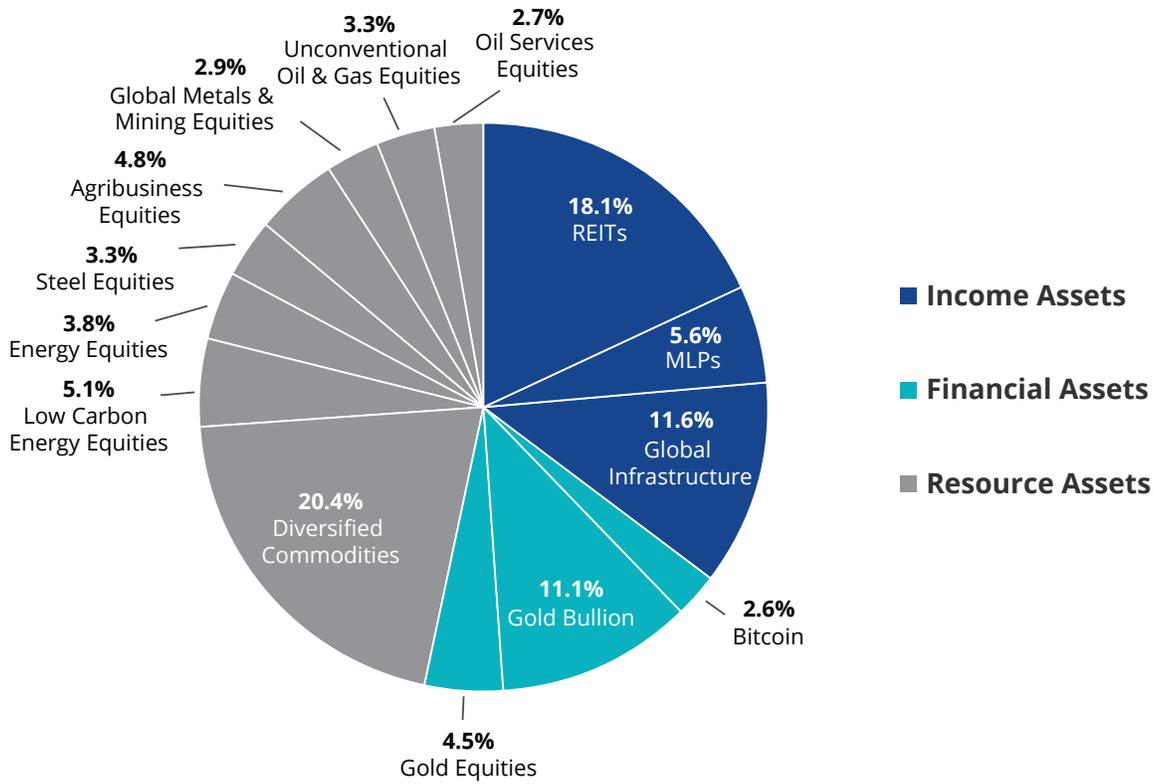
The latest CPI report increased by 0.30% in August, which was slightly lower than the 0.40% increase that was expected. Many interpreted this report as confirmation that inflation is only temporary. However, jumping to that conclusion at this point seems premature. Inflation may have cooled, and may have even peaked, but it remains very high.

Several forward looking data points do not suggest that the inflation will disappear any time soon. On August 31, the S&P Case/Shiller Index, which measures home prices across the U.S., reported a year-over-year gain of 19.1%. This is key because the Consumer Price Index (“CPI”) has only measured the rise in housing costs to be 2.2%. The rents and rent equivalents typically lag by 12-18 months. Shelter is the largest component of the CPI at a weighting of one third! Additionally, on September 10, the Producer Price Index (“PPI”) in August increased by 0.7%. That was higher than the anticipated 0.6% and brings the trailing 12-month increase to 8.3%. PPI is considered a leading indicator of CPI because producers are generally expected to eventually pass along price increases to consumers.

Another important factor is that economic activity is slowing. On September 3, non-farm payroll growth in August was +235,000 versus expectations of +720,000. This result increases the chances that the Fed will remain supportive of economic growth, which adds to the inflationary pressures.

The diagram below represents the asset allocation positioning within RAAX. The resource assets, at a weighting of 46.8%, are the largest segment of the portfolio. While each segment of the portfolio is expected to benefit from higher inflation, historically, resource assets have generated the highest returns during periods of high inflation.

RAAX Asset Allocation Across Financial, Income, and Resource Assets (as of August 31, 2021)



Source: VanEck.

Performance Review

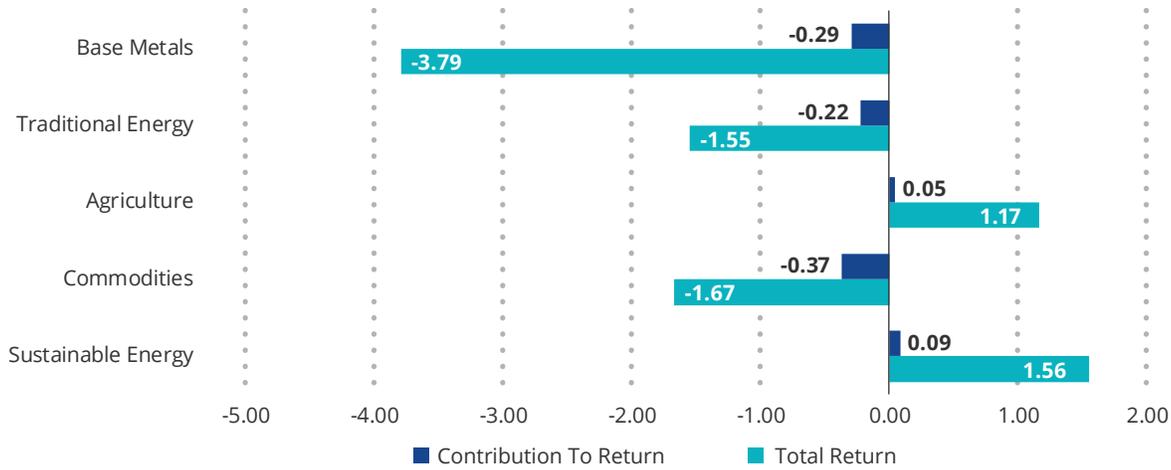
Resource Assets

The resource assets segment of the portfolio returned -1.31% in August and has returned +24.18% year-to-date. The commodity exposure within this segment of the portfolio returned -1.67% and the natural resource equities returned -1.04%.

Oil prices drove commodity prices lower in August because of fears of an economic slowdown resulting from the COVID-19 Delta variant and increased crude oil supply from OPEC. WTI crude oil reached a near-term high of \$75.25 on July 13 and hit an intra-month low on August 20 of \$62.32. However, Hurricane Ida hit the Gulf Coast and led to the shutdown of several key refineries. This helped propel the price of oil to over \$70 per barrel.

The performance within natural resource equities was mixed. RAAX's exposure to sustainable energy, which benefited from a resurgence of the growth trade, returned +1.56% and its exposure to agribusiness equities returned +1.17%. Unsurprisingly, given the weakness in oil prices, RAAX's exposure to traditional energy companies returned -1.55%. Industrial metal prices were also weak in August, which led to a return of -3.79% in RAAX's exposure to base metal equities.

Resource Assets: Total Return and Contribution (August 2021)



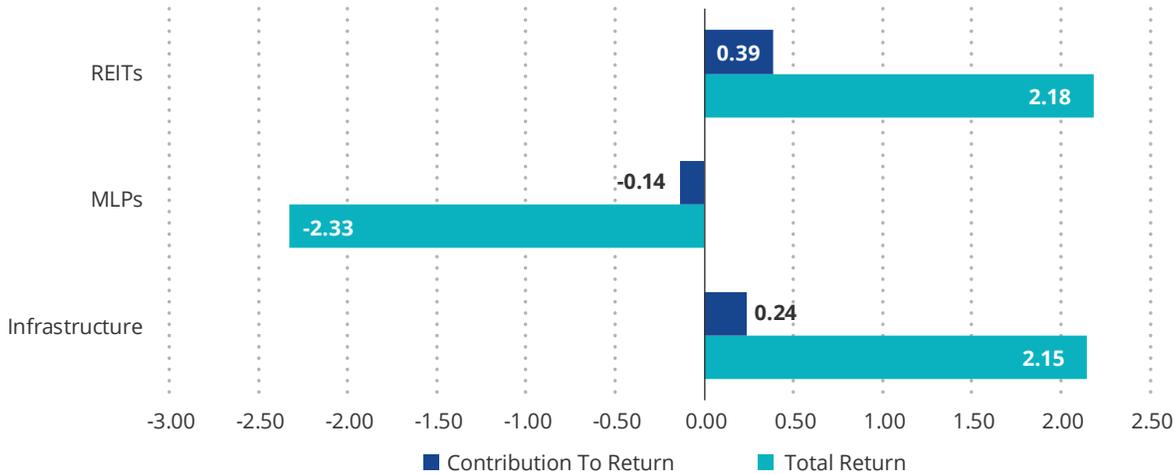
Data as of August 31, 2021. Source: FactSet. Past performance does not guarantee future results. Please see index description on last page.

Income-Producing Assets

The 12-month yield on our basket of income-producing assets is 3.00%. This segment of the portfolio returned +1.37% in August and has returned +25.57% year-to-date. Income-producing assets continued to benefit from ultra-low interest rates as the market remains wary of a potential slowdown in growth due to the Delta variant.

RAAX's exposure to REITs returned +2.18% and its exposure to infrastructure returned +2.15%. The Fund's holding in MLPs returned -2.33% due to weakness in energy prices.

Income Assets: Total Return and Contribution (August 2021)



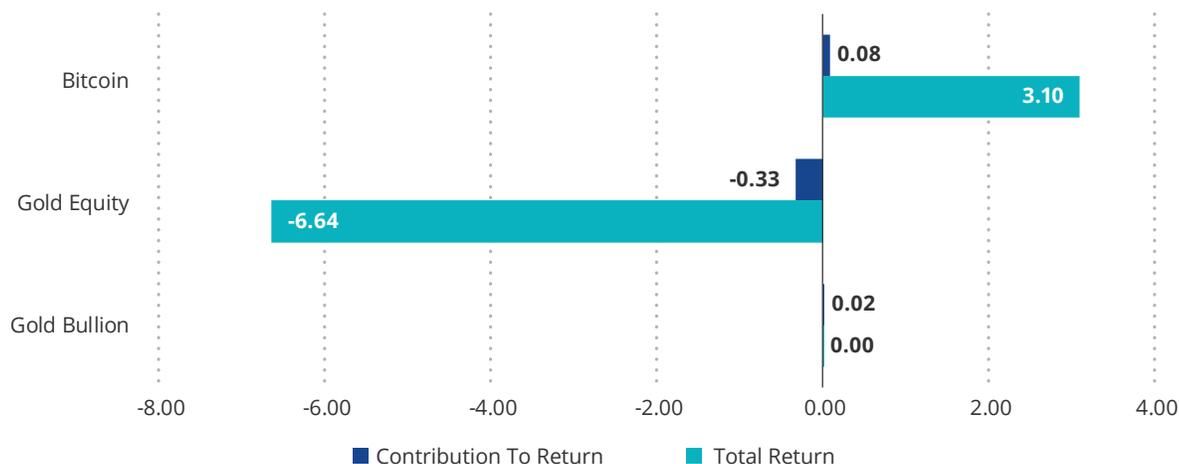
Data as of August 31, 2021. Source: FactSet. Past performance does not guarantee future results. Please see index description on last page.

Financial Assets

RAAX's financial assets, in aggregate, returned -1.57% in August and have returned -8.10% year-to-date. The Fund's exposure to bitcoin returned +3.10%. Bitcoin has surged recently, from below \$30,000 in July to nearly \$50,000. The sentiment on the cryptocurrency has been improving lately as the crackdown in mining in China becomes old news and the continuation of institutional adoption continues to dominate the news cycle.

The price of gold was barely changed at month-end, at \$1,814.00 per ounce. However, gold prices did dip mid-month due to a stronger than expected jobs report that sent the U.S. dollar up. Then, due to what was broadly perceived as a dovish speech by Mr. Powell at Jackson Hole, the dollar weakened in anticipation of plentiful monetary stimulus on the horizon. Gold equity prices significantly underperformed bullion, with a return of -6.64%.

Financial Assets: Total Return and Contribution (August 2021)



Data as of August 31, 2021. Source: FactSet. Past performance does not guarantee future results. Please see index description on last page.

Below are the current and previous month's allocations:

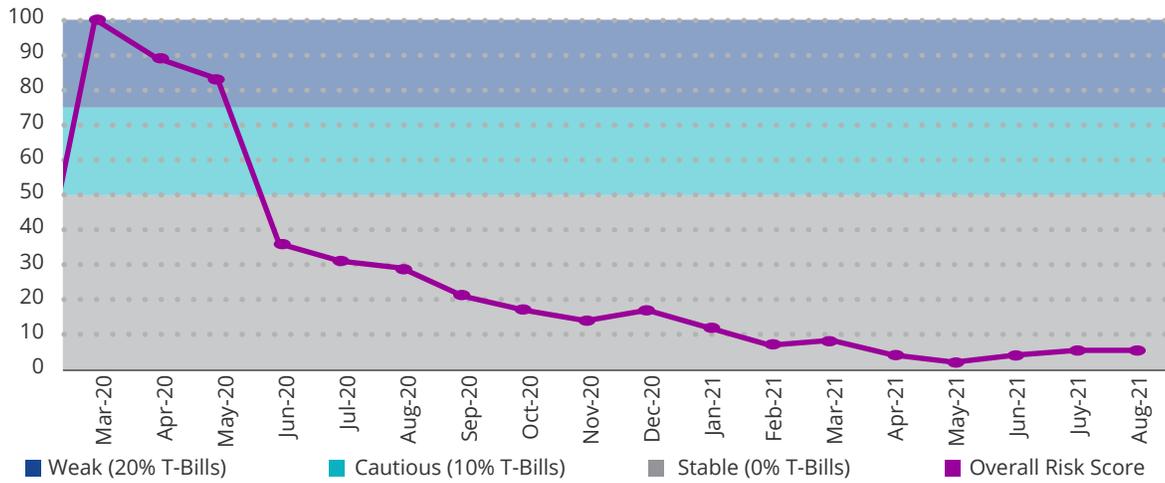
Monthly Asset Class Changes

	Sep-21	Aug-21	Change
Financial Assets	18.2%	16.4%	1.9%
Bitcoin	2.6%	2.3%	0.4%
Gold Equities	4.5%	4.9%	-0.4%
Gold Bullion	11.1%	9.2%	1.9%
Income Assets	35.3%	33.6%	1.7%
REITs	18.1%	17.6%	0.5%
MLPs	5.6%	5.8%	-0.1%
Global Infrastructure	11.6%	10.3%	1.3%
Resource Assets	46.4%	48.8%	-2.4%
Low Carbon Energy Equities	5.1%	5.1%	0.0%
Diversified Commodities	20.4%	20.6%	-0.2%
Global Metals & Mining Equities	2.9%	3.4%	-0.4%
Steel Equities	3.3%	3.7%	-0.5%
Unconventional Oil & Gas Equities	3.3%	3.6%	-0.2%
Oil Services Equities	2.7%	3.0%	-0.3%
Energy Equities	3.8%	4.3%	-0.4%
Agribusiness Equities	4.8%	5.2%	-0.4%
Cash	0.1%	0.2%	-0.1%

Source: VanEck.

The chart below shows the real asset risk composite that measures extreme risk within real assets using various quantitative signals. The current score is 5.5, which indicates a stable risk regime for real assets.

Overall Risk Score



Source: VanEck.

We believe that real assets continue to be an essential component of asset allocation due to inflationary pressures, massive infrastructure spending, relative valuations and diversification benefits. The VanEck Inflation Allocation ETF, RAAX, through its dynamic and diversified approach offers, in our view, a single solution to gain exposure to this asset class.

IMPORTANT DISCLOSURES

CPI – US CPI Urban Consumers YoY NSA Index measures US consumer prices (CPI) as a measure of prices paid by consumers for a market basket of consumer goods and services. The yearly (or monthly) growth rates represent the inflation rate.

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The MVIS Global Agribusiness Index is a modified market cap-weighted index tracks the performance of the largest and most liquid companies in the global agribusiness segment. Its unique pure-play approach requires that companies have to generate at least 50% of their revenues from agri-chemicals and fertilizers, seeds and traits, from farm/irrigation equipment and farm machinery, from agricultural products (incl. Grain, tobacco, meat, poultry and sugar), aquaculture and fishing, livestock, plantations and trading of agricultural products. The MVIS Global Coal Index is a modified market cap-weighted index tracks the performance of the largest and most liquid companies in the global coal segment. Its unique pure-play approach requires that companies have to generate at least 50% of their revenues from coal operation (production, mining and cokeries), transportation of coal, from production of coal mining equipment as well as from storage and trade. 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 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 MVIS Global Unconventional Oil & Gas Index is intended to track the performance of the largest and most liquid companies in the unconventional oil and gas segment. The pure-play index contains only companies that generate at least 50% of their revenues from unconventional oil and gas which is defined as coal bed methane (CBM), coal seam gas (CSG), shale oil, shale gas, tight natural gas, tight oil and tight sands. The DBIQ Optimum Yield Diversified Commodity Index Excess Return is an index composed of futures contracts on 14 heavily traded commodities across the energy, precious metals, industrial metals and agriculture sectors. The NYSE Arca Steel Index is a modified market capitalization weighted index comprised of publicly traded companies involved primarily in the production of steel products. The S&P Global Infrastructure Index is designed to track companies from around the world chosen to represent the listed infrastructure industry while maintaining liquidity and tradability. To create diversified exposure, the index includes three distinct infrastructure clusters: energy, transportation, and utilities. The Ardour Global IndexSM Extra Liquid Index tracks a market-cap-weighted index of low carbon energy companies defined as deriving at least 50% of their revenues from alternative energy. The LBMA Gold Price Index: is a regulated benchmark administered by ICE Benchmark Administration (IBA) who provide the auction platform, the methodology and the overall independent administration and governance for the LBMA Gold Price. The LBMA Gold Price continues to be set twice daily (at 10:30 and 15:00 London BST) in US dollars and other currencies. The MSCI US IMI Real Estate 25/50 Index is designed to capture the large, mid and small cap segments of the U.S. equity universe. All securities in the index are classified in the Real Estate sector as per the Global Industry Classification Standard (GICS®). The index also applies certain investment limits to help ensure diversification. The Energy Sector Index seeks to provide an effective representation of the energy sector of the S&P 500 Index. The Index includes companies from the following industries: oil, gas and consumable fuels; and energy equipment and services. The MSCI ACWI Select Metals & Mining Producers Ex Gold and Silver Investable Market Index (IMI) aims to focus on companies in the industrial and rare earth metals (excluding gold and silver) that are highly sensitive to underlying prices of industrial and rare earth metals. The index includes companies that are primarily engaged in the production or extraction of metals and minerals, in the mining of precious metals excluding gold and silver (e.g. platinum), or in the production of aluminum or steel.

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, interest rate, call and concentration risks, derivatives, cryptocurrency, cryptocurrency tax, 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), risks of ETPs, 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, and non-diversified 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.

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 contains 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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