VanEck™

Market Review: Be Opportunistic Now to Find Value

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Emerging markets bonds endured several big shifts in investor sentiment over the course of 2016 but still posted impressive performance for the year. This resiliency is worth noting as we face high levels of uncertainty and a wide range of potential outcomes for 2017. Looking back, a challenging January 2016 was followed by record breaking flows into emerging markets bonds as investors resumed a search for yield and risk. Prevailing sentiment was turned on its head on November 8, election day, when market expectations for U.S. growth became "great again," and emerging markets bonds were among the hardest hit asset class due to higher yields, a stronger U.S. dollar, and fears over what Trump foreign trade and tax policies might mean for emerging markets. Additional shifts in sentiment, and volatility, are likely to continue as we head into the beginning days of the new Trump administration. We believe that these conditions may present attractive entry points to add exposure to various sectors of emerging markets debt.

With 2016 behind us, the global reflationary story is likely to dominate in the near term. This view has been supported by positive macro figures out of the U.S. and Europe and signs of higher inflation. Commodity prices, as measured by the Bloomberg Commodity Index, were up more than 11% in 2016 – the first positive year since 2009. While rising yields and the stronger U.S. dollar are headwinds for most emerging markets bonds sectors, rising commodity prices provide support for fundamentals in a variety of sectors and the local currencies of commodity exporting countries.

A big question now is: Are the market's bullish growth and earnings expectations fully priced in, or overly optimistic? The risk of a market reversal has increased, given the run-up in interest rates and the U.S. equity market. A partial unwind of the "Trump-trade" may have occurred in the second half of December, with the 10-year U.S. Treasury rate down 25 basis points by early January, and the U.S. dollar experiencing a slight decline after making record highs following the election. Further reversal may benefit local currencies and longer duration hard currency bonds.

All emerging markets bonds sectors posted positive performance in December, following the very weak performance in November.

(continued on next page)

Source: FactSet as of 12/31/16

Market Snapshot

Characteristic	Sovereign Indices: EM Local*	Sovereign Indices: EM USD & EUR*	Corporate Indices: EM USD*	Corporate Indices: Developed US*
Number of Securities	201	505	1,375	9,173
Number of Issuers	16	81	629	1,967
Market Value ($B)	708	773	1,095	7,295
Years to Maturity (avg.)	7.34	11.04	6.84	9.48
Effective Duration % (avg.)	4.88	6.87	4.80	6.43
Current Yield % (avg.)	6.21	5.57	5.26	4.42
Yield to Worst % (avg.)	6.62	4.81	4.95	3.88
Coupon % (avg.)	6.22	5.73	5.21	4.62
Rating % (avg.)	BBB	BBB-	BBB-	BBB+

Source: FactSet as of 12/31/16

Total Return (%)

Investment Category	Month-End 12/31/2016: 1 MO	3 MO	YTD	Month-End 12/31/2016: 1 YR	3 YR†	5 YR†
EM Local Sovereigns*	1.87	-6.09	9.94	9.94	-4.10	-1.29
EM USD & EUR Sovereigns*	0.92	-5.32	7.64	7.64	3.86	4.95
EM USD Corporates*	0.91	-1.67	10.19	10.19	5.18	5.86
US Corporates*	0.87	-2.04	7.97	7.97	4.26	4.84

Source: FactSet as of 12/31/16

† Annualized. **All performance quoted represents past performance. Past performance is no guarantee of future results. Not representative of fund or fund indexes.** Indexes are unmanaged and are not securities in which an investment can be made**. Please see definitions on last page.**

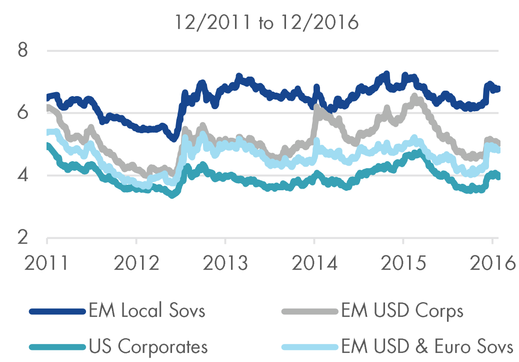
*__EM Local Sovereigns__: JPMorgan GBI-EM Global Diversified Index (GBI-EM) tracks local currency denominated EM government debt. **EM USD & EUR Sovereigns**: BofA Merrill Lynch Emerging Markets External Sovereign Index (EMGB) tracks US dollar and Euro denominated EM government debt. **EM USD Corporates**: BofA Merrill Lynch US Emerging Markets Liquid Corporate Plus Index (EMCL) tracks the US dollar denominated non-government debt of EM. **U.S. Corporates**: The BofA Merrill Lynch US Corporate and High Yield Index (IUC0) tracks the US dollar denominated investment grade and below investment grade corporate debt issued in the US domestic market. **U.S. IG Bonds**: Barclays US Aggregate Index (US AGG) tracks fixed-rate, publicly placed, dollar denominated and non-convertible debt issued in the US domestic market.

EM Bond Fund Flows

Category	Estimated Net Flow ($M): 1-Mo	3-Mo	YTD	1-Yr
Local Currency				
ETFs	29	19	1,085	865
Mutual Funds	-164	-362	-1,172	-1,763
Hard Currency				
ETFs	-416	-680	5,247	4,721
Mutual Funds	-1,132	-1,144	4,006	2,081

Source: Morningstar, U.S. funds as of 12/31/16

Yield to Maturity (%)*



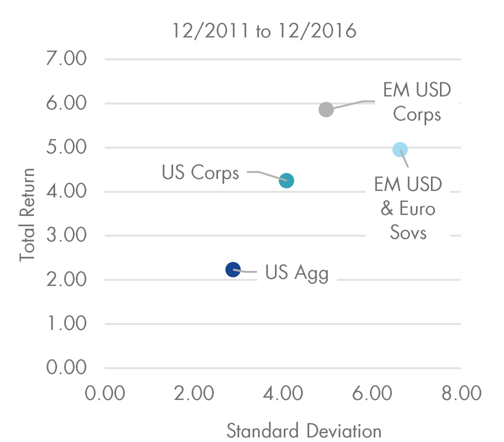
Source: FactSet as of 12/31/16

Correlation: 5-Year*

	Agg: US IG Bonds	Corps: US HY/IG	Sovs: EM Local	Sovs: EM USD & EUR	Corps: EM USD
US AGG	1.00				
IUC0	0.83	1.00			
GBI-EM	0.45	0.70	1.00		
EMGB	0.56	0.78	0.85	1.00	
EMCL	0.52	0.82	0.82	0.91	1.00

Source: FactSet, monthly as of 12/31/16

Risk/Return: 5-Year*



Source: FactSet, annualized as of 12/31/16

Market Review (continued)

Hard currency sovereign bonds returned 1.3% in December, ending the year with a 10.2% gain. The yield spread of higher quality sovereign bonds (as measured by the J.P. Morgan Custom EM Investment Grade Plus BB-Rated Sovereign USD Bond Index) versus investment grade U.S. dollar denominated corporate bonds ended the year at 90 basis points, an attractive pickup indicative of the increased value in emerging markets bonds following the U.S. election. Emerging markets corporate bonds returned 9.2%, with high yield returning 16.1% for the year, driven by both spread tightening and carry, and provided a pickup over U.S. high yield bonds of 107 basis points on an option-adjusted-spread basis. This sector may benefit if expectations of global reflation come to fruition. Despite significant weakness in local currencies in November, local currency bonds returned 1.9% for the month and 9.9% for the year. Brazil, Russia, and South Africa were the strongest contributors for the year with significant gains from both local rates and currencies. Mexico was the biggest laggard due to significant weakness in its currency.

The potential risks in the near to medium term include uncertainty around the Trump administration's agenda, the continued rise of populism globally, concerns regarding Chinese currency and asset quality concerns, and the health of European banks (as we were reminded in December with Italy's bailout of Monte dei Paschi). Greece may also come back into the headlines this year, as austerity-weary citizens and politicians become less cooperative with creditors and the threat of an EU exit re-emerges.

However, we believe that the different segments of emerging markets bonds provide opportunities in 2017. From a valuation standpoint, yields and spreads on local and hard currency sovereign bonds, respectively, are above five-year averages. Given recent outflows, which moderated in December, technicals do not appear unfavorable. More importantly, economic growth and external positions continue to improve and there are signs of fiscal discipline and structural reforms, particularly in Latin America. We believe that the wide range of potential outcomes for 2017 should be viewed as a pre-condition for market volatility and shifting sentiment. However the increased value in emerging markets bonds may provide an attractive entry point for investors, and a contrarian approach may lead to more attractive buying opportunities.

Sources of all data: J.P. Morgan, and BofA Merrill Lynch. All data is as of 12/31/2016.

FX Rates (Per U.S. Dollar)

	GBI-EM Countries		
Currency	12/31/16	11/30/16	% Change
Brazilian Real	3.25	3.38	3.93
Chilean Peso	669.79	673.05	0.49
Colombian Peso	3002.00	3056.07	1.80
Hungarian Forint	292.83	295.21	0.81
Indonesian Rupiah	13472.50	13552.50	0.59
Malaysian Ringgit	4.49	4.47	-0.45
Mexican Peso	20.60	20.47	-0.63
Nigerian Naira	314.98	314.62	-0.11
Peruvian New Sol	3.35	3.41	1.72
Philippines Peso	49.71	49.73	0.04
Polish Zloty	4.17	4.19	0.43
Russian Rouble	61.04	64.58	5.78
Romanian New Leu	4.31	4.24	-1.50
South African Rand	13.68	14.03	2.57
Thailand Baht	35.81	35.68	-0.37
Turkish New Lira	3.52	3.43	-2.52

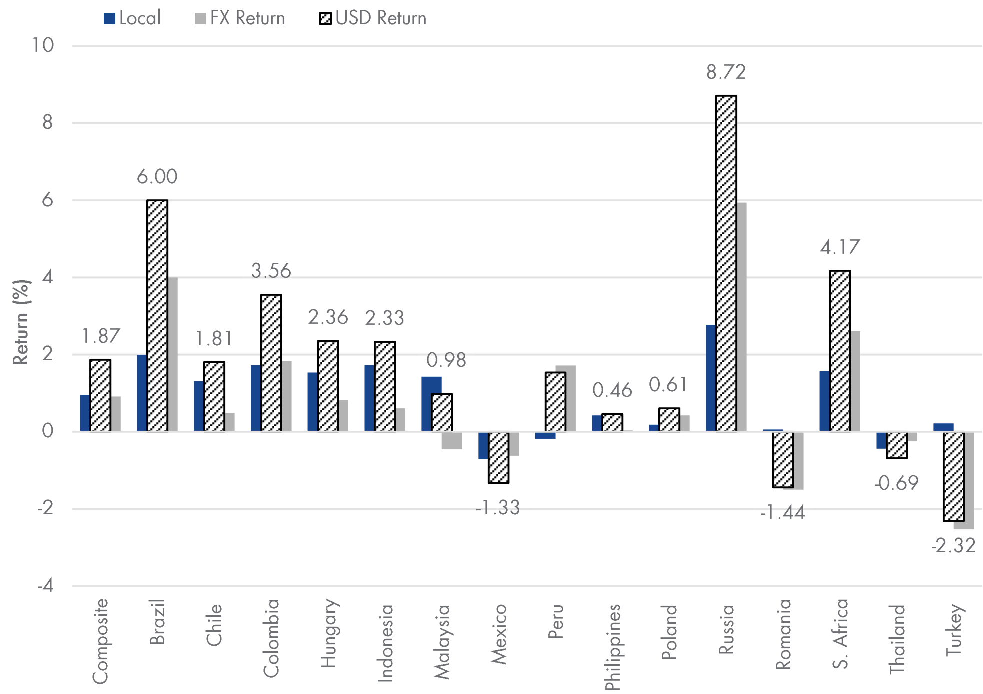
Source: FactSet as of 12/31/16.

Credit Quality (%)

Index	AAA	AA	A	BBB	BB	B	Below B	NR
EM Local Sovereigns*	0.30	0.10	31.04	49.22	19.35	–	–	–
EM USD & EUR Sovereigns*	–	6.74	12.14	36.45	23.66	17.03	3.99	–
EM USD Corporates*	0.52	8.15	20.63	32.71	23.66	11.11	3.22	0.01
US Corporates*	1.25	9.41	32.78	38.58	8.87	6.54	2.57	0.01

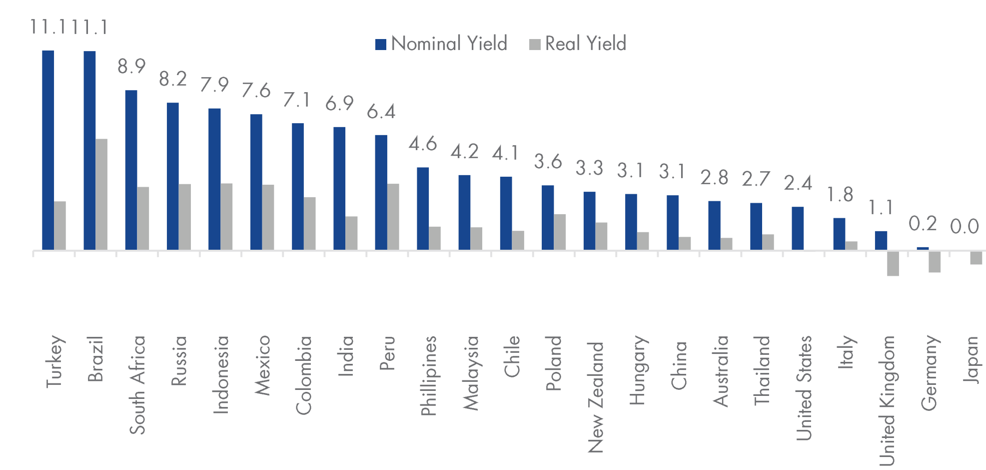
Source: FactSet, BofA Merrill Lynch composite as of 12/31/16

GBI-EM Index 1-Month Total Return by Country



Source: FactSet as of 12/31/16

10-Year Local Currency Sovereign Bond Yields (%)



Source: FactSet as of 12/31/16

All performance quoted represents past performance. Past performance is no guarantee of future results. Not representative of fund or fund indexes. Indexes are unmanaged and are not securities in which an investment can be made.

Credit rating scale is as follows, from excellent (high grade) to poor (including default): AAA to C, with intermediate ratings offered at each level between AA and CCC. Anything rating lower than a BBB- rating is considered a non-investment-grade or high-yield bond.

Corporate Overview (as of 12/31/16)

VanEck is a New York-based, privately held asset manager with a focus on hard assets and emerging markets and $38.3B in assets under management.

Since its founding in 1955, the company has focused on investing in international markets – initially through a mutual fund designed to meet the need of U.S. investors for exposure to Europe and Asia. Gold equity (1968), emerging market equity (1993), natural resource equity (1994) and commodity index (2010) strategies followed. The VanEck Vectors™ ETF business was founded in 2006 and now offers over 70 funds in a range of asset classes and sectors.

VanEck manages $8.2B in EM equity and fixed income assets, of which $3.0B is in active and passive EM debt focused strategies.

VanEck Vectors ETFs and VanEck Funds: EM Bond Fund Characteristics

Name	Ticker	30-Day SEC Yield (%)	Effective Duration (Yr.)	Distribution Frequency	Index/Benchmark
		as of 12/31/2016			
VanEck Vectors ETFs					
ChinaAMC China Bond ETF	CBON	2.85	4.61	Monthly	CDHATRID
Emerging Markets Aggregate Bond ETF	EMAG	4.43	4.45	Monthly	MVEMAG**
J.P. Morgan EM Local Currency Bond ETF	EMLC	6.12	4.84	Monthly	GBIEMCOR
Emerging Markets High Yield Bond ETF	HYEM	6.37	3.51	Monthly	EMLH*
EM Investment Grade + BB Rated USD Sovereign Bond ETF	IGEM	3.91	7.56	Monthly	JPEGIGBB
Van Eck Mutual Funds					
Unconstrained Emerging Markets Bond Fund: Class A	EMBAX	3.88	3.29	Monthly	GBI-EM
Unconstrained Emerging Markets Bond Fund: Class I	EMBUX	4.33	3.29	Monthly	GBI-EM

VanEck Vectors ETFs and VanEck Funds: EM Bond Fund Total Returns (%)

			Month-End 12/31/2016			Quarter-End 12/31/2016				Expenses (%)		
Ticker	Fund		1 MO	3 MO	YTD	1 YR	3 YR†	5 YR†	LIFE†	Gross	Net	Inception
	VanEck Vectors ETFs											
CBON	ChinaAMC China Bond ETF	Price	-2.13	-6.55	-6.39	-6.39	-	-	-3.63	1.12	0.50	11/10/14
		NAV	-2.20	-6.40	-6.43	-6.43	-	-	-2.76			
EMAG	Emerging Markets Aggregate Bond ETF	Price	2.46	-5.45	7.44	7.44	-0.54	1.45	0.88	1.21	0.49	05/11/11
		NAV	0.82	-3.95	7.61	7.61	0.40	1.73	1.32			
EMLC	J.P. Morgan EM Local Currency Bond ETF	Price	2.05	-6.60	9.01	9.01	-4.20	-1.55	-0.55	0.51	0.47	07/22/10
		NAV	1.24	-6.47	8.76	8.76	-4.31	-1.47	-0.58			
HYEM	Emerging Markets High Yield Bond ETF	Price	1.23	-1.11	16.02	16.02	5.40	-	5.55	0.50	0.40	05/08/12
		NAV	0.89	-0.59	15.28	15.28	5.05	-	5.56			
IGEM	EM Investment Grade + BB Rated USD Sovereign Bond ETF	Price	0.55	-5.12	-	-	-	-0.87	-	0.45	0.40	07/13/16
		NAV	0.25	-5.45	-	-	-	-0.84	-			
	Van Eck Mutual Funds											
	Unconstrained Emerging Markets Bond Fund: Class A											
EMBAX	At Net Asset Value	NAV	1.22	-1.43	6.06	6.06	-2.28	-	-0.28	1.44	1.25	07/09/12
EMBAX	At Maximum 5.75% Sales Charge		-8.17	-7.89	-1.31	-3.26	-4.40	-	-1.89	1.44	1.25	07/09/12
EMBUX	Unconstrained Emerging Markets Bond Fund: Class I	NAV	1.35	-1.27	6.45	6.45	-1.96	-	0.02	0.94	0.94	07/09/12
	JPM GBI-EM 50%-50% JPM EMBI Global Diversified Index		1.60	-5.05	1.60	10.16	1.00	2.32	-	-	-	-

† Annualized. For funds with less than one year history, the life return is cumulative. **The performance quoted represents past performance. Past performance is no guarantee of future results.** Performance information for the funds reflect temporary waivers of expenses and/or fees. Had the funds incurred all expenses, investment returns would have been reduced. The investment return and value of shares of funds will fluctuate so that an investor's shares, when sold, may be worth more or less than their original cost. Performance may be lower or higher than performance data quoted. Fund returns assume that dividends and capital gains distributions have been reinvested in the Fund at NAV.

Distribution Frequency is anticipated but not guaranteed. **30-Day SEC Yield** is a standard calculation developed by the Securities and Exchange Commission that allows for fairer comparisons among bond funds. It is based on the most recent 30-day period. This yield figure reflects the interest earned during the period after deducting the fund's expenses for the period. In the absence of temporary expense waivers or reimbursements, the 30-day SEC yield as of December 31, 2016 would have been 1.70% for CBON, 3.71% for EMAG, 6.12% for EMLC, 6.31% for HYEM, 2.84% for EMBAX, and 3.73% for EMBUX. The Adviser has agreed to waive fees and/or pay CBON fund expenses from exceeding 0.50% of average daily net assets per year until at least 9/1/17; EMAG from exceeding 0.49% of average daily net assets per year until at least 9/1/17; EMLC from exceeding 0.47% of average daily net assets per year until at least 9/1/17; HYEM from exceeding 0.40% of average daily net assets per year until at least 9/1/17. The expense limitations are expected to continue until the Funds' Board of Trustees acts to discontinue all or a portion of such expense limitation. The Van Eck Unconstrained Emerging Markets Bond Fund's expenses are calculated for the 12-month period ending 05/01/17: Class A: Expenses are capped contractually through 05/01/17 at 1.25%. Class I: Expenses are capped contractually through 05/01/17 at 0.94%. Caps exclude certain expenses, such as interest.

Some Differences between ETFs and Mutual Funds:

Unlike with mutual fund shares, retail investors can only purchase and sell ETF shares in market transactions. Because of differences in distribution and often lower transaction costs, total operating expense ratios for ETFs often have been historically less than those for corresponding mutual funds. Many ETFs will disclose to the public their holdings every day, in addition to the quarterly disclosure required for all mutual funds. ETFs can be more tax efficient than mutual funds because ETF shares generally are redeemable “in-kind.” This means that an ETF may deliver specified portfolio securities to Authorized Participants who are redeeming Creation Units instead of selling portfolio securities to meet redemption demands, which could otherwise result in taxable gains to the ETF. Typically, such taxable gains (if not otherwise offset by the ETF) would be passed through to the retail investor. Very generally, the federal income tax consequences of investing in ETFs and mutual funds are comparable. For questions regarding the tax implications of investments in specific ETFs and their consequences with respect to your unique situation, please consult your tax adviser.

Important Disclosures:

* Prior to May 1, 2016 VanEck Vectors™ Emerging Markets High Yield Bond ETF (HYEM) was named Market Vectors® Emerging Markets High Yield Bond ETF (HYEM). Effective May 13, 2015, Market Vectors® Emerging Markets High Yield Bond ETF (HYEM) changed its underlying index from the BofA Merrill Lynch High Yield US Emerging Markets Liquid Corporate Plus Index (EMHY) to the BofA Merrill Lynch Diversified High Yield US Emerging Markets Corporate Plus Index (EMLH). Index history which includes periods prior to May 13, 2015 reflects a blend of the performance of EMHY and EMLH and is not intended for any third party use.

**Prior to May 1, 2016 VanEck Vectors™ EM Aggregate Bond ETF (EMAG) was named Market Vectors Emerging Markets Aggregate Bond ETF. Effective December 10, 2013, Market Vectors® LatAm Aggregate Bond ETF (BONO) changed its name to Market Vectors Emerging Markets Aggregate Bond ETF (EMAG). The Fund’s investment objective changed to seeking to replicate as closely as possible, before fees and expenses, the price and yield performance of the Market Vectors® EM Aggregate Bond Index (MVEMAG), from seeking to replicate as closely as possible, before fees and expenses, the price and yield performance of the BofA Merrill Lynch Broad Latin America Bond Index (LATS). LATS is a trademark of Merrill Lynch, Pierce, Fenner & Smith Incorporation, which neither sponsors nor endorses EMAG, and makes no warranty or representation as to the accuracy and/or completeness of this Index.

Correlation is a statistical measure of how two securities move in relation to each other. It is computed into what is known as the correlation coefficient, which ranges between -1 and +1. Perfect positive correlation (a correlation co-efficient of +1) implies that as one security moves, either up or down, the other security will move in lockstep, in the same direction. Alternatively, perfect negative correlation means that if one security moves in either direction the security that is perfectly negatively correlated will move in the opposite direction. If the correlation is 0, the movements of the securities are said to have no correlation; they are completely random. **Standard deviation** is a statistical measurement that sheds light on historical volatility. For example, a volatile stock will have a high standard deviation while the deviation of a stable blue chip stock will be lower. A large dispersion tells us how much the return on the fund is deviating from the expected normal returns. **Duration to Worst** is a measure of the duration of a bond computed using the bond's nearest call date or maturity, whichever comes first. This measure ignores future cash flow fluctuations due to embedded optionality. **Effective Duration** is a measure of the average percentage change in a bond’s price, given an upward and downward parallel shift in the Treasury (spot) curve, where the change in price reflects any exercise of embedded call or put options, optional prepayments, and/or changes in adjustable rate coupons according to formulas which may include periodic or lifetime rate caps/floors, etc. **Yield to Worst** measures the lowest of either yield-to-maturity or yield-to-call date on every possible call date. **Real Yield** is the nominal yield minus the forecasted rate of inflation.

Principal International and Emerging Markets High Yield Risk Factors: Fixed income securities are subject to credit risk and interest rate risk. High yield bonds may be subject to greater risk of loss of income and principal and are likely to be more sensitive to adverse economic changes than higher rated securities. International investing involves additional risks which include greater market volatility, the availability of less reliable financial information, higher transactional and custody costs, taxation by foreign governments, decreased market liquidity and political instability. Changes in currency exchange rates may negatively impact the Fund’s return. Investments in emerging markets securities are subject to elevated risks which include, among others, expropriation, confiscatory taxation, issues with repatriation of investment income, limitations of foreign ownership, political instability, armed conflict and social instability. Investors should be willing to accept a high degree of volatility and the potential of significant loss. The United States and other nations or international organizations may impose additional economic sanctions or take other actions that may adversely affect Russian-related issuers, including companies in various sectors of the Russian economy. These sanctions, any future sanctions or other actions, or even the threat of further sanctions or other actions, may negatively affect the value and liquidity of a Fund’s portfolio and may impair the Fund's ability to achieve its investment objective.

The listed indices throughout this piece are unmanaged and are not securities in which an investment can be made. Please note that the market review herein represents the opinion of the author and these opinions may change at any time and from time to time. Not intended to be a forecast of future events, a guarantee of future results or investment advice. Current market conditions may not continue. Non-VanEck proprietary information contained herein has been obtained from sources believed to be reliable, but not guaranteed. No part of this material may be reproduced in any form, or referred to in any other publication, without express written permission of VanEck.

The **“net asset value” (NAV)** of a fund is determined at the close of each business day, and represents the dollar value of one share of a fund; it is calculated by taking the funds’ total assets subtracting total liabilities, and dividing by total shares outstanding. For an ETF, NAV is not necessarily the same as its intraday trading value. Investors should not expect to buy or sell ETF shares at NAV. The **market price (price)** of an ETF is based on the closing price.

There are risks involved with investing in funds, including possible loss of money. ETF shares are not actively managed and are subject to risks similar to those of stocks, including those regarding short selling and margin maintenance requirements. Ordinary brokerage commissions apply. Debt securities carry interest rate and credit risk. Interest rate risk refers to the risk that bond prices generally fall as interest rates rise and vice versa. Credit risk is the risk of loss on an investment due to the deterioration of an issuer's financial health. A Funds' underlying securities may be subject to call risk, which may result in the Funds having to reinvest the proceeds at lower interest rates, resulting in a decline in a Funds' income.

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 888.826.2333 or visit vaneck.com. Please read the prospectus and summary prospectus carefully before investing.

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