

RAAX Evolves with Bitcoin

By David Schassler, Portfolio Manager

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

Overview

The VanEck Vectors[®] Real Asset Allocation ETF (“RAAX”) returned 7.21+% versus +2.63% for the Bloomberg Commodity Index. January started off strongly, RAAX was up 5.39% mid-way through the month, but it gave back much of this performance to finish the month with a total return of 1.24% as fears of dangerous COVID-19 mutations weighed upon the market.¹

RAAX invests in three types of real assets: financial assets, income assets and resource assets. RAAX evolved and diversified its financial assets in February by gaining exposure to the price of bitcoin. This was accomplished with an initial investment of 2% into the Grayscale Bitcoin Trust. We believe that digital assets may offer RAAX many of the same benefits as gold. Most notably, protection against inflation and currency debasement in addition to overall portfolio diversification.

Average Annual Total Returns (%) as of January 31, 2021¹

	1 Mo [†]	YTD [†]	1 Yr	Life (04/09/18)
RAAX (NAV)	7.21	7.21	-5.35	-0.97
RAAX (Share Price)	7.40	7.40	-5.13	-0.92
Bloomberg Commodity Index [*]	2.63	2.63	7.31	-1.88

Average Annual Total Returns (%) as of December 31, 2020¹

	1 Mo [†]	YTD [†]	1 Yr	Life (04/09/18)
RAAX (NAV)	0.44	-13.73	-13.73	-3.50
RAAX (Share Price)	0.18	-13.72	-13.72	-3.51
Bloomberg Commodity Index [*]	4.97	-3.12	-3.12	-2.86

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

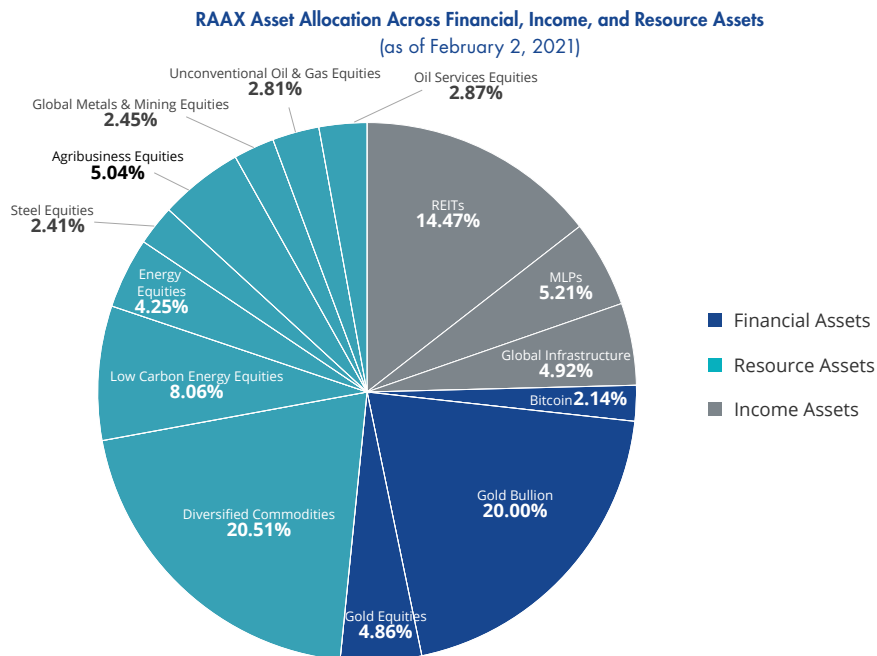
Expenses: Gross 1.35%; Net 0.78%. Expenses are capped contractually at 0.55% through February 1, 2022. Expenses are based on estimated amounts for the current fiscal year. Cap exclude certain expenses, such as interest, acquired fund fees and expenses, and trading expenses.

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.

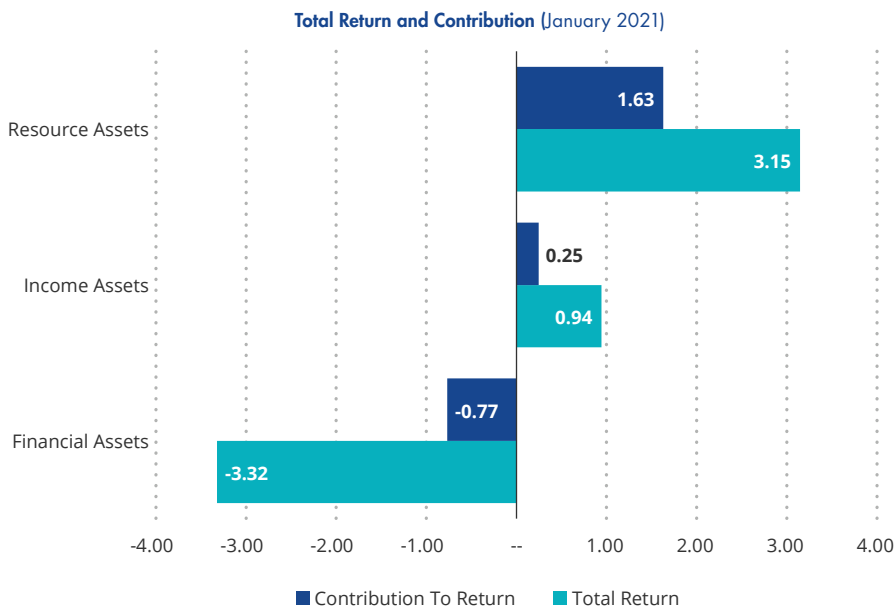
The Bloomberg Commodity Index is a broadly diversified index that tracks the commodity markets through commodity futures contracts and is made up of exchange-traded futures on physical commodities, which are weighted to account for economic significance and market liquidity.

¹Source: Bloomberg. Please note that the returns include the reinvestment on January 5, 2021 of a distribution that occurred on December 29, 2020. Please visit our website at <https://www.vaneck.com/resources/tax-and-distributions/etfs/> for additional information.

The asset allocation mix heading into this month is below:



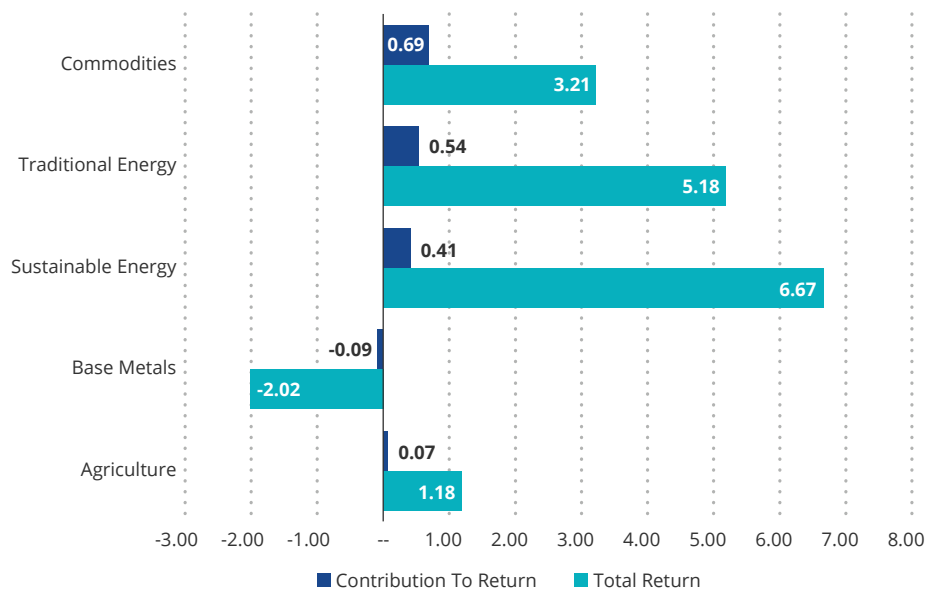
The largest contributors to performance in January were resource assets, with a return of +3.15%, and income assets, with a return of +0.94%. The largest detractor from performance was financial assets, with a return of -3.32%.



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

Within resource assets, diversified commodities and natural resource equities returned +3.21% and +3.34%, respectively. Commodity prices were led higher by oil prices, with WTI crude oil up 7.30%. Oil prices continue to rise based on supply constraints and optimism of increased economic demand in the second half of the year. Within natural resource equities, the top contributors to performance were traditional and sustainable energy. Oil equities increased based on higher oil prices and sustainable energy continued to benefit from energy transition. The largest detractor from performance was an allocation to steel equities. Some steel companies were negatively impacted by lower demand and rising material costs.

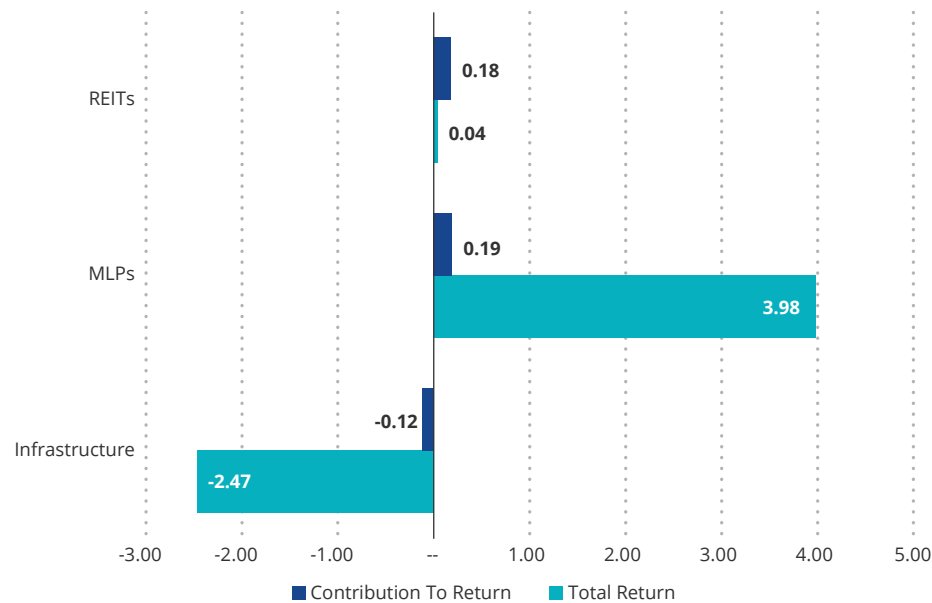
Resource Assets: Total Return and Contribution (January 2021)



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

The income assets, in aggregate, are yielding +3.99% based on 12-month yields. The top performing position was MLPs, up 3.98%, which benefited from higher oil prices. The largest detractor was infrastructure, with a return of -2.47%. Infrastructure was negatively impacted by COVID concerns, with airports hit particularly hard.

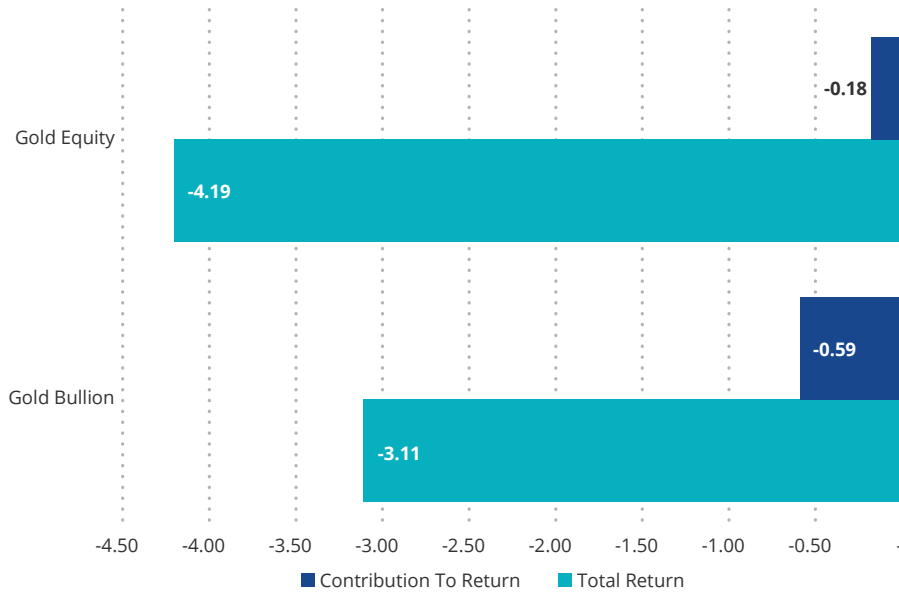
Income Assets: Total Return and Contribution (January 2021)



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

The financial assets were the largest detractor from performance. Gold bullion returned -3.11% and gold equities returned -4.19%. Gold started the month off strongly, but the excitement for the shiny metal quickly faded when the Democrats took control of the U.S. Senate in early January. This result makes generous stimulus all that much more likely, which quells market anxiety and lessens the demand for gold as a safe-haven asset.

Financial Assets: Total Return and Contribution (January 2021)

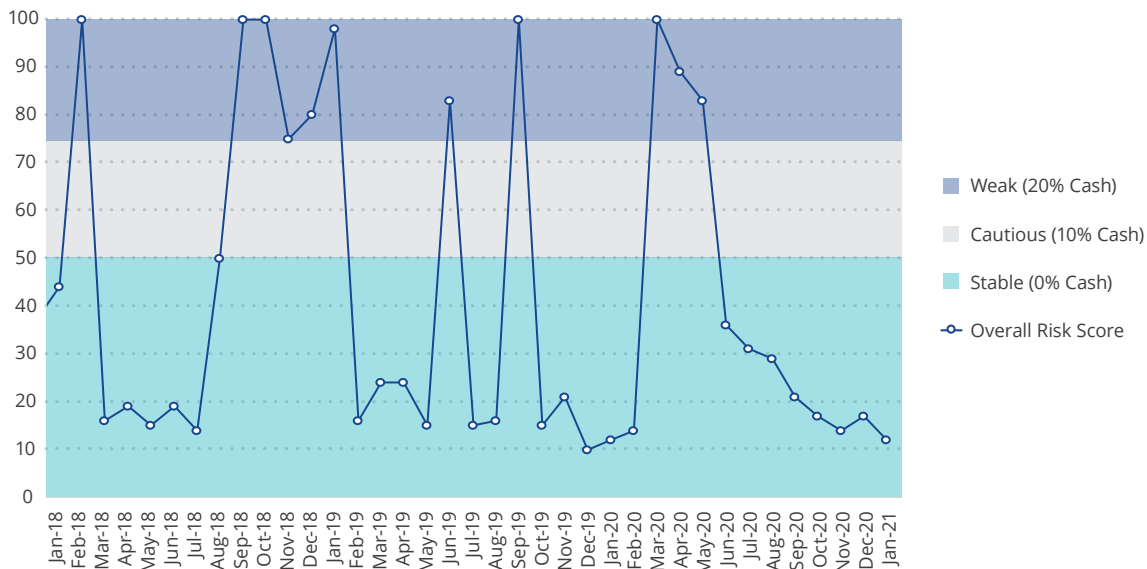


Data as of January 31, 2021. Source: FactSet. Past performance does not guarantee future results. Please see index description on last page.

Real assets continue to benefit from fears of inflation and hopes of higher global growth in the second half of 2021. The recent positive trends in commodity prices offer much relief to an asset class that has struggled to perform since the financial crisis. Now that the tides are turning, commodities and other real assets have the potential to lead the market higher for many years to come.

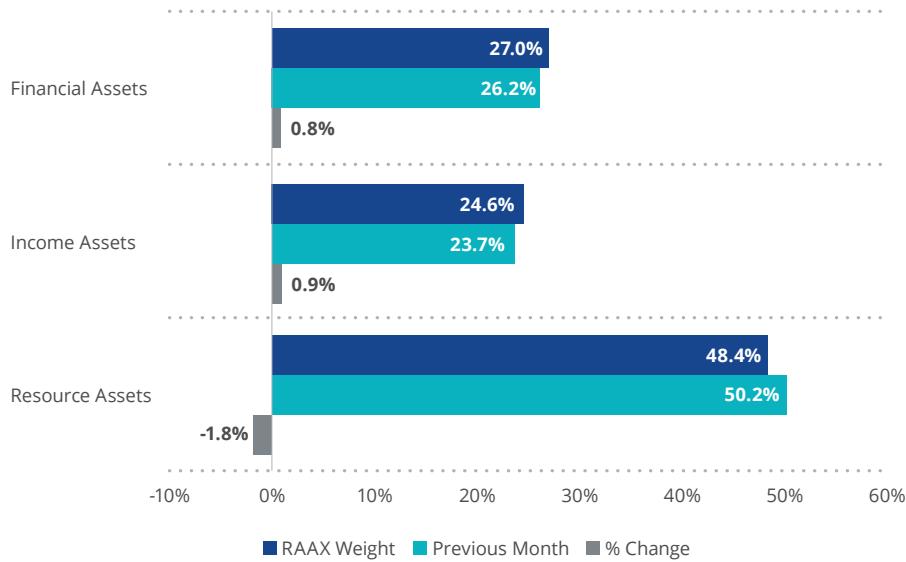
The chart below shows the real asset risk composite that measures extreme risk within real assets using various quantitative signals. The current score is 12, which indicates a stable risk regime for real assets.

Overall Risk Score



The charts below demonstrate the current, previous months and recent shifts in RAAX's asset allocation. The recent shifts include reductions in agriculture and traditional oil equities and increases in exposure to sustainable energy and a new position in a vehicle that provides exposure to the price of bitcoin.

Asset Allocation Summary



Monthly Asset Class Changes

	Feb-21	Jan-21	Change from Previous Month	
Financial Assets				
Bitcoin	2.1%	0.0%	2.1%	Increase
Gold Equities	4.9%	5.4%	-0.5%	Decrease
Gold Bullion	20.0%	20.8%	-0.8%	Decrease
Income Assets				
REITs	14.5%	13.6%	0.9%	Increase
MLPs	5.2%	5.1%	0.1%	Increase
Global Infrastructure	4.9%	5.0%	-0.1%	Decrease
Resource Assets				
Low Carbon Energy Equities	8.1%	6.8%	1.2%	Increase
Diversified Commodities	20.5%	20.1%	0.4%	Increase
Global Metals & Mining Equities	2.5%	2.6%	-0.2%	Decrease
Steel Equities	2.4%	2.7%	-0.3%	Decrease
Unconventional Oil & Gas Equities	2.8%	3.1%	-0.3%	Decrease
Oil Services Equities	2.9%	3.3%	-0.4%	Decrease
Energy Equities	4.3%	4.8%	-0.6%	Decrease
Agribusiness Equities	5.0%	6.8%	-1.8%	Decrease
Cash	0.0%	0.0%	0.0%	No Change

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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.

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