VanEck FUNDS

Objectivity Amid Volatility

VanEck NDR Managed Allocation Fund Review

By David Schassler, Portfolio Manager

NDRMX / NDRUX / NDRYX

Summary

The VanEck NDR Managed Allocation Fund (the "Fund") returned +3.68% versus +2.94% for its benchmark of 60% global stocks (MSCI All Country World Index) and 40% bonds (Bloomberg Barclays US Aggregate Bond Index) in January. This placed the Fund (Class A) in the 31 percentile of the Morningstar Tactical Allocation Peer Group.

The Fund was overweight stocks in January. We held a 75% allocation to stocks and a 25% allocation to bonds. Being overweight stocks was the right decision as global stocks returned +5.64% and bonds returned -1.15%. The Fund's regional equity positioning outperformed. The largest regional equity contributors to performance were overweight exposures to the U.S. and Europe ex. U.K. Within the U.S., the Fund outperformed its neutral allocation. We were neutral small-cap stocks and overweight large-cap stocks. This positioning contributed to performance as large-cap stocks (Russell 1000 Index) returned +5.49% and small-cap stocks (Russell 2000 Index) returned +2.61%.

We increased our stock allocation in February from 75% to 87%, decreased our bond allocation from 25% to 9%, and increased our cash allocation from 0% to 4%. Our regional equity allocation shifts included increased allocations to the U.S. and the Emerging Markets, and a reduced allocation to Europe ex. U.K. The U.S. equity allocation changes include larger allocations to large-cap, small-cap, growth, and value.

Average Annual Total Returns (%) as of January 31, 2018

	1 Mo†	YTD†	1 Year	Since Inception
Class A: NAV (Inception 5/11/16)	3.68	3.68	17.98	14.16
Class A: Maximum 5.75% load	-2.28	-2.28	11.21	10.32
60% MSCI ACWI/ 40% Bloomberg Barclays US Agg.	2.94	2.94	17.14	13.10
Morningstar Tactical Allocation Category (average)[1]	2.84	2.84	14.58	11.88

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

	1 Mo†	YTD†	1 Year	Since Inception
Class A: NAV (Inception 5/11/16)	0.79	15.15	15.15	12.44
Class A: Maximum 5.75% load	-5.01	8.55	8.55	8.46
60% MSCI ACWI/ 40% Bloomberg Barclays US Agg.	1.17	15.77	15.77	11.86
Morningstar Tactical Allocation Category (average)[1]	0.95	12.61	12.61	10.49

†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

We typically wait until the end of the month to comment on market action, but this month we will break from tradition given the magnitude of the selloff that the market has been experiencing. The stock market has reacted violently to a surge in interest rates, fearing the effect that higher rates may have on the economy. The 10-year Treasury yield started the year at 2.46% and as of February 8 is yielding over 2.84%. The S&P 500 Index has retracted 10.15% from the high it reached on January 26. Global stocks are off -8.96% over the same period.

The chart below shows the frequency and average durations of drawdowns for the S&P 500 Index over the past 30 years. The takeaway is that drawdowns of 10% or less are not infrequent, are typically short in duration, and recovery is usually quick. The bad news is that they are virtually impossible to time. That is why we do not attempt to anticipate market drawdowns, rather we react to them. A continued decline in the markets will be quickly measured by our technical indicators and, thereafter, reflected in our positioning.

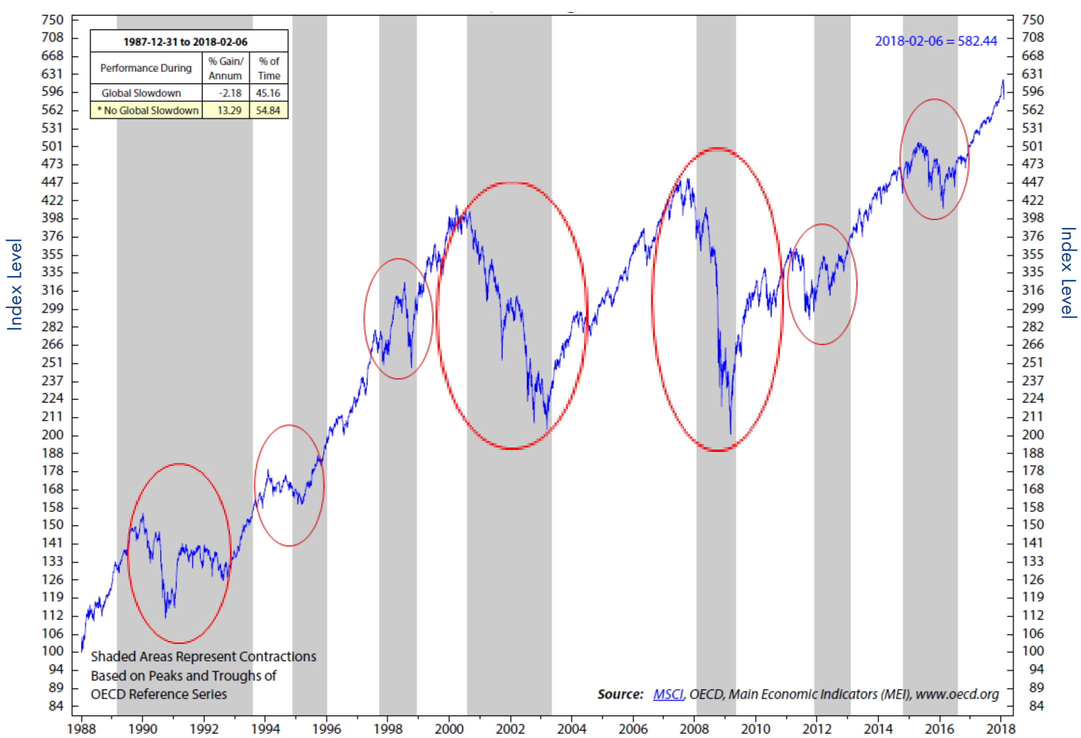
Duration and Drawdowns of S&P 500 Index Over Last 30 Years

Magnitude of Drawdown (%)		Number of Drawdowns	Average Duration of Drawdown (days)	Average Duration of Recovery (days)
Lower Bound	Upper Bound			
-5%	-10%	27	36.4	37.1
-10%	-15%	5	73.2	77.8
-15%	-20%	2	66.0	103.5
-20%	-25%	0	0.0	0.0
-25%	-100%	2	642.5	1,297.5

Source: FactSet, VanEck. Data as of January 31, 2018. Past performance is no guarantee of future results. An index's performance is not illustrative of the Fund's performance. Indices are not securities in which investments can be made.

The next two charts are from Alejandra Grindal, Senior International Economist at Ned Davis Research. I think that both charts put this selloff into perspective. The largest market corrections have historically been associated with global economic slowdowns. Global slowdowns are the gray shaded area and the red circles are the drawdowns in global stocks.

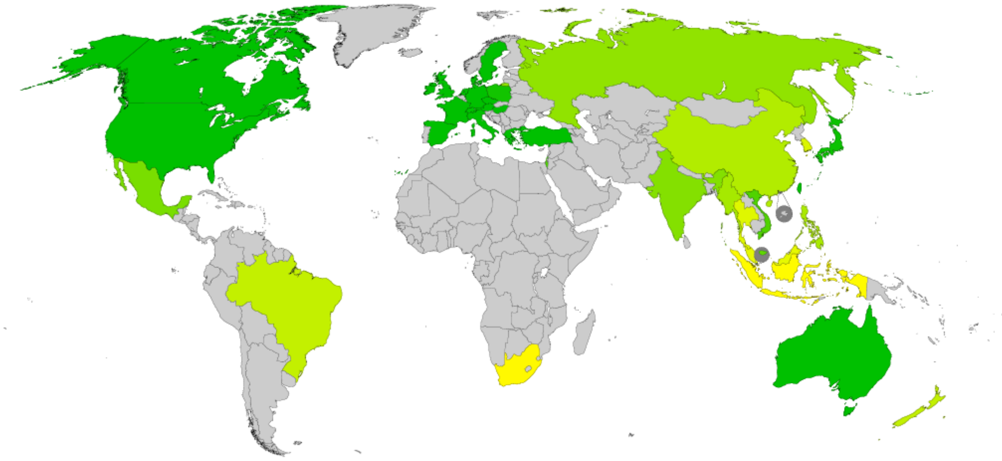
Performance of MSCI ACWI (Local Currency) During OECD-Defined Slowdowns



Source: Ned Davis Research. Data as of February 6, 2018. Past performance is no guarantee of future results. Chart is for illustrative purposes only.

This chart shows global Purchasing Managers' Index (PMI) data. It is a gauge of economic health by measuring the manufacturing sector. Right now, global growth is very strong. Almost all countries are in an expansionary stage. This is a bullish sign for stocks that makes a sustained drawdown unlikely.

Global Manufacturing PMIs (Heat Map)



Red = 45 and Lower
Yellow = 50
Green = 55 and Higher

A reading **above 50** implies **expansion**.

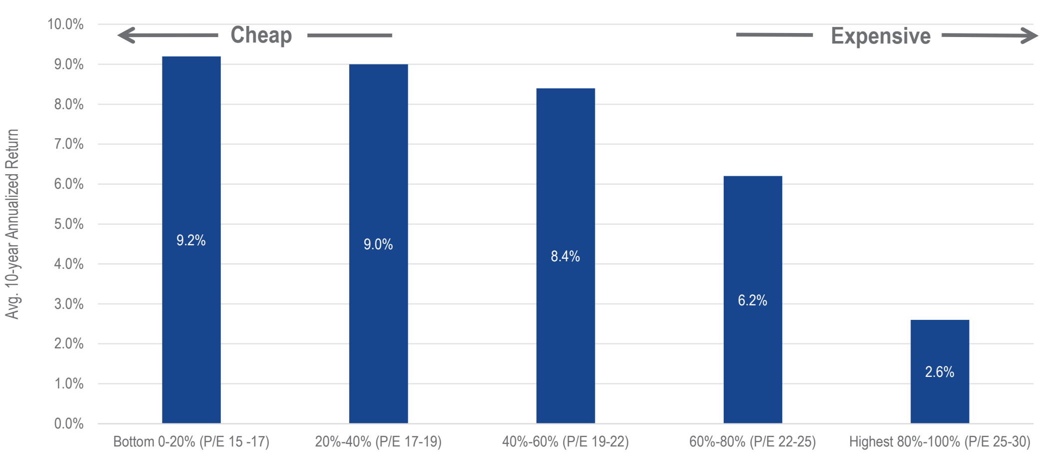
A reading **below 50** implies **contraction**.

South Africa	49.9
Indonesia	49.9
Malaysia	50.5
Thailand	50.6
South Korea	50.7
Brazil	51.2
New Zealand*	51.2
China (Markit)	51.5
Philippines	51.7
Burma (Myanmar)	51.7
Russia	52.1
India	52.4
Mexico	52.6
Singapore	53.1
Israel*	53.4
Vietnam	53.4
Poland	54.6
Japan	54.8
Greece	55.2
Spain	55.2
U.K.	55.3
Australia	55.4
U.S. (Markit)	55.5
Turkey	55.7
Canada	55.9
Taiwan	56.9
Sweden	57.0
Ireland	57.6
France	58.4
Italy	59.0
Eurozone	59.6
Czech Republic	59.8
Hungary	60.9
Germany	61.1
Austria	61.3
Netherlands	62.5
Switzerland	65.3
Denmark	68.7

Source: Haver Analytics, Ned Davis Research. Data as of January 31, 2018. Past performance is no guarantee of future results. Chart is for illustrative purposes only.

The primary argument against being bullish right now is high valuations. The current P/E on the S&P 500 Index is 20.81. We can see from the below chart that over the long term, which we define as 10-year periods, stocks with cheaper valuations tend to outperform stocks with more expensive valuations. This result confirms the general wisdom that, over the long-term, you want to buy assets at a discount.

S&P 500 Index Average 10-Year Annualized Return by P/E Ratio Ranking

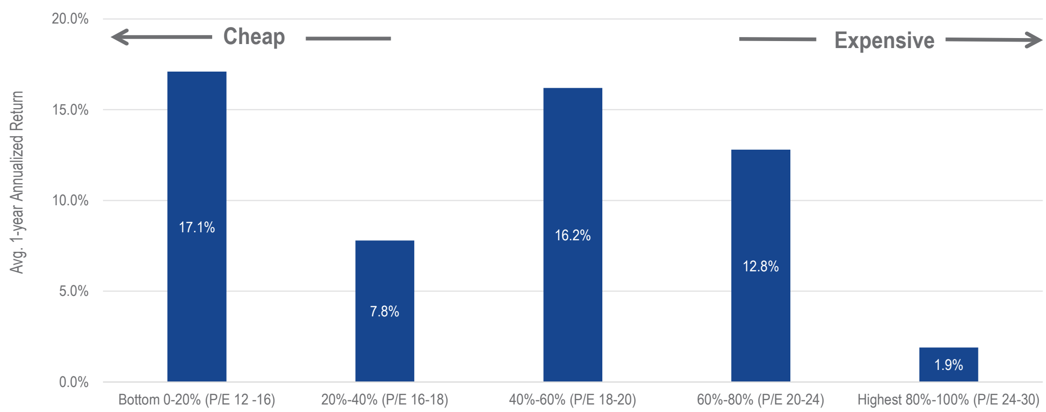


Source: Bloomberg. S&P 500 Index P/E and performance data from 1/31/1981 to 1/31/2018. Price-to-Earnings (P/E) ratio is the price of a stock divided by its earnings per share.

Charts are for illustrative purposes only. Past performance does not reflect future results.

But a 10 year holding period is a very long time for most. To determine if valuations are useful in the near term we shortened our timeframe from ten years to one year. With the exceptions of the most expensive and cheapest valuation quintiles, the results are random. In fact, investors have historically been well compensated for investing at these valuation levels.

S&P 500 Index Average 1-Year Annualized Return by P/E Ratio Ranking



Source: Bloomberg. S&P 500 Index P/E and performance data from 1/31/1981 to 1/31/2018. Price-to-Earnings (P/E) ratio is the price of a stock divided by its earnings per share.

Charts are for illustrative purposes only. Past performance does not reflect future results.

At times like this, we believe it's important to remind clients to stay the course. The economy is currently growing at a healthy pace and this should limit the magnitude of any market corrections. Valuations are expensive and this is a risk. High valuations limit upside and give us more room to fall during market corrections. But valuations in isolation are generally not a good way to time market exposure.

January Performance Review

Global Balanced Positioning Relative to Neutral*

The Fund's asset class positioning was a strong contributor to performance. We held a 75% exposure to global stocks and a 25% exposure to bonds. This was the right decision as global stocks returned +5.64% and bonds returned -1.15%.

Global Regional Equity Positioning Relative to Neutral*

Our regional equity positioning outperformed. Our largest overweight positions were in the U.S. (+4.86%), Europe ex. U.K. (+6.56%), and Japan (+5.02%). We were underweight Canada (+0.81%) and Pacific ex. Japan (+3.64%), which both underperformed the global stock index.

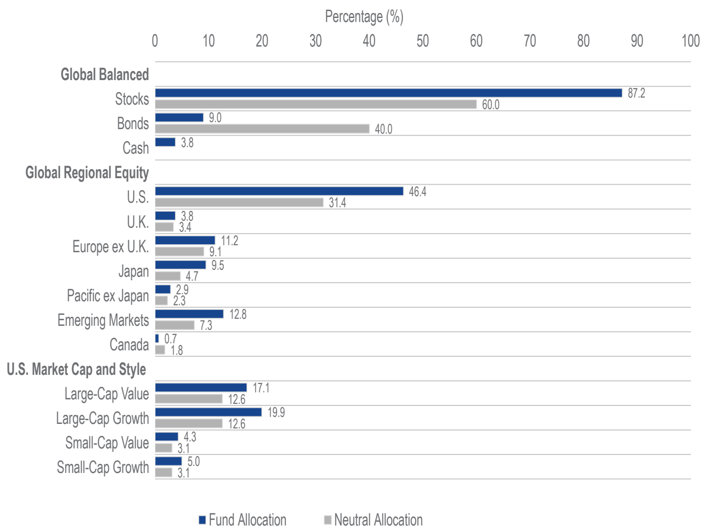
U.S. Cap and Style Positioning Relative to Neutral*

The U.S. market cap and style positioning outperformed its neutral allocation. We were neutral small-cap stocks and overweight large-cap stocks. This positioning contributed to performance as large-cap stocks (Russell 1000 Index) returned +5.49% and small-cap stocks (Russell 2000 Index) returned +2.61%. We were overweight both growth and value stocks. Growth stocks (Russell 1000 Growth Index) posted impressive returns of +7.08% in January.

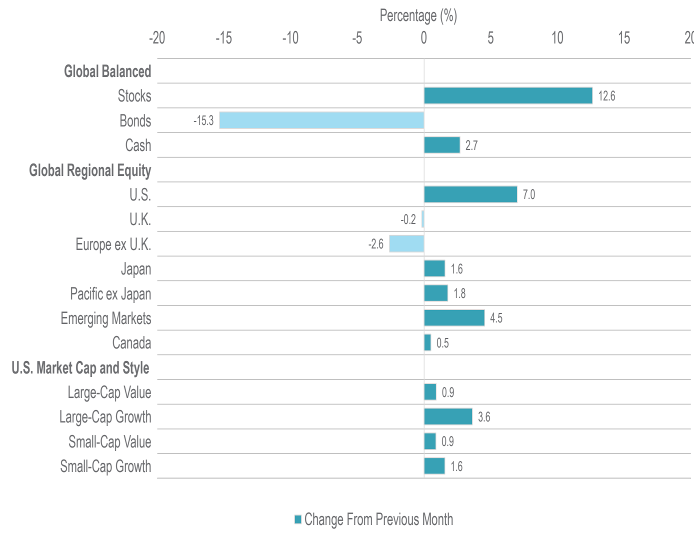
*The neutral position, which is provided by Ned Davis Research, Inc., represents the starting point of the VE NDR Model absent an alternative recommendation once the model takes into consideration the indicators that yield the global tactical allocation model. These are not recommendations to buy or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

The Fund's asset class positioning shifted towards more bullish in February. We increased our stock allocation in February from 75% to 87%, decreased our bond allocation from 25% to 9%, and increased our cash allocation from 0% to 4%. The increased equity allocation is based on the seasonality indicator changing from bearish to neutral and the stock/bond mean reversion indicator changing from bearish to neutral. Our regional equity allocation shifts included increased allocations to the U.S. and the Emerging Markets, and a reduced allocation to Europe ex. U.K. The U.S. equity allocation changes include larger allocations to large-cap, small-cap, growth, and value.

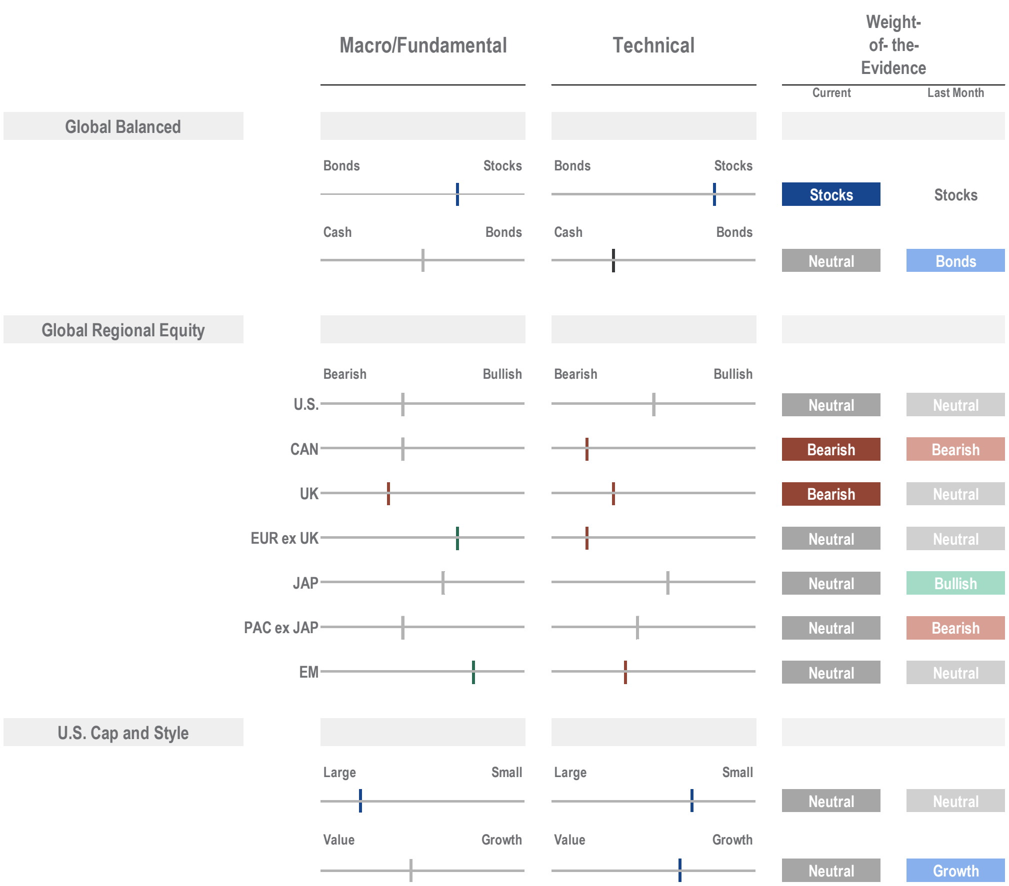
Asset Class Positioning vs. Neutral Allocation, February 2018



Asset Class Positioning, February 2018 vs. January 2018



NDR Indicator Summary, February 2018



[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 December 31, 2017, the Fund ranked 190 out of 329 funds for the 1 month period; 94 out of 320 funds for the YTD period; 94 out of 320 funds for the 1 Year period; and 87 out of 314 funds since inception. As of January 31, 2018, the Fund ranked 98 out of 317 funds for the 1 month period; 98 out of 317 funds for the YTD period; 83 out of 308 for the 1 Year period; and 79 out of 302 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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