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1Q 2015 Commentary

Oil Still the Focus of Attention

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Performance Review

Global Hard Assets Fund (the "Fund") Class A shares provided a total return for the first quarter of 0.82% (excluding sales charge). The Fund outperformed its commodity equities-based benchmark index, the Standard & Poor's® (S&P) North American Natural Resources Sector Index (SPGINRTR), which lost 1.51%.

In a significant reversal from the fourth quarter of 2014, the Fund's positive performance during the first quarter was due primarily to its positions in the Energy sector. In contrast with the last quarter, whether involved in North American unconventional energy, international exploration, or global equipment and services, for the most part, companies associated with energy within the Fund's portfolio advanced.

Within the Fund's portfolio, positive performance in the Energy sector stemmed mainly from the Oil & Gas Exploration & Production sub-industry, which accounted for approximately 32% of Fund net assets* on average during the first quarter and the Oil & Gas Equipment & Services sub-industry which accounted for approximately 12% of Fund net assets* on average during the first quarter. Holdings in all the other Energy sub-industries, except one, contributed positively to the Fund's total return. During the period, the Fund continued to hold no position in Integrated Oil & Gas.

Other positive contributors to the Fund's performance during the quarter were the Semiconductor Equipment sub-industry (approximately 2% of Fund net assets* on average during the first quarter) comprised of a single solar and wind alternative energy company, the Fertilizers & Agricultural Chemicals sub-industry (approximately 3% of Fund net assets* on average during the first quarter), and the Building Products sub-industry (approximately 1% of Fund net assets* on average during the first quarter).

Detractors from performance included the Diversified Metals & Mining (approximately 10% of Fund net assets* on average during the first quarter), the Coal & Consumable Fuels (approximately 5% of Fund net assets* on average during the first quarter) and the Gold (approximately 11% of Fund net assets* on average during the first quarter) sub-industries.

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

Average Annual Total Returns (%) as of March 31, 2015

	1Q15^	1 Yr	5 Yr	10 Yr
Class A: NAV (Inception 11/1/94)	0.82	-20.11	-1.01	7.16
Class A: Maximum 5.75% load	-4.97	-24.70	-2.17	6.53
SPGINRTR Index[1]	-1.51	-13.47	3.86	6.24
MSCI ACP Index[2]	-4.26	-17.96	-2.55	4.01
SPGNRUN Index[3]	-2.61	-11.96	-1.65	4.90
SPGSCITR Index[4]	-8.22	-40.20	-7.94	-7.43

^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.**

Market Review

During the first quarter of 2015, the focus was, once again, on crude oil. By the end of March, the U.S. rig count had dropped drastically from its peak in September 2014. While the cut in the number of rigs is ongoing, decreases in rig count began accelerating in January and February. Although the clear supply side response from both U.S. unconventional and conventional players may have started showing up in the last week or two of the quarter, we do, however, expect it to be more evident in the second half of the year.

*All company, sector and sub-industry weightings as of March 31, 2015 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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China's growth continued to disappoint during the quarter. The government started easing in the fourth quarter, continued easing in the first quarter, and could likely continue easing through the rest of the year. However, even with targeted fiscal measures, interest rate cuts and reserve requirement cuts, growth still remains disappointing. In our view, inflation is not a problem, and the mainland Chinese stock market is the highest it has been since 2009.

During the quarter, there was a great deal of talk about crude oil storage capacity and its limits. However, concerns about capacity restraints occur quite often in other areas and are something we see in the natural gas market almost every fall. Therefore, we believe that the concern about crude in this context may have been overemphasized. Might there be a "basis blowout"? It can happen, but we would see this occurrence as only being temporary as a seasonal demand increase would likely follow. Meanwhile, new pipelines have continued to be opened with the ability to take capacity away from Cushing (the NYMEX WTI crude pricing point) down to the Gulf Coast, where storage capacity is, theoretically, limitless.

Fund Contribution

Four of the quarter's top five top performing stocks came from the Energy sector, all of them directly involved in the oil industry. And the fifth was involved in alternative energy production. Three of the four, Diamondback (3.13% of Fund net assets at period end*), SM Energy (2.57% of Fund net assets at period end*) and Concho Resources (4.38% of Fund net assets at period end*) were Oil & Gas Exploration & Production companies, all of which benefited from the high quality of their assets. In addition, SM Energy bounced back from having been oversold during the last quarter of 2014. Valero Energy (2.56% of Fund net assets at period end*), an Oil & Gas Refining & Marketing company, benefited from low oil prices, the demand response to these prices in the form of increased gasoline consumption and good crack spreads. Finally, SunEdison (2.45% of Fund net assets at period end*), a solar and wind alternative energy company and part of what we consider to be the energy "mosaic", benefitted from the strength of its position in the market.

SunEdison is a good illustration of both our philosophy and process. We seek great managements with good business models and the adaptability to exploit fully their particular strengths in the market, i.e. to grow independent of the general, underlying energy environment. SunEdison has done this, not least by making some useful acquisitions, expanding its scope and establishing itself as one of the leaders in alternative energy solutions.

Three of our five worst performing stocks were from the Diversified Metals & Mining sector. The other two were Afren, an international Oil & Gas Exploration & Production company which we no longer hold, and CONSOL Energy (3.23% of Fund net assets at period end*), a Coal & Consumable Fuel company. Consol Energy was, in particular, a victim of the weak natural gas and coal markets. The three Diversified Metals & Mining companies were First Quantum Minerals (3.05% of Fund net assets at period end*), Glencore (4.93% of Fund net assets at period end*) and Freeport-McMoRan (1.51% of Fund net assets at period end*). All these mining stocks were hit by disappointing China growth during the quarter. While all suffered with the woes of the copper market, Glencore also suffered from its exposure to both zinc and coal while Freeport-McMoRan was hurt by its crude oil exposure.

Positioning and Outlook

On the macroeconomic front, we continue to focus on not only a strong and strengthening U.S. dollar, but also on expectations of a U.S. interest rate hike – possibly as early as June. The European Central Bank's quantitative easing (QE) in Europe, which began in early March, continues to lead to wide differentials in interest rates, and the selloff in the Euro has only added further to concerns in the market.[5]

As we go into the second quarter, we continue the process of high-grading our unconventional U.S. Oil & Gas Exploration & Production exposure to the highest quality basins, efficient and cost-effective business models and forward-thinking managements with the ability to navigate the low-price environment.

In the global mining industry, the restructuring story continues and actual restructuring seems to be intensifying. Although this may be helping on the supply side and with the overall economics of the business, demand growth remains moderate on the other side of the equation. The slowdown of growth in China may be the largest cause of this, but the situations in, amongst other places, Brazil, Japan and Europe (which may, now, be starting to get a little better) have also played their part. We continue to believe in the long-terms prospects in the global mining space with the appropriate production responses to meet demand.

After the doom, gloom and overwhelming sell-off in energy during the last quarter of 2014, there was, to the surprise of a number of people, a good deal of new issuance activity, both equity and fixed income, during the first quarter of the year, across the quality spectrum. In contrast with the last couple of cycles, however, when the first companies "out of the gate" trying to raise money were often the most stressed, this time, some of the first companies going to market were in strong positions, but seeking to fortify those positions further. Others were, of course, just seeking a way to survive. While we think there'll probably be a slowdown in the second quarter, there appear to be deals still to be done out there, both across higher and lower quality names.

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Looking forward, so much has been said about an agreement with Iran, we believe it is important to note the following regarding the recently announced agreement:

1) It is only a framework;

2) Any phasing out of sanctions and how this is linked to verification will take months;

3) The first time any meaningful amounts of Iranian oil are likely to be seen on the market is 2016 – at the earliest;

4) It is in neither Iran's, nor anybody's, interest to flood market the market with oil; and,

5) Bringing on any underground reservoir that has been shut in for any period is both quite difficult and challenging work. Reservoirs generally get damaged; look what happened in Libya and Iraq and, before that, in Kuwait. It takes more than a year, if not longer, for such reservoirs to get back to where they were, not the months, or even weeks, everybody wants to talk about.

So, we remain skeptical of the claims that an agreement will lead to 500,000 barrels a day of Iranian oil soon being seen on the market.

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 **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. [3]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. [4]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. [5]Quantitative easing (QE) is an unconventional monetary policy used by a central bank to stimulate an economy when standard monetary policy has become ineffective.

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 precious metals, natural resources and real estate, 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, or political, economic or social instability. 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, 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.

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