

VanEck FUNDS

The Bulls Run Again

VanEck NDR Managed Allocation Fund Review

By David Schassler, Portfolio Manager

NDRMX / NDRUX / NDRYX

Summary

The VanEck NDR Managed Allocation Fund (the “Fund”) returned 0.95% versus 0.99% for its benchmark of 60% global stocks (MSCI All Country World Index) and 40% bonds (Bloomberg Barclays US Aggregate Bond Index), and 0.94% for the Morningstar Tactical Allocation Peer Group average.

The Fund slightly lagged the benchmark in September. The Fund started the month with a 5.2% overweight to stocks relative to bonds. This helped performance as global stocks (MSCI All Country World Index) returned 1.93% and bonds (Bloomberg Barclays US Aggregate Bond Index) returned -0.48%. The Fund’s regional equity positioning was also a small contributor to performance. The top performing regional allocations were overweight U.S. exposure and underweight positioning to the Emerging Markets. Unfortunately, within the U.S., the market cap positioning detracted from performance and offset the gains from the asset class and regional equity positions. The Fund was overweight large-cap over small-cap. Large-cap lagged small-cap in September.

In October, the Fund shifted from slightly bullish to bullish. The global equity allocation increased from 65.2% to 80.6%, the bond allocation was reduced from 34.9% to 18.8%, and the cash allocation remained minimal. Changes to the regional equity allocations include larger allocations to the U.S., Europe ex. U.K., and the Emerging Markets, and a smaller allocation to Pacific ex. Japan. Within the U.S., the Fund now has more exposure to large-cap growth and less exposure to large-cap value.

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.

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

	1 Mo [†]	YTD [†]	1 Year	Since Inception
Class A: NAV (Inception 5/11/16)	0.95	10.70	11.27	11.65
Class A: Maximum 5.75% load	-4.86	4.36	4.86	7.00
60% MSCI ACWI/ 40% Bloomberg Barclays US Agg.	0.99	11.71	11.25	11.25
Morningstar Tactical Allocation Category (average) ¹	0.94	8.58	9.01	9.67

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.

Weight-of-the-Evidence

We are eight years plus into the bull market. Stock prices continue to rise. Volatility remains at all-time lows. And we think there is more room for stocks to run. We are buying more stocks. Why? Because most of our indicators are bullish.

The technical indicator composite, or aggregation of technical (price-based) indicators, favors stocks. We use five technical indicators to help determine the allocations to stocks and bonds. Of the five, three are bullish, one is bearish, and one is neutral. The technical indicator that changed this month from bearish to neutral was seasonality. It measures the historical price patterns that result from the market’s recurring tendencies. This change to neutral removed a hurdle in our path to owning more stocks.

As you can see from the diagram below, this indicator will be neutral for both October and November, and turn bullish in December.

NDR Seasonality Indicator

Seasonality for 2017					
Jan.	Feb.	Mar.	Apr.	May	Jun.
Bearish	Neutral	Bullish	Bullish	Neutral	Neutral
Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
Neutral	Bearish	Bearish	Neutral	Neutral	Bullish

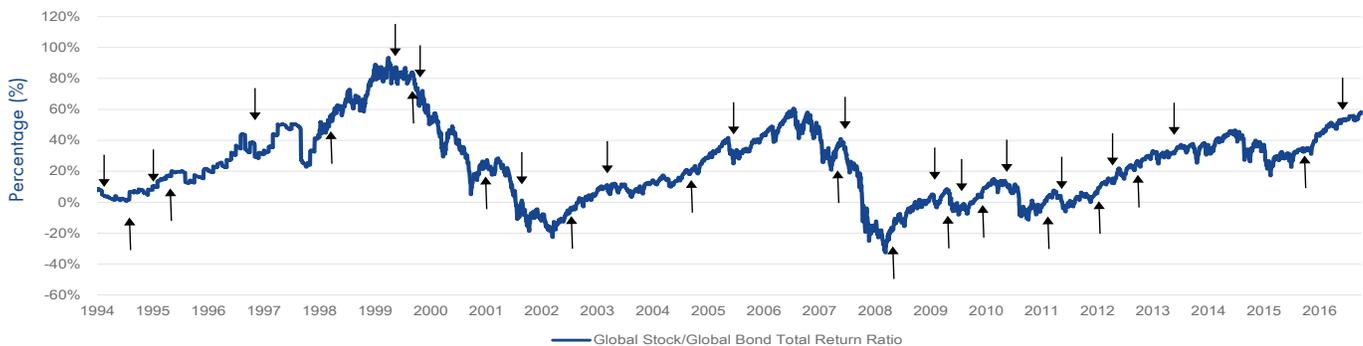
Source: Ned Davis Research. Data as of September 30, 2017. Past performance is no guarantee of future results.

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The composite of macroeconomic and fundamental indicators is also bullish. We use six macroeconomic and fundamental indicators to help determine the allocations to stocks and bonds. Currently, four of those indicators are bullish and two are bearish. The fundamental indicator that changed this month is the NDR Global SHUT indicator. SHUT is an acronym for the defensive sectors, which includes Staples, Healthcare, Utilities, and Telecommunications. Defensive sector leadership is typically synonymous with weak market conditions and vice versa.

The chart below shows a ratio of global stocks to global bonds. The down arrows indicate a bearish SHUT reading (defensive sectors are leading) and the up arrows indicate a bullish SHUT reading (defensive sectors lagging). You can see that this indicator has historically done a good job of distinguishing between bullish and bearish market environments.

Global Stock/Global Bond Total Return Ratio and NDR Global SHUT Index



Source: Ned Davis Research. Data as of September 30, 2017. Past performance is no guarantee of future results.

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Together, the aggregation of price-based and non-price-based (macroeconomic/fundamental) indicators favor owning stocks over bonds. The magnitude of our overweight stock position, which is significant at 80.6% versus the Fund’s 60/40 benchmark, is based on the weight-of-the-evidence.

September Performance Review

September was a great month for stocks, specifically small-cap stocks. Small-cap stocks (Russell 2000 Index) were up 6.24%. Small-cap stocks are now up 10.94% this year. Most of that performance came last month. From a style perspective, while both growth and value stocks generated handsome returns last month, growth stocks lagged value stocks in September. While value was the winner last month, growth is the undisputed winner so far this year. Growth stocks (Russell 3000 Growth Index) are up 20.43% and value stocks (Russell 3000 Value Index) are up 7.72%.

Global Balanced Positioning Relative to Neutral*

Global stocks returned 1.93% and U.S. bonds returned -0.48%. This contributed to performance because we maintained a small overweight to stocks during the month with a 65.2% exposure to stocks relative to its 60% stock/40% bond blended benchmark.

Global Regional Equity Positioning Relative to Neutral*

The regional equity decisions, in aggregate, contributed positively to performance. The top contributing regional equity allocations were overweight exposure to the U.S. and underweight exposure to the Emerging Markets. U.S. stocks (Russell 3000 Index) returned 2.44% and Emerging Markets stocks (MSCI Emerging Markets Index) returned -0.40%. In the Fund, the worst performing regional exposures were overweight positioning to Pacific ex. Japan and underweight to the U.K. The Pacific ex. Japan region (MSCI Pacific ex. Japan Index) returned -1.43% and the U.K. (MSCI UK Index) returned 2.52%.

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

The U.S. market cap positioning detracted from performance. The Fund was overweight large-cap over small-cap. This detracted from performance as large-caps (Russell 1000 Index) underperformed small-caps (Russell 2000 Index) by 4.11%. The Fund was neutral growth and value. During the month, growth (Russell 3000 Growth Index) underperformed value (Russell 3000 Value Index) by 1.64%.

October Positioning Summary

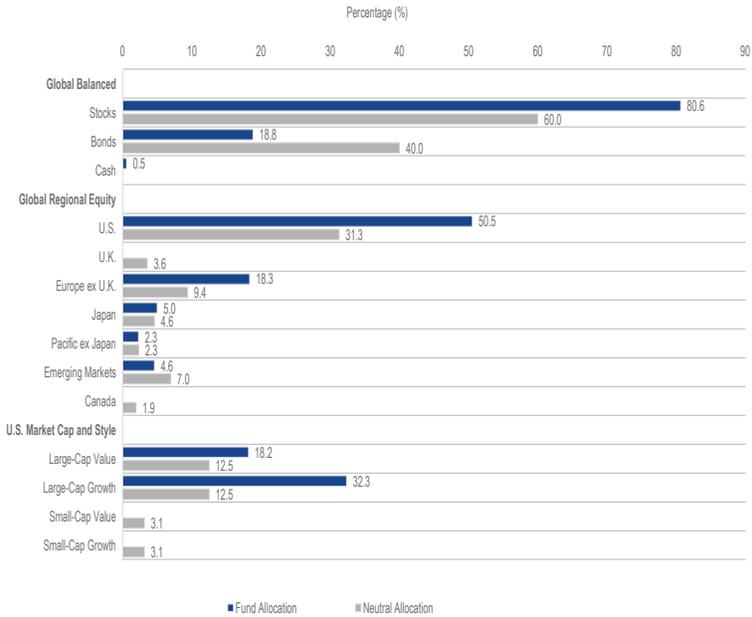
In October, the Fund's equity allocation shifted from a 65.2% to 80.6%, the bond allocation changed from 34.9% to 18.8%, and the cash allocation remained at nearly 0%.

The largest regional equity shifts were increased allocations to the U.S. (42.9% to 50.5%) and Europe ex. U.K. (11.8% to 18.3%). Within the U.S., the Fund now has more exposure to large-cap growth (21.5% to 32.3%) and less exposure to large-cap value (21.5% to 18.2%).

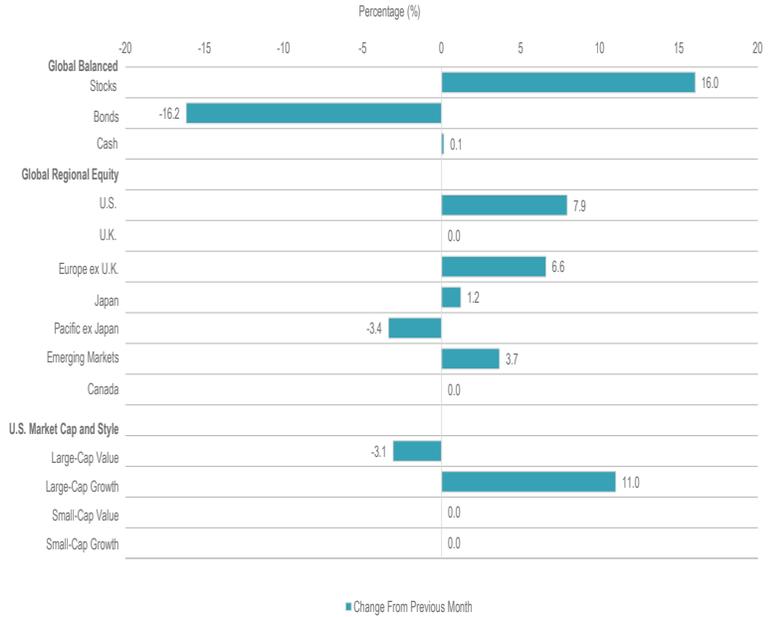
The Fund's Global Balanced, Regional Equity, and U.S. Cap and Style current positioning, changes from the previous month, and summary indicator readings are on the following page.

*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.

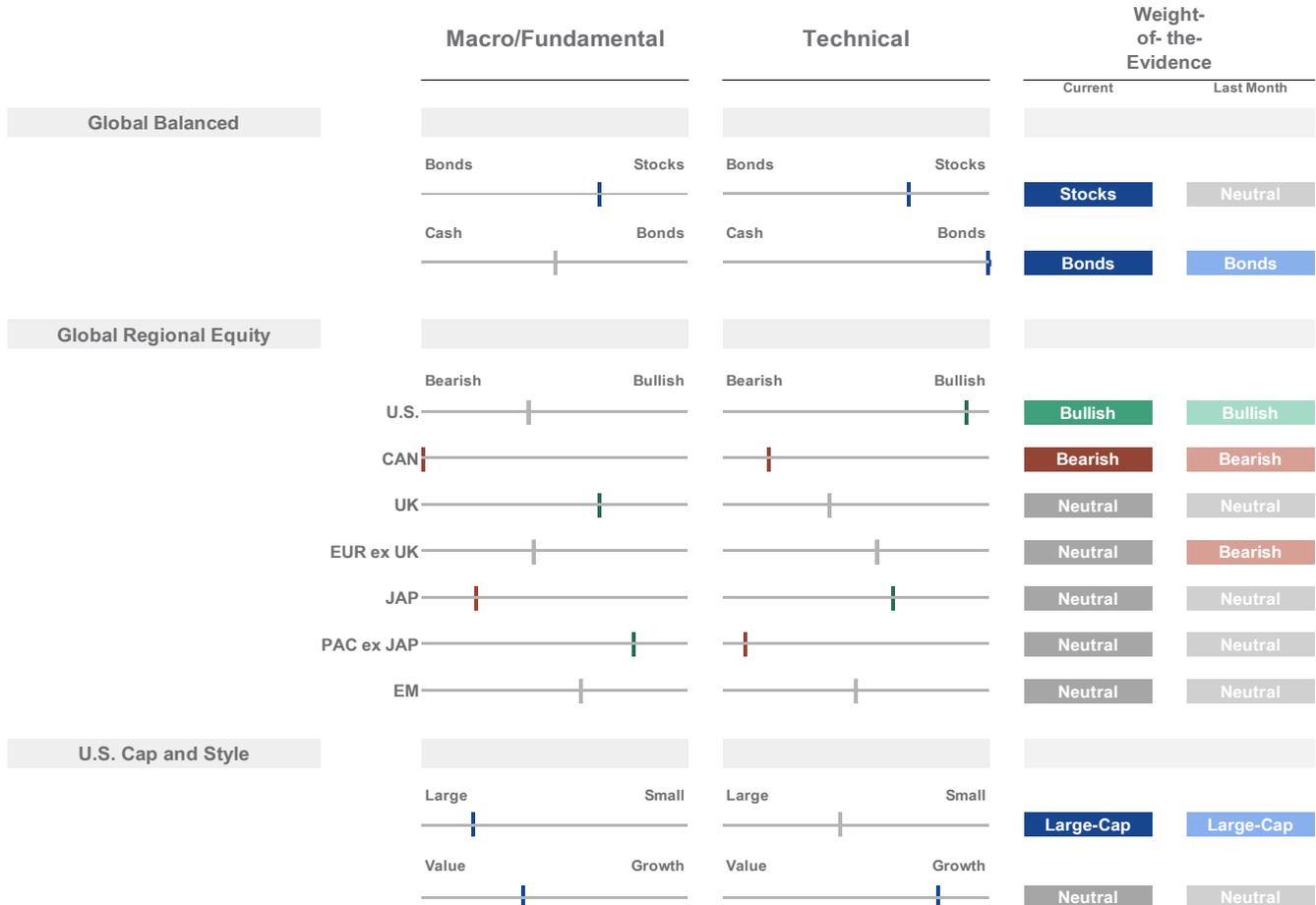
Asset Class Positioning vs. Neutral Allocation, October 2017



Asset Class Positioning, October vs. September



NDR Indicator Summary, October 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 September 30, 2017, the Fund ranked 168 out of 317 funds for the 1 month period; 78 out of 315 funds for the YTD period; 94 out of 312 for the 1 Year period; and 88 out of 309 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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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 Van Eck 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 vaneck.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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