Investable Benchmarks & Hedge Fund Liquidity
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Van Eck Tracker investable hedge fund replication indices are comprised of liquid, tradable securities; which may include ETFs, ETNs, listed futures contracts, foreign currency contracts, government bonds, and money market assets. There can be no assurance that returns will be correlated with risk factor characteristics on an underlying fund or strategy level. In addition, there can be no assurance that the risk factor proxies selected will emulate desired return characteristics. There are market risks involved in investing in hedge funds and risks associated with investing in the liquid, tradable securities (i.e., risk factor proxies) used in attempting to replicate hedge fund results. There is no guarantee of any particular result. Hypothetical performance is presented net of fees, assuming a 0.65% annualized deduction for management fees and other expenses. The returns are net of fees that may differ from the fees charged to other accounts. Past performance is not an indication, or guarantee, of future results. The performance data is unaudited and has been computed by Van Eck. Accordingly, while this data was obtained from sources believed to be reliable, Van Eck provides no assurances as to its accuracy or completeness. Hypothetical or model performance results have certain inherent limitations. Unlike an actual performance record, simulated results do not represent actual trading and accordingly, may have under- or over-compensated for the impact, if any, of certain market factors, such as market disruptions and lack of liquidity. In addition, hypothetical trading does not involve financial risk and no hypothetical trading record can completely account for the impact of financial risk in actual trading (for example, the ability to adhere to a particular trading program in spite of trading losses). Simulated performance is subject to the fact that it is designed with the benefit of hindsight. There can be no assurance that Van Eck would have selected or will select underlying funds or risk factor proxies similar to those taken in the results presented. There are frequently sharp differences between the hypothetical performance results and the results subsequently achieved by any particular trading or investment program.

Van Eck Trackers employ a consistent non-discretionary methodology that produces dynamic allocations to risk factor proxies that are updated monthly. These collective proxies form portfolios that capture returns that correlate closely to a strategy-specific hedge fund index, which is enhanced through the patented rating and ranking system.

- Van Eck Long/Short Equity North America Tracker Index replicates a non-investable index of long/short equity managers who identify fundamentally strong and weak companies within a particular geography and then buy and sell the individual stocks within them based on fundamental analysis at the firm level. Some managers use futures and options based on industry indices to manage exposure and enhance returns, and can employ leverage. The performance presented is comprised of a composite of Van Eck Long/Short Equity North America Tracker managed accounts since May 1, 2011, the Van Eck Long/Short Equity North America proprietary account, from January 1, 2011 and the hypothetical track record, which is provided only through December 31, 2010. Performance is presented net of fees, assuming a 0.65% annualized deduction for management fees and expenses on pre-1/1/2011 performance and assuming a 0.50% management fee on actual performance post-1/1/2011, which may differ from the fees charged to other accounts.

SUBSEQUENT EVENTS: The Van Eck Long/Short Equity North America Tracker proprietary account formerly used MF Global as its executing broker and custodian, which filed for Chapter 11 Bankruptcy on October 31, 2011. Due to this unforeseen event, the account's performance for October 2011 and November 2011 deviated slightly from the strategy and has been restated by approximately +2bp and +58bp, respectively. Additionally, as of June 29, 2012, the portfolio management team left Lyster Watson & Company and joined Van Eck Associates Corporation.

- Van Eck Long/Short Equity Emerging Markets Tracker Index replicates a non-investable index of long/short equity managers who identify fundamentally strong and weak companies within a particular geography and then buy and sell the individual stocks within them based on fundamental analysis at the firm level. Some managers use futures and options based on industry indices to manage exposure and enhance returns, and can employ leverage. The performance presented is comprised of the Van Eck Long/Short Equity Emerging Markets Tracker proprietary account, since May 1, 2011, and the hypothetical track record, which is provided only through April 30, 2011. Performance is presented net of fees, assuming a 0.65% annualized deduction for management fees and expenses on pre-5/1/2011 performance and assuming a 0.50% management fee on actual performance post-5/1/2011, which may differ from the fees charged to other accounts.

SUBSEQUENT EVENTS: The Van Eck Long/Short Equity Emerging Markets Tracker proprietary account formerly used MF Global as its executing broker and custodian, which filed for Chapter 11 Bankruptcy on October 31, 2011. Due to this unforeseen event, the account's performance for October 2011 and November 2011 deviated slightly from the strategy and has been restated by approximately +31bp and +42bp, respectively. Additionally, as of June 29, 2012, the portfolio management team left Lyster Watson & Company and joined Van Eck Associates Corporation.
• Measuring Hedge Fund Alpha (α)

• Hedge Fund α Over Time

• β Concentration at the Strategy Level

• Quantifying Hedge Fund β

• Investable Benchmarks and Liquidity

• Van Eck Trackers
Measuring Hedge Fund Alpha ($\alpha$)
**Capital Market Line = Strategy Market Line**

Given a risk-free rate $R_F$ and a market return $\beta_S$ on a specific hedge fund strategy, one can draw a *Strategy Market Line* that illustrates the range of returns one can earn on portfolios comprising only combinations of those two assets.
Orthogonal Indexation of Hedge Funds

Investors Like More Return with Less Risk…

The hypotenuse of a triangle formed by incremental differences in risk and return of a fund A relative to an index $\beta_A$ measures the leverage-neutral differences in risk and return between the fund and the index.

We call $\beta_A$ the fund’s “Orthogonal Index” and the perpendicular distance from the index to the fund its “Orthogonal Index Score” (OIS) or True $\alpha^\circledast$.

In this example, True $\alpha^\circledast$ captures the incrementally lower risk ($-\sigma_{\alpha A}$) and higher return ($+R_{\alpha A}$) of fund A relative to index $\beta_A$ for its strategy.

Fund A’s index $\beta_A$ may not, and need not, be identical to the $\beta_S$ of the strategy itself.
Orthogonal Indexation of Hedge Funds

... And Dislike Less Return with More Risk

In this example, True $\alpha\,^\circledR$ captures the incrementally higher risk ($+\sigma_{\alpha B}$) and lower return ($-R_{\alpha B}$) of fund B relative to an index $\beta_B$ for its strategy.

Fund B’s index $\beta_B$ may not, and need not, be identical to the $\beta_S$ of the strategy itself.

Refer to pages 2 and 3 for important disclosure, index notes, and subsequent events.
Orthogonal Indexation of Hedge Funds

Strategy Market Line =
Zero Alpha Line

Every point on the market line corresponds to some combination of the strategy index and the riskless asset.

Orthogonal Indexation treats the entire market line as an infinite set of indices against which to measure individual fund performance.

This allows us to redefine the market line as the “Zero Alpha Line”. A fund whose performance lands on the line has no alpha because an investor can earn that return with only a combination of the riskless asset and the strategy index.
Orthogonal Indexation of Hedge Funds

Decomposing Returns Reveals “True Alpha”

Measuring True $\alpha^\circledR$ from fund A’s Orthogonal Index $\beta_A$ allows us to decompose its return into four parts:

- RF (Riskless Return)
- $R_S - R_F$ (Strategy $\beta_S$ Return)
- $R_{\beta_A} - R_S$ (Leveraged $\beta_S$ Return)
- $R_A - R_{\beta_A}$ (Manager Alpha)

True Alpha is only the adjustment to risk and return achieved by a fund, e.g. A, relative to its Orthogonal Index on the market line, e.g. $\beta_A$. 
**Orthogonal Indexation of Hedge Funds**

**OIS Differs from the Sharpe Ratio because it Includes the Market**

The Sharpe Ratios of funds A and B, the slopes of the dotted green lines, differ because they depend only on the non-riskless return and its volatility, and not on the market.

In contrast, all funds on any line parallel to the strategy market line receive the same True α® score.

$$+R_{\alpha A} = +R_{\alpha B} \text{ and } -\sigma_{\alpha A} = -\sigma_{\alpha B}$$

$$\rightarrow \text{True } \alpha_A = \text{True } \alpha_B$$
Orthogonal Indexation of Hedge Funds

The Limits of Active Management

The strategy Sharpe Ratio, the slope of the market line $R_F \beta_S$, governs a manager’s ability to improve on the risk/return profile of the market.

Market Sharpe Ratio

$$= \tan \theta = \frac{R_S - R_F}{\sigma_S}$$

The ratio of True $\alpha^\circ$ risk reduction to return augmentation also

$$= \tan \theta = \frac{\sigma_{\alpha_A}}{R_{\alpha_A}}$$

So a manager’s ability to improve on the risk/return ratio of the market

$$= 1 / \text{Market Sharpe Ratio}$$

The Law of Active Management

When measured against an orthogonal index and a riskless asset, an actively managed portfolio can only improve on the volatility and return of the index in inverse proportion to the Sharpe Ratio of the index itself.

Refer to pages 2 and 3 for important disclosure, index notes, and subsequent events.
Orthogonal Indexation of Hedge Funds

True α® Varies with Market Conditions

Sharpe Ratios depend only upon the risk free rate $R_F$ and the performance of the asset so the Sharpe Ratio of A is the same for any market $\beta_S$.

A’s True α® is greater with market $\beta_{S2}$ than with market $\beta_{S1}$ because $\beta_{S2}$ indicates a less favorable environment than $\beta_{S1}$.

The graph also illustrates the limitations of active management by showing that contributions to True α® also vary with market β’s. In low return markets, True α® comes primarily from incremental returns. In better markets, risk management matters more.
Orthogonal Indexation of Hedge Funds

True α® Attribution with Low Volatility

- 12/29/06: SPY = 141.62
- 12/31/07: SPY = 146.21
- σ = 15.96%

- In a directionless market with low volatility, True α® tends to reward risk management and return generation equally.

- Such environments give managers their best opportunities to demonstrate skill.

Source: HedgeFund.Net.
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Orthogonal Indexation of Hedge Funds

True α® Attribution in a Bull Market

- 3/31/09: SPY = 81
- 3/31/10: SPY = 117
- σ = 18.56%

- During periods of strong equity returns, risk management plays a much more important role in True α® generation

- When everyone has positive returns, managers distinguish themselves by the risk management skills

Source: HedgeFund.Net.
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Orthogonal Indexation of Hedge Funds

**True α® Attribution with High Volatility**

- 10/31/10: SPY = 118.5
- 10/31/11: SPY = 125.5
- \( \sigma = 21.23\% \)
- During periods of high volatility, return generation plays a much more important role in True α® generation
- When volatile markets restrict risk-taking, managers distinguish themselves by their ability to generate returns

Source: HedgeFund.Net.
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Hedge Fund α Over Time
Hedge Fund α Over Time

Look at the migration of “alpha” for different managers over different time periods
Persistence of Hedge Fund “Alpha”

Look at Long/Short Equity North America funds with 12 months of performance, as of Jan 2006:

Focus on just the top decile

...and rank them according to our proprietary metric, “True α®” (TA)

Source: HedgeFund.Net.
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Refer to pages 2 and 3 for important disclosure, index notes, and subsequent events.
Persistence of Hedge Fund “Alpha”

1st vintage takes all Long/Short Equity North America funds with 12 months of performance, as of Jan 2006:

...and observe their rank 12 months later

Source: HedgeFund.Net.
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Persistence of Hedge Fund “Alpha”

TA Decile 1:
as of Jan 2006

Source: HedgeFund.Net.
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Source: HedgeFund.Net.
Persistence of Hedge Fund “Alpha”

Top 10% of Funds’ True Alpha® Scores: t+36

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β Concentration at the Strategy Level
Constructing the Long/Short Equity Opportunity Set

We start by looking at 283 Long/Short Equity funds for 12 months ending Oct 2010:

Source: HedgeFund.Net.

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Constructing the Long/Short Equity Opportunity Set

Randomly select 5 funds...

Source: HedgeFund.Net.

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Constructing the Long/Short Equity Opportunity Set

...and create a portfolio

Source: HedgeFund.Net.

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Constructing the Long/Short Equity Opportunity Set

Select 5 more funds at random…

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Constructing the Long/Short Equity Opportunity Set

…and create a 2nd portfolio

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Constructing the Long/Short Equity Opportunity Set

Select another 5 funds at random…

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Constructing the Long/Short Equity Opportunity Set

…and create a 3rd portfolio

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Now we have 3 randomly created portfolios of Long/Short Equity funds

Repeating this process over and over gives a “cloud” of portfolios

Source: HedgeFund.Net.
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Constructing the Long/Short Equity Opportunity Set

A “heatmap” of these portfolios looks like:

Source: HedgeFund.Net.

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Refer to pages 2 and 3 for important disclosure, index notes, and subsequent events.
Portfolio Possibility Sets Over Time

Long/Short Equity N. America
Jun07 to May08

Source: HedgeFund.Net.

The data depicted on this page is based on Van Eck’s reclassified hedge fund database (the “Data”). The ranking of investment funds contained in this presentation (the “Rankings”) are based solely on Van Eck’s patented True Alpha® metric and, as such, does not represent the sole manner for ranking relative performance of investment funds. Users of this presentation should not rely upon the Data or the Rankings to make an investment decision and should note that past performance is not an indication of future performance.

Refer to pages 2 and 3 for important disclosure, index notes, and subsequent events.
Portfolio Possibility Sets Over Time

Convertible Bond Arbitrage
Jun07 to May08

Source: HedgeFund.Net.

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Refer to pages 2 and 3 for important disclosure, index notes, and subsequent events.
Portfolio Possibility Sets Over Time

Distressed Investing
Jun07 to May08

Source: HedgeFund.Net.

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Refer to pages 2 and 3 for important disclosure, index notes, and subsequent events.

For Qualified Investors Only—Not for Distribution to the Public
Constructing the Long/Short Equity Opportunity Set

Source: HedgeFund.Net.

The data depicted on this page is based on Van Eck's reclassified hedge fund database (the “Data”). The ranking of investment funds contained in this presentation (the “Rankings”) are based solely on Van Eck’s patented True Alpha® metric and, as such, does not represent the sole manner for ranking relative performance of investment funds. Users of this presentation should not rely upon the Data or the Rankings to make an investment decision and should note that past performance is not an indication of future performance.

Refer to pages 2 and 3 for important disclosure, index notes, and subsequent events.
Constructing the Long/Short Equity Opportunity Set

Source: HedgeFund.Net.

The data depicted on this page is based on Van Eck’s reclassified hedge fund database (the “Data”). The ranking of investment funds contained in this presentation (the “Rankings”) are based solely on Van Eck’s patented True Alpha® metric and, as such, does not represent the sole manner for ranking relative performance of investment funds. Users of this presentation should not rely upon the Data or the Rankings to make an investment decision and should note that past performance is not an indication of future performance.

Refer to pages 2 and 3 for important disclosure, index notes, and subsequent events.
Quantifying Hedge Fund β
Regression Results

*Running an OLS regression of each strategy on various risk factors…

Some can be well explained using liquid, exchange-traded instruments

…Others can’t

<table>
<thead>
<tr>
<th>True Alpha Strategy</th>
<th>R²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long/Short Equity North America</td>
<td>95%</td>
</tr>
<tr>
<td>Event Equity</td>
<td>89%</td>
</tr>
<tr>
<td>Long/Short Equity Emerging Markets</td>
<td>84%</td>
</tr>
<tr>
<td>Long/Short Equity Developed Asia</td>
<td>82%</td>
</tr>
<tr>
<td>Credit</td>
<td>78%</td>
</tr>
<tr>
<td>Long/Short Equity W. Europe</td>
<td>72%</td>
</tr>
<tr>
<td>Distressed</td>
<td>79%</td>
</tr>
<tr>
<td>Convert Bond Arbitrage</td>
<td>62%</td>
</tr>
<tr>
<td>Market Neutral Equity</td>
<td>58%</td>
</tr>
<tr>
<td>Directional Macro</td>
<td>55%</td>
</tr>
<tr>
<td>Statistical Arbitrage</td>
<td>53%</td>
</tr>
<tr>
<td>Quantitative Multi-Markets</td>
<td>34%</td>
</tr>
<tr>
<td>Volatility Arbitrage</td>
<td>13%</td>
</tr>
</tbody>
</table>

Additional information can be found in “Can Hedge-Fund Returns Be Replicated?: The Linear Case”, with J. Hasanhodzic and A. W. Lo, Journal of Investment Management Vol. 5, No. 2 (2007), Pgs. 5–45.
Regression Results

Investable benchmarks are created by investing in exchange traded factor proxies

LSENA Index and LSENA Tracker Comparative Results: 10 Years Ending 9/30/2012

*Past performance is not an indication, or guarantee, of future results. The performance for the Van Eck Long/Short Equity North America Tracker proprietary account (LSENA Tracker) is presented gross of fees for comparison purposes. This track record comprises hypothetical performance (through December 2010) and actual performance (beginning January 1, 2011). The Van Eck Long/Short Equity North America Index (LSENA Index) is a non-investable index that contains long/short equity hedge fund managers. Refer to Appendix for important disclosures and index notes.

Refer to pages 2 and 3 for important disclosure, index notes, and subsequent events.
Portfolio Allocations

Example of Investable Benchmark Allocations to Risk Factor Proxies

- Low turnover, even during a time of extreme volatility (e.g., Lehman bankruptcy, subprime crisis)
- Low transaction costs, given small number of investable risk factor proxies
- Investment flexibility provided with available cash balances

Van Eck Trackers are designed to invest in risk factor proxies, such as ETFs, seeks to emulate specific return characteristics that correlate to Van Eck’s own proprietary indices, which have been enhanced through the patented rating and ranking system. Refer to pages 2 and 3 for important disclosure, index notes, and subsequent events.
Investable Benchmarks and Liquidity
Pricing Liquidity with Investable Benchmarks

• Portfolios of ETFs or futures contracts that deliver most of the returns available from a bundle of hedge funds are “Investable Benchmarks”

• Investable Benchmarks have better liquidity (daily) than most hedge funds

• Investors should consider some portion of hedge fund returns in excess of investable benchmarks to be a liquidity premium
What Price Liquidity?

<table>
<thead>
<tr>
<th>Actual Liquidity</th>
<th>% per deferred period</th>
<th>Preferred Liquidity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>D</td>
</tr>
<tr>
<td>Daily</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Weekly</td>
<td>0.71%</td>
<td>0</td>
</tr>
<tr>
<td>Monthly</td>
<td>3.98%</td>
<td>0.88%</td>
</tr>
<tr>
<td>Quarterly</td>
<td>13.15%</td>
<td>3.76%</td>
</tr>
<tr>
<td>Semi-Annual</td>
<td>27.07%</td>
<td>8.30%</td>
</tr>
<tr>
<td>Annual</td>
<td>54.65%</td>
<td>17.43%</td>
</tr>
</tbody>
</table>

Van Eck Trackers
Van Eck Long/Short Equity Trackers

The Van Eck Trackers are designed to capture, in our view, the risk/return characteristics of specific hedge fund investment approaches.
Investable Benchmark versus Source Non-Investable Index

Comparison of Absolute Return Differences
Time Period: October 2007 thru September 2012

*Past performance is not an indication, or guarantee, of future results. The performance for the Van Eck Long/Short Equity North America Tracker proprietary account (LSENA Tracker) is presented gross of fees for comparison purposes. This track record comprises hypothetical performance (through December 2010) and actual performance (beginning January 1, 2011). The Van Eck Long/Short Equity North America Index (LSENA Index) is a non-investable index that contains long/short equity hedge fund managers. Refer to Appendix for important disclosures and index notes.

Refer to pages 2 and 3 for important disclosure, index notes, and subsequent events.
The liquid beta proxy (LSENA Tracker) closely tracked the non-investible index (LSENA Index) from 2002 to 2003 and then lagged it during the period of massive market liquidity from 2004 to late 2008. Since 2008, the liquid beta proxy has outperformed the non-investible index.

Over this ten year period, the index has increased 212.86% while the liquid beta emulation has returned 217.27%, actually outperforming the non-investible index by almost 4.5%!

*Past performance is not an indication, or guarantee, of future results. The performance for the True Alpha® Long/Short Equity North America Tracker proprietary account (LSENA Tracker/Liquid Beta) is presented gross of fees for comparison purposes. This track record comprises hypothetical performance (through December 2010) and actual performance (beginning January 1, 2011). The Lyster Watson Long/Short Equity North America Index (LSENA Index) is a non-investable index that contains long/short equity hedge fund managers. Refer to Appendix for important disclosures and index notes.

Refer to pages 2 and 3 for important disclosure, index notes, and subsequent events.
Protecting Capital in Financial Crises

<table>
<thead>
<tr>
<th>Event</th>
<th>Start</th>
<th>End</th>
<th>Index</th>
<th>Tracker</th>
<th>Tracker Advantage</th>
</tr>
</thead>
<tbody>
<tr>
<td>9/11</td>
<td>09/01/01</td>
<td>12/31/01</td>
<td>3.88%</td>
<td>7.01%</td>
<td>3.13%</td>
</tr>
<tr>
<td>Worldcom/Tyco Credit Fraud</td>
<td>06/01/02</td>
<td>11/30/02</td>
<td>-5.28%</td>
<td>-3.27%</td>
<td>2.01%</td>
</tr>
<tr>
<td>Lehman, et al.</td>
<td>07/01/08</td>
<td>03/31/09</td>
<td>-17.96%</td>
<td>-12.02%</td>
<td>5.94%</td>
</tr>
<tr>
<td>Global Debt Crisis</td>
<td>04/01/11</td>
<td>12/31/11</td>
<td>-8.93%</td>
<td>-2.26%</td>
<td>6.67%</td>
</tr>
</tbody>
</table>

- The investable LSENA Tracker strategy has outperformed the non-investable LSENA index in every major crisis since 2001.

- The daily liquidity and complete transparency of the investable LSENA Tracker strategy provides additional protection for investors.

- The performance presented during the Global Debt Crisis period only is based on the live LSENA Tracker account.

*Past performance is not an indication, or guarantee, of future results. The performance for the Van Eck Long/Short Equity North America Tracker proprietary account (LSENA Tracker) is presented gross of fees for comparison purposes. This track record comprises hypothetical performance (through December 2010) and actual performance (beginning January 1, 2011). The Van Eck Long/Short Equity North America Index (LSENA Index) is a non-investable index that contains long/short equity hedge fund managers. Refer to Appendix for important disclosures and index notes.

Refer to pages 2 and 3 for important disclosure, index notes, and subsequent events.
Appendix
Biographies

Marc Freed is Portfolio Manager for the Van Eck Trackers investment strategies; he joined Van Eck in June 2012.
Prior to joining Van Eck, Mr. Freed worked at Lyster Watson. In April 2010, he developed the True Alpha® rating and ranking methodology, which was patented. He is a mathematical economist with over 15 years of experience as a bond trader and investment banker and 10 years of experience as a fund of hedge funds portfolio manager. At Salomon Brothers in New York from 1982-1986, he ran the trading desk for U.S. Government zero coupon bonds (CATS® and STRIPS®). From 1986-1988, he created and managed Salomon’s UK Gilt trading desk in London. In 1989, Mr. Freed managed the European government bond trading desk of Morgan Grenfell in London. At Deutsche Bank from 1994-1999, he developed proprietary fixed income pricing models and structured commercial mortgage transactions as co-founder of Deutsche’s Franchise Finance Group.

Mr. Freed graduated from Brown University with a B.A. in Mathematics and Economics. He received his M.S. from the Sloan School at MIT. He completed course work and qualifying exams for a Ph.D. in Economics from the Leonard N. Stern School of Business at New York University. Mr. Freed specializes in financial economics and game theory. In 2001-2002, Mr. Freed was a Visiting Professor of Economics at Union College.

Ben McMillan is Assistant Portfolio Manager for Van Eck Trackers investment strategies; he joined Van Eck in June 2012.
Prior to joining Van Eck, he worked at Lyster Watson where he was responsible for the computation and production of the hedge fund strategy indices and maintained and developed the models associated with the Tracker investment strategies.

At American Express, Mr. McMillan held a quantitative role in risk management, developing acquisition risk and profitability decisioning.

Mr. McMillan graduated from Boston University with a B.A. & M.A. in economics. He later went on to receive his M.A. in Econometrics from the London School of Economics.

Mark A. Hurrell, CFA is Director, Tracker Institutional Sales, responsible for business development and client services; he joined Van Eck in June 2012.
Mr. Hurrell has over 20 years of institutional asset management experience split between the alternative investment market and institutional investment consulting. Prior to joining Van Eck, Mr. Hurrell worked at Lyster Watson, and focused his efforts on the development of their “liquid alternative beta” strategies, True Alpha® Trackers. Previously, Mr. Hurrell was at Meridian Capital Partners, Inc. and The Archstone Partnerships, two fund-of-hedge fund managers. Prior to transitioning to the fund-of-hedge-funds business, he was a Senior Consultant for Yanni-Bilkey Investment Consulting where he was responsible for developing investment policy, asset allocation, investment manager selection, and performance evaluation for a broad range of institutional and high net worth investors. Mr. Hurrell has a strong financial background, having also held positions managing the New York Euro CD trading desk for Credit Suisse First Boston and as a money market trader for Pittsburgh National Bank. He also taught financial accounting and investment analysis classes at Carnegie Mellon University while attending graduate school. Mr. Hurrell is a member of the Investment Committee for the Association of American Medical Colleges.

Mr. Hurrell received his B.S. in Business Administration from the Indiana University of Pennsylvania and M.B.A. from Carnegie Mellon University (Beta Gamma Sigma) where he was the recipient of the Yuji Ijiri Award for Excellence in Accounting. Mr. Hurrell is a CFA charterholder and member of the New York Society of Security Analysts.
Index Disclosure and Definitions

Index Disclosure & Definitions:
The index information is included to show general risk return data and is not intended to imply that the Fund's portfolio will be similar to the indices either in composition or element of risk. The indices are not investable. Refer to important disclosures on pages 2 and 3 of this presentation for additional details.

Source: Bloomberg.

Barclays Aggregate Bond Composite Index is comprised of approximately 6,000 publicly traded bonds including US Government, mortgage-backed, corporate, and Yankee bonds with an approximate average maturity of 10 years.

Barclays High Yield Credit Bond Index covers the universe of fixed rate, non-investment grade, publicly traded bonds (rated Ba1/BB+ or lower). The bonds have at least one year to final maturity, as well as at least $150 million par amount outstanding.

JPMorgan Emerging Market Bond Index tracks total returns for traded external debt instruments in the emerging markets and includes U.S. dollar-denominated Brady bonds, loans, and Eurobonds with an outstanding face value of at least $500 million.

MSCI Emerging Markets Equity Index is a float-adjusted market capitalization index that consists of indices in 26 emerging economies: Argentina, Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Israel, Jordan, Korea, Malaysia, Mexico, Morocco, Pakistan, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, Turkey and Venezuela.

HFRI FOF: Conservative Index contains Fund of Funds that are classified as “Conservative” and exhibit one or more of the following characteristics: seeks consistent returns by primarily investing in funds that generally engage in more “conservative” strategies such as Equity Market Neutral, Fixed Income Arbitrage, and Convertible Arbitrage; exhibits a lower historical annual standard deviation than the HFRI Fund of Funds Composite Index. A fund in the HFRI FOF Conservative Index shows generally consistent performance regardless of market conditions.

HFRI Fund Weighted Composite Index is an equal-weighted index that currently includes over 2000 constituent funds, both domestic and offshore. No Fund of Funds are included in the Index. All funds report Net of All Fees returns on a monthly basis and must have at least $50 Million under management or have been actively trading for at least twelve (12) months to be included.

HFRI Equity Hedge Total Index contains Equity Hedge strategies that maintain positions both long and short in primarily equity and equity derivative securities, from a wide variety of investment processes that can be broadly diversified or narrowly focused on specific sectors and can range broadly in terms of levels of net exposure, leverage employed, holding period, concentrations of market capitalizations and valuation ranges of typical portfolios.

S&P 500 DRI (Dividends Reinvested) is a registered trademark of Standard & Poor's, a division of The McGraw-Hill Companies, Inc. The Standard & Poor's 500 (S&P 500). This is an unmanaged and market-value weighted index which includes a representative sample of 500 companies in leading industries of the U.S. economy. The diverse index comprises over 70% of the total market capitalization of all stocks traded in the U.S.
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