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Movement Below the Surface

VanEck NDR Managed Allocation Fund Review

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NDRMX / NDRUX / NDRYX

Summary

The VanEck NDR Managed Allocation Fund (the "Fund") returned 0.42% versus 0.62% for its benchmark of 60% global stocks (MSCI All Country World Index) and 40% bonds (Bloomberg Barclays US Aggregate Bond Index), and 0.47% for the Morningstar Tactical Allocation Peer Group average.

The Fund slightly lagged the benchmark in August. Its 5.6% overweight exposure to stocks (relative to bonds) detracted from performance as U.S. bonds outperformed global stocks. The regional equity positioning, in aggregate, was a detractor from performance. The top performing regional equity position was the Fund's underweight exposure to the U.K. and the bottom performing position was the underweight exposure to the Emerging Markets. The Fund's U.S. market capitalization and style positioning was a positive contributor to performance due to its overweight exposure to large-cap over small-cap and growth over value.

The Fund's asset class positioning did not change much in September, with a 65% allocation to global stocks, a 35% allocation to bonds, and a minimal allocation to cash. The regional equity shifts included reduced allocations to Japan and the Emerging Markets, and increased allocations to Pacific ex Japan and the U.S. Within U.S. stocks, the Fund now has an increased exposure to large-cap and value.

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

	1 Mo†	YTD†	1 Year	Since Inception
Class A: NAV (Inception 5/11/16)	0.42	9.67	10.94	11.61
Class A: Maximum 5.75% load	-5.35	3.38	4.55	6.68
60% MSCI ACWI/ 40% Bloomberg Barclays US Agg.	0.62	9.84	10.57	11.14
Morningstar Tactical Allocation Category (average)[1]	0.47	7.39	7.95	9.02

Average Annual Total Returns (%) as of June 30, 2017

	1 Mo†	YTD†	1 Year	Since Inception†
Class A: NAV (Inception 5/11/16)	0.18	7.70	11.47	11.68
Class A: Maximum 5.75% load	-5.57	1.52	5.06	6.02
60% MSCI ACWI/ 40% Bloomberg Barclays US Agg.	0.26	7.92	11.16	10.49
Morningstar Tactical Allocation Category (average)[1]	0.11	5.04	8.16	8.12

†Returns 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). 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.

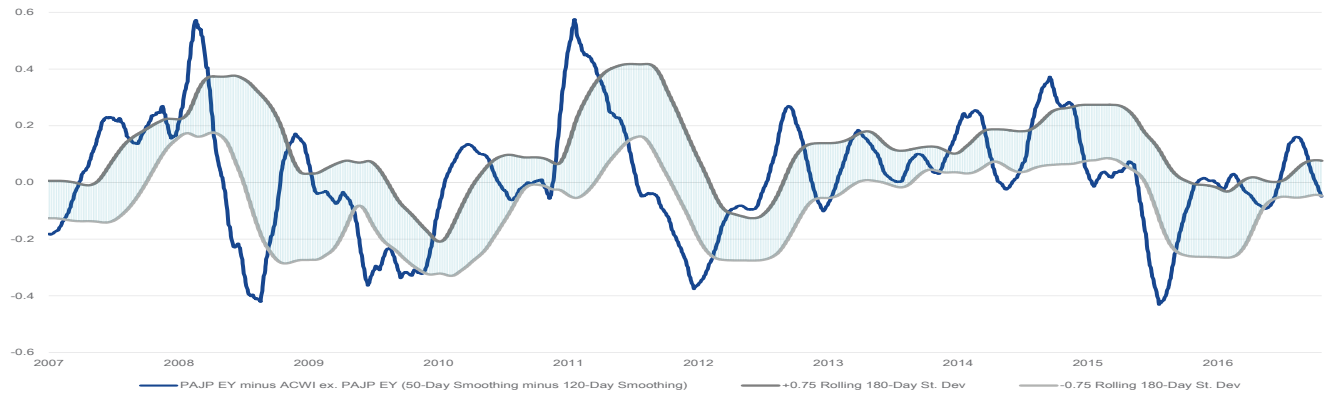
Investing involves risk, including loss of principal; please see disclaimers on last page. Please call 800.826.2333 or visit vaneck.com for performance current to the most recent month ended.

Weight-of-the-Evidence

While the Fund has maintained its near-neutral asset class positioning since June, there has been significant movement within the regional equity allocations. This month we will focus on the indicators that drove the regional equity shifts at the start of September. The largest regional shifts this month compared to last were greater exposure to Pacific ex Japan (+5.6%) and less exposure to Japan (-6.6%).

The allocation to Pacific ex Japan increased because of the attractive valuations of Pacific ex Japan relative to the other equity regions and a strengthening technical indicator composite reading. Relative valuations for Pacific ex Japan are measured using relative earnings yields. This chart shows the spread of the earnings yield of Pacific ex Japan to the other equity regions of the MSCI ACWI. The indicator turned bullish in August when the spread increased significantly above its mean (valuations became very cheap) and then reversed (signaling a buying opportunity).

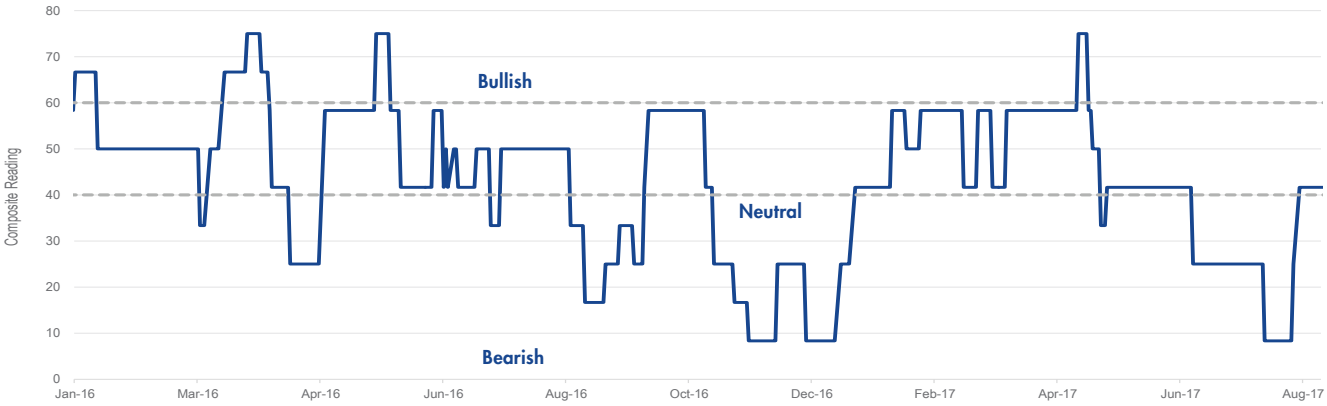
Earnings Yield of Pacific ex Japan vs. ACWI



Source: Ned Davis Research. Data as of August 31, 2017. Past performance is no guarantee of future results.

The technical indicator composite reading had been bearish on Pacific ex. Japan since June, but recently started to strengthen and is now in the neutral range. There are six technical indicators in the composite, of which three are bearish, one is neutral, and two recently turned bullish.

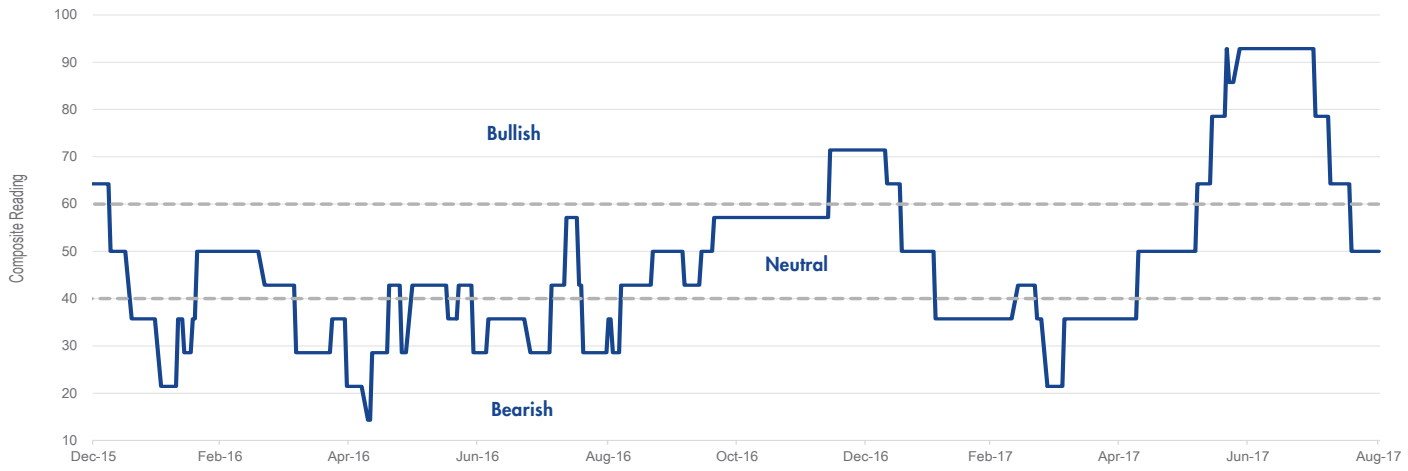
Pacific ex Japan Technical Indicator Composite



Source: Ned Davis Research. Data as of August 31, 2017. Past performance is no guarantee of future results.

Conversely, we reduced the allocation to Japan based on declining technical readings. The Japan technical composite reading changed from very bullish to neutral. The indicators within the composite that turned bearish were breadth, momentum, and mean reversion.

Japan Technical Indicator Composite



Source: Ned Davis Research. Data as of August 31, 2017. Past performance is no guarantee of future results.

August Performance Review

The month of August brought volatility to the markets. It started off with the Dow Jones Industrial Average breaking through the barrier of 22,000. Unfortunately, the gains were short lived. North Korea's advancements in its nuclear weapons program were met with strong words from President Trump. The tension between the U.S. and North Korea peaked in August when North Korea fired a test missile over Japan. Additional events that impacted the market included the protests in Charlottesville, VA and the consequences of Hurricane Harvey.

Global Balanced Positioning Relative to Neutral*

Global stocks returned 0.38% and U.S. bonds returned 0.90%. This slightly detracted from performance as the Fund started the month with a 65.6% exposure to stocks relative to its 60% stock/40% bond blended benchmark.

Global Regional Equity Positioning Relative to Neutral*

In aggregate, the regional equity positioning detracted from performance. While the Fund benefited from its underweight exposure to the U.K., its overweight exposure to the U.S. and underweight exposure to the Emerging Markets detracted from performance. During the period, the U.K. returned -0.76%, the U.S. returned +0.19%, and the Emerging Markets returned 2.27%.

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

The U.S. market cap and style positioning was a significant contributor to performance. The Fund was significantly overweight large-cap growth and, to a lesser extent, overweight large-cap value. It had no exposure to small-cap stocks. This worked very well as large-cap growth returned 1.83%, large-cap value returned -1.16%, small-cap growth returned -0.12%, and small-cap value returned -2.46%.

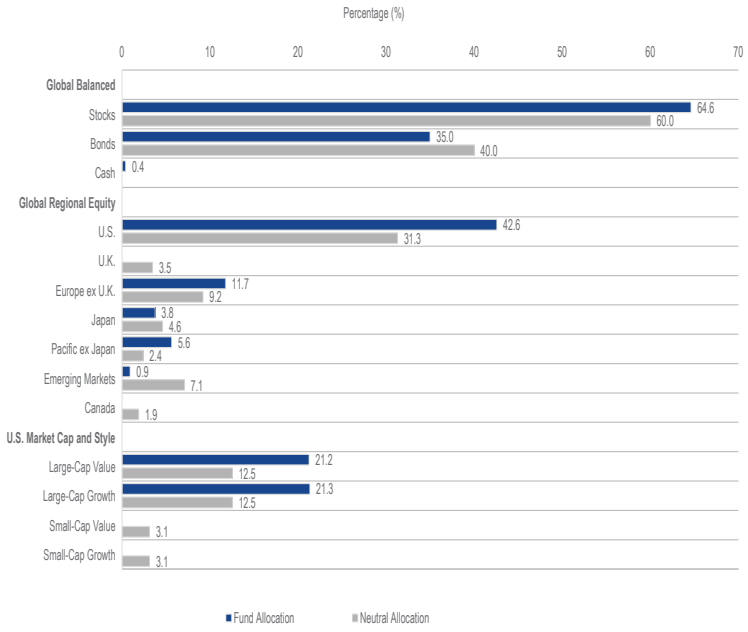
*The neutral position, which is provided by Ned Davis Research, Inc., represents the starting point of the VE NDR Model absent an alternative recommendation once the model takes into consideration the indicators that yield the global tactical allocation model. These are not recommendations to buy or sell any security.

September Positioning Summary

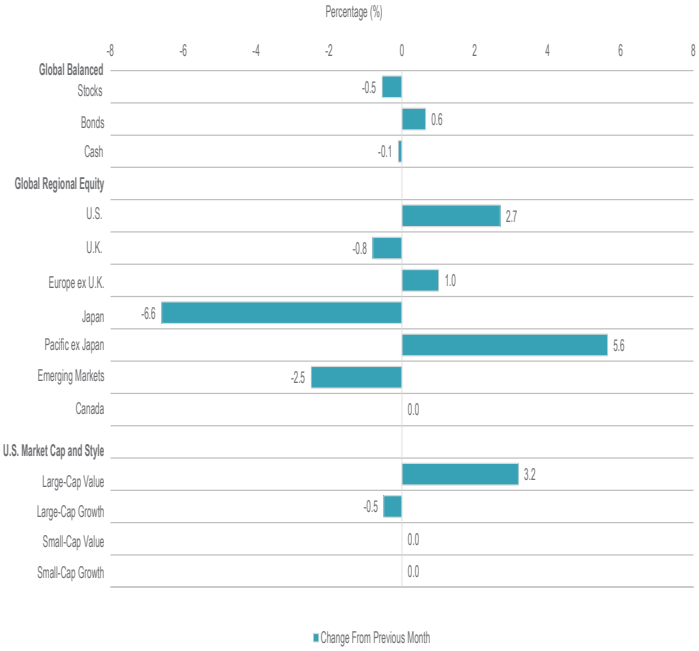
The Fund's asset class positioning remained largely unchanged in September. The equity allocation is now 65%, the bond allocation is 35%, and the cash allocation is nearly 0%. The largest regional equity shifts were decreased exposure to Japan (10.4% to 3.8%) and the Emerging Markets (3.4% to 0.9%), and increased exposure to Pacific ex Japan (0% to 5.6%) and the U.S. (40.1% to 42.6%). Within the U.S., the Fund now has more exposure to large-cap value (18.2% to 21.2%).

The Fund's Global Balanced, Regional Equity, and U.S. Cap and Style current positioning, changes from the previous month, and summary indicator readings are in the charts below.

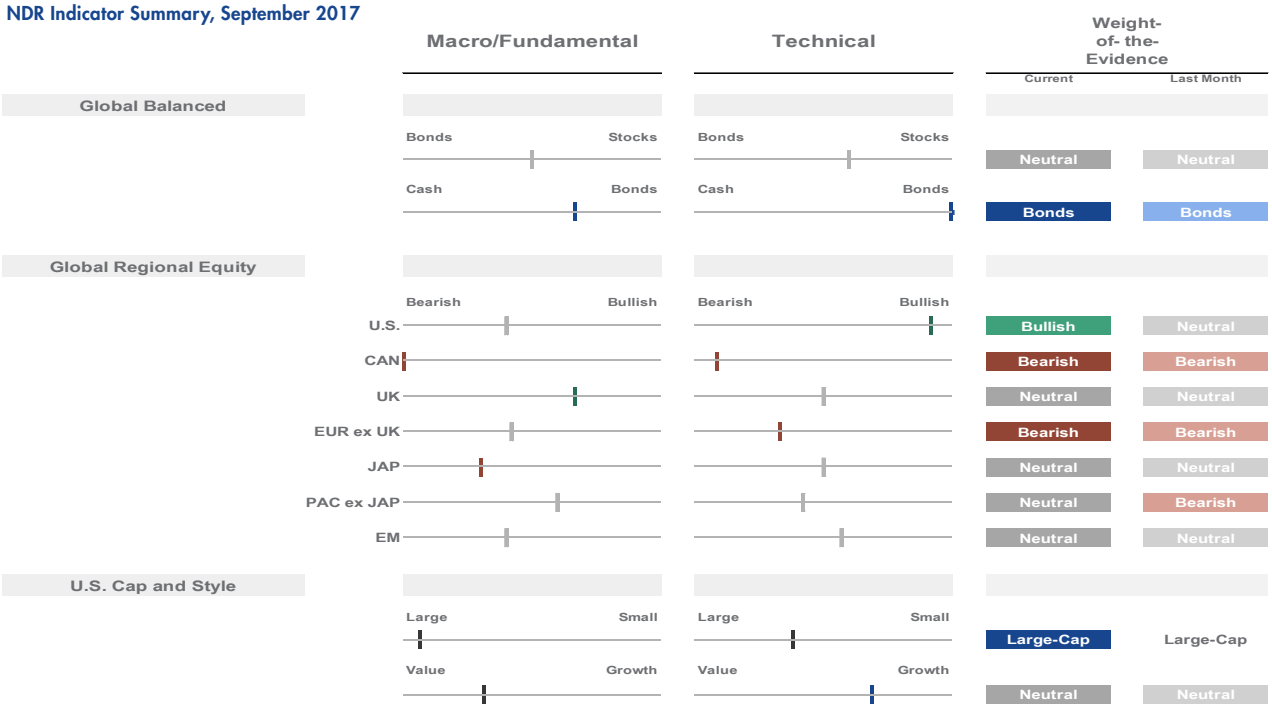
Asset Class Positioning vs. Neutral Allocation, September 2017



Asset Class Positioning, September vs. August



NDR Indicator Summary, September 2017



Source: VanEck, Ned Davis Research. Data as of September 5, 2017.

[1] 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, the fund must have minimum exposures of 10% in bonds and 20% in equity. Next, the 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 August 31, 2017, the Fund ranked 171 out of 308 funds for the 1 month period; 84 out of 307 funds for the YTD period; 68 out of 307 for the 1 Year period; and 76 out of 319 since inception. As of June 30, 2017, the Fund ranked 144 out of 310 funds for the 1 month period; 56 out of 309 funds for the YTD period; 76 out of 309 for the 1 Year period; and 74 out of 319 since inception.

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 24 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 MSCI Europe ex UK Index captures large and mid cap representation across 14 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 4 of 5 Developed Markets (DM) countries in the Pacific region (excluding Japan). The MSCI Emerging Markets Index captures large and mid cap representation across 24 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).

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