Emerging Markets Debt Monitor

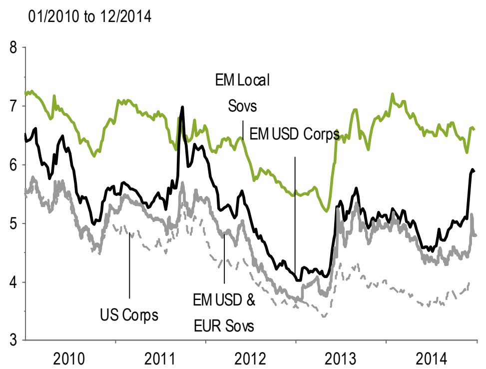
January 2015

EM Bond Fund Flows

	Estimated Net Flow ($M)			
Category	**1-Mo**	**QTD**	**YTD**	**1-Yr**
Local Currency				
ETFs	123	94	-531	-531
Mutual Funds	-887	-1,878	-3,511	-3,511
Hard Currency				
ETFs	-752	231	1,774	1,774
Mutual Funds	-889	-2,331	-851	-851

Source: Morningstar, U.S. funds as of 12/31/14

Yield to Maturity (%)*



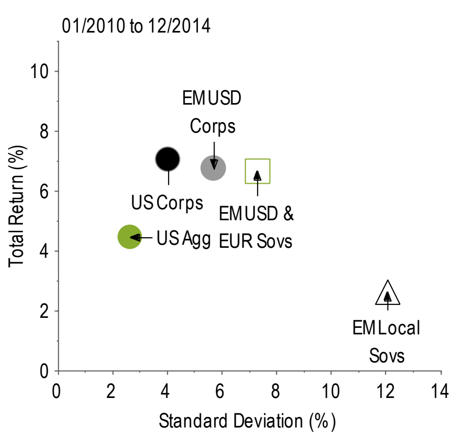
Source: FactSet as of 12/31/14

Correlation: 5-Year*

	US IG Bonds	US HY/IG	EM Local	EM USD & EUR	EM USD
US AGG	1.00				
IUC0	0.71	1.00			
GBI-EM	0.23	0.63	1.00		
EMGB	0.38	0.73	0.89	1.00	
EMCL	0.41	0.85	0.84	0.89	1.00

Source: FactSet, monthly as of 12/31/14

Risk/Return: 5-Year*



Source: FactSet, annualized as of 12/31/14

Market Review – Mike Mazier, Portfolio Manager

During December, plunging oil prices continued to trigger volatility across global financial markets, as investors sought an elusive bottom in the price of crude oil, and continually re-assessed the wider ramifications of oil at $60/barrel, or $50/barrel, or $40/barrel. Moreover, the Federal Reserve (Fed) finally signaled that its first interest rate hike since the financial crisis is in sight, probably around the summer of 2015; thus parting ways with the more accommodative direction of both the European Central Bank and the Bank of Japan. The bias towards a strong U.S. dollar may have contributed to weaker emerging market (EM) currencies. EM local currency sovereign bonds fell 5.93% during the month ending December 31, 2014.[1] EM hard currency sovereign bonds fared better, but nevertheless fell 2.30% during December.[2]

Tepid global demand (especially from China), the shale oil boom, and an Organization of the Petroleum Exporting Countries (OPEC) that keeps pumping supply were all contributing factors in WTI crude oil falling from $66.26/barrel to $53.27/barrel during the month.[3] China's below-trend growth also may have weakened demand for global commodities. In order to maintain 7% plus growth rates in a world of waning demand for Chinese output, I believe China may need to rebalance its export-driven economy to one that increases the role of internal consumer consumption to help drive economic growth. Yet lower oil and commodity prices were not negative for all EM countries. Oil exporters Venezuela, Nigeria, Colombia suffered losses, but oil importers such as Turkey and Indonesia saw economic benefits. Also, falling food prices kept inflationary pressure under wraps, and food is a larger component of the average Consumer Price Index (CPI) basket in EM than it is in developed markets.

EM corporate credit spreads saw heightened volatility against a backdrop of falling oil prices. Those energy-related credits that were a large part of many indices weighed heavily on EM corporate bonds. Energy companies comprise 20-35% of various indexes, where differences in performance can be explained by exposure to energy.

(continued on next page)

Market Snapshot

Source: FactSet as of 12/31/14

	Sovereign Indices		Corporate Indices	
Characteristic	**EM Local***	**EM USD & EUR***	**EM USD***	**Developed US***
Number of Securities	195	410	1,277	8,776
Number of Issuers	17	77	593	2,156
Market Value ($B)	943	633	993	6,498
Years to Maturity (avg.)	7.21	11.09	7.19	9.56
Effective Duration % (avg.)	4.84	6.90	5.10	6.45
Current Yield % (avg.)	6.37	5.69	5.62	4.76
Yield to Worst % (avg.)	6.57	4.74	5.89	3.92
Coupon % (avg.)	6.56	6.05	5.38	5.10
Rating % (avg.)	BBB1	BBB3	BBB2	BBB2

Total Return (%)

Source: FactSet as of 12/31/14

	Month-End 12/31/2014			Month-End 12/31/2014		
Investment Category	**1 MO**	**3 MO**	**YTD**	**1 YR**	**3 YR†**	**5 YR†**
EM Local Sovereigns*	-5.93	-5.71	-5.72	-5.72	0.07	2.63
EM USD & EUR Sovereigns*	-2.30	-0.80	5.15	5.15	6.12	6.67
EM USD Corporates*	-2.69	-2.23	3.57	3.57	5.77	6.75
US Corporates*	-0.42	0.90	6.43	6.43	5.95	7.07

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

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

Market Review (continued)

Among local currency markets, only two countries made positive gains during the month with leaders Philippines and Thailand, returning 0.48% and 0.45%, respectively, during December. The worst performers plunged significantly, with Russia, Colombia, and Brazil falling 28.72%, 12.40% and 8.42% respectively, during the month. The Russian Ruble sank 18.3% during the month, despite currency intervention by the Central Bank of Russia.[1] S&P placed Russia's BBB- credit rating on negative watch, which is likely to trigger the same fate from Russian corporate bonds. It appears the odds are growing that Russia might be downgraded to junk status by mid-2015. The potential legal and financial ramifications of a corruption scandal involving Brazil's state-owned oil company, Petrobras, in my view remains a source of investor concern. Any short-term financial difficulty would likely trigger bail out lending from, for instance, Brazil's development bank (BNDES). On the one hand, such a high-level scandal may taint EM in general and Brazil in particular. Yet the scandal could demonstrate that Brazilian institutions are strong enough to expose corruption within high levels of business and government.

Among hard currency sovereign EM bond markets, just maintaining positive returns seemed enough to lead the pack. Panama, Philippines and Romania hard currency sovereigns returned 1.46%, 1.09% and 1.05%, respectively during the month. The worst performers in hard currency sovereign bond markets were Ukraine, Venezuela and Russia, returning -22.02%, -16.47% and -7.16%, respectively during December. [2] The geopolitical endgame remains unresolved in Ukraine. Venezuela's state oil company, PDVSA, is now trading at or below estimated default recovery levels.

[1] J.P. Morgan GBI-EM Global Diversified Index: tracks local currency denominated EM government debt
[2] J.P. Morgan EMBI Global Diversified Index: tracks U.S.-dollar denominated EM government debt
[3] Bloomberg

FX Rates (Per U.S. Dollar)

Currency	GBI-EM Countries 12/31/14	11/28/14	% Change
Brazilian Real	2.66	2.58	-3.09
Chilean Peso	606.85	608.20	0.22
Colombian Peso	2,376.50	2,211.05	-6.96
Hungarian Forint	260.94	245.73	-5.83
Indonesian Rupiah	12,385	12,204	-1.46
Malaysian Ringgit	3.50	3.38	-3.26
Mexican Peso	14.74	13.90	-5.70
Nigerian Naira	183.00	178.55	-2.43
Peruvian New Sol	2.98	2.92	-1.88
Philippines Peso	44.73	44.91	0.39
Polish Zloty	3.55	3.35	-5.58
Russian Rouble	60.00	49.47	-17.55
Romanian New Leu	3.71	3.56	-4.04
South African Rand	11.57	11.05	-4.51
Thailand Baht	32.90	32.84	-0.20
Turkish New Lira	2.34	2.22	-5.16

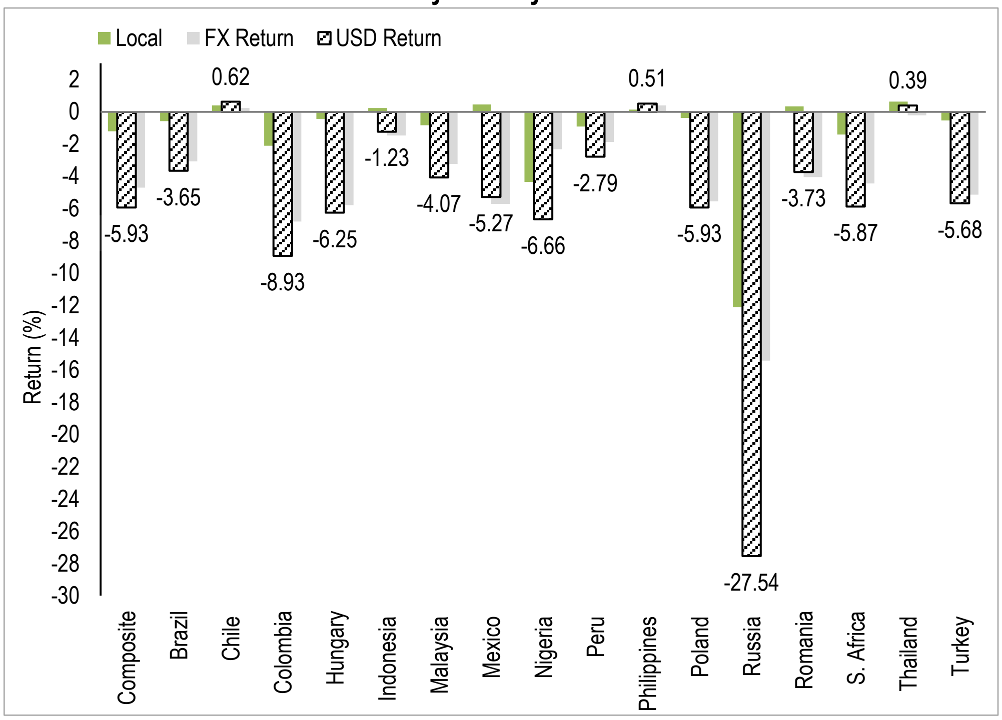
Source: FactSet as of 12/31/14

Credit Quality (%)

Index	AAA	AA	A	BBB	BB	B	Below B	NR
EM Local Sovereigns*	--	0.12	39.16	52.64	7.06	--	--	1.03
EM USD & EUR Sovereigns*	--	6.01	12.75	57.32	9.23	9.10	5.22	0.37
EM USD Corporates*	0.55	10.32	20.41	42.60	16.15	6.15	3.82	--
US Corporates*	0.74	9.46	34.10	35.01	9.58	8.08	3.03	--

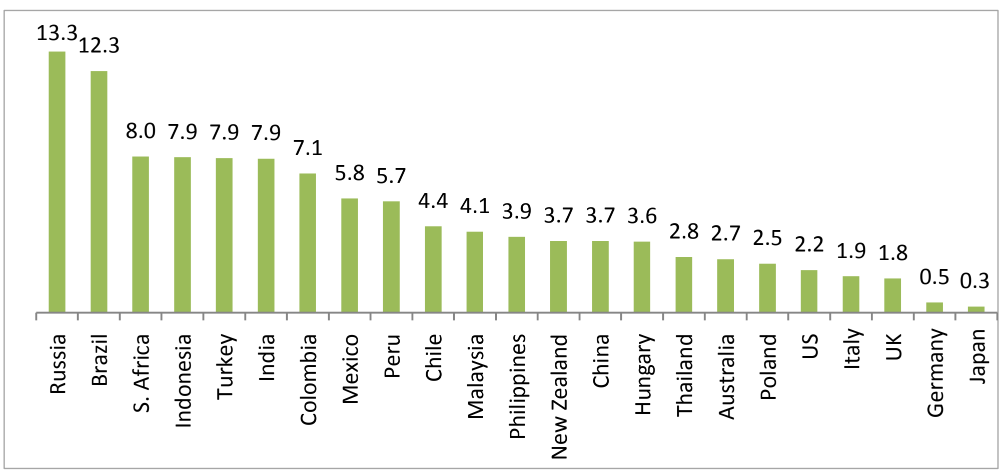
Source: FactSet, BofA Merrill Lynch composite as of 12/31/14.

GBI-EM Index 1-Month Total Return by Country



Source: FactSet as of 12/31/14

10-Year Local Currency Sovereign Bond Yields (%)



Source: FactSet as of 12/31/14

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

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

Corporate Overview (as of 12/31/14)

Van Eck is a New York-based, privately held asset manager with a focus on hard assets and emerging markets and $28.3B in assets under management.

Since its founding in 1955, the company has focused on investing in international markets – initially through a mutual fund designed to meet the need of U.S. investors for exposure to Europe and Asia. Gold equity (1968), emerging market equity (1993), natural resource equity (1994) and commodity index (2010) strategies followed. The Market Vectors ETF business was founded in 2006 and now offers over 50 funds in a range of asset classes and sectors.

Van Eck manages $3.5B in EM equity and $5.0B in fixed income assets, of which $1.8B is in active and passive EM debt focused strategies.

Market Vectors ETFs and Van Eck Funds: EM Bond Fund Characteristics

Name	Ticker	30-Day SEC Yield (%)	Effective Duration (Yr.)	Distribution Frequency	Index/Benchmark
		as of 12/31/2014			
Market Vectors ETFs					
ChinaAMC China Bond ETF	CBON	3.57	3.93	Monthly	CDHATRID
Emerging Markets Aggregate Bond ETF	EMAG	4.98	4.74	Monthly	MVEMAG
Emerging Markets Local Currency Bond ETF	EMLC	5.89	5.82	Monthly	GBIEMCOR
Emerging Markets High Yield Bond ETF	HYEM	9.93	3.87	Monthly	EMHY
International High Yield Bond ETF	IHY	6.24	3.80	Monthly	HXUS
Van Eck Mutual Funds					
Unconstrained Emerging Markets Bond Fund: Class A	EMBAX	4.98	9.39	Monthly	GBI-EM
Unconstrained Emerging Markets Bond Fund: Class I	EMBUX	5.73	9.39	Monthly	GBI-EM

Market Vectors ETFs and Van Eck Funds: EM Bond Fund Total Returns (%)

			Month-End 12/31/2014			Quarter-End 12/31/2014				Expenses (%)		
Ticker	Fund		1 MO	3 MO	YTD	1 YR	3 YR†	5 YR†	LIFE†	Gross	Net	Inception
	Market Vectors ETFs											
CBON	ChinaAMC China Bond ETF	Price	-1.16	-	-	-	-	-	-1.94	0.57	0.50	11/10/14
		NAV	-1.73	-	-	-	-	-	-2.44			
EMAG	Emerging Markets Aggregate Bond ETF	Price	-3.28	-3.49	-1.56	-1.56	2.45	-	1.38	1.26	0.49	5/11/11*
		NAV	-4.24	-4.15	-1.20	-1.20	2.08	-	1.38			
EMLC	Emerging Markets Local Currency Bond ETF	Price	-5.47	-5.89	-5.04	-5.04	-0.04	-	0.93	0.48	0.47	7/22/10
		NAV	-5.92	-6.05	-5.62	-5.62	0.01	-	0.82			
HYEM	Emerging Markets High Yield Bond ETF	Price	-6.74	-8.52	-2.46	-2.46	-	-	2.64	0.69	0.40	5/8/12
		NAV	-5.79	-7.19	-2.25	-2.25	-	-	3.12			
IHY	International High Yield Bond ETF	Price	-4.77	-6.07	-5.04	-5.04	-	-	5.06	0.52	0.40	4/2/12
		NAV	-3.75	-4.51	-3.17	-3.17	-	-	5.63			
	Van Eck Mutual Funds											
	Unconstrained Emerging Markets Bond Fund: Class A											
EMBAX	At Net Asset Value	NAV	-4.57	-4.90	1.83	1.83	-	-	3.05	1.42	1.25	7/9/12
EMBAX	At Maximum 5.75% Sales Charge		-10.10	-10.34	-4.01	-4.01	-	-	0.64	1.42	1.25	7/9/12
EMBUX	Unconstrained Emerging Markets Bond Fund: Class I	NAV	-4.65	-4.98	2.06	2.06	-	-	3.28	1.02	0.95	7/9/12
	JPM GBI-EM Global Diversified Index		-5.93	-5.71	-5.93	-5.72	0.07	2.63	-	-	-	-

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

Distribution Frequency is anticipated but not guaranteed**. 30-Day SEC Yield** is a standard calculation developed by the Securities and Exchange Commission that allows for fairer comparisons among bond funds. It is based on the most recent 30-day period. This yield figure reflects the interest earned during the period after deducting the fund's expenses for the period. In the absence of temporary expense waivers or reimbursements, the 30-day SEC yield as of December 31, 2014 would have been 2.88% for EMAG, 4.67% for EMLC, 9.73% for HYEM, 5.72% for IHY, 4.90% for EMBAX, and 5.73% for EMBUX.

The Adviser has agreed to waive fees and/or pay CBON fund expenses from exceeding 0.50% of average daily net assets per year until at least 9/1/16; EMAG from exceeding 0.49% of average daily net assets per year until at least 9/1/15; EMLC from exceeding 0.47% of average daily net assets per year until at least 9/1/15; CHLC from exceeding 0.39% of average daily net assets per year until at least 9/1/15; IHY and HYEM from exceeding 0.40% of average daily net assets per year until at least 9/1/15. The expense limitations are expected to continue until the Funds' Board of Trustees acts to discontinue all or a portion of such expense limitation. The Van Eck Unconstrained Emerging Markets Bond Fund's expenses are calculated for the 12-month period ending 05/01/15: Class A: Expenses are capped contractually through 05/01/15 at 1.25%. Class I: Expenses are capped contractually through 05/01/15 at 0.95%. Caps exclude certain expenses, such as interest.

Some Differences between ETFs and Mutual Funds:

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

Important Disclosures:

**Effective December 10, 2013, Market Vectors® LatAm Aggregate Bond ETF (BONO) changed its underlying index and changed its name to Market Vectors Emerging Markets Aggregate Bond ETF (EMAG). The Fund’s investment objective changed to seeking to replicate as closely as possible, before fees and expenses, the price and yield performance of the Market Vectors® EM Aggregate Bond Index (MVEMAG), from seeking to replicate as closely as possible, before fees and expenses, the price and yield performance of the BofA Merrill Lynch Broad Latin America Bond Index (LATS). Performance data prior to December 9, 2013 reflects that of BONO and LATS. Performance data from December 10, 2013 and on, reflects that of EMAG and MVEMAG. All Index history reflects a blend of the performance of the aforementioned Indexes (MVEMAG and LATS) AND IS NOT INTENDED FOR ANY THIRD PARTY USE. LATS is a trademark of Merrill Lynch, Pierce, Fenner & Smith Incorporation, which neither sponsors nor endorses EMAG and makes no warranty or representation as to the accuracy and/or completeness of this Index.

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

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

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

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

Investing involves substantial risk and high volatility, including possible loss of principal. Bonds and bond funds will decrease in value as interest rates rise. An investor should consider the investment objective, risks, charges and expenses of the Fund carefully before investing. To obtain a prospectus and summary prospectus, which contain this and other information, call 888.MKT.VCTR or visit vaneck.com. Please read the prospectus and summary prospectus carefully before investing.

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