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Q4 2014 Commentary and 2015 Outlook on Oil

Oil Prices Continue to Impact Global Markets

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Performance Review

Global Hard Assets Fund (the "Fund") Class A shares provided a total return for the fourth quarter of -20.45% (excluding sales charge). The Fund underperformed its commodity equities-based benchmark index, the Standard & Poor's® (S&P) North American Natural Resources Sector Index (SPGINRTR), which returned -13.86%.

The Fund's negative performance during the quarter was due primarily to its positions in the Energy sector. As in the third quarter, whether involved in North American unconventional energy, international exploration, or global equipment and services, energy companies declined across the board.

Within the Energy sector specifically, negative performance stemmed mainly from the Oil & Gas Exploration & Production sub-industry, which accounted for approximately 31% of Fund net assets on average during the fourth quarter and the Oil & Gas Equipment & Services sub-industry, which accounted for approximately 15% of Fund net assets on average during the fourth quarter. None of the other Energy sub-industries contributed positively to the Fund's total return. During the period, the Fund held no position in Integrated Oil & Gas.

The only positive contributors of any significance to the Fund's performance during the quarter were the Forest Products sub-industry (approximately 2% of Fund net assets* on average during the fourth quarter), together with the Fertilizers & Agricultural Chemicals (approximately 2% of Fund net assets* on average during the fourth quarter), and the Construction Machinery & Heavy Trucks (approximately 2% of Fund net assets* on average during the fourth quarter) sub-industries.

For comparative purposes, we continue to include total return figures for two additional commodity equity indices: the Standard & Poor's® (S&P) Global Natural Resources Index (SPGNRUN) and the MSCI ACWI Commodity Producers Index (MSCI ACP).

Average Annual Total Returns (%) as of December 31, 2014

	4Q14^	1 Yr	5 Yr	10 Yr
Class A: NAV (Inception 11/1/94)	-20.45	-19.41	-0.42	7.97
Class A: Maximum 5.75% load	-25.03	-24.05	-1.59	7.33
SPGINRTR Index[1]	-13.86	-9.77	4.28	7.65
SPGNRUN Index[2]	-8.37	-9.66	-1.47	6.17
MSCI ACP Index[3]	-13.92	-14.19	-1.67	5.44
S&P® 500 Index[4]	4.93	13.69	15.45	7.67
SPGSCITR Index[5]	-27.67	-33.06	-6.54	-4.79

^Quarterly returns are not annualized.

Expenses: Class A: Gross 1.45%; Net 1.38%.
Expenses are capped contractually until 05/01/15 at 1.38% for Class A. Caps exclude certain expenses, such as interest. Returns reflect applicable fee waivers and/or expense reimbursements. Had the Fund incurred all expenses and fees, investment returns would have been reduced. Please note that commodity prices may swing sharply in response to cyclical economic conditions. Investing involves risk, including possible loss of principal. The performance shown represents past performance and does not guarantee future results. Current performance may be lower or higher than the performance information shown. The investment return and principal value of an investment will fluctuate, so that an 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 NAV. Index returns assume that dividends of the Index constituents in the Index have been reinvested. **Investing involves risk, including loss of principal; please see disclaimers on next page. Please call 800.826.2333 or visit vaneck.com for performance current to the most recent month ended.**

*All company, sector and sub-industry weightings as of December 31, 2014 unless otherwise noted.

Please note that the information herein represents the opinion of the portfolio managers and these opinions may change at any time and from time to time.

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Market Review

The fourth quarter of the year saw an intensification of the macroeconomic headwinds that had already started to blow quite hard during the third quarter. The situation in Ukraine/Russia showed few signs of improvement and continued to weigh on the markets and, in particular, the Euro. Further sanctions were imposed upon Russia, the Ruble continued its slide, and interest rates in Russia rose to punitive levels.

In the East, following two quarters of negative growth, Japan fell, once more, back into recession. In the West, with Germany's economy only displaying signs of slow recovery, Europe continued to stagnate and face disinflation/deflation. And, in the Middle East, the seriousness and extent of the threat posed by ISIS became ever more apparent.

When combined with the changed signals coming from the Fed mentioned in last quarter's commentary, further strong economic growth in the U.S. (figures released at the end of December indicated that the pace of growth was the fastest for over a decade), and continuing worries about China, the result was not only a strong, but also a strengthening, U.S. dollar during the fourth quarter. And, as the expectations for global growth sank further, commodities' woes increased, with both the crude oil, and oil-related stock, sell-off accelerating.

Fund Contribution

The quarter's top five top performing stocks came from a range of sectors. Louisiana Pacific (1.86% of Fund net assets*), a building products company, Cummins (1.98% of Fund net assets*), a company that designs, manufactures, sells and services diesel engines, and Agrium (1.71% of Fund net assets*), an agricultural products and services company were from the Forest Products, Construction Machinery & Heavy Trucks and Fertilizers & Agricultural Chemicals sub-industries respectively. The Energy sector contributors were mainly Oil & Gas Refining & Marketing companies, Tesoro (the Fund exited its position at period end*) and Marathon Petroleum (0.97% of Fund net assets*), both of which benefited from the cheaper price of crude.

Four of our five worst performing stocks were from the Energy sector. The other was First Quantum Minerals (3.62% of Fund net assets*), a Diversified Metals & Mining company. The four were the Oil & Gas Equipment & Services giant, Halliburton (3.09% of Fund net assets*) and Oil & Gas Drilling company, Nabors Industries (1.60% of Fund net assets*), and the two Oil & Gas Exploration & Production companies, SM Energy (1.94% of Fund net assets*) and Pioneer Natural Resources (3.77% of Fund net assets*). All these Energy stocks were victim to the continued destruction of the oil price during the quarter.

Positioning and Outlook

At the end of 2013, we noted seeing positive signs of possible inflections in GDP growth, particularly in developed markets. And, indeed, the first eight months of 2014 were characterized by reasonably buoyant economic activity. However, the dramatic recalibration of global growth outlooks – particularly in Europe, Japan, and Russia/Ukraine – in the third quarter only accelerated in the fourth quarter, leading to expectations of both slower growth and reduced commodity demand.

However, looking ahead, we do expect to see further easing by the European Central Bank. China, too, looks as if it may have begun an easing cycle. We also expect to see India to start easing. Currently though, global growth has yet to re-engage, despite the activity of policymakers globally.

The global mining restructuring story that has been unfolding over the past several years continues in its execution phase, with successful and unsuccessful companies starting to differentiate themselves more broadly. We still think that those companies that can execute on cost cutting and other enhancements to returns will outpace those who cannot. We believe, also, that we are beginning to see the effects of the capex reductions which commenced in 2012 in the form of lower production outlooks for the likes of copper, the Fund's biggest metal exposure.

In the special 2015 Outlook on Oil section that follows, we describe that, although we anticipate a potentially sluggish outlook for crude for the first half of 2015, we are, however, much more optimistic for the second half of the year. In particular, we not only expect that capex reductions in the oil and gas industry will, ultimately, result in a meaningful supply response, but also that, in addition, lower crude prices should result in increased demand.

*All company, sector and sub-industry weightings as of December 31, 2014 unless otherwise noted.

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2015 Outlook on Oil

Summary: The further drop in oil prices over the last month is, in our view, in sharp contrast to the dramatic tightening in the supply fundamentals. The substantial reduction of 745,000 Barrels per day (Bbl/d) in OPEC crude supply between October and December, and a slashing of U.S. shale oil capex, appears to be overwhelmed by extremely depressed crude futures sentiment (the lowest in nearly 15 years), ongoing concerns regarding global GDP growth (and associated U.S. dollar strength), and normal seasonal demand slack (driven by seasonal consumption patterns and refinery maintenance programs). The secular (U.S. shale oil production), cyclical (global demand worries), and seasonal (second half 2015 demand exceeds that of the first half) drivers to the crude market are currently uniquely synchronized to support a negative outlook for near-term prices. However, while we believe this will continue to make for a soft market in the first half of 2015, with prices potentially dropping to the $40/Barrel (Bbl) range, we see an inflection in all of these drivers in the second half, which should lead prices to trend back to our longer-term view of $90-$105/Bbl range.

As a result, we have continued to readjust the portfolio by concentrating energy exposure in the lowest cost shale oil producers that we believe can increase long-term intrinsic value, even at current low oil prices, while further mildly diversifying into alternative energy, transportation and industrial equipment names. Several of these Oil & Gas Exploration & Production (E&P) names delivered positive returns in 2014, despite the massive sector-wide sell-off, as they were able to generate huge increases in reserves and production. While we see extreme value and growth prospects in many energy-related companies, we think a marked reversal in sentiment will be necessary to bring investors back to the industry in a significant way – this may take several quarters.

Outlook: OPEC supply has tightened significantly over the last several months, despite Saudi Arabia's insistence (and that of its fellow supply hawk the United Arab Emirates (U.A.E.)) that they have no intention of cutting production. In fact, Saudi has accounted for 250,000 Bbl/d of the decline since October, while the U.A.E. supply has fallen 150,000 Bbl/d. Additionally, after reaching near 1 million Bbl/d of output in mid-October, Libya's production fell to an estimated 450,000 Bbl/d in December and was recently down further to roughly 380,000 Bbl/d according to the state-run National Oil Corp. Furthermore, output declined in every OPEC nation except for Iraq and Ecuador over the same period. Whether these have been overt reductions is difficult to determine, but it does appear unlikely that most OPEC members will aspire to re-attain the 15-month high reached in October.

Outside of OPEC production growth has been highly variable. While 2014 total non-OPEC output increased roughly 2 million Bbl/d, nearly 90% came from the U.S. and Canada. Furthermore, despite purported record levels of supply out of Russia, production increased less than 1% (less than 100,000 Bbl/d) while capex in the country increased approximately 10% in 2014. On net, the remaining non-OPEC countries actually saw production fall through the year.

U.S. shale oil producers have reacted remarkably quickly to oil price weakness. The U.S. rig count has already fallen by around 120 over the last month – the sharpest reduction since late 2008. Furthermore, although many companies have yet to release their 2015 capital expenditure budgets, spending is down from 10%-70% for those that have announced their intentions. Although we expect crude output will still increase for most U.S. shale producers, almost all have lowered production growth targets as well, which should moderate overall U.S. oil volume growth. Broadly speaking, at this juncture, we see most oil and gas exploration and production companies stressed but not permanently impaired, although it would not be surprising to see a few announced bankruptcies among select high-cost, highly leveraged companies. E&P operators typically use a combination of capex cuts and oilfield service price concessions to preserve balance sheet strength and liquidity. While the capital markets are closed to the sector, the reserve-based bank lending market remains open and many players have borrowing lines, which, while reduced, still remain untapped. Furthermore, we would expect managements to take this opportunity to high-grade – people, projects and prospects. In any boom, inefficiencies inevitably creep into all aspects of operations and we believe that companies will undertake small-scale layoffs, asset rationalization, and increase focus on highest return projects.

The production profile of shale oil wells typically includes high initial rates (stunning in some cases) followed by steep first year declines on the order of 50%-80%. This generates a growing supply profile as long as the same number, or more, wells of similar quality are drilled over a given period. Conversely, if fewer wells are drilled, a negative supply response can result in short order. It is this nature of shale oil wells that leads us to believe that the influence of the high rig count in the third and most of the fourth quarter of 2014 will lead to a flush supply in the first half of 2015 (as it takes four to six months to see wells that have been drilled fully completed and brought on production), while expecting meaningful declines to set in during the second half of 2015 as the U.S. rig count is cut further.

Meaningful capex cuts are also likely in many other OPEC and non-OPEC countries. We expect social expenditures in most OPEC nations including Saudi Arabia, Iran, Nigeria, and Venezuela will take precedence over investment even in their vital oil industries. Similar situations exist in non-OPEC players such as Brazil and Indonesia, while oil companies operating in Norway and Colombia are expected to limit activities due to poor returns. Russia will likely also suffer from slackening activity as sanctions continue to kick in and poor cash flow limits re-investment capital with recent estimates of a greater than 20% reduction in capex.

Despite a supply outlook which we believe portends a much tighter global crude market by the second half of 2015 and into 2016, several sentiment indicators towards crude prices have rarely reached the current levels of extreme pessimism. We think this view is a result of a combination of bearish interpretations of secular, cyclical, and seasonal drivers. The secular fear facing the oil market is clearly driven by the belief that U.S. shale oil phenomena will lead to a perpetual over supply of crude. As discussed above, we see this as self-correcting in fairly short-order. Similarly, the seasonal demand softness typically witnessed during the first half of the year will likely gradually dissipate as refinery runs begin to strengthen following an early second quarter peak in maintenance outages. While both of these factors are expected to result in supply exceeding demand during the first half of the year, the imbalance is unlikely to be anomalous, in our assessment.

Nevertheless, the cyclical risk of global recession and/or deflation is, in our opinion, a valid and significant concern. We would argue that the reemergence of a deep global growth scare in the third quarter of last year served as the catalyst to the crude price correction. The lack of clarity on this front continues to weigh heavily on any analysis of crude fundamentals. Our own projection calls for modest global GDP growth for 2015 (on the order of 2014) supported by a positive U.S. outlook, definitive quantitative easing by the European Central Bank, boldfaced stimulus in China, determined Abenomics in Japan, and promising restructuring in India and Indonesia. Indeed, we see recent low oil prices as a tailwind for global growth. An estimated 80% of global oil demand is in countries with market-driven pricing mechanisms and the stimulus from lower oil prices could approximate more than 2% of global GDP. Specifically, in the U.S., while the unconventional shale oil and gas boom, which has been credited for robust economic and employment growth in states such as Texas, North Dakota and Pennsylvania, is now expected to moderate, the stimulus that cheap energy prices provides for both the consumer and the industrial sector is expected to be significant and broadly spread throughout the country. Eventually, we expect this to translate into slightly higher growth in worldwide crude oil demand as we anticipate current cheap fuel prices and surging global auto sales to spur consumption.

As we enter 2015, the portfolio retains a significant 60% exposure to the energy industry. While reduced somewhat from the highest levels of over 70% during the second quarter of 2014, we continue to believe there are compelling investment opportunities, particularly in those Oil & Gas Exploration & Production companies that have proven low-cost, high-return drilling inventories which, we believe, will lead to significant growth in long-term intrinsic value. Comparisons to similar energy market dislocations over the last 30 years suggest that we very well may be near the trough of the correction. Typically, the rebound out of these corrective cycles can be quite steep and can occur as early as several quarters before an improvement in financial results shows through. Thus, we want to maintain leverage to the space, albeit while holding names that we expect can continue to deliver value. Concho Resources (3.80% of Fund net assets*) is an example of such a company. After falling over 40% from a recent peak in mid-June 2008 to end of the year, the stock rebounded by over 10% by the end of March 2009 and over 35% by June 2009. Over the last five years, the stock has appreciated around 20% per annum (including its recent correction). In a similar manner, Concho declined roughly 33% from its recent mid-July 2014 peak to the end of the year. In response to low oil prices the company recently reduced its capital spending plans by 33% and reduced its rig count by ten. However, despite this dramatic reduction in spending and activity, Concho anticipates it will be able to grow its production levels in 2015. We believe this is the type of company that can deliver shareholder value regardless of a reasonable range of oil prices.

All indices listed are unmanaged indices and include the reinvestment of dividends, but do not reflect the payment of transaction costs, advisory fees or expenses that are associated with an investment in the Fund. An index's performance is not illustrative of the Fund's performance. Indices are not securities in which investments can be made. [1]The S&P North American Natural Resources Sector Index (SPGINRTR) includes mining, energy, paper and forest products, and plantation-owning companies. [2]The S&P Global Natural Resources Index (SPGNRUN) includes 90 of the largest publicly traded companies in natural resources and commodities businesses that meet specific investability requirements, offering investors diversified and investable equity exposure across three primary commodity-related sectors: agribusiness, energy, and metals and mining. [3]The MSCI ACWI Commodity Producers Index (MSCI ACP) is a free float-adjusted market capitalization index designed to reflect the performance of listed commodity producers across three industry (or sub-industry) categories as defined by the Global Industry Classification Standard: energy, metals, and agriculture. [4]The S&P® 500 Index includes 500 leading companies in leading industries of the U.S. economy. The Index focuses on large-cap segments of the market, with approximately 75% coverage of U.S. equities. [5]The S&P Goldman Sachs Commodity Index (SPGSCITR) is a composite index of commodity sector returns, representing an unleveraged, long-only investment in commodity futures.

You can lose money by investing in the Fund. Any investment in the Fund should be part of an overall investment program, not a complete program. The Fund is subject to risks associated with concentrating its investments in hard assets and the hard assets sector, including real estate, precious metals and natural resources, and can be significantly affected by events relating to these industries, including international political and economic developments, inflation, and other factors. The Fund's portfolio securities may experience substantial price fluctuations as a result of these factors, and may move independently of the trends of industrialized companies. The Fund's investments in foreign securities involve risks related to adverse political and economic developments unique to a country or a region, currency fluctuations or controls, and the possibility of arbitrary action by foreign governments, including the takeover of property without adequate compensation or imposition of prohibitive taxation. The Fund is subject to risks associated with investments in debt securities, derivatives, commodity-linked instruments, illiquid securities, asset-backed securities and CMOs. The Fund is also subject to inflation risk, short-sales risk, market risk, non-diversification risk, leverage risk, credit risk and counterparty risk. Please see the prospectus and summary prospectus for information on these and other risk considerations.

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, and charges and expenses carefully before investing. The prospectus and summary prospectus contain this and other information. Please read them carefully before investing.