

VanEck

FUNDS

# Technically Speaking, U.S. on Top

## VanEck NDR Managed Allocation Fund Review

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NDRMX / NDRUX / NDRYX

### Weight-of-the-Evidence Summary

*Weight-of-the-evidence points to higher stock prices*

- Almost all of the technical indicators are bullish
- The trend in sentiment remains bullish
- Stocks remain expensive
- Macroeconomic global growth is strong, but has been slowing
- The U.S. Federal Reserve leads other central banks in raising interest rates, but the monetary environment remains accommodative

### Performance and Positioning

- The VanEck NDR Managed Allocation Fund (the "Fund") returned +1.13% versus +0.76% for its benchmark of 60% global stocks (MSCI All Country World Index) and 40% bonds (Bloomberg Barclays US Aggregate Bond Index) in August.\*
- Global stocks and U.S. bonds had strong months, returning +0.79% and +0.64%, respectively. The Fund benefited from its overweight stock exposure, more specifically, its overweight exposure to the U.S. U.S. stocks, as measured by the Russell 3000 Index, led the markets higher with an impressive return of +3.51%.
- The Fund's positioning changed very little this month and remains overweight stocks with a 77% allocation. The largest regional equity allocation is to the U.S. (48% vs. 33% for the neutral allocation). Within the U.S., we continue to favor large-cap over small-cap, with a moderate bias towards value.

\*All weighting comparisons are as compared to the blended benchmark (60% MSCI ACWI/ 40% Bloomberg Barclays US Agg.) which is also referred to as the neutral allocation. This represents the starting point of the Fund's model absent an alternative recommendation once the model takes into consideration the indicators that yield the global tactical allocation model.

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

	1 Mo <sup>†</sup>	YTD <sup>†</sup>	1 Year	Since Inception
Class A: NAV (Inception 5/11/16)	1.13	0.96	6.00	9.15
Class A: Maximum 5.75% load	-4.70	-4.86	-0.10	6.39
60% MSCI ACWI/ 40% Bloomberg Barclays US Agg.	0.76	2.25	6.69	9.30
Morningstar Tactical Allocation Category (average) <sup>1</sup>	1.41	2.03	7.06	8.09

### Average Annual Total Returns (%) as of June 30, 2018

	1 Mo <sup>†</sup>	YTD <sup>†</sup>	1 Year	Since Inception
Class A: NAV (Inception 5/11/16)	-0.45	-1.77	5.02	8.51
Class A: Maximum 5.75% load	-6.16	-7.43	-1.03	5.55
60% MSCI ACWI/ 40% Bloomberg Barclays US Agg.	-0.35	-0.65	6.58	8.78
Morningstar Tactical Allocation Category (average) <sup>1</sup>	-0.43	-1.00	5.85	7.34

<sup>†</sup>Returns less than a year are not annualized.

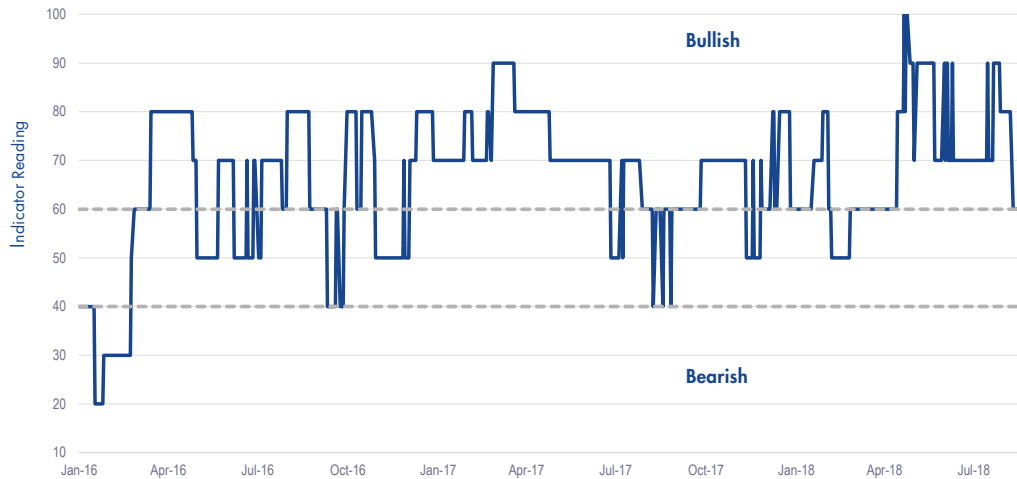
Expenses: Class A: Gross 2.33%; Net 1.39%. Expenses are capped contractually until 05/01/19 at 1.15% for Class A. Caps excluding acquired fund fees and expenses, interest, trading, dividends, and interest payment of securities sold short, taxes, and extraordinary expenses.

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.

## Weight-of-the-Evidence

As of now, technical trends in the market remain strong. Global breadth, price momentum, stock/price mean reversion, and stock/bond mean reversion indicators are all bullish. The only technical indicator that is bearish is seasonality due to historical market weakness in the late-summer. Below is the NDR Stock/Bond Technical Composite.

### Technicals Point to Higher Stock Prices (NDR Stock/Bond Technical Composite)

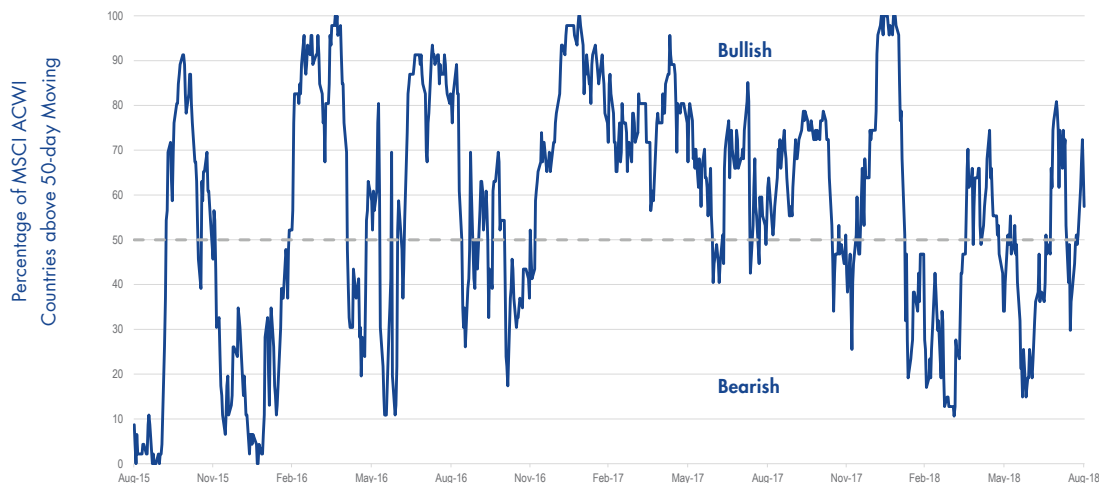


Source: Ned Davis Research. Data as of August 31, 2018. Past performance is no guarantee of future results. Chart is for illustrative purposes only.

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While it's strong now, the model will become less bullish on stocks if the international markets continue to weaken. Global country participation is measured in the model by the NDR Global Breadth Indicator. It measures the percentage of countries trading either above or below their intermediate-term moving average. As you can see below, breadth is strong but quickly declining.

### Breadth Currently Strong But Declining (NDR Global Breadth Indicator)



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

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We remain bullish on the U.S., and the Fund's overweight positioning is based primarily on the technical indicators. The technical reading in the U.S., relative to the other equity regions, is very bullish. This is not at all surprising given the recent strength of the U.S. markets. However, the macroeconomic and fundamental indicators are mixed. Risks in the U.S. that are being measured by the model include the flattening of the yield curve in the U.S. (the spread between 10-year and 2-year Treasury yields), relative growth-adjusted valuations, and investor sentiment.

The Fund's 77% equity position continues to reflect the optimism in the continuation of the stock rally, but also the caution that comes from being in the late stage of the economic cycle. The evidence, led primarily by the technical indicators, in aggregate, favors higher stock prices and therefore leads to the moderately overweight stock weighting.

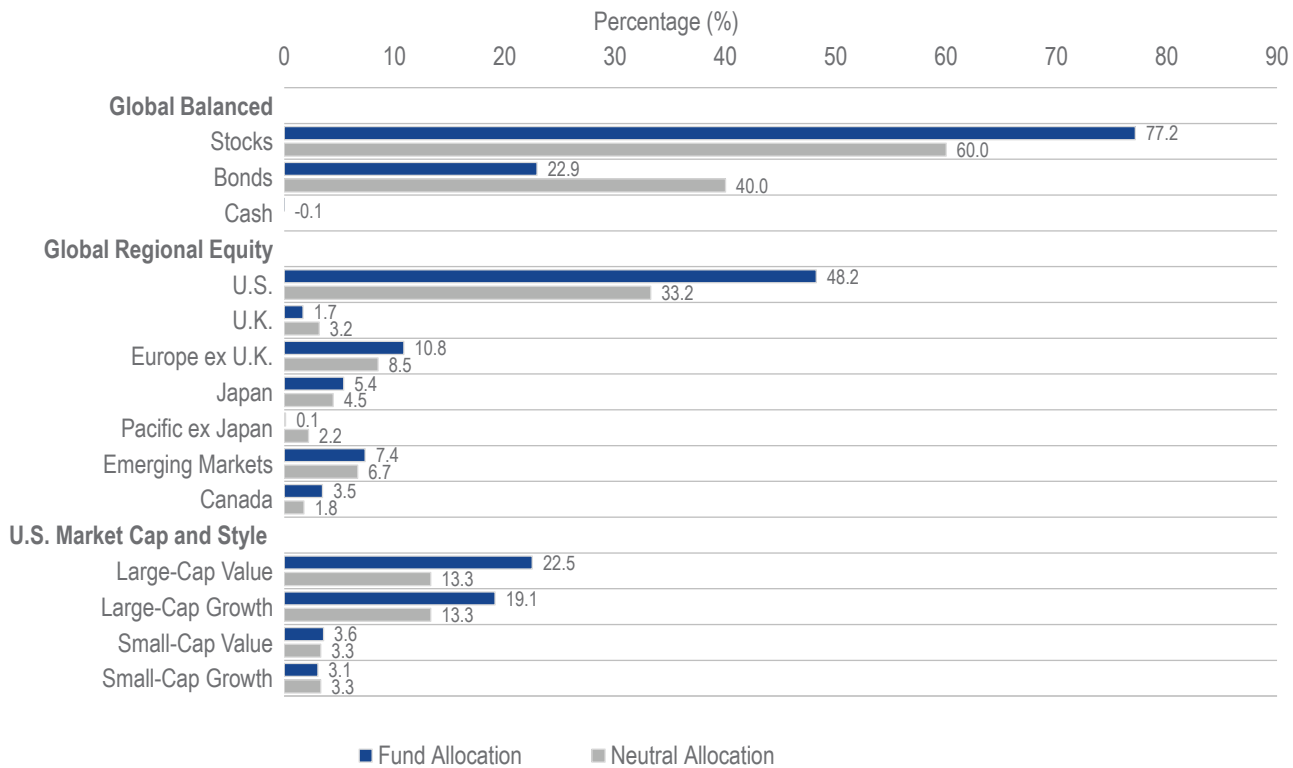
### August Performance Review

U.S. stocks, measured by the Russell 3000 Index, were up +3.51% in August! And growth continues to lead the way. U.S. growth stocks, as measured by the Russell 3000 Growth Index, returned +5.53%. Bonds also saw positive returns in August and finished the month up +0.64%. Outside of the U.S., the equity performance picture was not nearly as rosy. Removing the U.S. from global stock returns, as measured by the MSCI All Country World Index ex. U.S., resulted in a dismal return of -2.09%. Currently, the U.S. accounts for approximately 56% of the market capitalization of the global stock market. Nearly all regions besides the U.S. declined in August, led by the U.K. (-4.18%) and the Emerging Markets (-2.67%). In fact, the only other MSCI region besides the U.S. to see a positive return in August was Japan with a modest return of +0.23%. Within the U.S., both small-cap and large-cap stocks had a strong month with small-cap stocks outperforming (+4.31% vs. 3.45%).

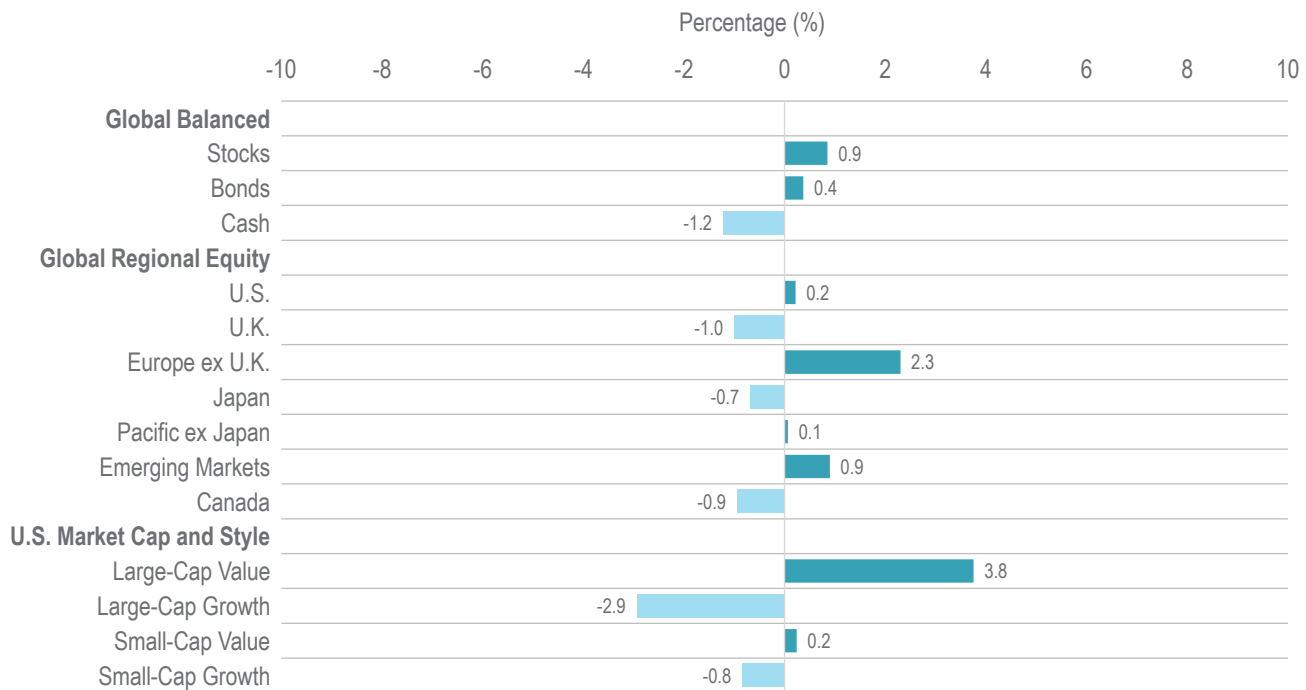
## NDR Indicator Summary, September 2018

	Macro/ Fundamental	Technical	Overall	Notes
Stocks, Bonds, or Cash				
Stocks (vs. Bonds)	Neutral	Bullish	Bullish	<ul style="list-style-type: none"><li>Composite is moderately bullish on stocks vs. bonds and bullish on bonds vs. cash</li><li>Technical indicators, in aggregate, point to higher stock prices</li><li>Sentiment reached extreme pessimism, creating an opportunity for investors</li><li>Stocks remain expensive</li><li>Macroeconomic global growth is strong but has been slowing</li><li>The U.S. Federal Reserve leads other central banks in raising interest rates, but the monetary environment remains accommodative</li></ul>
Bonds (vs. Cash)	Bullish	Bullish	Bullish	
Global Regional Equity				
U.S.	Bearish	Bullish	Bullish	<ul style="list-style-type: none"><li>U.S. bullishness driven by price action; macro/fundamental are bearish</li><li>U.K. technical indicator readings degraded</li><li>Europe ex. U.K. technical indicators improved</li><li>EM macro/fundamental indicators changed from neutral to bullish</li><li>Japan technical indicators declined</li><li>Pacific ex. Japan technical and macro/fundamental remain very bearish</li></ul>
Canada	Bullish	Neutral	Bullish	
U.K.	Bearish	Bearish	Bearish	
Europe ex. U.K.	Bearish	Bearish	Bearish	
Japan	Neutral	Bearish	Bearish	
Pacific ex. Japan	Bearish	Bearish	Bearish	
Emerging Markets	Bullish	Bearish	Neutral	
U.S. Cap & Style				
Large-Cap	Bullish	Bullish	Bullish	<ul style="list-style-type: none"><li>Large-Cap overweight driven by macro/fundamental and technical indicators</li><li>Technical indicators are neutral on growth vs. value, while macro/fundamental favor value stocks</li></ul>
Small-Cap	Bearish	Bearish	Bearish	
Growth	Bearish	Neutral	Bearish	
Value	Bullish	Neutral	Bullish	

## Asset Class Positioning vs. Neutral Allocation, September 2018



## Asset Class Positioning Changes, September 2018 vs. August 2018



The neutral allocation, which is provided by Ned Davis Research, Inc., represents the starting point of the Fund's 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.

<sup>1</sup>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 June 30, 2018, the Fund ranked 179 out of 322 funds for the 1 month period; 216 out of 322 funds for the YTD period; 191 out of 314 for the 1 Year period; and 106 out of 306 funds since inception. As of August 31, 2018, the Fund ranked 135 out of 312 funds for the 1 month period; 176 out of 312 funds for the YTD period; 154 out of 303 funds for the 1 Year period; and 98 out of 295 funds since inception.

The Fund's benchmark is a blended unmanaged index created by the Van Eck Associates Corporation (the "Adviser") 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 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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All indices are unmanaged 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. Certain indices may take into account withholding taxes. An index's performance is not illustrative of the Fund's performance. Indices are not securities in which investments can be made. Results reflect past performance and do not guarantee future results.

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. 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 cash and cash equivalents, debt securities, exchange traded products, exchange traded products' underlying investments, below investment grade securities, commodities and commodity-linked derivatives, commodities and commodity-linked derivatives tax, common stock, concentration, derivatives, emerging markets, investment style, small-, medium- and large-capitalization companies, market, model and data, operational, portfolio turnover and regulatory risks. 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.

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