

VanEck

FUNDS

The Sentimental Bull

VanEck NDR Managed Allocation Fund Review

By David Schassler, Portfolio Manager

NDRMX / NDRUX / NDRYX

Summary

The VanEck NDR Managed Allocation Fund (the "Fund") returned 1.91% versus 1.28% for its benchmark of 60% global stocks (MSCI All Country World Index) and 40% bonds (Bloomberg Barclays US Aggregate Bond Index), and 1.56% for the Morningstar Tactical Allocation Peer Group average.

With its 81% allocation to stocks, our bullish positioning was the primary driver of the Fund's outperformance. Global stocks returned 2.08% and bonds returned 0.06%. Regionally, the Fund's stock positioning performed in line with the benchmark. The Fund benefited the most from its overweight exposure to the U.S. and Japan. The Fund's underweight to the Emerging Markets and overweight exposure to Europe ex U.K. detracted from performance. The U.S. equity positioning was a big contributor to performance. The Fund was invested in large-cap over small-cap and growth over value, both of which outperformed.

The Fund's positioning shifted from bullish to very bullish in November. Our stock allocation changed from 80.6% to 85.4%, our bond allocation changed from 19% to 15%, and our cash allocation remained minimal. The regional equity allocation shifts include larger allocations to Europe ex U.K., the Emerging Markets, and the U.K., and smaller allocation to the U.S., Japan, and Pacific ex Japan. Within the U.S., the Fund added exposure to small-cap and reduced exposure to large-cap.

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

	1 Mo [†]	YTD [†]	1 Year	Since Inception
Class A: NAV (Inception 5/11/16)	1.91	12.82	15.06	12.38
Class A: Maximum 5.75% load	-3.93	6.35	8.46	7.96
60% MSCI ACWI/ 40% Bloomberg Barclays US Agg.	1.28	13.14	14.17	11.53
Morningstar Tactical Allocation Category (average) [†]	1.56	10.22	12.58	10.19

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) [†]	0.94	8.58	9.01	9.67

[†]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

The weight-of-the-evidence strongly favors stocks. A total of eleven indicators are used to determine the stock/bond allocation. Of these, seven are bullish, two are neutral, and two are bearish.

So, what changed this month that caused our bullish shift? A Ned Davis Research global sentiment indicator changed from bearish to neutral. Behavioral finance plays a big part in what we do. Sentiment is a contrarian behavioral finance indicator. Sentiment indicators measure periods of both extreme optimism and pessimism. It is closely related to stock price returns. People typically feel better when prices rise. Right now, investors are very bullish. This indicator will get defensive when there is confirmation that investor's extreme optimism is reversing.

The chart below shows that global sentiment reached extreme optimism in late October. This caused the Fund's equity allocation to increase from 80.6% to 85.4%.

DSI Global Sentiment Composite



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

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The chart below shows that U.S. sentiment has been in extreme optimism since late September.

NDR U.S. Daily Sentiment Index



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

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October Performance Review

October was another great month for stocks. Earnings season has been strong and the results continue to push the market higher. Large-cap technology companies have performed spectacularly. Last month, Amazon was up 14.97%, Microsoft was up 11.67%, and Apple was up 9.68%! These types of companies helped the Fund in October as it had a 19.8% overweight position in U.S. large-cap growth stocks.

Global Balanced Positioning Relative to Neutral*

Global stocks returned 2.08% and U.S. bonds returned 0.06%. Our stock overweight position was the largest contributor to the Fund's performance (80.6% stock position, a 20% overweight relative to its 60% stock/40% bond blended benchmark).

Global Regional Equity Positioning Relative to Neutral*

The performance of the regional equity allocations was in line with the MSCI All Country World Index. The largest regional equity contributors to performance were the overweight exposures to the U.S. and Japan. The U.S. (Russell 3000 Index) returned 2.18% and Japan (MSCI Japan Index) returned 4.61%. The largest regional equity detractors from performance were the underweight exposure to the Emerging Markets and overweight exposure to Europe ex U.K. The Emerging Markets (MSCI Emerging Markets Index) returned 3.51% and the Europe ex U.K. Index returned 0.43%.

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

The U.S. market cap and style positioning performed very well. The Fund was overweight large-cap over small-cap and growth over value. Large-cap (Russell 1000 Index) returned 2.29% and small-cap (Russell 2000 Index) returned 0.85%. Growth (Russell 3000 Growth Index) returned 3.69% and value (Russell 3000 Value Index) returned 0.68%.

November Positioning Summary

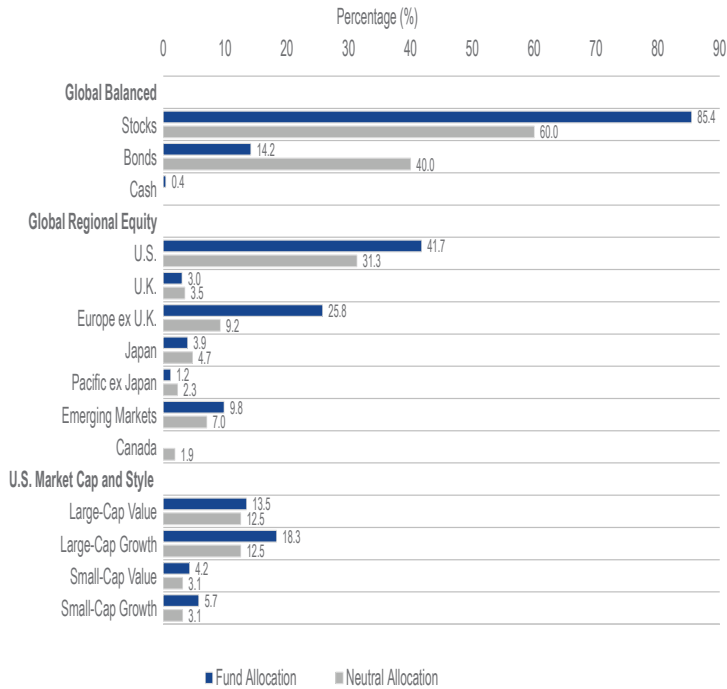
The Fund shifted from bullish to very bullish in November. Our stock allocation changed from 80.6% to 85.4%, our bond allocation changed from 19% to 15%, and our cash allocation remained minimal.

The largest regional equity shifts were reduced allocations to the U.S. (50.5% to 41.7%) and Europe ex U.K. (18.4% to 25.8%). Within the U.S., the Fund now has slightly less exposure to value (18.2% to 17.7%) and added exposure to small-cap (0% to 9.9%).

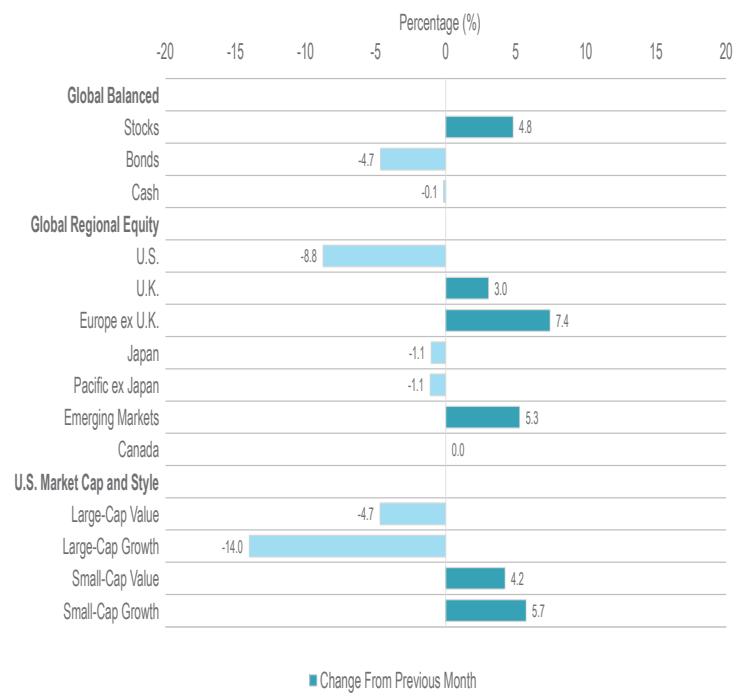
The Fund's Global Balanced, Regional Equity, and U.S. Cap and Style current positioning, changes from the previous month, and summary indicator readings are in the following charts.

*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.

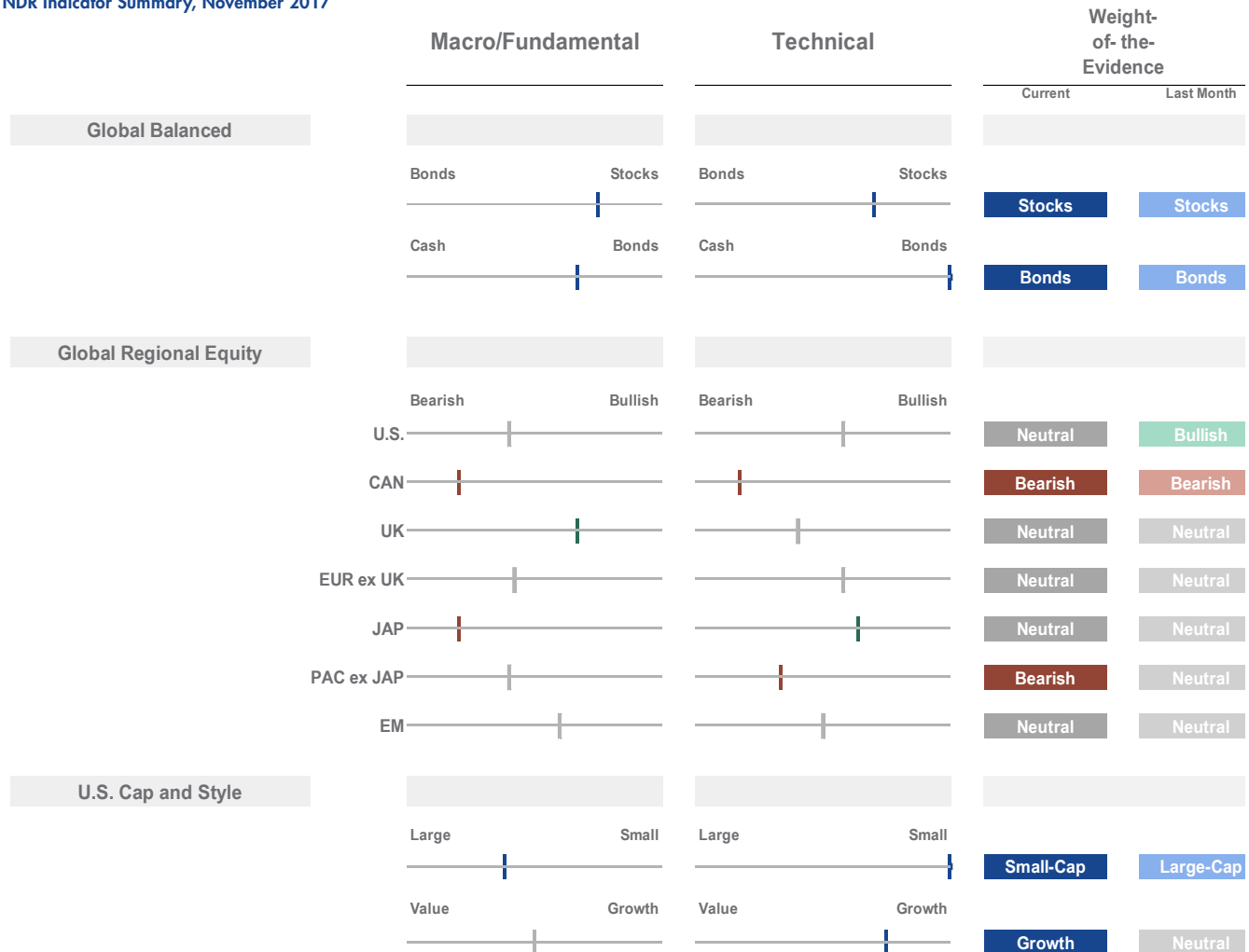
Asset Class Positioning vs. Neutral Allocation, November 2017



Asset Class Positioning, November vs. October



NDR Indicator Summary, November 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 October 31, 2017, the Fund ranked 126 out of 320 funds for the 1 month period; 78 out of 311 funds for the YTD period; 96 out of 308 for the 1 Year period; and 76 out of 306 since inception. 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.

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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