

# Technical Indicators Point to Higher Prices

## VanEck NDR Managed Allocation Fund Review

By David Schassler, Portfolio Manager

NDRMX / NDRUX / NDRYX

### Weight-of-the-Evidence Summary

In October, the VanEck NDR Managed Allocation Fund (the “Fund”) returned 1.24 % vs. 1.78% for its blended 60/40 benchmark. While the Fund generated strong absolute performance, it lagged its benchmark due to its conservative posture of being underweight stocks and overweight bonds. The MSCI All Country World Index returned +2.76% and the Barclays US Aggregate Bond Index returned +0.30%. Regionally, while underweight all equity regions because of its defensive positioning, it favored both the U.S. and Japan. The U.S. (Russell 3000 Index) underperformed international equities (MSCI EAFE Index) by 1.44%, and Japan (MSCI Japan Index) outperformed the global stock market excluding Japan (MSCI ACWI ex. Japan Index) by 1.81%. Within the U.S., the Fund favored value over growth, which slightly detracted from performance. U.S. growth stocks (Russell 3000 Growth Index) outperformed U.S. value stocks (Russell 3000 Value Index) by 1.35%.

Going into November, the Fund transitioned its stock allocation from 46% to 72%, its bond allocation from 54% to 28%, and its near 0% allocation to cash remained unchanged. The regional equity allocations remain biased towards the U.S. and Japan, and away from the other equity regions. In the U.S., the Fund is now overweight both growth and value.

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

	1 Mo <sup>†</sup>	YTD <sup>†</sup>	1 Year	3 Year	Since Inception
Class A: NAV (Inception 5/11/16)	1.24	7.27	4.28	4.99	5.25
Class A: Maximum 5.75% load	-4.59	1.10	-1.72	2.94	3.48
60% MSCI ACWI/ 40% Bloomberg Barclays US <sup>1</sup> Agg.	1.78	15.63	12.90	8.59	8.34
Morningstar Tactical Allocation Category (average) <sup>2</sup>	0.94	11.00	6.80	6.01	5.88

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

	1 Mo <sup>†</sup>	YTD <sup>†</sup>	1 Year	3 Year	Since Inception
Class A: NAV (Inception 5/11/16)	0.18	5.95	-3.49	4.05	5.00
Class A: Maximum 5.75% load	-5.57	-0.14	-9.03	2.01	3.19
60% MSCI ACWI/ 40% Bloomberg Barclays US <sup>1</sup> Agg.	1.08	13.61	5.60	7.48	7.98
Morningstar Tactical Allocation Category (average) <sup>2</sup>	0.35	9.95	-0.36	5.01	5.58

<sup>†</sup>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.

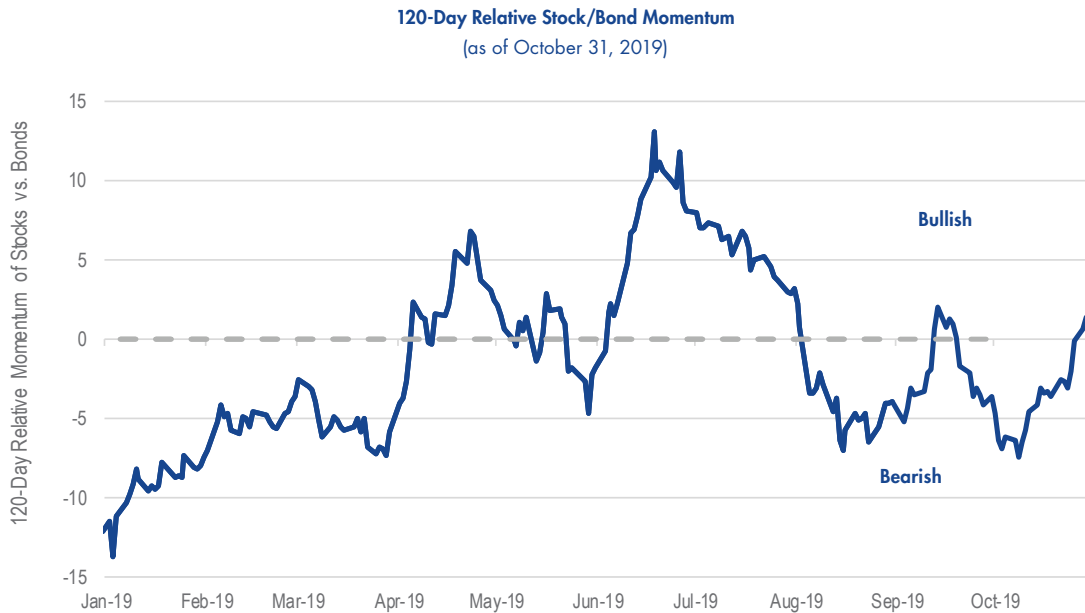
The tables present past performance which is no guarantee of future results and which may be lower or higher than current performance. Returns reflect applicable fee waivers and/or expense reimbursements. Had the Fund incurred all expenses and fees, investment returns would have been reduced. Investment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

Please see additional information regarding benchmark and Morningstar category performance on last page.

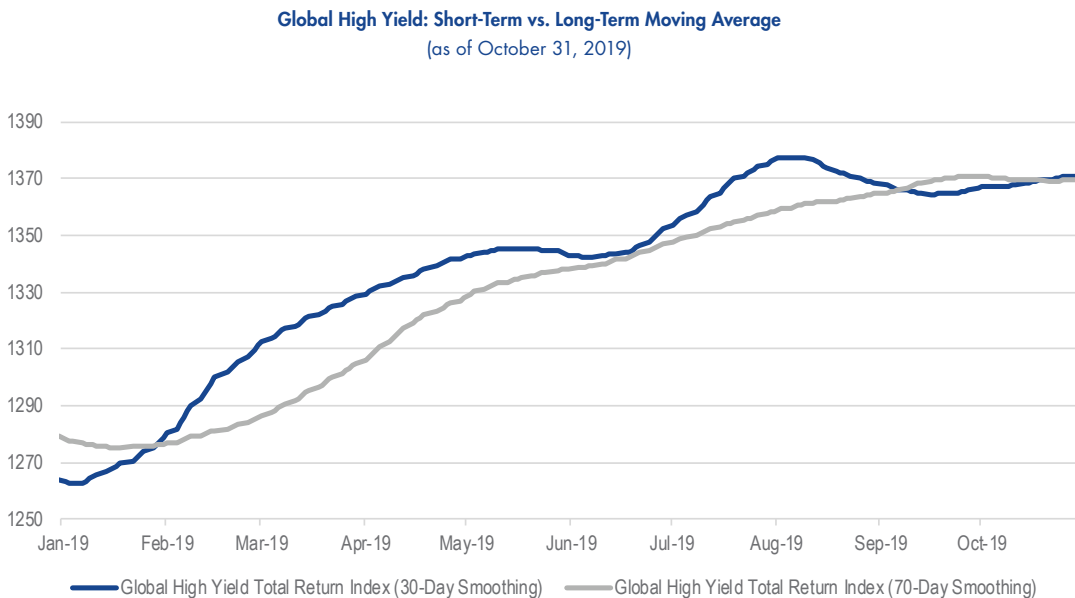
### Weight-of-the-Evidence

**Over the medium-term, stocks are now outperforming bonds.** The indicator below demonstrates that, over a rolling 60 day window, although stocks have been struggling to outperform bonds most of the year, stocks are now in the lead. A score above 0 indicates that stocks are outperforming bonds. This is a key reason for our recent change in positioning.



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**Global high yield spreads have narrowed.** This is an indication that default risk has subsided and is a bullish sign for risky assets. This is another key reason for the recent increase in equity exposure.



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**Equity volatility is not extreme.** The below chart is a ratio of near-term to long-term realized volatility on global stocks. The tepid ratio of volatility indicates that this is a favorable regime for equity investors.

**MSCI ACWI Short-Term/Long-Term Volatility Ratio**  
(as of October 31, 2019)

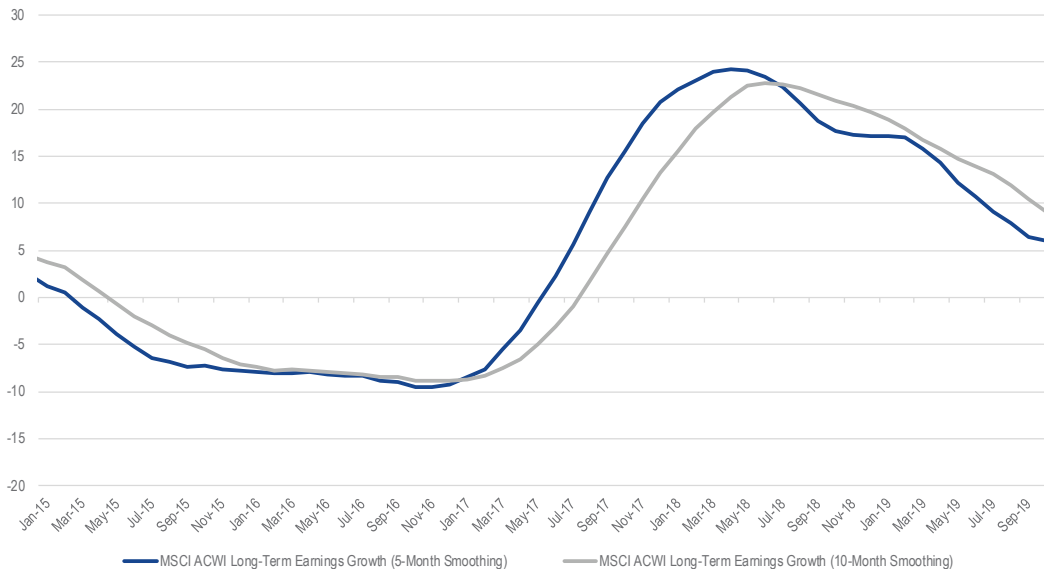


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**But, the recent optimism in market pricing is being tempered by some worrying fundamental data.** This chart demonstrates that earnings growth is slowing. When the short-term measure of earnings growth (5-month average) is below the longer-term measure (10-month average), it indicates that the trend in earnings growth is negative. In our view, this is a concerning sign.

**NDR Earnings Estimates Revision Breadth**  
(as of October 31, 2019)



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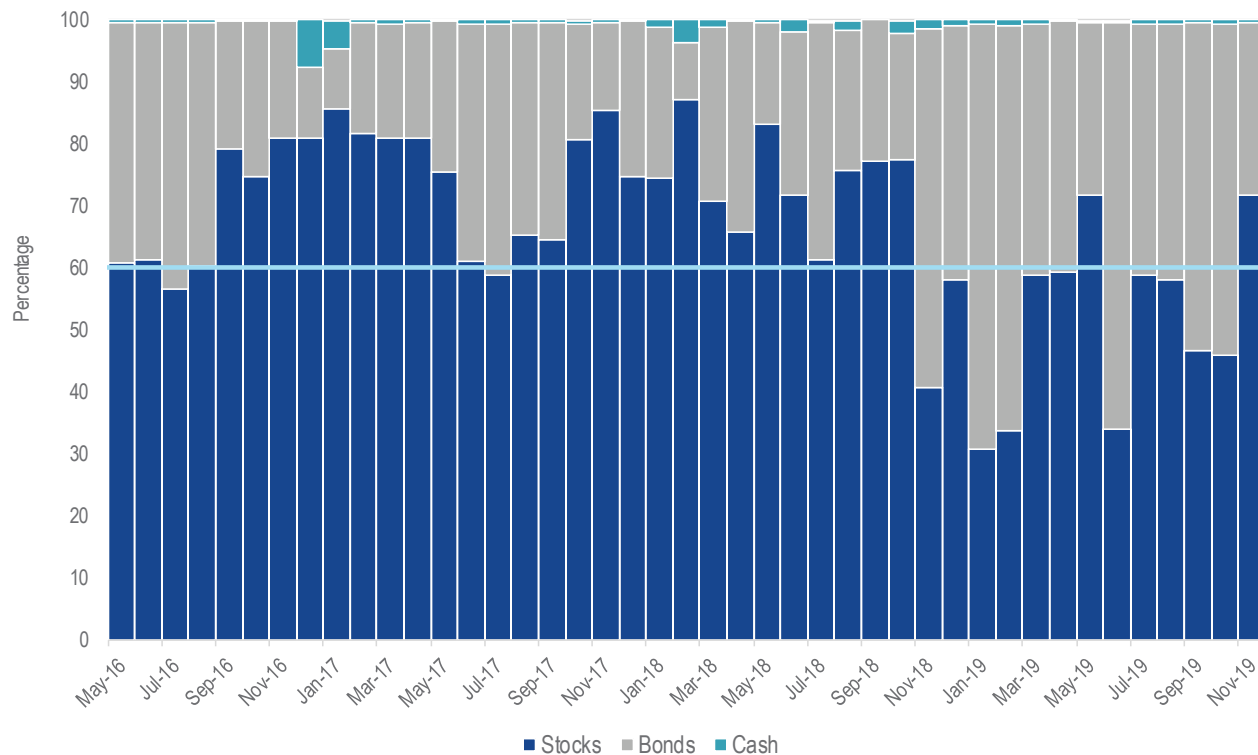
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Right now, the Fund is moderately overweight stocks and well prepared to react to potential near-term risks. The medium-term defensive leadership in the equity market, and the non-price based indicators, measuring slowing fundamental and macroeconomic growth, are keeping the fund from taking a more aggressive overweight position. That said, a spike in market risk is expected to send the Fund back to a more defensive posture.

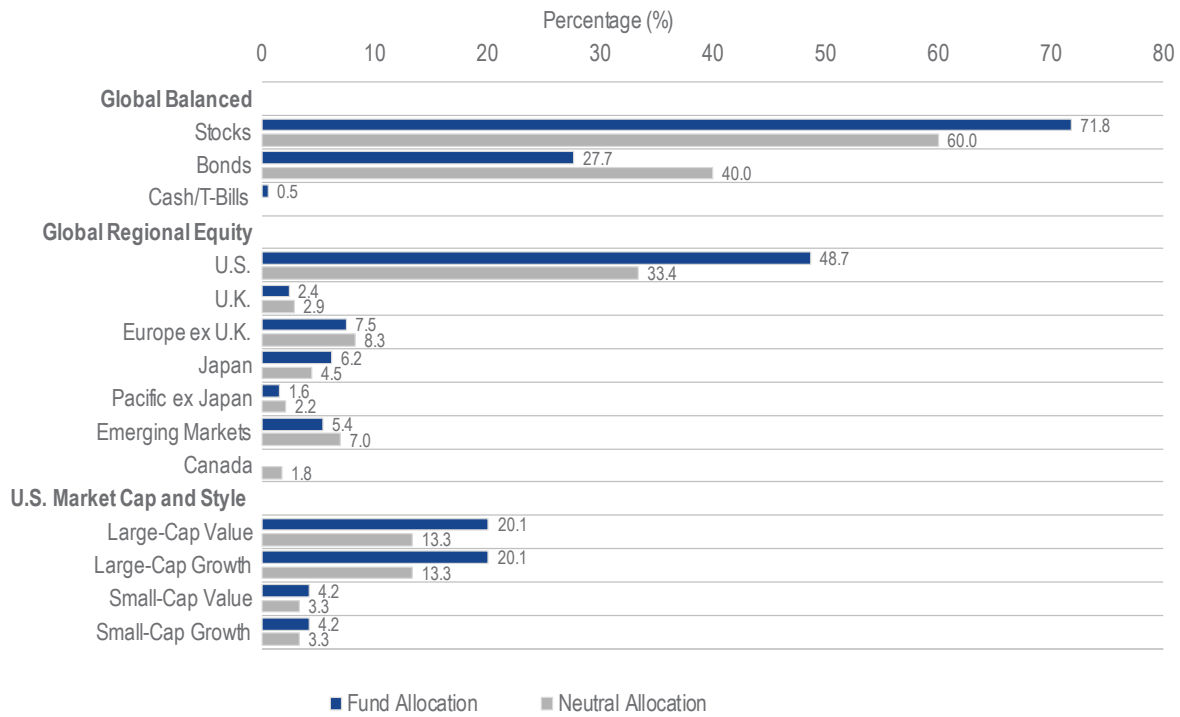
NDR Indicator Summary, November 2019

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

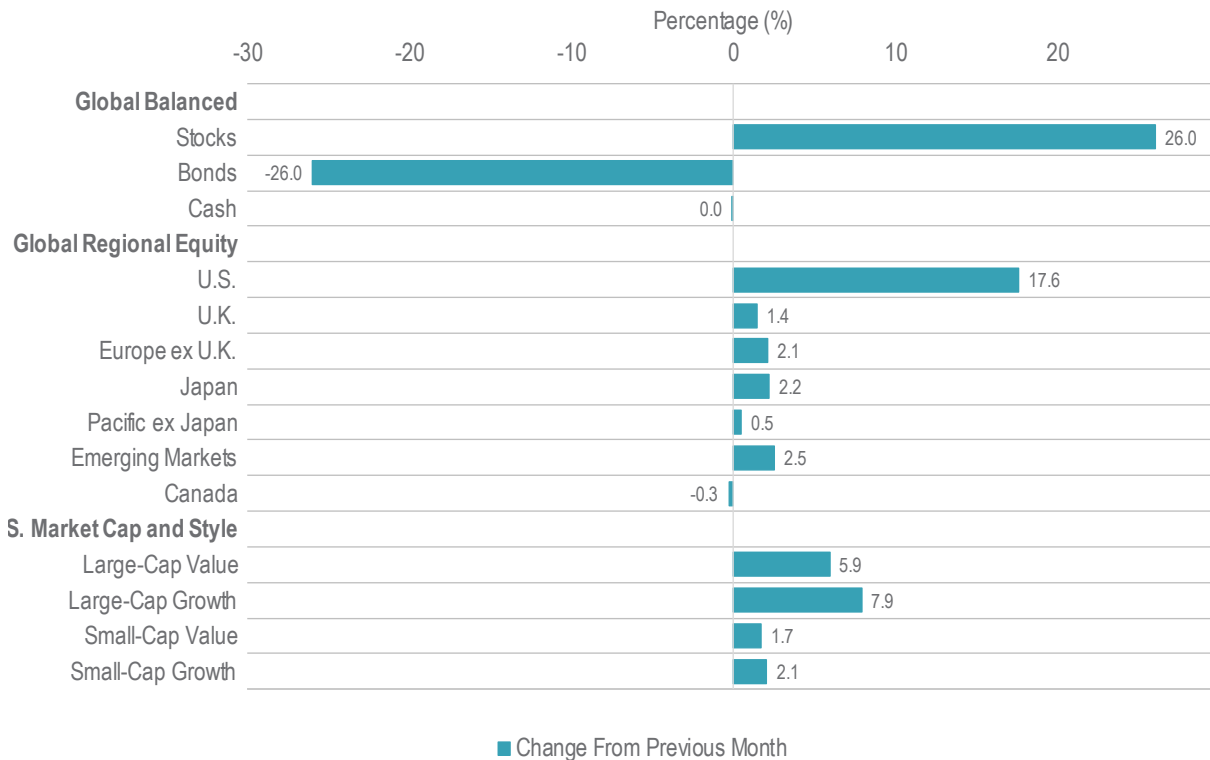
Allocations Since Inception



Asset Class Positioning vs. Neutral Allocation, November 2019



Asset Class Positioning Changes, November 2019 vs. October 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.

<sup>1</sup>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.

<sup>2</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, 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 September 30, 2019, the Fund ranked 173 out of 275 funds for the 1 month period; 215 out of 272 funds for the YTD period; 197 out of 267 funds for the 1 Year period; 166 out of 250 funds for the 3 Year period; and 153 out of 250 funds since inception. As of October 31, 2019, the Fund ranked 106 out of 270 funds for the 1 month period; 206 out of 267 funds for the YTD period; 196 out of 262 funds for the 1 Year period; 163 out of 245 funds for the 3 Year period; and 151 out of 245 funds since inception.

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<sup>®</sup> 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 w captures 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.

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