

Conflict Leads to Neutral

VanEck NDR Managed Allocation Fund Review

By David Schassler, Portfolio Manager

NDRMX / NDRUX / NDRYX

Weight-of-the-Evidence Summary

In June, the VanEck NDR Managed Allocation Fund (the "Fund") returned 2.82% vs. 4.46% for its blended 60/40 benchmark. The market rallied based on optimism over a truce in the trade war with China and hopes of interest rate cuts from the U.S. Federal Reserve. The Fund underperformed its benchmark, primarily, due to its underweight exposure to stocks. Global stocks returned 6.59% and bonds returned 1.26%.

NDR's asset allocation model was underweight equities based on: (1) slowing economic growth; (2) weak earnings growth; and (3) bearish technical indicators. Typically, this scenario is associated with falling asset prices. However, there are many drivers of asset prices. Some, like economic activity and fundamental strength, can be measured. Others, like geopolitical events and monetary policy actions, are much more difficult to model. For those, we rely on technical indicators. They offer the ability to interject forces in the market that typical model indicators may miss. Right now, NDR's technical reading of the market is bullish. This is in direct contrast with the economic and fundamental indicators. With this type of conflict amongst the indicators, a neutral stock vs. bond allocation is the prudent move.

Average Annual Total Returns (%) as of June 30, 2019

	1 Mo [†]	YTD [†]	1 Year	3 Year	Since Inception
Class A: NAV (Inception 5/11/16)	2.82	5.88	-0.97	5.05	5.39
Class A: Maximum 5.75% load	-3.10	-0.21	-6.68	3.00	3.42
60% MSCI ACWI/ 40% Bloomberg Barclays US	4.46	12.49	7.31	8.33	8.31
Morningstar Tactical Allocation Category (average) [†]	3.97	9.22	1.66	5.35	5.63

Average Annual Total Returns (%) as of March 31, 2019

	1 Mo [†]	YTD [†]	1 Year	3 Year	Since Inception
Class A: NAV (Inception 5/11/16)	1.20	5.24	-1.85	--	5.65
Class A: Maximum 5.75% load	-4.61	-0.82	-7.49	--	3.51
60% MSCI ACWI/ 40% Bloomberg Barclays US	1.56	8.54	3.93	--	7.72
Morningstar Tactical Allocation Category (average) [†]	1.11	7.14	0.27	--	5.17

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

Expenses: Class A: Gross 1.83%; Net 1.36%. Expenses are capped contractually until 05/01/20 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.

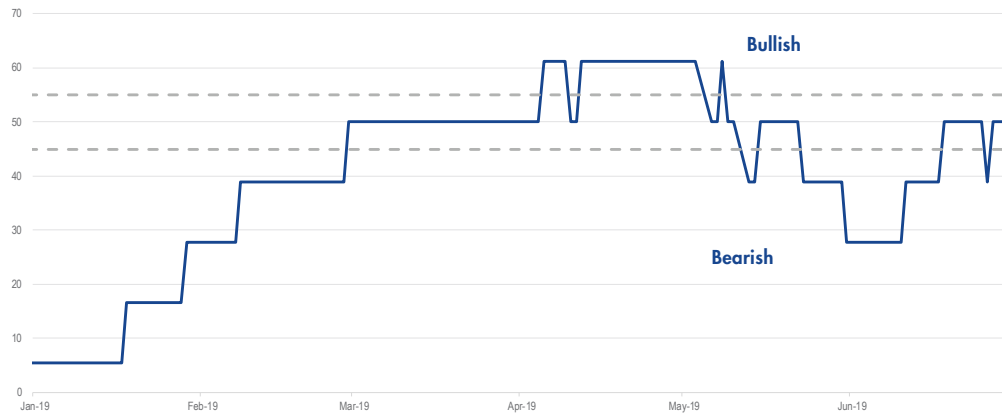
The tables present past performance which is no guarantee of future results and which may be lower or higher than current performance. Returns reflect applicable fee waivers and/or expense reimbursements. Had the Fund incurred all expenses and fees, investment returns would have been reduced. Investment 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

This section of the commentary provides a deeper dive into the indicators that drive the model. We start with a composite of the indicators in the model that drive the stock/bond decision. As you can see, these indicators, reacting to the negative technical, macroeconomic and fundamental indicators, turned moderately bearish at the end of May. Then, in mid-June, reacting to the positive price action, the model began to neutralize.

Indicators in Conflict: NDR Stock/Bond Indicator Composite
YTD as of June 30, 2019



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Two of the technical indicators that turned bearish a month ago and bullish recently are global market breadth and relative stock/bond momentum. First, let's focus on global market breadth. It measures market participation. More specifically, it measures what percentage of countries are trading either above or below their intermediate-term moving average. This indicator turned bearish at the beginning of May and bullish in mid-June.

Global Breadth Changed to Bullish in June: 80-Day ACWI Market Breadth
YTD as of June 30, 2019

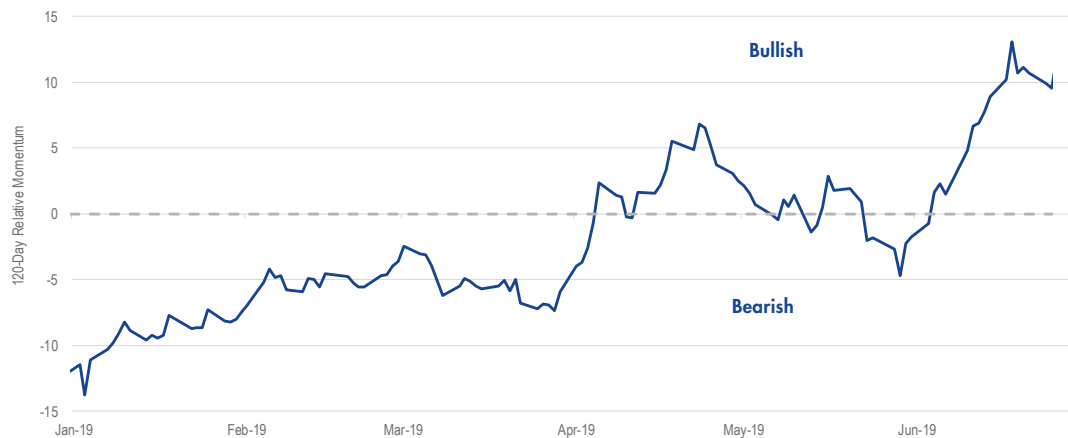


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Relative stock/bond momentum measures if stocks are outperforming bonds. Typically, stocks outperform bonds over most intermediate to long-term windows. When this doesn't happen, it is often associated with further price weakness.

Long-Term Price Trends Improving: 120-Day ACWI Momentum
YTD as of June 30, 2019

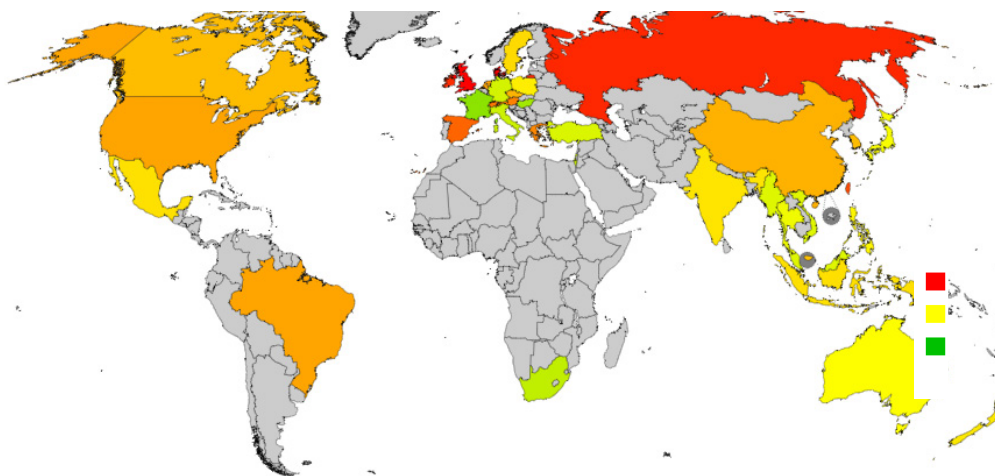


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What hasn't changed is that economic activity, corporate earnings and analyst forecasts of future earnings remains bearish. Below is the NDR Global PMI Breadth Indicator. The colors represent quarterly point changes. The red coloring indicates slowing PMI data. This indicator has been warning us to be cautious since April of 2018.

Economic Activity Continues to Slow: NDR Global PMI Breadth Indicator
Quarterly Change as of June 30, 2019



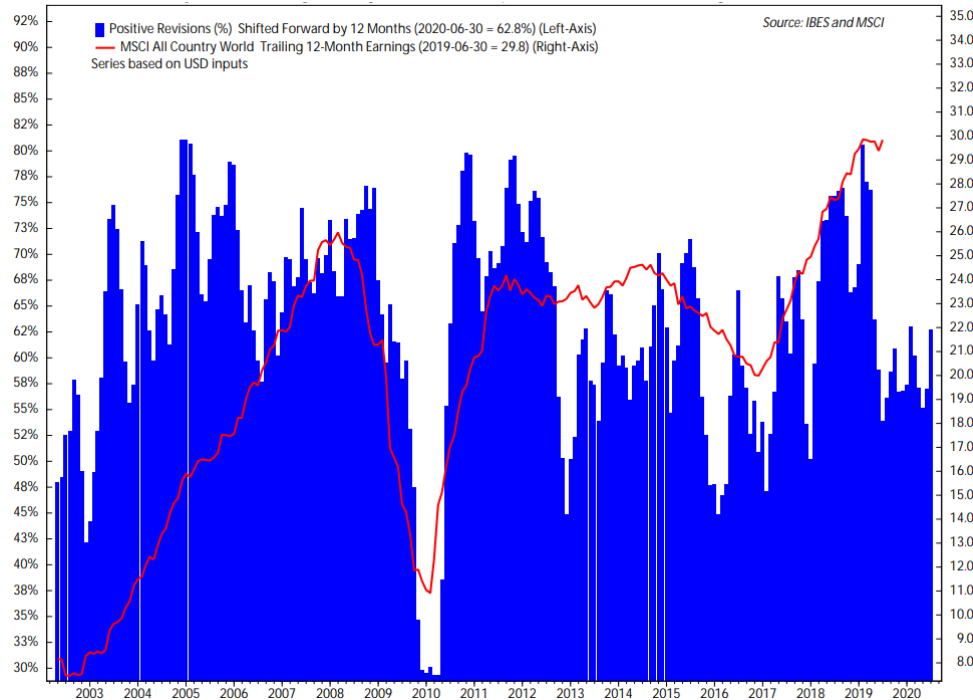
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- Red colors = decreasing economic activity
- Yellow = economic activity unchanged
- Green colors = increasing economic activity

Earnings growth is slowing. As you can see from the chart below, the red line (trailing 12-month earnings) has been trending downwards. Additionally, in May, analysts have begun revising their forward earnings estimates downwards as well (declining blue bars).

Earnings Growth Slowing: MSCI ACWI Trailing Earnings and Positive Earnings Revisions



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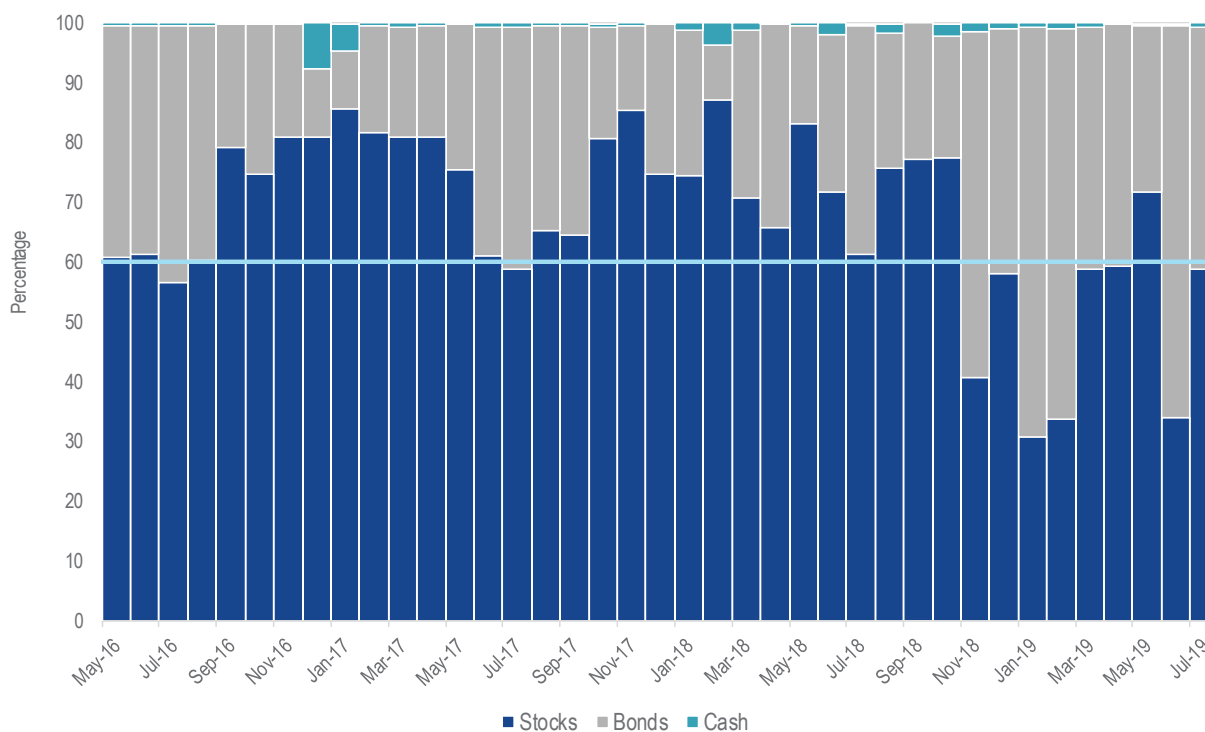
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To conclude, the market returns have temporarily dislocated from the underlying macroeconomic and fundamental backdrop. This happens because the market is being driven by other forces. In this case, those forces are dissipating trade tensions with China and the hopes of lower interest rates in the U.S. The classic NDR mantra is “don’t fight the tape.” That is why the Fund neutralized its underweight stock position.

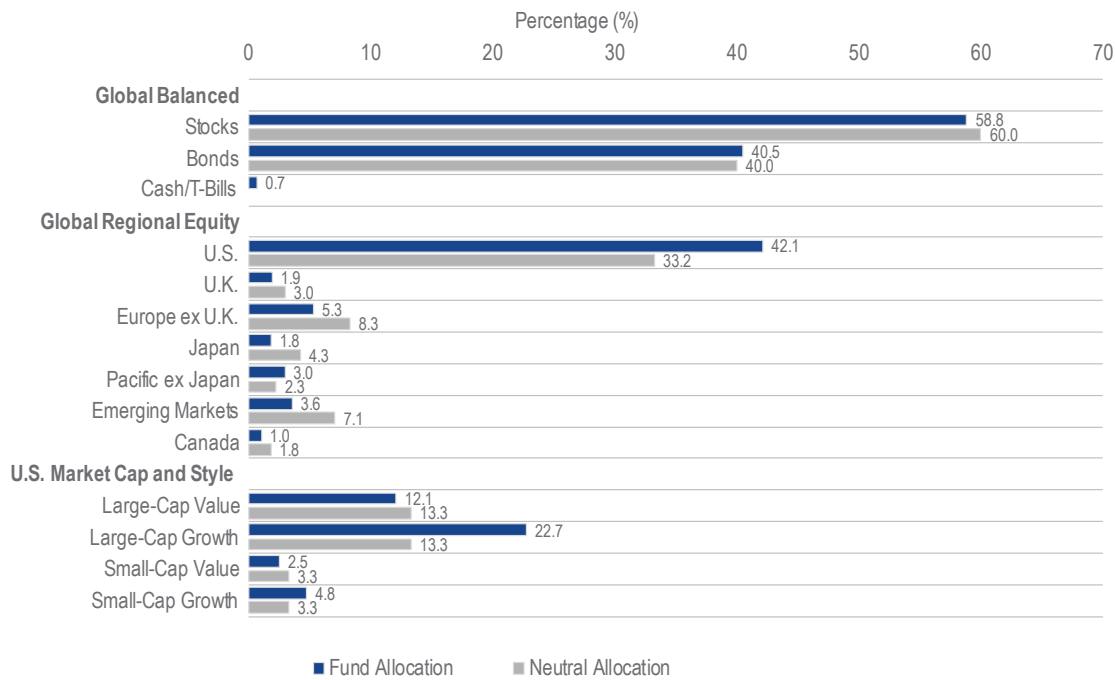
NDR Indicator Summary, July 2019

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

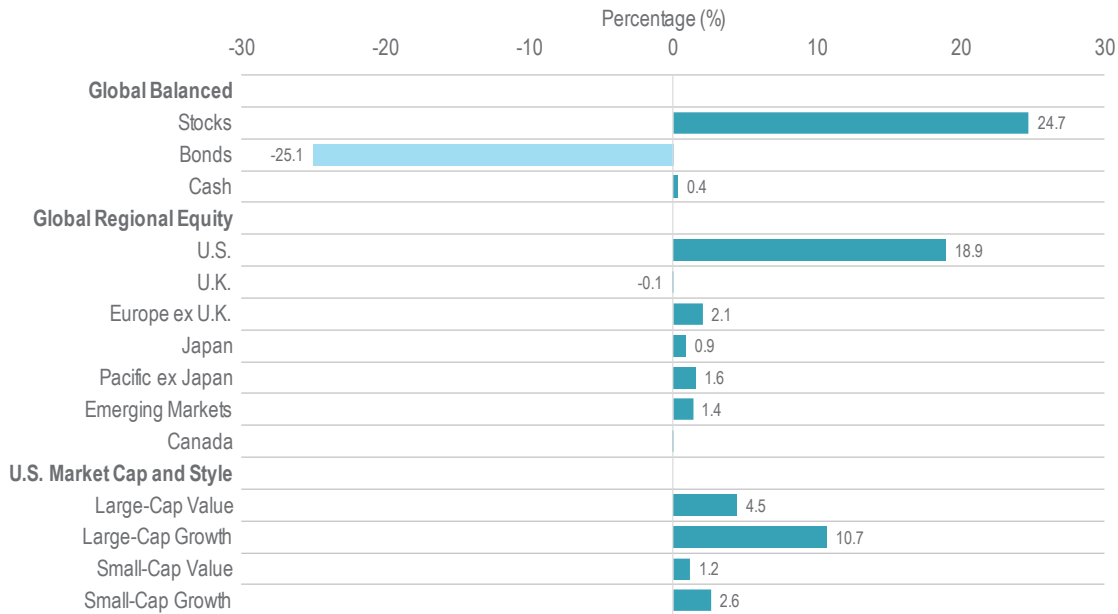
Allocations Since Inception



Asset Class Positioning vs. Neutral Allocation, July 2019



Asset Class Positioning Changes, July 2019 vs. June 2019



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, a fund must have minimum exposures of 10% in bonds and 20% in equity. Next, a 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 March 31, 2019, the Fund ranked 133 out of 273 funds for the 1 month period; 201 out of 273 funds for the YTD period; 203 out of 269 funds for the 1 Year period; and 130 out of 253 funds since inception. As of June 30, 2019, the Fund ranked 211 out of 276 funds for the 1 month period; 206 out of 275 funds for the YTD period; 206 out of 271 funds for the 1 Year period; 150 out of 254 funds for the 3 Year period; and 152 out of 254 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 Markets 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. U.S. Dollar Index (DXY) indicates the general international value of the U.S. dollar. The DXY does this by averaging the exchange rates between the U.S. dollar and six major world currencies: Euro, Japanese yen, Pound sterling, Canadian dollar, Swedish kroner, and Swiss franc. Please note that the information herein represents the opinion of the author, but not necessarily those of VanEck, and these opinions may change at any time and from time to time. Non-VanEck proprietary information contained herein has been obtained from sources believed to be reliable, but not guaranteed. Not intended to be a forecast of future events, a guarantee of future results or investment advice. Historical performance is not indicative of future results. Current data may differ from data quoted. Any graphs shown herein are for illustrative purposes only. No part of this material may be reproduced in any form, or referred to in any other publication, without express written permission of VanEck.

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, limited number of holdings, 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.

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