VAN ECK WHITE PAPER

Expanding Asset Allocation Programs with Next Generation Commodity Indices

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Expanding Asset Allocation Programs with Next Generation Commodity Indices

In this report, Van Eck Global will help financial advisors:

- Understand an expanding array of choices for implementing a commodities allocation with passive index funds and/or actively managed funds that hold commodities equities
- Identify strengths and weaknesses of traditional commodity indices, including reasons they have underperformed some expectations in recent years
- Explain how more modern methodologies of next-generation, or "constant maturity" commodity indices are improving the risk/return characteristics of the asset class

INTRODUCTION

Until the 1980s, commodities were followed mainly by people who worked as farmers, drillers and miners – and companies that purchased their products. Over the final two decades of the 20th century, commodity futures markets expanded access to institutions and sophisticated investors.

Since 2000, access to the commodity asset class has gone mainstream. New investment choices have fueled this change such as commodity-focused mutual funds and ETFs. Conceptually, it is now just as easy for a financial advisor to add measured commodities exposure to a portfolio as it is to allocate among traditional equities, bonds and cash. But as many advisors have discovered, increased access does not assure successful results. Despite generally favorable economic conditions for commodities in recent years, many advisors and investors experienced disappointing performance.

THE COMPELLING CASE FOR A COMMODITIES ASSET CLASS

For financial advisors, the motivation to delve into commodities is being driven by real-world concerns. In the past decade, many portfolios allocated among equities, bonds and cash have barely managed to beat inflation. By contrast, precious metals and energy-related commodities have captured headlines and attention. Interest is also being driven by the track record of commodity investments, including four historic reasons for adding this class to diversified portfolios and asset allocation programs.

1. TRACK RECORDS OF MIXED COMMODITY INDICES

A mixed commodity index is a blend of several futures contracts, weighted and periodically rebalanced. Two "traditional" mixed commodities indices are described in detail in this report: the S&P® GSCI Commodity Index (GSCI) and Dow Jones-UBS Commodity Index (DJUBS). Each now has a substantial track record, dating back to index inception in 1994 for GSCI and 1990 for DJUBS.

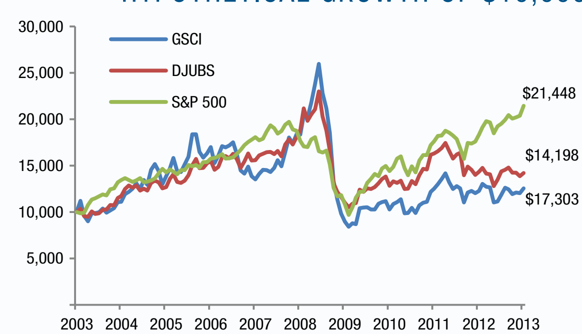
Figure 1 below, Commodity Indices vs. S&P® 500, shows the hypothetical performance of a $10,000 investment in each of the two traditional commodities indices significantly outperforming the S&P® 500 Index, from January 01, 2003 through December 31, 2012, over a period of ten years.

From 2003 through 2012, the two traditional commodity indices easily outperformed U.S. equities. Since 2008, however, they have not maintained the strong track record vs. equities, despite a generally favorable environment for "spot prices" of many commodities.

2. TRACK RECORDS OF ACTIVE COMMODITY EQUITIES FUNDS

Two sectors of the equities market – energy and materials – offer exposure to commodities, through equities of major producers. Actively managed mutual funds, as well as passive index funds, can provide exposure to these sectors.

FIGURE 1: COMMODITY INDICES *vs.* S&P® 500
HYPOTHETICAL GROWTH OF $10,000



Source: FactSet

Commodities are assets that have tangible properties, such as oil, metals, and agriculture.

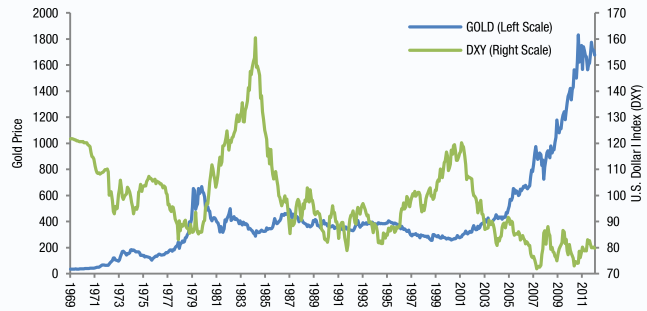
Please note that the information herein represents the opinion of Van Eck Global and these opinions may change at any time and from time to time.

FIGURE 2: 10 Yr Commodity Correlations to Equities and Bonds

	S&P® 500 Index	BarCap Aggregate Bond Index
S&P® GSCI	0.42	-0.03
Agriculture Futures	0.38	0.17
Energy Futures	0.36	-0.06
Precious Metals Futures	0.17	0.27
Base Metals Futures	0.57	-0.05

Source: FactSet, Van Eck Global. Data is as of 12/31/12. Agricultural futures = S&P® GSCI Agriculture Index TR; energy futures =S&P® GSCI Energy Index TR; precious metals futures = S&P® GSCI Precious Metals Index TR; base metals futures = S&P® GSCI Industrial Metals Index TR.

FIGURE 3: GOLD PRICE *vs.* USD



Source: Bloomberg, data as of 12/31/12

3. POTENTIAL TO ENHANCE THE RISK-RETURN PROFILE

Mixed commodity indices and commodities futures have demonstrated low correlations with equities and bonds over time, as shown in Figure 2 above, 10-Yr Commodity Correlations with Equities and Bonds. Correlation describes a complementary or parallel relationship between two investments. It measures the degree to which two variables' movements are associated and will vary from -1.0 to 1.0. -1.0 indicates perfect negative correlation, and 1.0 indicates perfect positive correlation.

Since commodity prices do not tend to move in the same direction as equity and bond markets, they can potentially increase the diversification or "efficient frontier" characteristics of asset-allocated portfolios.

4. POSSIBLE PROTECTION AGAINST HIGH INFLATION

Historically, commodities have performed relatively well through times of high inflation and currency depreciation, as shown in Figure 3, Gold Price vs. USD. For clients who are worried about the purchasing power of dollars or financial assets, commodities and, more specifically, gold offer the potential to hedge against declines driven by easy monetary policies, fiscal stimulus, or government intervention that weaken currencies.

HISTORY OF COMMODITY SUPPLY AND DEMAND TRENDS

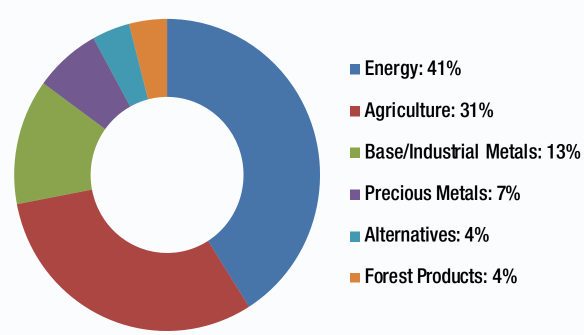
Most of the 20th century was an era of seemingly abundant supplies of natural resources, combined with breakthroughs in exploration and exploitation.

Early in the 20th century, the U.S. became the architect of modern commodities markets, as symbolized by its invention of the integrated petroleum industry and affordable mass-produced automobiles. Yet, by the 1970s, the U.S. began to reach the peak of its oil production capacity as once-vast fields of crude ran dry. Now, nearly four decades later, the world keeps changing as new catalysts drive both sides of the global commodities equation – demand and supply.

NEW DEMAND CATALYSTS

- Global population, currently estimated at 6.9 billion by the United Nations, is projected to increase to 8.6 billion by 2035. Virtually all of this growth will be in the developing nations: China is projected to gain 100 million people over the next 25 years and India will gain more than 300 million[1].
- As standards of living rise in developing nations, more than two billion people are expected to join the "global middle class" over the next two decades[2]. Domestic consumption and urbanization, fueled by a powerful wave of rising purchasing power, will increase demand for many basic commodities. (See Figure 4 below, Global Hard Asset Consumption)
- Urbanized economies consume more commodities per capita than rural economies. Over the next 25 years, the global urban population is projected to increase from 3.5 billion to 5.3 billion; more than 90% of this growth will be in less developed nations[3].

FIGURE 4: GLOBAL HARD ASSET CONSUMPTION



Source: Rogers- Van Eck Indices, Data as of 06/30/11

Commodities and commodity-linked investments may be affected by overall market movements and other factors that affect the value of a particular industry or commodity such as weather, disease, embargos or political or regulatory developments.

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NEW DEMAND CATALYSTS (continued)

- The "BRIC countries" (Brazil, Russia, India and China) are expected to become four of the world's five largest economies based on Gross Domestic Product (along with the U.S.) by 2050[4]. And their infrastructure demands will require vast quantities of natural resources.
- Global oil demand is projected to increase from about 87 million barrels per day (b/d) in 2010 currently to 111 million b/d by 2035, according to the Energy Information Administration. Developing nations are expected to account for 84% of the increase in world energy demand over the next quarter-century[5].
- As China's middle-class population grows, the country will need to import 20 million more metric tons of soybeans and five million more bales of cotton annually in ten years, compared to current import levels[6].

NEW SUPPLY CATALYSTS

A resource-hungry world will need increasing supplies of many commodities to meet demands of expanding populations and lifestyles. Yet, commodity supplies are finite, and producers' incentives to expand are diminishing.

- Around the world, environmental regulations are increasing the costs of developing fossil fuels. Tougher environmental regulations are driving up the costs of production in the U.S.
- As governments look for new tax revenues to reduce budget deficits, resource producers are facing tax pressures. In 2010, Australia proposed a Resource Super Profit Tax on up to 40% of miner's profits, U.S. state severance taxes on natural resources are skyrocketing and taxes in the Middle East now cost more per barrel than direct production costs[7].
- Mining production costs are rising even faster than metals prices, and this trend erodes producers' profit margins and incentive to develop new resources. For example, 75% of the world's platinum and 40% of palladium supplies are mined in South Africa, where the largest costs of production are for labor (50% of the cost base) and electricity (15%)[8].
- New production of many commodities will depend on an aging transportation infrastructure that is already capacity-challenged. To transport North American grain to the growing middle-class populations of Asia, vast amounts of capital will be needed to upgrade railroads and port facilities.
- We estimate that major oil startup projects peaked at about 5,000 in 2008 and will decline to 1,640 through 2014. Non-OPEC production could decline by up to 1.5 million barrels per day from 2011 through 2014. Despite rising copper prices, global copper mine production has been flat since 2006 due to limited new discoveries.

THE BENEFITS OF COMMODITIES INDEX FUNDS

To implement commodity-related investments into an asset allocation strategy, financial advisors can choose among the four main commodities groups and four basic choices for owning them (See Four Ways to Own Commodities, page 7). Among these, commodity index funds offer a unique combination of benefits:

COMPATIBILITY. Commodity indices can be implemented through mutual funds or ETFs and can also be integrated with both transactional and fee-based business models.

ECONOMY AND VALUATION. Commodity index funds do not require the shipping, insurance or storage charges of physical commodities, such as gold bullion or coins. They can be bought and sold quickly and easily, at Net Asset Values (NAV) calculated daily. They tend to have lower expense ratios than many actively managed funds.

SIMPLICITY AND FLEXIBILITY. Commodity index funds are easier to invest in than traditional futures. Shares can be purchased or redeemed in any quantity, and can work well in asset allocation programs that require periodic adjustment or rebalancing.

DIVERSIFICATION. "Commodity equities" are influenced by the equity market's overall direction, or "systematic risk." With far less systematic risk exposure, commodity index funds offer enhanced diversification for equity-heavy portfolios.

COMPONENTS OF RETURN IN COMMODITY INDICES

Many investors believe that over time the returns of commodity indices will approximate price gains or losses in a basket of commodities. However, the indices have dynamic qualities that make their performance more complex to evaluate. Each index can be broken down into three "total return drivers," which are often misunderstood by investors.

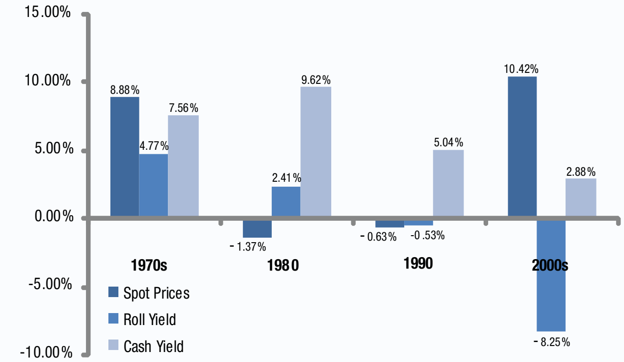
SPOT COMMODITY PRICES. The prices traders pay to exchange commodities in the present, for immediate settlement

ROLL YIELD. The positive or negative contribution caused by rolling the index between futures contracts at expiration dates. (This is further explained under the discussion of "contango" and "backwardation" on the next page.)

CASH YIELD. Interest earned on index or (index fund) assets held in cash, as collateral for futures contracts.

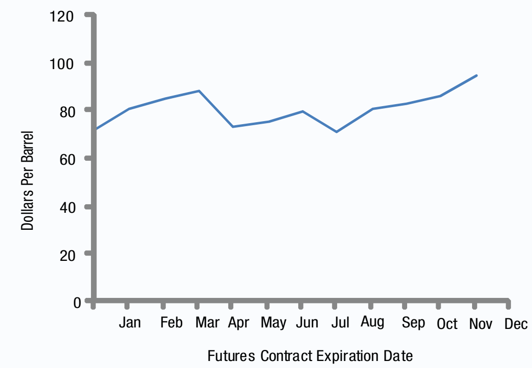
The "total return" of an index is the combination of all three return drivers. Over periods of time, the relative contributions of these three drivers can change substantially, as shown in Figure 5, Commodity Index Return Drivers, which shows total returns for the S&P® GSCI Commodity Index over four decades (see next page).

FIGURE 5: COMMODITY INDEX RETURN DRIVERS



Source: Rogers- Van Eck Indices, Data as of 12/31/10

FIGURE 7: 2010 CRUDE OIL FUTURES PRICES



Source: Bloomberg, Data as of 12/31/10

COMPONENTS OF RETURN IN COMMODITY INDICES (continued)

During the 1970s, all three drivers worked together to produce strong performance in the S&P® GSCI Index. But by the 1990s, two drivers turned negative, creating a performance drag. During the 2000s, spot prices were strong but roll yield turned even more negative, becoming a headwind that worked against performance. To understand why roll yield can shift in different environments, it's necessary to understand the "term structure" of futures contracts and the impact of **contango** and **backwardation.**

TERM STRUCTURE. Term structure indicates relationships between prices for a given futures contract with multiple expiration dates. (It is similar to a bond "yield curve," except it plots commodity prices on the Y axis, instead of bond yields.)

FIGURE 6: 2011 Crude Oil Futures

Month	Price
January	72.89
February	79.66
March	83.76
April	86.16
May	73.97
June	75.63
July	78.95
August	71.92
September	79.97
October	81.43
November	84.11
December	91.38

Source: FactSet, Data as of 12/31/10

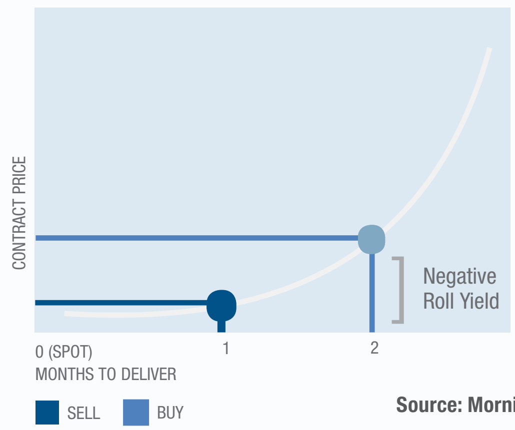
TERM STRUCTURE EXAMPLE. Figures 6 (below) and 7 (above) show a term structure for crude oil futures, as viewed in December 2010, in dollars per barrel. The "front-month" contract, which will expire soonest, is January 2011. As contracts move "out the term structure" with longer expirations, contract prices tend to rise. For example, the difference between the (front-month) price of $72.89 per barrel and the July price of $79.66 is $6.77 (9.3% of front-month price). This approximates the cost to buy a barrel of crude oil now, pay interest on the purchase, and store the barrel for one months. The difference also reflects supply/demand conditions in the global crude oil market.

CONTANGO. This term means the same as negative roll yield, i.e., an upward-sloping term structure (as in the example above) in which an index that holds front-month contracts will incur a cost each time contracts expire and must be rolled to more expensive, longer-dated contracts. As contracts move closer to expiration in contango, their value converges towards spot prices. So, "contango cost" usually is measured by the difference between spot prices and front-month futures.

BACKWARDATION. The opposite of contango, this term means the positive roll yield created by a downward sloping term structure. Backwardation tends to occur in futures contracts during periods when traders are concerned about scarcity of supplies, among other reasons. Thus, traders would rather have commodities in-hand now (spot) than in the future, and will pay for the privilege.

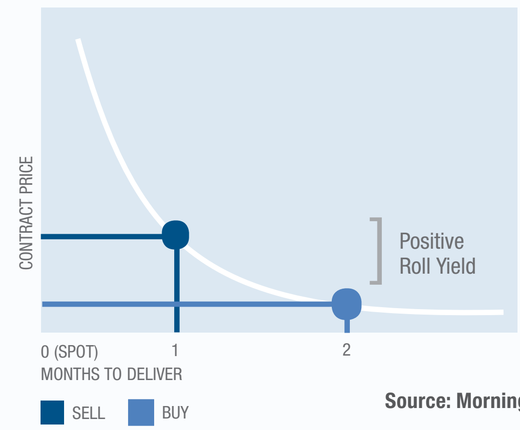
ROLL-YIELD. The positive or negative contribution caused by rolling the index between futures contracts at expiration dates. In other words, the amount of return generated in a backwardated futures market or the amount of return lost in a contango market.

FIGURE 8: CONTANGO



Source: Morningstar

FIGURE 9: BACKWARDATION



Source: Morningstar

BACKWARDATION, CONTANGO AND ROLL YIELD

Figures 8 and 9 above show the shape of futures price curves that generate contango (left) and backwardation (right). Contracts will be bought at the light blue markers and then, as they move closer to expiration, sold at the dark blue markers. Contango generates a negative roll yield cost, while backwardation creates a positive roll yield opportunity.

CONTANGO AND BACKWARDATION IN RECENT MARKETS

Our analysis indicates that contango or backwardation is more consistent in some futures contracts than others, as shown in Figure 10 below, Contango and Backwardation in Recent Commodity Markets, which focuses on five contracts over three-year and 10-year periods.

KEY POINTS: TERM STRUCTURES AND ROLL YIELD

- A mixed commodity index blends several contracts, each of which has a different term structure. The roll yield of the index (positive or negative) reflects an average of all contracts held by the index.

FIGURE 10: Contango and Backwardation (%) in Recent Commodity Markets

	3-Yr Period		10-Yr Period	
	Price Return	Roll Yield	Price Return	Roll Yield
Cattle	14.14%	-10.31%	5.21%	-7.20%
Copper	6.57%	-0.54%	16.80%	2.94%
Gold	15.35%	-0.79%	16.27%	-2.48%
Nat Gas	13.37%	-25.90%	-5.06%	-32.84%
Wheat	18.07%	-15.24%	9.31%	-15.01%
WTI Crude	10.20%	-9.06%	11.29%	-10.81%

Source: Bloomberg, Data as of 12/31/12

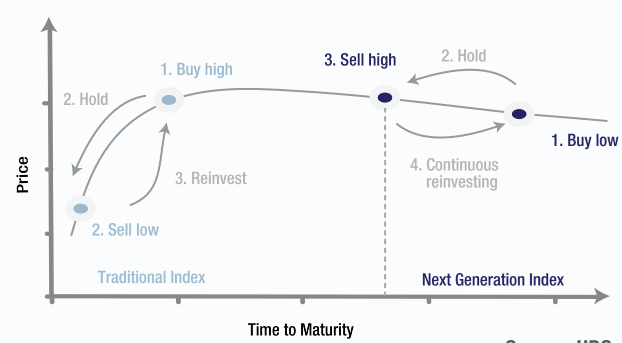
- In the past decade, the average roll yield of commodity indices has more often been negative than positive, and the cost of contango appears to have increased.
- Indices can manage roll yield in a contango environment, to a degree, by holding less expensive contracts on the term structure. Traditional indices that always hold front-month contracts are most vulnerable to negative roll yield, because this is where contango cost tends to be greatest.

Figure 11 below, Commodity Futures Curve, shows a typical term structure for a futures contract, and the difference between holding front-month contracts vs. longer-term.

In this example, a traditional commodity index is shown in the four-step process on the left. It 1) buys the front-month contract high; 2) holds it until near expiration; and 3) sells it at a lower price to 4) reinvest the money back into new front-month contract.

The contango cost is the difference between the "buy high" and "sell low" points for the traditional indices.

FIGURE 11: COMMODITY FUTURES CURVE



Source: UBS

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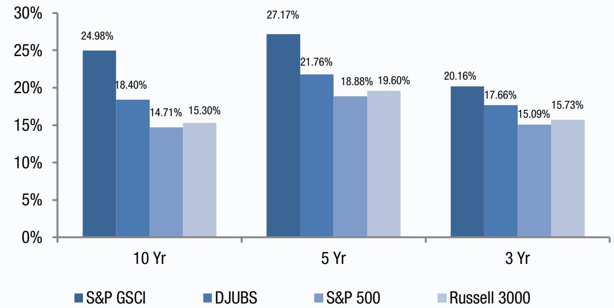
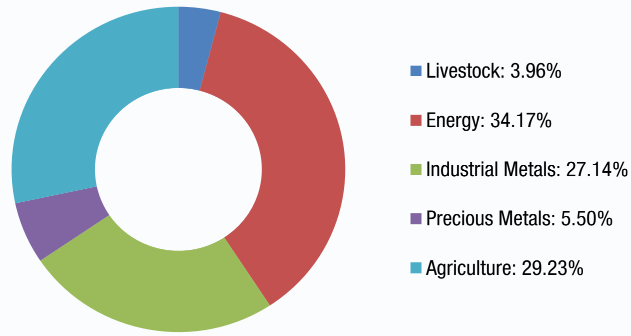
FIGURE 12: MEASURING VOLATILITY COMMODITY INDICES VS. EQUITIES



Source: FactSet, Data as of 12/31/12 Past performance is no guarantee of future results. Current performance may be lower or higher than performance quoted.

FIGURE 13: CMCI TARGET WEIGHTS FOR 1H 2013



Source: UBS

Next generation commodity indices look for opportunities to buy the most price-effective contracts on the term structure. This is shown in the process on the right side of Figure 11, in which the rolling/reinvestment process is less susceptible to negative roll yield, whereby investing further out the term structure.

TRADITIONAL COMMODITY INDICES

Two traditional mixed commodities indices are investable through mutual funds and/or ETFs, and they each have fairly long performance records.

The S&P® GSCI COMMODITY INDEX (GSCI) has existed since 01/01/94 and holds 24 long futures contracts, weighted based on average global production over the past five years. All contracts are the nearest expiration month with adequate liquidity (usually front-month). The index has about two-thirds (67%) of current weight in energy-sector contracts, which limits its diversification among commodities sectors. Its performance is driven by energy spot prices, and also by the term structure and contango cost in energy contracts.

The DOW JONES-UBS COMMODITY INDEX (DJUBS) has existed since 12/31/90 and holds 19 futures contracts across sectors. Weightings are based on a combination of liquidity and production, and energy exposure is limited to 33% of total index weight. The index weights are rebalanced annually. All contracts are front-month.

VOLATILITY COMPARISON

Figure 12 above, Measuring Volatitlity: Commodity Indices vs. U.S. Equities, shows annualized volatility, measured as the standard deviation of monthly returns, over historic periods of three years, five years and 10 years (all periods ending December 31, 2012).

NEXT-GENERATION INDICES

Next-generation commodity indices have emerged to address shortcomings in the traditional indices, including: 1) sector concentrations, such as the 67% weighting to the energy sector in GSCI; 2) negative roll yield vulnerabilities of both GSCI and DJUBS, due to their holdings of front-month contracts and predictable monthly contract roll events; and 3) high volatility.

One leading next generation index is the UBS Bloomberg Constant Maturity Commodity Index (CMCI). It offers broad diversification among commodities sectors and maturities. Its methodologies are rules-driven and consistently applied to: 1) choose and rebalance index components; and 2) daily contract roll events.

CONSTANT MATURITY COMMODITY INDEX (CMCI)

The index is diversified across 28 commodity futures contracts in five sectors, and each contract can be further diversified among up to five maturities ("tenors"), each with a different term to contract expiration: 3 months, 6 months, 1 year, 2 year and 3 years.

By expanding the range of index components beyond front-month contracts, the methodology increases the CMCI's diversification across a range of contract prices and expiration dates.

This helps to avoid the "contango trap" that occurs when front-month contracts approach expiration and must be sold below their purchase price, resulting in negative roll yield.

Rather than roll all contracts within a monthly window of just a few predictable days, CMCI employs a daily rolling mechanism. Each day, the index rolls a small portion of its futures contracts to longer maturities, based on a rules-driven formula designed to capitalize on the most attractively priced longer-term contracts.

This method has the potential to reduce negative roll yield in futures that are in contango. Monthly rebalancing of contracts back to target weights helps to avoid market-driven concentrations of assets in any given contract. Figure 13 above, shows the CMCI's target sector weights.

FIGURE 14: CMCI Performance (%) *versus* Traditional Commodity Indices

	1 Yr		3 Yr		CMCI Inception	
	Return	Vol.	Return	Vol.	Return	Vol.
DJUBS CI	-1.06	14.58	0.07	17.66	-1.90	20.46
S&P® GSCI	0.08	17.87	2.54	20.16	-2.32	25.95
UBS CMCI	2.80	13.69	4.16	17.26	3.67	20.13

Source: FactSet, Data as of 12/31/12 Past performance is no guarantee of future results. Current performance may be lower or higher than performance quoted.

CONSTANT MATURITY COMMODITY INDEX (continued)

The CMCI's inception date was 1/1/07. Figure 14 above compares its returns and volatility (standard deviation) to traditional commodity indices for the three-year period ending December 31, 2012. Over this period, the CMCI has outperformed both leading traditional indices, and it also has produced a lower volatility profile (less risk) than GSCI. Its risk profile has been competitive with the GSCI.

HOW MUCH TO ALLOCATE TO COMMODITIES?

Within a diversified or asset-allocated portfolio, the allocation to a commodities asset class can depend on the investor's needs, views and risk tolerance. Weighting 15-20% of the portfolio to commodity-related investments may be a good starting point, based on historic "efficient frontier" analysis. You can use the "Commodities Allocation Checklist" included in this report to evaluate a suitable allocation to commodities for each client.

Advisors can begin the process by assessing how much investment experience and knowledge clients have about commodities. Then, use client reviews to gain more perspective and position the opportunity and need for commodity exposure.

Actively managed commodity equity mutual funds and commodity index mutual funds and ETFs can be used to increase exposure gradually, perhaps through dollar-cost averaging or by reinvesting income from equity/bond investments into commodities funds. For clients with substantial portfolios, you want to consider combining commodity index funds or diversifying among the traditional and next-generation ETFs discussed in this report.

FOUR WAYS TO OWN COMMODITIES

Financial advisors may wish to explain to clients that they can increase a portfolio's exposure to commodities in four ways, each of which has different requirements, benefits and drawbacks.

PHYSICAL COMMODITIES. This choice tends to be most practical in the precious metals sector, either directly by owning bullion or coins, or indirectly by participating in ETFs that own and store gold and silver. Major benefit: Spot prices drive performance, on virtually a dollar-for-dollar basis. Major drawback: Logistics and costs of shipping, insuring and storing physical commodities.

COMMODITY EQUITIES. Equities of companies in the energy and materials sectors are influenced by commodity prices. The Van Eck Global Hard Assets Fund (GHAAX) is an actively-managed mutual fund run by a dedicated team of twelve portfolio managers and analysts that offers exposure to energy, precious and base metals, timber, agriculture, alternative energy and other hard assets.

Index funds that track these sectors also can be used for commodities exposure. For mixed commodity equity exposure, the *Rogers*™–Van Eck Hard Assets Producer Index (RVEI) is a commodity-equity benchmark for the global hard assets industry, capturing 90% of the industry's equity market capitalization worldwide. The index is tracked by the Van Eck Hard Assets Producers Market Vectors ETF (HAP). Individual sectors of hard assets producers are tracked by Van Eck Market Vector ETFs specializing in agribusiness, coal, gold miners and steel.

Major benefit: Easy to buy and sell via ETFs. Major drawback: Influenced by the overall direction of the equity market.

ETFS OR MUTUAL FUNDS THAT TRACK COMMODITIES INDICES. Some funds specialize in a sector of commodities such as mining or energy. The mixed commodity indices covered in this report are diversified among major commodity sectors. The Van Eck CM ("Constant Maturity") Commodity Fund (CMCAX) tracks one such index: UBS Bloomberg Constant Maturity Commodity Index.

Major benefit: Diversification among futures contracts and low historic correlation with equities/bonds. Major drawback: Complexities of managing "roll yield" and reducing contango cost.

INDIVIDUAL FUTURES CONTRACTS. Investors can participate in individual futures contracts by opening a futures trading account and depositing the required margin. Major benefit: Ability to choose specific commodities and contract expiration dates. Major drawback: Complexity and the risk of highly leveraged and often volatile contracts.

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SUMMARY

We believe investors should be diversified across major asset classes, including equities and fixed income. Although leading commodity indices can be volatile over short periods of time, they have demonstrated an ability to blend well into traditional portfolios and add benefits such as low correlations with equities/bonds and inflation-hedging potential.

Combining commodity index funds with mutual funds or ETFs that invest in equities of commodity producers also can be a viable strategy.

Next generation commodities indices have addressed specific problems that have reduced performance and/or increase volatility in traditional indices, especially: 1) over-concentration in one commodity sector; and 2) negative roll yield produced by holding front-month contracts that are most exposed to investment losses.

In the decades ahead, we believe the global commodity supply-demand balance will be driven by the emergence of booming middle-class populations in developing markets, and also by new catalysts with the potential to moderate global commodities supplies. For this reason, a long-term allocation to commodities may be a prudent compliment to clients' core, multi-asset class investment portfolios.

APPENDIX: ANNUALIZED PERFORMANCE (AS OF 12/31/12)

Van Eck Global Hard Assets Fund (GHAAX)

	1 Yr	5 Yr	10 Yr
Class A: NAV (Inception 11/2/94)	2.49	-1.54	15.49
Class A: Maximum 5.75% load	-3.39	-2.69	14.81

Market Vectors RVE Hard Assets Producers ETF (HAP)

	1 Yr	3 Yr	Life
Fund/NAV (Inception 8/29/08)	8.98	4.04	-0.83
Fund/Share Price	8.81	3.83	-0.88

Expenses are calculated for the 12-month period ended 05/01/13: GHAAX: Gross 1.37% and Net 1.37%; HAP: Gross 0.64% and Net 0.49%. Expenses are capped contractually through 05/01/13 at 1.38% for GHAAX; 0.49% for HAP.

The tables present past performance which is no guarantee of future results and which may be lower or higher than current performance. Returns reflect temporary contractual fee waivers and/or expense reimbursements. Had the Funds 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.

The ''Net Asset Value'' (NAV) of a Market Vectors Exchange Traded Fund (ETF) is determined at the close of each business day, and represents the dollar value of one share of the fund; it is calculated by taking the total assets of the fund, subtracting total liabilities, and dividing by the total number of shares outstanding. The NAV is not necessarily the same as the ETF's intraday trading value. Market Vectors ETF investors should not expect to buy or sell shares at NAV.

[1] World Population Prospects, the United Nations, Department of Economic and Social Affairs. http://esa.un.org/unpp
[2] The Expanding Middle: The Exploding World Middle Class and Falling Global Inequality, Goldman Sachs Economic Research, July 2008.
[3] World Urbanization Prospects, the United Nations, Department of Economic and Social Affairs.
[4] The Expanding Middle: The Exploding World Middle Class and Falling Global Inequality, Goldman Sachs Economic Research, July 2008.
[5] Annual Global Energy Forecast, Energy Information Administration
[6] USDA Agricultural Projections to 2019, February 2010. www.ers.usda.gov/Publications/OCE101/OCE101.pdf
[7] Performance Profiles of Major Energy Producers 2008, U.S. Energy Information Agency. For details: http://www.eia.doe.gov/emeu/perfpro/tab09.html
[8] Presentation: "THE INVESTMENT CASE FOR HARD ASSETS AND THE VAN ECK GLOBAL HARD ASSETS FUND.", Van Eck Global

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COMMODITY ASSET ALLOCATION: CLIENT CHECKLIST

	Strongly Agree	Mildly Agree	Neutral	Disagree
Check the column that best describes how you think or feel				
1. I am concerned my cash will buy less in the future than it does today.				
2. I believe “real things” will hold value better than financial assets or paper money.				
3. The world has a finite amount of natural resources.				
4. Developing countries will demand more of the world’s commodities and natural resources.				
5. The Federal Reserve has the ability to print vast quantities of money.				
6. I feel limited by investment strategies that focus only on equities, bonds and cash.				
7. I believe the U.S. will be forced to import enough oil to meet its needs, for years to come.				
8. I’m concerned about the impact of inflation on my retirement buying power, if I live a long time.				
9. I‘m interested in asset classes that don’t move in the same direction as the equity market.				
10. For 3,000 years, gold has been recognized as a “store of value” around the world.				
11. Commodities tend to increase in price when high inflation is becoming a problem.				
12. I am worried about selling my home, second home or business, because I’ll have too much cash and not enough equity.				
13. Global climate change means the world may face shortages of agricultural products in the future.				
14. Many countries are trying to weaken their currencies to stimulate exports.				
15. The U.S. federal deficit eventually will force interest rates higher (and bond prices lower).				
16. It is easier for investors to participate in commodities now than in the past.				
Add the number of checks in each column				
Multiply by	x3	x2	x1	ZERO
Total score for columns				
TOTAL OF ALL COLUMNS				

KNOW YOUR SCORE. The maximum score is 48; the higher the score, the greater the percentage of assets clients could allocate to commodities.

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You can lose money by investing in the Funds. Any investment in the Funds should be part of an overall investment program, not a complete program. The CM Commodity Index Fund is subject to the risks associated with its investments in commodity-linked derivatives, risks of investing in wholly owned subsidiary, risk of tracking error, risks of aggressive investment techniques, leverage risk, derivatives risks, counterparty risks, non-diversification risk, credit risk, concentration risk and market risk. The Global Hard Assets Fund is subject to risks associated with its investments in hard assets, real estate, precious metals, natural resources and commodities; events related to these industries; and foreign investments, illiquidity, credit, interest rate fluctuations, inflation, leverage, and non-diversification. Please see the prospectus and summary prospectus for more information on these and other risk considerations. The RVE Hard Assets Producers ETF is subject to various risks including those associated with making investments in companies engaged in producing and distributing hard assets and related products and services, such as commodity price volatility, changes in government policies/regulations and world political and economic developments. Additional risks include competitive pressures, technological advances and/or obsolescence, the depletion of resources, labor relations issues and risks associated with foreign investments

Exchange-traded fund shares are not individually redeemable and will be issued and redeemed at their NAV only through certain authorized broker-dealers in large, specified blocks of shares called "creation units" and otherwise can be bought and sold only through exchange trading. Creation units are issued and redeemed principally in kind. Shares may trade at a premium or discount to their NAV in the secondary market. You will incur brokerage expenses when trading Fund shares in the secondary market. Past performance is no guarantee of future results. Returns for actual Fund investments may differ from what is shown because of differences in timing, the amount invested, and fees and expenses.

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