

Rising Risks, Raising Cash

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RAAX VanEck Vectors® Real Asset Allocation ETF

Summary

With escalating near-term risks in many real assets, RAAX allocated defensively by raising cash for the first time since its launch

- Risks continue to outweigh rewards in many real assets and RAAX allocated defensively with a 33% position in U.S. Treasury bills.
- Despite rising inflation and strong economic growth, escalating trade tariffs and a strong U.S. dollar are putting downward price pressure on many commodities and commodity-related equities, particularly impacting gold and diversified metals.
- Consequently, RAAX favored real asset investments with less sensitivity to commodities.

Performance and Positioning

- RAAX benefited from avoiding many of the poorer performing assets that plagued real assets investors, and also from its portfolio weighting methodology that seeks to minimize volatility.
- In August, RAAX had no exposure to gold equities, global metals and mining, coal equities, and oil services equities. The average return of these asset classes was a dismal -7.5% last month.
- RAAX's model rapidly adjusts to the rising risks of the changing environment. In September, RAAX added a 33% exposure to U.S. Treasury bills, removed its positions in gold bullion and diversified commodities, decreased agribusiness exposure from 20% to 7%, and added a 5% weighting to oil services equities.

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

	1 Mo [†]	YTD [†]	Life (04/09/18)
RAAX (NAV)	-0.89	-	1.15
RAAX (Share Price)	-1.01	-	1.27
Blended Real Asset Index*	-1.11	-	1.41

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

	1 Mo [†]	YTD [†]	Life (04/09/18)
RAAX (NAV)	-1.80	-	2.03
RAAX (Share Price)	-1.15	-	2.46
Blended Real Asset Index*	-1.08	-	2.45

[†]Returns less than a year are not annualized.

Expenses: Gross 0.81%; Net 0.74%. Expenses are capped contractually at 0.55% through February 1, 2020. Expenses are based on estimated amounts for the current fiscal year. Cap exclude certain expenses, such as interest, acquired fund fees and expenses, and trading expenses.

The table presents past performance which is no guarantee of future results and which may be lower or higher than current performance. Returns reflect temporary contractual fee waivers and/or expense reimbursements. Had the ETF incurred all expenses and fees, investment returns would have been reduced. Investment returns and ETF share values will fluctuate so that investors' shares, when redeemed, may be worth more or less than their original cost. ETF returns assume that distributions have been reinvested in the Fund at NAV.

The "Net Asset Value" (NAV) of a VanEck Vectors Exchange Traded Fund (ETF) is determined at the close of each business day, and represents the dollar value of one share of the fund; it is calculated by taking the total assets of the fund, subtracting total liabilities, and dividing by the total number of shares outstanding. The NAV is not necessarily the same as the ETF's intraday trading value. VanEck Vectors ETF investors should not expect to buy or sell shares at NAV.

*The Blended Real Asset Index is calculated by VanEck and comprises an equally weighted blend of the returns of Bloomberg Commodity Index, S&P Real Assets Equity Index, and VanEck® Natural Resources Index. Equal weightings are reset monthly. The Blended Real Asset Index is an appropriate benchmark because it represents the various real assets investments considered by the Fund covering natural resources equities, MLPs, infrastructure, real estate, and commodity futures.

A Closer Look at the What, When, and How

RAAX offers a risk-managed approach to real asset investing. It uses a data-driven, rules-based process that leverages over 50 technical, macroeconomic and fundamental, commodity price, and sentiment indicators to allocate among 12 real asset segments. RAAX seeks to address key volatility considerations in each step of its process by evaluating: *first, what asset classes to invest in; second, when to get defensive by transitioning to cash; and lastly, how much to allocate among asset classes.* Decisions are made on a monthly basis using our rules-based, quantitative allocation process with the responsiveness to quickly adapt to changing market conditions.

RAAX only invests in asset classes that the model is bullish on, and the weightings themselves are not an indication of conviction but are instead determined by RAAX's optimization process that seeks to maximize diversification and minimize volatility.

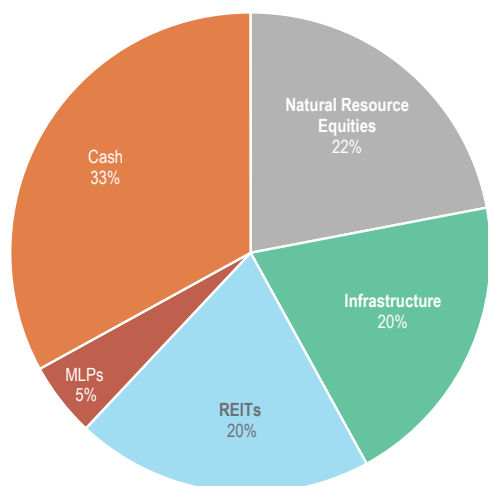
Real Asset Segment	View	Rationale
Agribusiness Equities	Bullish	Bullish equity price trends; bearish commodity price trend; ordinary volatility; bullish economic factors.
Coal Equities	Bearish	Bearish equity & commodity price trends; ordinary volatility; bearish economic factors.
Global Infrastructure	Bullish	Bullish price trends; ordinary volatility.
Gold Bullion	Bearish	Bearish commodity price trends, ordinary volatility, and extreme sentiment.
Gold Equities	Bearish	Bearish equity and commodity price trends, ordinary volatility, and sentiment is not extreme.
Diversified Commodities	Bearish	Bearish price trends; ordinary volatility.
MLPs	Bullish	Bullish price trends; ordinary volatility; bullish economic factors; bullish credit spread reading.
Oil Services Equities	Bullish	Bearish equity & mixed commodity price trends, and mixed sentiment signals; Economic factors remain bullish. Ordinary volatility.
Unconventional Oil & Gas Equities	Bullish	Bearish equity & mixed commodity price trends, and mixed sentiment signals; Economic factors remain bullish. Ordinary volatility.
Global Metals & Mining Equities	Bearish	Bearish equity and commodity price trends, and bearish economic factors; ordinary volatility.
Steel Equities	Bullish	Bearish equity price trends; bullish commodity price trend; ordinary volatility.
REITs	Bullish	Bullish equity price trends and economic factors; bearish economic factors; ordinary volatility, bullish credit spread reading.

Source: VanEck. Data as of September 2018.

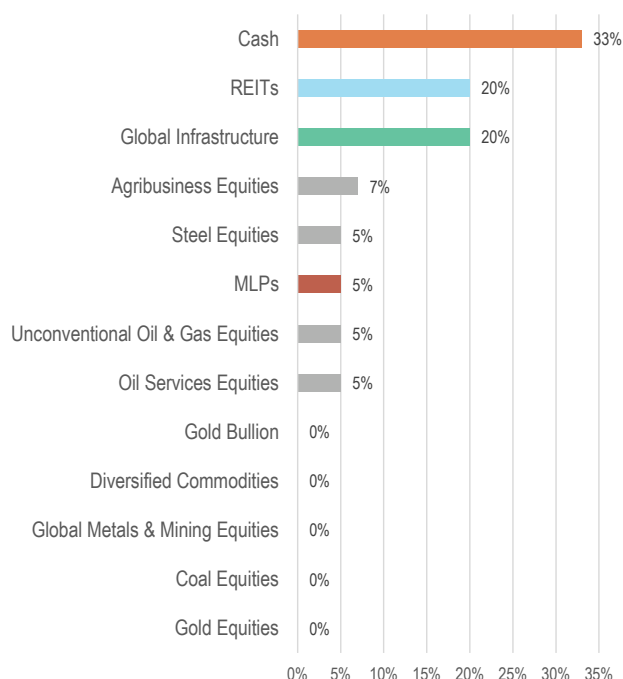
September Positioning

RAAX is responding to increasing risks, including heightened pressure from potential trade tariffs, by favoring assets with less sensitivity to commodity prices. In September, RAAX added a 33% allocation to U.S. Treasury bills. Should the number of bearish segments continue to increase, RAAX has the ability to expand its cash position and allocate up to 100% in cash to avoid a pervasive market drawdown. Positions in gold bullion and diversified commodities were removed, agribusiness equities were reduced from 20% to 7%, and a 5% allocation was added to oil services equities.

Real Assets Sector Weights



Asset Class Weights



Monthly Asset Class Changes

Real Asset Segment	Sep-18	Aug-18	Change from Previous Month	
Cash	33%	0%	33%	New Position
Oil Services Equities	5%	0%	5%	New Position
Global Infrastructure	20%	20%	0%	No Change
Gold Equities	0%	0%	0%	No Change
Unconventional Oil & Gas Equities	5%	5%	0%	No Change
MLPs	5%	5%	0%	No Change
Steel Equities	5%	5%	0%	No Change
Coal Equities	0%	0%	0%	No Change
Global Metals & Mining Equities	0%	0%	0%	No Change
REITs	20%	20%	0%	No Change
Diversified Commodities	0%	5%	-5%	Exit
Agribusiness Equities	7%	20%	-13%	Decrease
Gold Bullion	0%	20%	-20%	Exit

Source: VanEck. Data as of September 4, 2018. Past performance is not indicative of future results.

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The Blended Real Assets Index consists of an equally weighted blend of the returns of Bloomberg Commodity Index, S&P Real Assets Equity Index, and VanEck® Natural Resources Index. Equal weightings are reset monthly. The S&P Real Assets Equity Index measures the performance of equity real return strategies that invest in listed global property, infrastructure, natural resources, and timber and forestry companies. The VanEck Natural Resources Index is a rules-based index intended to give investors a means of tracking the overall performance of a global universe of listed companies engaged in the production and distribution of commodities and commodity-related products and services. Sector weights are set annually based on estimates of global natural resources consumption, and stock weights within sectors are based on market capitalization, float-adjusted and modified to conform to various asset diversification requirements. The S&P 500® Index (S&P 500) consists of 500 widely held common stocks, covering four broad sectors (industrials, utilities, financial and transportation).

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Any indices listed are unmanaged indices 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.

An investment in the Fund may be subject to risks which include, among others, fund of funds risk which may subject the Fund to investing in commodities, gold, natural resources companies, MLPs, real estate sector, infrastructure, equities securities, small- and medium-capitalization companies, foreign securities, emerging market issuers, foreign currency, credit, high yield securities, interest rate, call and concentration risks, all of which may adversely affect the Fund. The Fund may also be subject to affiliated fund, U.S. Treasury Bills, subsidiary investment, commodity regulatory, tax, liquidity, gap, cash transactions, high portfolio turnover, model and data, management, operational, authorized participant concentration, absence of prior active market, trading issues, market, fund shares trading, premium/discount and liquidity of fund shares, and non-diversified risks. The Fund's assets may be concentrated in a particular sector and may be subject to more risk than investments in a diverse group of sectors.

Diversification does not assure a profit or protect against a loss.

Fund shares are not individually redeemable and will be issued and redeemed at their net asset value (NAV) only through certain authorized broker-dealers in large, specified blocks of shares called "creation units" and otherwise can be bought and sold only through exchange trading. Shares may trade at a premium or discount to their NAV in the secondary market. You will incur brokerage expenses when trading Fund shares in the secondary market. Past performance is no guarantee of future results.

Investing involves substantial risk and high volatility, including possible loss of principal. Bonds and bond funds will decrease in value as interest rates rise. An investor should consider the investment objective, risks, charges and expenses of the Fund carefully before investing. To obtain a prospectus and summary prospectus, which contain this and other information, call 800.826.2333 or visit vaneck.com. Please read the prospectus and summary prospectus carefully before investing.

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