Manager Commentary  March 2017

Don’t Fight the Tape

VanEck NDR Managed Allocation Fund Review
By David Schassler, Portfolio Manager

Summary
The VanEck NDR Managed Allocation Fund (the “Fund”) performed very well in March. It returned 1.31% versus 0.75% for its benchmark of 60% global stocks (MSCI All Country World Index) and 40% bonds (Bloomberg Barclays US Aggregate Bond Index). The largest contributors to performance were the Fund’s asset class and regional equity positioning. The Fund was overweight global stocks and underweight bonds, which was the right decision as global stocks outperformed bonds. The regional equity overweight positions in Europe ex U.K. and Pacific ex Japan were also significant contributors to performance. Both of these regions meaningfully outperformed the other equity regions. The largest detractors from performance were the regional equity overweight to the U.S. and the underweight position to the Emerging Markets. Cap and style positioning within the U.S. also detracted from performance due to the Fund’s value over growth positioning.

Going into April, the Fund’s asset class positioning did not change materially. It maintained its 81% allocation to stocks and 18.5% allocation to bonds. Regional equity positioning shifted to favor Pacific ex Japan, the U.K., and the U.S. The Fund’s exposure to Europe ex U.K. was reduced and its position in Japan was removed. Within the U.S., the Fund now has less exposure to value and more exposure to growth.

Average Annual Total Returns (%) as of March 31, 2017

<table>
<thead>
<tr>
<th>Class A: NAV (Inception 5/11/16)</th>
<th>1 Mo</th>
<th>Since Inception</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class A: NAV (Inception 5/11/16)</td>
<td>1.31</td>
<td>9.85</td>
</tr>
<tr>
<td>Class A: Maximum 5.75% load</td>
<td>-4.51</td>
<td>3.55</td>
</tr>
<tr>
<td>60% MSCI ACWI/40% Bloomberg Barclays US Agg.</td>
<td>0.75</td>
<td>8.59</td>
</tr>
</tbody>
</table>

Average Annual Total Returns (%) as of December 31, 2016

<table>
<thead>
<tr>
<th>Class A: NAV (Inception 5/11/16)</th>
<th>1 Mo</th>
<th>Since Inception</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class A: NAV (Inception 5/11/16)</td>
<td>1.44</td>
<td>5.27</td>
</tr>
<tr>
<td>Class A: Maximum 5.75% load</td>
<td>-4.39</td>
<td>-0.77</td>
</tr>
<tr>
<td>60% MSCI ACWI/40% Bloomberg Barclays US Agg.</td>
<td>1.38</td>
<td>3.88</td>
</tr>
</tbody>
</table>

1Returns less than a year are not annualized.

Expenses: Class A: Gross 3.60%; Net 1.38%.
Expenses are capped contractually until 05/01/18 at 1.15% for Class A. Caps exclude certain expenses, such as interest.

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). Index returns assume that dividends of the Index constituents in the Index have been reinvested.

Investing involves risk, including loss of principal; please see disclaimers on last page. Please call 800.826.2333 or visit vanec.com for performance current to the most recent month ended.
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Weight-of-the-Evidence

The S&P 500® Index is now up 11.83% since the U.S. presidential election. We are positioned for stocks to continue to rise even further based predominantly on a strong technical composite reading. “Don’t fight the tape” is Ned Davis’s first rule of investing. We intend to ride the market higher until the weight-of-the-evidence determines that the rally is over. The evidence below supports this positioning.

The chart below shows the aggregate reading of the technical indicators that determine the allocation between stocks and bonds. Four of the five technical indicators are bullish; momentum, breadth, mean reversion, and seasonality. The only bearish technical signal is from an ‘overbought/oversold’ indicator.

NDR Stock/Bond Technical Composite, 2012 to 2017

The next chart shows the macroeconomic and fundamental indicator composite. This composite of indicators, with its neutral to slightly bullish reading, tempers the conviction of the technical indicators.

The global Purchasing Managers Indices (PMI), Central Bank Monetary Policy, and Global SHUT indicators are bullish. PMI and global monetary policy are classic macroeconomic indicators designed to measure the health of an economy. SHUT is an acronym for Staples, Healthcare, Utilities and Telecom (i.e. the defensive sectors). Typically, lagging defensive sectors have signaled a healthy overall equity market and therefore, this indicator is bullish. The bearish indicators in the composite include a stock/bond relative value indicator and the DSI Global Sentiment Composite. The DSI Global Sentiment Composite measures the short-term sentiment of futures traders in various global markets.

NDR Stock/Bond Macroeconomic/Fundamental Indicator, 2012 to 2017
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The weight-of-the-evidence, therefore, continues to support a significant overweight to global stocks over bonds.

### NDR Stock/Bond Overall Composite Indicator 2012 to 2017

[Graph showing composite readings from 2012 to 2017, with composite readings ranging from neutral to bullish and bearish]


**March Performance Review**

All eyes were on the U.S. Federal Reserve (“the Fed”) and Washington in March. The Fed increased interest rates from 0.75% to 1.00% and did not change its forecast for future rate hikes. In Washington, the Republicans pulled the American Healthcare Act before it could be voted on. The political focus is now on President Trump’s ability to successfully implement his plans to cut taxes and invest in infrastructure.

**Global Balanced Positioning Relative to Neutral**

The Fund’s asset class positioning was a significant contributor to performance. The Fund held an 81% allocation to global stocks and an 18.4% allocation to bonds relative to its neutral allocation of 60% global stocks and 40% bonds. Global stocks (MSCI All Country World Index) returned 1.29% and bonds (Bloomberg Barclays US Aggregate Bond Index) returned -0.05%.

**Global Regional Equity Positioning Relative to Neutral**

The regional equity positioning of the Fund was also a meaningful contributor to performance. The Fund had a 9.5% overweight position in Europe ex U.K. and a 7.2% overweight position in Pacific ex Japan. Europe ex U.K. (MSCI Europe ex UK Index) returned 5.15% and Pacific ex Japan (MSCI Pacific ex Japan) returned 2.60%. The regional equity detractors were the overweight position in the U.S. and the underweight position in the Emerging Markets. The U.S. (MSCI US Broad Market Index) returned 0.09% and the Emerging Markets (MSCI Emerging Markets Index) returned 2.55%.

**U.S. Cap and Style Relative to Neutral**

The positioning within the U.S. detracted slightly from performance. The Fund was overweight value and underweight growth. This detracted from performance as growth (Russell 3000 Growth Index) outperformed value (Russell 3000 Value Index) by 2.17%.

Source: VanEck. Data as of March 2017. Positioning for each Model component relative to the neutral weighting of the Fund’s benchmark of 60% global stocks, measured by the MSCI All Country World Index (ACWII), and 40% bonds, measured by the Bloomberg Barclays US Aggregate Bond Index.
April Fund Positioning

The asset class positioning remains bullish, with an 81% allocation to stocks and an 18.5% allocation to bonds. Pacific ex Japan is the highest conviction equity region. This position became more bullish in April based on increased strength in the region’s PMI relative to the other equity regions. This indicator measures the health of the manufacturing sector by looking at new orders, inventory levels, production, supplier deliveries, and the employment environment. Strengthening PMI indicate increasing economic activity. Other smaller regional equity allocation shifts include reduced exposure to Europe ex U.K., Japan, and the Emerging Markets and increased exposure to both the U.K. and the U.S. Within the U.S., the Fund maintained its moderate overweight exposure to small-cap over large-cap stocks and removed its value bias.

Asset Class Positioning vs. Neutral Allocation, April 2017

Asset Class Positioning, April vs. March

NDR Indicator Summary, April 2017

Macro/Fundamental

Global Balanced

Bonds | Stocks
Cash | Bonds

Global Regional Equity

Bearish | Bullish
U.S. | CAN | UK | EUR ex UK | JAP | PAC ex JAP | EM

U.S. Cap and Style

Small | Large
Value | Growth

Technical

Bonds | Stocks
Cash | Bonds

U.S. Cap and Style

Small | Large
Value | Growth

Weight-of-the-Evidence

Source: VanEck; Ned Davis Research. Data as of April 4, 2017. Positioning for each Model component relative to the neutral weighting of the Fund’s benchmark of 60% global stocks, measured by the MSCI All Country World Index (ACWI), and 40% bonds, measured by the Bloomberg Barclays US Aggregate Bond Index.
The Fund’s benchmark is a blended index 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 23 Developed Markets (DM) and 23 Emerging Markets (EM) countries and covers approximately 85% of the global investable equity opportunity set. The MSCI benchmark is a gross return index which reinvests as much as possible of a company’s gross dividend distributions. 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.

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. The Russell 3000 Index 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 Dow Jones Industrial Average (DJIA) is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange (NYSE) and the NASDAQ.

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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. An index’s performance is not illustrative of the Fund’s performance. Indices are not securities in which investments can be made.

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. All mutual funds are subject to market risk, including possible loss of principal. 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 smaller companies, foreign securities, emerging markets, debt securities, commodities, and derivatives. 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. Because VanEck Associates Corporation relies heavily on third party quantitative models, the Fund is also subject to model and data risk. For a description of these and other risk considerations, please refer to the Fund’s prospectus and summary prospectus, which should be read carefully before you invest.

Please call 800.826.2333 or visit vanec.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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