Manager Commentary

Unconventional Oil and Gas Producers and Oil Services Companies Continue to Ride the Shale Oil Wave

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Summary

- Performance continues to be driven by the Energy sector
- Gold and Diversified Metals & Mining companies contribute healthily to returns
- The unconventional resource story continues to be the most prominent individual natural resource investment theme

Performance Review

Global Hard Assets Fund (the "Fund") Class A shares provided a total return for the second quarter of 11.40% (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 13.37%.

The Fund's performance during the quarter continued to be driven primarily by its positions in the Energy sector, which provided the most significant positive contribution to the Fund's total return.

Within the Energy sector, performance stemmed mainly from the Oil & Gas Exploration & Production sub-industry, which accounted for approximately 32% of Fund net assets* and the Oil & Gas Equipment & Services sub-industry, which accounted for approximately 18% of Fund net assets*. Four of the other Energy sub-industries, Oil & Gas Drilling, Coal & Consumable Fuels, Oil & Gas Refining & Marketing, and Oil & Gas Storage & Transportation also contributed positively to the Fund's total return. The Fund had no position in Integrated Oil & Gas during the period.

Other significant contributors to the Fund's positive performance this quarter were the Gold sub-industry (approximately 9% of Fund net assets*) and the Diversified Metals and Mining sub-industry (approximately 10% of Fund net assets*).

Only four sub-industries contributed negatively to total return over the quarter: Construction & Engineering, Fertilizers & Agricultural Chemicals, Forest Products and Steel (combining for approximately 4% of Fund net assets*).

For comparative purposes, we continue to include total return figures for two additional 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 June 30, 2014

	2Q14^	1 Yr	5 Yr	10 Yr
Class A: NAV (Inception 11/1/94)	11.40	31.76	11.24	13.77
Class A: Maximum 5.75% load	4.99	24.20	9.93	13.10
SPGINRTR Index[1]	13.37	33.14	14.76	12.01
SPGNRUN Index[2]	6.90	21.72	6.31	9.86
MSCI ACP Index[3]	9.47	25.66	8.17	9.97
S&P® 500 Index[4]	5.23	24.61	18.83	7.78
SPGSCITR Index[5]	2.69	10.40	3.70	0.06

^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. Performance information current to the most recent month end is available by calling 800.826.2333 or by visiting vaneck.com.

*All company, sector and sub-industry weightings as of June 30, 2014.

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.

Market Review

Several important factors influenced the markets in which the Fund invested during the second quarter of 2014. On the demand side, while, during the first quarter of the year, there was continuing clear deceleration of growth in China, and questions around China growth persisted in the second quarter, these were offset somewhat by the perceived benefits from the government stimulus program.

On the supply side, markets were affected by a number of significant disruptions. While the situation in Ukraine and the possibility of further sanctions on Russia remained a concern, there was also a continuing disruption caused by Indonesia's decision, back in January, to implement a total ban on the export of unprocessed nickel and copper ore. During the quarter, the subsequent restriction in the supply of copper continued to exacerbate what is expected to be, on the back of capital expenditure cuts, a looming tightness in the metal, particularly in 2015.

The market was also affected by the platinum miners' strike in South Africa which, having lasted throughout most of the first six months of the year, was eventually settled in the last week of June. And, finally, as June drew to a close, there was the accelerating deterioration of the situation in Iraq.

During the period, too, the risk of inflation, not only in the U.S., but also in Europe and Asia, increasingly became both a topic of conversation and a factor for consideration in future investment decisions.

On the sector level, within the Energy sector, Oil & Gas Exploration & Production companies, particularly those involved in the unconventional shale story, performed strongly. And, despite concerns about Iraq, the approvals around condensate exports late in the quarter, leading to speculation about eventual crude oil exports, were positive for Oil & Gas Exploration & Production companies.

Fund Contribution

As during the last quarter, all the five biggest individual contributors to Fund performance came from the Oil & Gas Exploration & Production, and Oil & Gas Equipment & Services, sub-industries. While Halliburton (4.22% of Fund net assets*) and Schlumberger (4.35% of Fund net assets*) continued to profit from their fracking, directional drilling, and pressure pumping activities, Anadarko Petroleum (3.60% of Fund net assets*), Pioneer Natural Resources (3.92% of Fund net assets*), and Cimarex Energy (4.00% of Fund net assets*), all continued to benefit from their unconventional shale oil activities. Anadarko Petroleum also benefitted from the settlement of a long-running environmental law suit in which it was involved.

Of the five worst performing stocks in the Fund's portfolio over the quarter, two were refiners, Marathon Petroleum (1.79% of Fund net assets*) and Hollyfrontier (1.76% of Fund net assets*), both of which were vulnerable to a weakening price differential between West Texas Intermediate crude and Brent crude. The other three stocks were Louisiana Pacific (1.21% of Fund net assets*), a Forest Products company which was affected by concerns about the sustainability of the housing recovery in the U.S.; Gulfport Energy (1.15% of Fund net assets*), an Oil & Gas Exploration & Production company which reported some disappointing drilling results; and, Jacobs Engineering Group (0.19% of Fund net assets*), a Construction and Engineering company which suffered on the back of a weak order book.

Positioning and Outlook

Our outlook for demand is that we continue to see a gradual improvement in global GDP, driven by a combination of both developed and emerging markets. Very importantly, we believe that, as some of the most obvious products of both global geopolitics and social unrest, in the immediate term, supply issues and disruptions may continue to have the most impact on the markets in which we invest. In the longer term, however, persistent concerns over resource scarcity and political issues, such as resource nationalization, may continue to affect these markets, as may the current downtrend in capital expenditure.

Within the themes of resource scarcity and the need for supply security, we have recently added liquid natural gas (LNG) as an area of interest and have, consequently, taken a very small position therein.

Finally, in our recent travels, in addition to the increasing concern we have encountered about the risk of inflation, not just here in the U.S., but also in both Asia and Europe, we have also been informed by a number of natural resource fund managers, particularly in Europe, that they think the unconventional shale story in North America is passé. We would beg strongly to differ. Based on results alone, we believe the unconventional resource story continues to be the most prominent individual natural resource investment theme and will probably be around for quite some time.

*All company, sector and sub-industry weightings as of June 30, 2014.

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.

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.

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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.

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