

Manager Commentary: Hedge-Style Strategies

Hedge-style strategies little changed in Q2 2011, diverge from broad market

By: Stephen Scott and Jan van Eck, Co-Portfolio Managers

Fund Review

The Fund's class A shares returned -0.74% during the second quarter (excluding sales charge), outperforming the Hedge Fund Research Global (HFRXGL) Index, the Fund's benchmark index, which declined 2.51% during the same period.

The second quarter was a volatile period, with markets finishing about where they began. The divergence between hedge funds and the broader indexes, such as the S&P 500 Index, was most likely caused by strength in large-cap industrials, consumer-related companies, and healthcare, as well as weakness in commodities, energy, technology, and emerging markets (areas more popular with hedge funds). We saw some pockets of outperformance, but no particular strategy stood out during the quarter.

Average Annualized Returns (%) as of June 30, 2011				
	2Q11 <sup>1</sup>	1 Yr	5 Yr	Life
Class A: NAV (Inception 06/05/09)	-0.74	5.56	--	3.43
Class A: Maximum 5.75% load	-6.47	-0.50	--	0.52
HFRXGL Index	-2.51	4.22	--	--
S&P® 500 Index	0.10	30.69	--	--

<sup>1</sup>Quarterly returns are not annualized.

Expenses: Class A: Gross 3.37%; Net 3.37%.

Expenses are capped contractually until 05/01/12 at 2.40% for Class A. Cap excludes certain expenses, such as interest.

The table presents 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 NAV. Index returns assume that dividends of the Index constituents in the Index have been reinvested. Performance information current to the most recent month end is available by calling 800.826.2333 or by visiting vaneck.com.

Beta is a measure of sensitivity to market movements.

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

Arbitrage

Our arbitrage investments contributed positively to Fund performance in aggregate. TFS Market Neutral Fund (8.81% of Fund net assets) did a nice job of dampening the volatility of the market, finishing the quarter with a slightly positive return. EMERALD 2X (5.24% of Fund net assets) had a difficult start to the quarter, but rebounded with a strong June and delivered positive returns overall. AQR Diversified Arbitrage Fund (6.02% of Fund net assets) detracted from performance, finishing down marginally despite some positive returns in May.

During the period, we hired Sub-Adviser Acorn Derivatives Corp (6.99% of Fund net assets), a firm which uses SPX options to exploit the spread between the VIX and SPX realized volatility. Acorn's strategy tends to outperform in flat to down markets and tends to protect capital in bull markets by reducing exposure. We believe an investment with Acorn allows us to be more aggressive in allocating to strategies that may have a positive beta to the broad equity market.

Long/Short

We increased our long/short equity exposure during the quarter, hiring Sub-Advisers Millrace Asset Group (9.18% of Fund net assets) and Coe Capital (9.12% of Fund net assets). Millrace runs a fundamental, bottom up, long/short equity strategy, focused on small/mid cap U.S. equities. Coe Capital runs a small/mid cap equity strategy that is catalyst-driven in nature, trading around various events that may cause fluctuations in prices. Both Sub-Advisers show strong track records in various market conditions. We allocated to both in June, and they navigated the volatility to deliver positive returns on the month.

Sub-Adviser Primary (9.19% of Fund net assets) had a disappointing second quarter. Primary has had significant exposure to the technology and energy sectors, which helps to explain the underperformance. They reduced net exposure in June as a result of the recent drawdown, market correlation, and volatility, and were not fully able to participate in the late June rally. The Highland Long/Short Equity Fund (4.97% of Fund net assets) had a strong April, allowing them to finish the quarter up fractionally.

Within the long/short category, our emerging markets segment (7.29% of Fund net assets) began the quarter with two positive months, but gave back the majority of the returns in June. We remain constructive on emerging market growth prospects versus developed markets.

Fixed income remained an underweight allocation for us in the second quarter of 2011. Sub-Adviser Medley Capital (formerly Viathon Capital) (11.12% of Fund net assets) continued to position themselves defensively and finished the quarter down marginally.

#### Global Macro

Despite two of our four global macro allocations finishing the quarter with negative returns, it was actually an area of strength for the Fund. This was a result of our largest allocation in the segment being Statistical Value (11.04% of Fund net assets), which was our best performing allocation during the quarter. Sub-Adviser Dix Hills (1.04% of Fund net assets) had a tough start to the quarter but generated some positive performance in May and June. Virtuoso (4.17% of Fund net assets) followed a solid first quarter with a disappointing quarter. Volatility in the markets caused the strategy's stop losses to be hit before markets turned. As a result, the portfolio manager decided to reduce exposures to allow more room for trades to go against them until he felt more comfortable with the economic landscape and market volatility. Virtuoso went back to full exposures late in June. Marketfield Fund (5.12% of Fund net assets), treaded water in the period, finishing the quarter up slightly.

#### Tactical

The Fund's tactical overlay once again delivered strong results during the second quarter. Despite giving back much of our year-to-date gains in April, the segment rebounded significantly in May and June, finishing the quarter with gains. This segment of the Fund also helped to smooth returns, displaying negative beta as well as adding value. Much of the returns were generated on the short side of the book as we have opportunistically been short banks in Spain, Portugal, Ireland, and Germany. Irish banks continued to be particularly weak during the quarter. In addition, we put some individual U.S. sector hedges on in May (Energy, Tech, and Financials), which we held throughout June. Those positions all added to performance as well.

All sub-adviser and underlying fund weightings as of June 30, 2011.

All indices listed are unmanaged indices and 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. The HFRX Global Hedge Fund Index is designed to be representative of the overall composition of the hedge fund universe, and includes convertible arbitrage, distressed securities, equity hedge, equity market neutral, event driven, macro, merger arbitrage, and relative value arbitrage strategies. The S&P® 500 Index consists of 500 widely held common stocks covering industrial, utility, financial and transportation sectors.

Please note that the information herein represents the opinion of the portfolio manager 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-Van Eck Global 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 Van Eck Global. ©2011 Van Eck Global.

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 implements a fund-of-funds strategy, an investor in the Fund will bear the operating expenses of the "Underlying Funds" in which the Fund invests. The total expenses borne by an investor in the Fund will be higher than if the investor invested directly in the Underlying Funds, and the returns may therefore be lower. The Fund, the Sub-Advisers and the Underlying Funds may use aggressive investment strategies, including absolute return strategies, which are riskier than those used by typical mutual funds. If the Fund and Sub-Advisers are unsuccessful in applying these investment strategies, the Fund and you may lose more money than if you had invested in another fund that did not invest aggressively. The Fund is subject to risks associated with the Sub-Advisers making trading decisions independently, investing in other investment companies, using a particular style or set of styles, basing investment decisions on historical relationships and correlations, trading frequently, using leverage, making short sales, being non-diversified and investing in securities with low correlation to the market. The use of leverage may magnify losses. The Fund is also subject to risks associated with investments in foreign markets, emerging market securities, small cap companies, debt securities, derivatives, commodity-linked instruments, illiquid securities, asset-backed securities and CMOs. **Please see the prospectus and summary prospectus for information on these as well as 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.**

NOT FDIC INSURED | NO BANK GUARANTEE | MAY LOSE VALUE

vaneck.com | 800.826.2333

Van Eck Securities Corporation, Distributor  
335 Madison Avenue | New York, NY 10017

