

Find Your Edge in Web3

VanEck Digital Assets Alpha Fund

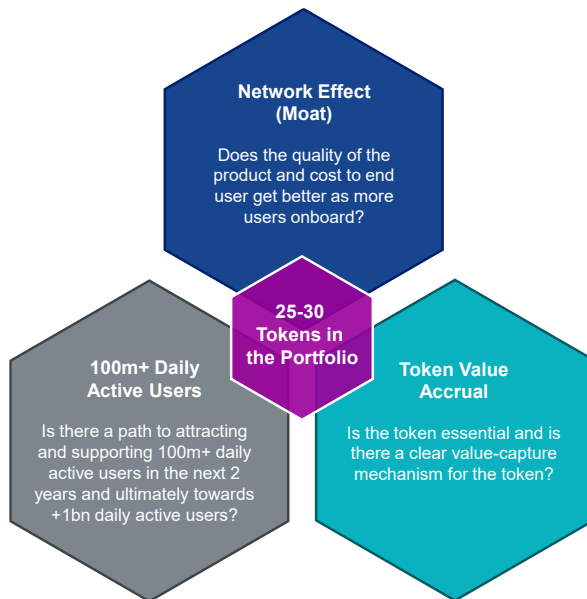
The VanEck Digital Assets Alpha Fund’s (“the Fund”) investment objective is capital appreciation, which it generally seeks to achieve by investing in digital assets

Gain Access to the Web3 Ecosystem

There are thousands of investable, liquid tokens with significant market capitalizations. VanEck expects that number to grow meaningfully over the next decade. The Fund will underwrite, own and actively manage a portfolio of tokens that we believe will accrue the most value. Targeting a risk-based approach to digital asset allocation, the Fund provides exposure to a wide variety of promising tokens with strong underlying fundamentals and has the flexibility to adjust for adverse market conditions.

Token Selection Criteria

Since The Fund employs a multi-factor selection process, which is based on three separate criteria metrics. The three metrics include:



Portfolio Construction & Risk Management

The Fund utilizes an asset allocation framework in an attempt to maximize Sharpe ratio. Generally, 80% of assets are allocated to a token directional strategy, which is primarily a thesis driven, thematic & long biased approach. The other 20% is allocated towards yield generation, focusing primarily on protecting principal capital while attempting to generate above-market yields.

The Fund manages risk in volatile markets by utilizing on-chain analysis, quantifiable downside hedging and cross-token correlations. Additionally, token due diligence is performed to minimize the risk of “rug pulls” and other crypto specific risks.

Key Attributes

Access to a Maturing Asset Class

The space is evolving from speculation and experimentation towards mass adoption through accessible, functional products & services. Through this evolution, many tokens are now viable assets with the ability to generate income through lending and staking protocols.

Relationships Support Alpha Opportunities

VanEck’s extensive relationships with crypto firms helps pave the way for multiple collaborations and opportunities to drive alpha.

Thesis Driven Strategy

The Fund is valuation-sensitive and seeks to provide exposure to a rapidly expanding and liquid digital asset universe, with higher allocations to themes demonstrating product-market fit and lower allocations to technology bets that are primary venture bets.

Fund Terms

Fund Details	
General Partner	VanEck Digital Assets GP, LLC
Investment Manager	Van Eck Absolute Return Advisers Corp.
Structure	Master-feeder structure with Cayman master fund and US and offshore (Cayman) feeders
Management Fee	2.00%
Performance Fee	20% Subject to non-resetting high watermarks
Minimum Subscription	Initial subscription amount: \$1,000,000 additional amount: \$250,000
Investor Qualification	Qualified Purchaser
Subscriptions	Monthly
Redemptions	Quarterly with 30 days' notice
Gate	Fund-level gate
Tax Status	Pass-through Entity with K-1s

Performance History

Total Return (%) as of 12/31/2023		VanEck Digital Assets Alpha Fund	MarketVector Digital Asset Broad 100 Equal Weight Index	MarketVector Digital Assets 100 Index
YTD*	Gross Return	204.95	95.68	106.47
	Net Return	164.54		
1 Yr	Gross Return	204.95	95.68	106.47
	Net Return	164.54		
3 Yr	Gross Return	--	--	--
	Net Return	--		
5 Yr	Gross Return	--	--	--
	Net Return	--		
10 Yr	Gross Return	--	--	--
	Net Return	--		
Cumulative Since Inception (6/24/2022)	Gross Return	142.37	39.53	24.49
	Net Return	108.08		
Annualized Since Inception (6/24/2022)	Gross Return	79.00	24.49	42.64
	Net Return	61.91		

*Returns less than one year are not annualized.

Source: Bloomberg, VanEck as of 12/31/2023. **Past performance is not indicative of future results. Net performance is calculated net of both management fees and incentive fees for day 1 investors. An individual investor's performance may differ due to timing of contributions/redemptions and individual investor's account high-water marks. The launch date for MVB100EW was 7/14/2023, and any performance presented prior to that date is hypothetical in nature. Please see important disclosures at the end of this fund profile regarding the new benchmark performance index MVB100EW and hypothetical performance.**

Index Definitions

MarketVector Digital Asset Broad 100 Equal Weight Index (MVB100EW) is designed to track the performance of the largest 100 digital assets (with an 80-120 buffer) taking their availability in the largest centralized exchanges into consideration. The index is equal weighted.

MarketVector Digital Assets 100 Index (MVDA) is designed to track the performance of the largest 100 digital assets (with an 80-120 buffer) and serve as a benchmark/universe for the market.

Risk Considerations

***For complete return information please contact us at investorrelations@vaneck.com.**

The VanEck Digital Assets Alpha Fund (the "Fund") is not an investment company registered under the Investment Company Act of 1940, and therefore is not subject to the same regulatory requirements as mutual funds or ETFs registered under the Investment Company Act of 1940. While the Fund may trade commodity futures, commodity options contracts and other CFTC Regulated Products, the general partner intends to rely on the CFTC Rule 4.13(a)(3) exemption from registration as a Commodity Pool Operator ("CPO") and at all times the Fund will meet (i) trading limitations, (ii) investor suitability requirements and (iii) offering and marketing restrictions. Before making an investment decision, you should carefully consider the risk factors and other information included in the Private Placement Memorandum.

The Fund is available to Qualified Purchasers Only. Please carefully read the Private Placement Memorandum before investing. An investor should consider the investment objective, risks, charges and expenses of the Fund carefully before investing. The Fund has limited operating history and involves a significant degree of risk. There is no guarantee the Fund will achieve its investment objective and investors may lose their entire investment. The Fund is not suitable for all investors. Past performance is not a guarantee of future results..

The Fund's investment program is speculative and entails substantial risks. There can be no assurance that the Fund's investment objective will be achieved.

The views and opinions expressed are those of VanEck. Fund manager commentaries are general in nature and should not be construed as investment advice. Opinions are subject to change with market conditions. Any discussion of specific securities mentioned in the commentaries is neither an offer to sell nor a solicitation to buy these securities.

An investment in the Fund is subject to risks which include, among others, regulatory, general investment and trading, opaque spot market, digital assets, digital asset exchanges, investing through DEXes, stablecoin, OTC transactions, valuation and liquidity, cryptocurrencies lending, digital asset lending and borrowing, DeFi lending of digital assets, digital asset lending programs offered by certain CeFi and DeFi exchanges, rebasing of digital assets, credit, credit market illiquidity, third party wallet providers, loss of private key, volatility and speculative nature of digital assets trading, digital asset network protocols and software, digital asset network malicious actors, forks and airdrops, digital asset miners ceasing operations, cybersecurity, computer malware and viruses, data loss, incorrect transfer of digital assets, initial coin/pre-sale initial coin offering, synthetic investments, options, futures, forwards, lack of blockchain company operating history, blockchain company failure, custody of fund assets, short selling, leverage, limited diversification, non-U.S. securities, and counterparty risks. **Please note that this is not an exhaustive list of risks pertaining to the Fund. Please read carefully the PPM for a complete list of potential risks.**

As of 7/31/2023, MarketVector Digital Asset Broad 100 Equal Weight Index (MVB100EW) has been added as the Fund's new performance benchmark index. While we will continue to display the performance of MarketVector Digital Assets 100 Index (MVDA), we feel that the new index is more closely aligned with the holdings of the Fund.

Past performance is not an indication, or guarantee, of future results. Hypothetical or model performance results have certain inherent limitations. Unlike an actual performance record, simulated results do not represent actual trading, and accordingly, may have undercompensated or overcompensated for the impact, if any, of certain market factors such as market disruptions and lack of liquidity. In addition, hypothetical trading does not involve financial risk and no hypothetical trading record can completely account for the impact of financial risk in actual trading (for example, the ability to adhere to a particular trading program in spite of trading losses). Hypothetical or model performance is designed with benefit of hindsight.

The Fund's investment objective is to provide capital appreciation through investing primarily in digital assets such as cryptocurrencies, protocols, digital currencies, cryptocommodities, digital currency networks, digital coins, altcoins, cryptocurrency platforms, decentralized application tokens and protocol tokens, app coins, blockchain-based assets, cryptoassets and other crypto-finance and digital assets and instruments that are based on or related to blockchain, distributed ledger, directed acyclic graph or similar technologies that currently exist or may exist in the future (collectively, "Digital Assets").

The Investment Manager utilizes a risk-based approach to Digital Asset allocation with the aim of providing the flexibility to adjust in adverse market conditions. The Investment Manager seeks to invest the Fund's assets in approximately 5 to 30 Digital Assets with high future potential value relative to such Digital Assets' current valuations and generally with market capitalizations in excess of \$100 million. The Investment Manager will seek to analyze Digital Assets based on a variety of factors, including, but not limited to, use case, future adoption, existing partner firms and future partner prospects. The Fund also intends to seek additional yield through staking solutions and Digital Asset lending, including through decentralized finance ("DeFi") protocols. The Fund may also invest in public and private securities issued by Digital Asset companies (collectively, "Blockchain Companies" and such investments, "Blockchain Company Investments").

With the goal of limiting potential losses associated with adverse market conditions, excessively high valuations and drawdowns, the Investment Manager will adjust the Fund's Digital Asset allocation, which will generally range from 70% to 90% of the Fund's assets. The Fund's remaining assets will generally be used to generate yield.

Investments in digital assets and Web3 companies are highly speculative and involve a high degree of risk. These risks include, but are not limited to: the technology is new and many of its uses may be untested; intense competition; slow adoption rates and the potential for product obsolescence; volatility and limited liquidity, including but not limited to, inability to liquidate a position; loss or destruction of key(s) to access accounts or the blockchain; reliance on digital wallets; reliance on unregulated markets and exchanges; reliance on the internet; cybersecurity risks; and the lack of regulation and the potential for new laws and regulation that may be difficult to predict. Moreover, the extent to which Web3 companies or digital assets utilize blockchain technology may vary, and it is possible that even widespread adoption of blockchain technology may not result in a material increase in the value of such companies or digital assets.

Digital asset prices are highly volatile, and the value of digital assets, and Web3 companies, can rise or fall dramatically and quickly. If their value goes down, there's no guarantee that it will rise again. As a result, there is a significant risk of loss of your entire principal investment.

Digital assets are not generally backed or supported by any government or central bank and are not covered by FDIC or SIPC insurance. Accounts at digital asset custodians and exchanges are not protected by SIPC and are not FDIC insured. Furthermore, markets and exchanges for digital assets are not regulated with the same controls or customer protections available in traditional equity, option, futures, or foreign exchange investing.

Digital assets include, but are not limited to, cryptocurrencies, tokens, NFTs, assets stored or created using blockchain technology, and other Web3 products.

Web3 companies include but are not limited to, companies that involve the development, innovation, and/or utilization of blockchain, digital assets, or crypto technologies.

VANECK ABSOLUTE RETURN ADVISERS CORPORATION ("VEARA"), THE INVESTMENT MANAGER OF THE FUND, IS A MEMBER OF NFA AND IS SUBJECT TO NFA'S REGULATORY OVERSIGHT AND EXAMINATIONS. VEARA HAS ENGAGED OR MAY ENGAGE IN UNDERLYING OR SPOT VIRTUAL CURRENCY TRANSACTIONS IN THE FUND. ALTHOUGH NFA HAS JURISDICTION OVER VEARA, YOU SHOULD BE AWARE THAT NFA DOES NOT HAVE REGULATORY OVERSIGHT AUTHORITY FOR UNDERLYING OR SPOT MARKET VIRTUAL CURRENCY PRODUCTS OR TRANSACTIONS OR VIRTUAL CURRENCY EXCHANGES, CUSTODIANS OR MARKETS. YOU SHOULD ALSO BE AWARE THAT GIVEN CERTAIN MATERIAL CHARACTERISTICS OF THESE PRODUCTS, INCLUDING LACK OF A CENTRALIZED PRICING SOURCE AND THE OPAQUE NATURE OF THE VIRTUAL CURRENCY MARKET, THERE CURRENTLY IS NO SOUND OR ACCEPTABLE PRACTICE FOR NFA TO ADEQUATELY VERIFY THE OWNERSHIP AND CONTROL OF A VIRTUAL CURRENCY OR THE VALUATION ATTRIBUTED TO A VIRTUAL CURRENCY BY VEARA.

All investing is subject to risk, including the possible loss of the money you invest. As with any investment strategy, there is no guarantee that investment objectives will be met and investors may lose money. Diversification does not ensure a profit or protect against a loss in a declining market. Past performance is no guarantee of future performance.

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CORPRO (03.2023)

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