VanEck FUNDS

Too Early to Go Bargain Hunting

VanEck NDR Managed Allocation Fund Review

By David Schassler, Portfolio Manager

NDRMX / NDRUX / NDRYX

Weight-of-the-Evidence Summary

Weight-of-the-evidence bearish on stocks

- Many of the macroeconomic and fundamental indicators are bearish. Defensive sector leadership and slowing economic growth are all risk factors. Global monetary policy is tightening, but remains accommodative relative to historical levels.

- The technical indicator composite is extremely bearish. This includes negative price momentum, weak market breadth, stock/price mean reversion, and seasonality.

- Investor sentiment is extremely pessimistic, a contrarian bullish signal for equities. This indicates a potential buying opportunity may be coming.

Performance and Positioning

- The VanEck NDR Managed Allocation Fund (the "Fund") returned -4.01% versus -3.47% for its benchmark of 60% global stocks (MSCI All Country World Index) and 40% bonds (Bloomberg Barclays US Aggregate Bond Index) in December.*

- Last month, global stocks returned -7.04% and U.S. bonds returned +1.84%. The Fund's near-benchmark positioning contributed minimally to relative performance. Regional equity positioning detracted. It was overweight the U.S., which hurt, and overweight the Emerging Markets, which helped. The Russell 3000 Index and the MSCI Emerging Markets Index returned -9.31% and -2.66%, respectively. Within the U.S., the Fund benefited from its overweight exposure to large-cap over small-cap stocks. The Russell 1000 Index outperformed the Russell 2000 Index by 2.77%.

- The Fund reduced its equity allocation from 57% to 31%. The indicators are measuring a period of heightened risk for global equities. Stock/bond indicators that recently changed, include stock/price mean reversion (from bullish to bearish), investor sentiment (from bullish to neutral), and seasonality (from neutral to bearish).

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

	1 Mo†	YTD†	1 Year	Since Inception
Class A: NAV (Inception 5/11/16)	-4.01	-8.13	-8.13	4.16
Class A: Maximum 5.75% load	-9.52	-13.42	-13.42	1.85
60% MSCI ACWI/ 40% Bloomberg Barclays US Agg.	-3.47	-5.22	-5.22	5.16
Morningstar Tactical Allocation Category (average)[1]	-4.75	-7.89	-7.89	3.14

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

	1 Mo†	YTD†	1 Year	Since Inception
Class A: NAV (Inception 5/11/16)	-0.10	0.85	4.90	8.77
Class A: Maximum 5.75% load	-5.86	-4.95	-1.12	6.12
60% MSCI ACWI/ 40% Bloomberg Barclays US Agg.	0.03	1.97	5.68	9.02
Morningstar Tactical Allocation Category (average)[1]	-0.25	1.76	5.57	8.01

†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.

*All weighting comparisons are relative to the blended benchmark (60% MSCI ACWI/ 40% Bloomberg Barclays US Agg.) or neutral allocation. This represents the starting allocation point absent an alternative recommendation once the model takes into consideration the indicators that yield the global tactical allocation model.

Weight-of-the-Evidence

Wild market swings, inverted yield curves, widening credit spreads, slowing global growth, contracting monetary policy, and global trade wars are not the stuff of which healthy markets are made. It is now a battle between the 'buy the dip' and 'run and hide' crowds.

Studying the history of market corrections may help provide an understanding of where markets may go from here. First, severe market corrections in the S&P 500 Index (15% or more) are uncommon. Since 1928, they have occurred only 0.5% of the time. The S&P 500 Index is currently in a severe market correction. As of January 7, it was down approximately 13.6% from its peak on September 20. So far, at its worst point, the maximum drawdown has been 19.36%. Historically, on average, severe corrections turn into bear markets (20% or more) 58% of the time, last 191 days, and investors lost 28.2% of their wealth. If history is any guidepost, there may be more pain to come.

Anatomy of a Correction: Putting Q4 in Perspective
Declines in the S&P 500 Index (1/3/1928 to 1/2/2019)

	Dip (5% decline or more)	Moderate Correction (10% decline or more)	Severe Correction (15% decline or more)	Bear Market (20% decline or more)
Number of Occurrences	308	97	43	25
Mean Number of Occurrences Per Year	3.4	1.1	0.5	0.3
Mean Number of Days	36	101	191	299
Mean Decline (%)	10.9	19.4	28.2	35.7
Chances of Decline Moving to Next Stage (%)*	31	44	58	N/A

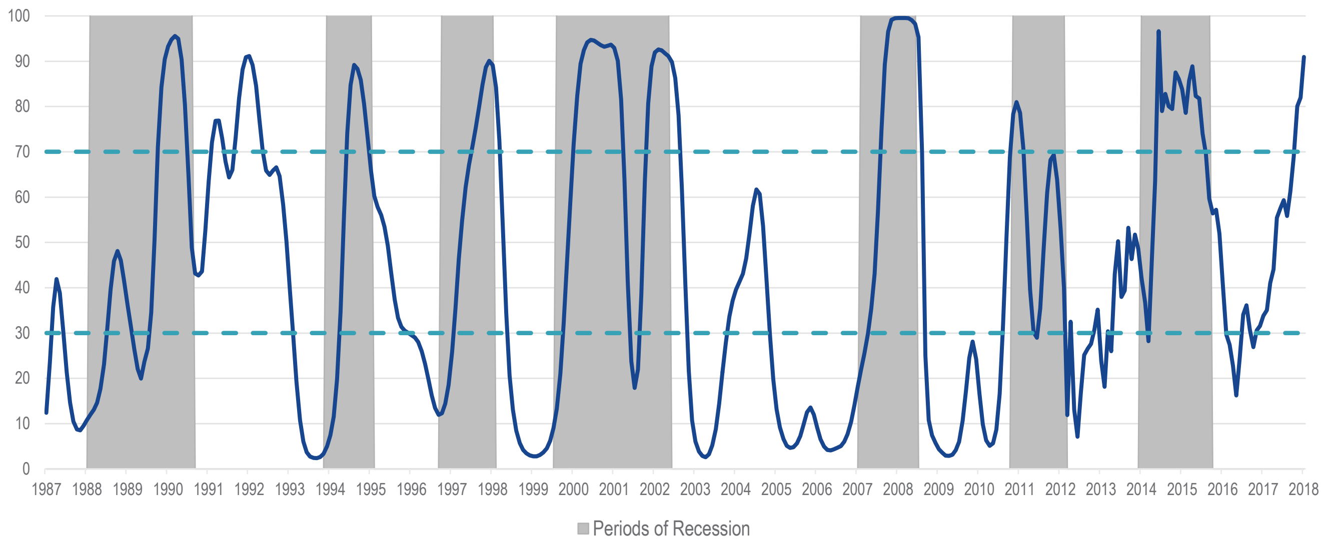
* = e.g. The chance of a 10% decline turning into a 15% decline, etc. N/A = Not Applicable

Source: Ned Davis Research. Data as of January 2, 2019. Past performance is no guarantee of future results. Chart is for illustrative purposes only.

The markets fear a global recession. Specifically, a global recession that the world may be ill-equipped to fight given the governments limited monetary and fiscal stimulus options. Hence, the intense scrutiny over every data-point (PMIs, corporate earnings and guidance, etc.) and potential catalyst (monetary missteps, trade war, etc.) that confirms, denies, or exacerbates this fear. Ned Davis Research has a GDP-weighted Global Recession Probability Model that incorporates both the level and trend of data from the Organisation for Economic Co-operation and Development (OECD) Composite Leading Indicators. A score above 70 indicates a high recession risk and a score below 30 indicates a low recession risk. The score right now is above 90. Not an encouraging sign!

The Market Fears a Recession (and it should)

NDR Global Recession Probability Model (1987 to 2018)



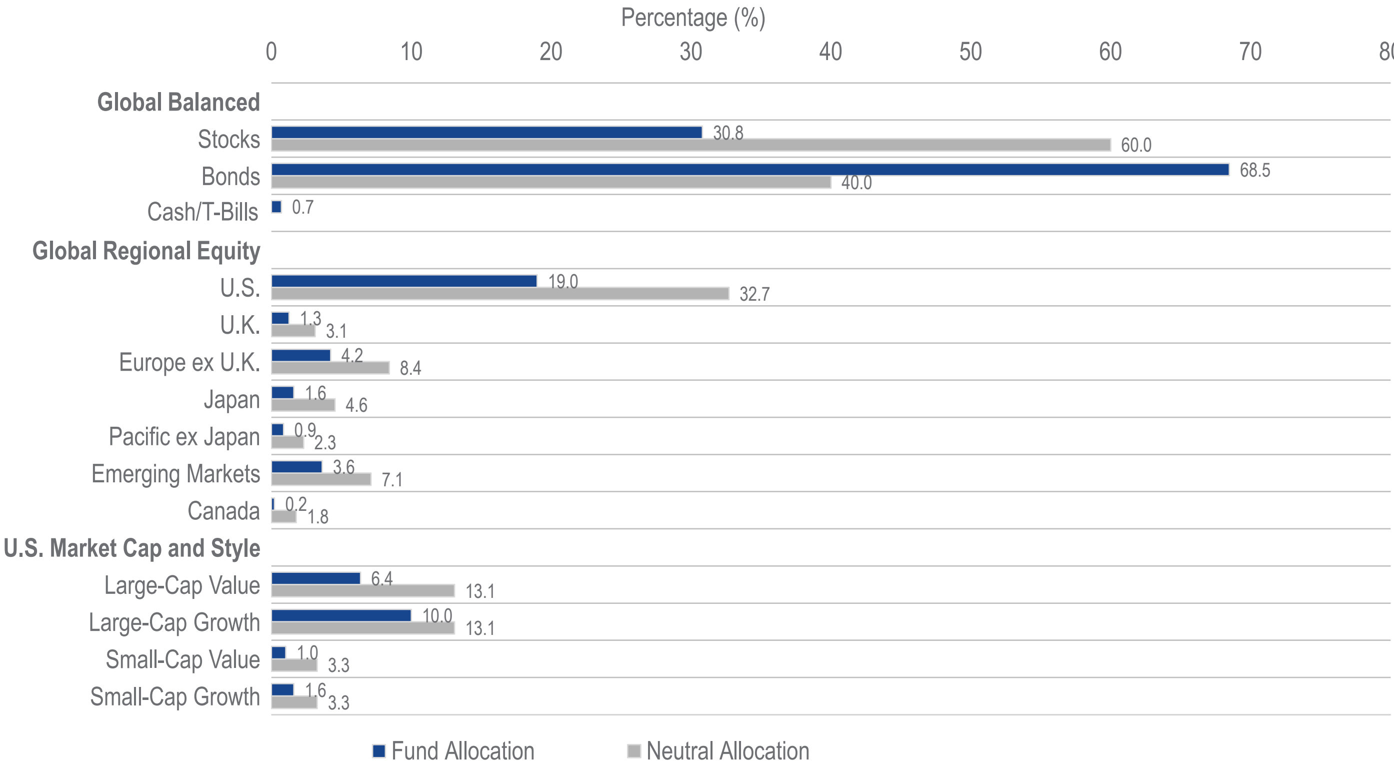
Source: Ned Davis Research. Data as of December 31, 2018. Past performance is no guarantee of future results. Chart is for illustrative purposes only.

For us, following the data provides clarity. It allows us to remain grounded when others may not: no emotion, no subjectivity. Right now, our data points to lower stock prices. The Fund reduced risk in the fourth quarter. Unfortunately not enough. Leading into December, extreme investor sentiment seemingly created a buying opportunity that did not materialize. The intensity of the selloff increased, leading us to further reduce exposure. Bear markets, as we all know, are full of ferocious swings. The realized volatility of the market, as calculated by 20-day rolling standard deviation, is around 30. This is approximately double its long-term average. Yet another ominous sign. At this point, we believe it is too early to go bargain hunting.

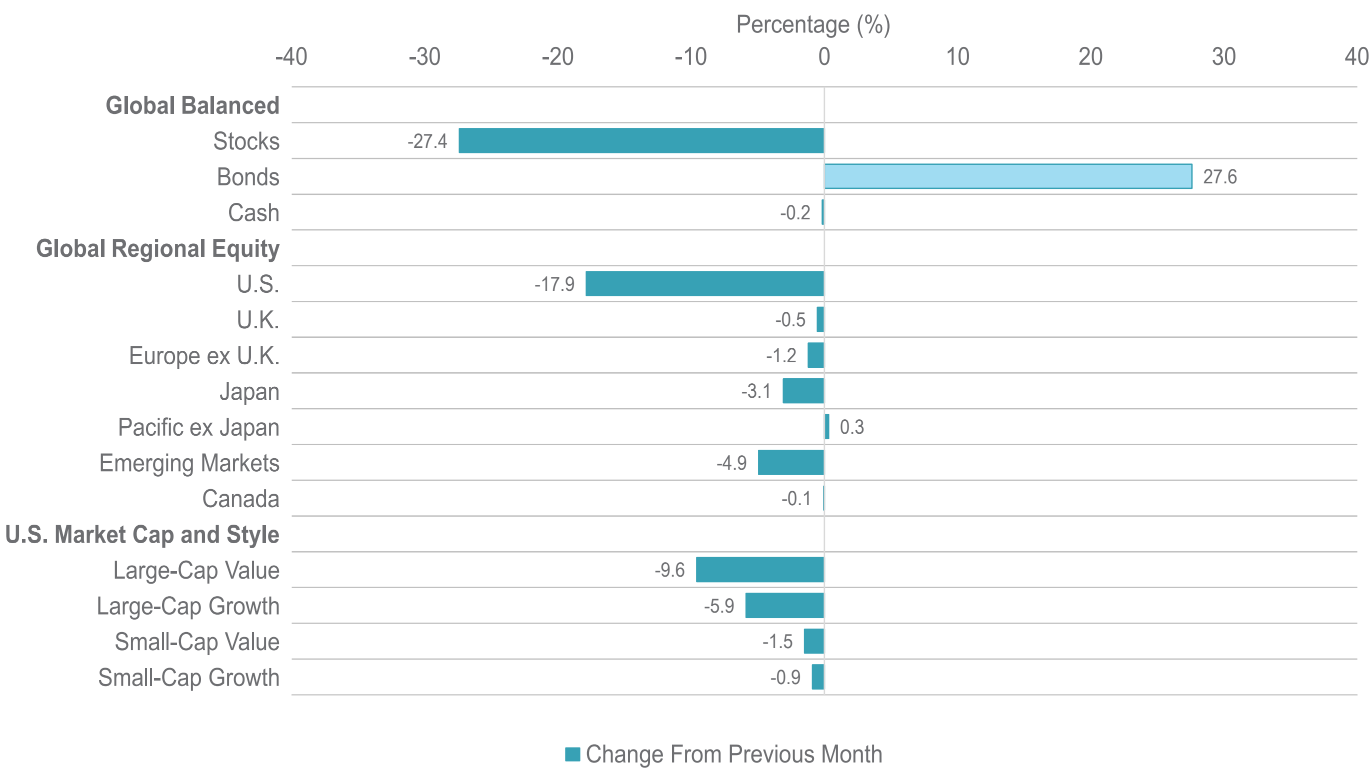
NDR Indicator Summary, January 2019

	Macro/Fundamental	Technical	Overall
Stocks, Bonds, or Cash			
Stocks (vs. Bonds)	Neutral	Neutral	Bearish
Bonds (vs. Cash)	Bullish	Bullish	Bullish
Global Regional Equity			
U.S.	Neutral	Neutral	Neutral
Canada	Neutral	Bearish	Bearish
U.K.	Bearish	Neutral	Bearish
Europe ex. U.K.	Bearish	Bullish	Neutral
Japan	Bearish	Neutral	Bearish
Pacific ex. Japan	Bearish	Neutral	Bearish
Emerging Markets	Bearish	Bullish	Neutral
U.S. Cap & Style			
Large-Cap	Bullish	Bullish	Bullish
Small-Cap	Bearish	Bearish	Bearish
Growth	Bullish	Bullish	Bullish
Value	Bearish	Bearish	Bearish

Asset Class Positioning vs. Neutral Allocation, January 2019



Asset Class Positioning Changes, January 2019 vs. December 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.

[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, 2018, the Fund ranked 141 out of 310 funds for the 1 month period; 168 out of 310 funds for the YTD period; 153 out of 308 funds for the 1 Year period; and 96 out of 293 funds since inception. As of December 31, 2018, the Fund ranked 134 out of 283 funds for the 1 month period; 173 out of 283 funds for the YTD period; 173 out of 283 funds for the 1 Year period; and 101 out of 266 funds since inception.

[2]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. U.S. stocks are measured by the Russell 3000 Index which 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). Emerging Market stock are measured by the MSCI Emerging Markets Index which 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). International stocks are measured by the MSCI EAFE wcaptures large and mid cap representation across 21 Developed Markets countries around the world, excluding the US and Canada.

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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.

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.