

Manager Commentary: On the Commodity Markets

Commodity equities decline in 2Q; copper lower and crude unchanged

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Performance Review

The Global Hard Assets Fund's (the "Fund") Class A shares declined 7.21% for the second quarter (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)¹, which lost 4.95%. To compare, the S&P® Goldman Sachs Commodity Index (SPGSCITR)², which is based on commodity futures markets, lost 5.93% for the quarter.

The Fund's performance was driven in equal parts by sector allocation and stock selection. Exposure to metals, both precious and base, detracted from performance. Additionally, despite strong stock selection in energy, our relative underweight to the energy sector hurt performance. It should be noted that the Fund employs a diversified natural resource strategy and as such has been historically underweight energy relative to the S&P® North American Natural Resources Sector Index, the Fund's benchmark index. For example, the benchmark was around 84% energy as of June 30, whereas the Fund was around 74% energy - a recent high. As a point of reference, the S&P® Global Natural Resources Index³, which was around 34% energy as of June 30, declined 9.71% for the quarter.

Please see the "Positioning and Outlook" section on Page 3 for extended commentary on allocations.

Market Review

Both commodity equities and underlying commodity prices faced a challenging second quarter overall. That said, there were widely divergent trends that emerged, as copper traded sharply lower, crude oil was virtually unchanged and grains prices were mixed. While the U.S. economy maintained a sluggish but ongoing recovery, China's economic growth slowed, impacting demand for commodities. More important was the perception that the Federal Reserve (the "Fed") would taper its aggressive quantitative easing (QE) program later in the year.

The precious metals sub-sector overall was weakest, with gold bullion prices dropping 22.8% in the second quarter, the worst decline since 1920, according to Bloomberg. Gold bullion prices ended June 2013 at \$1,234.57 per ounce. The possibility of the Fed's shift in monetary policy impacted gold prices. Also driving gold's price decline were record highs in the U.S. equity market, minimal inflation and higher real rates.

Silver prices fell even more, declining 30.6% to end June at \$19.41 per troy ounce, making it the single worst-performing individual commodity during the quarter. Platinum and palladium prices decreased 15.6% and 14.6%, respectively. On the equity side, gold mining shares displayed a weak outlook from poor first quarter earnings results as well as from issues with lower production levels and higher operating costs. The NYSE Arca Gold Miners Index (GDM) lagged the underlying commodity, decreasing 35.6%⁴.

Average Annual Total Returns (%) as of June 30, 2013

	2Q13*	1 Yr	5 Yr	10 Yr
Class A: NAV (Inception 11/1/94)	-7.21	6.02	-6.45	14.30
Class A: Maximum 5.75% load	-12.54	-0.07	-7.55	13.63
SPGINRTR Index	-4.95	10.63	-3.82	11.87
SPGSCITR Index	-5.93	2.04	-15.22	1.41
S&P® 500 Index ⁵	2.91	20.60	7.01	7.30

*Quarterly returns are not annualized.

Expenses: Class A: Gross 1.45%; Net 1.38%. Expenses are capped contractually until 05/01/14 at 1.38% for Class A. Caps exclude certain expenses, such as interest.

Please note that commodity prices may swing sharply in response to cyclical economic conditions. 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.

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Market Review *(continued)*

The base metals sub-sector, dominated by copper, was hurt during the quarter by greater inventory levels and concerns about demand in the face of China’s government’s efforts to stem economic growth. China accounts for about 40% of global copper consumption. The S&P® GSCI Industrial Metals Index⁶ was down 9.9% for the quarter. Copper prices dropped 10.5% to three-year lows. Nickel, zinc, aluminum, lead and tin prices fell 17.7%, 2.3%, 6.9%, 2.9% and 15.3%, respectively.

The energy sub-sector saw more modest declines overall and more mixed results. West Texas Intermediate (WTI) crude oil prices were virtually flat, declining just 0.7% during the quarter to end June at \$96.56 per barrel. Brent crude oil prices fell more significantly, from \$110.02 per barrel at the end of the first quarter to \$102.82 per barrel at the end of the second quarter on higher inventories. Gasoline prices dropped 11.4%. Natural gas prices decreased 11.41% to approximately \$3.572 per million British thermal units (BTUs). On the equity side, major oil companies fell 2.1%, as measured by the NYSE Arca Oil Index (XOI)⁷, while oil services stocks actually gained 3.0%, as measured by the Philadelphia Oil Services Index (OSX)⁸. Natural gas stocks dipped a modest 0.1%, as measured by the NYSE Arca Natural Gas Index (XNG)⁹.

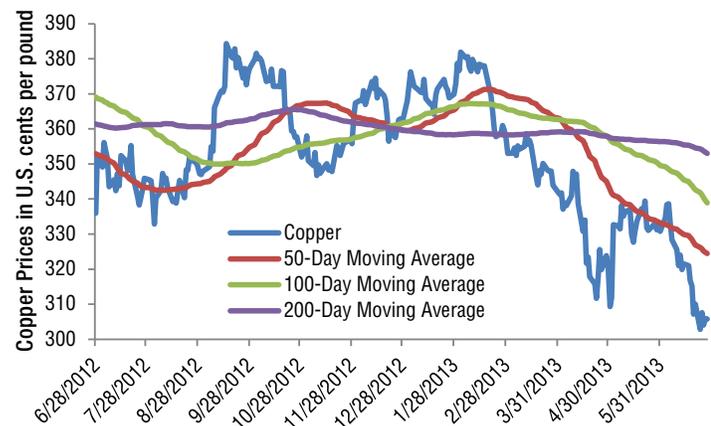
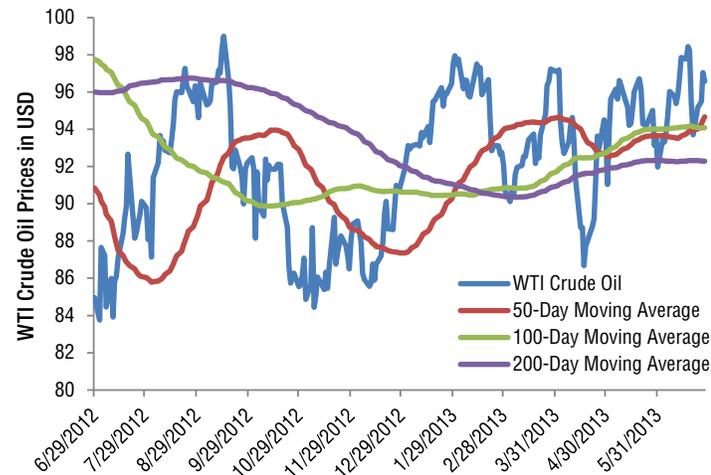


Chart source: Bloomberg, Van Eck Research. Data as of June 30, 2013. Charts are for illustrative purposes only. A moving average is an indicator frequently used in technical analysis showing the average value of a security’s price over a set period.

The agriculture sub-sector was strongest during the quarter, though still generated mixed results. Grains prices were dominated by movements in futures curves. Last year’s draught limited current supplies and put upward pressure on front-month grain contracts, while the potential for record large crops hurt deferred pricing.

Fund Attribution

Given the rather broad decline in commodity prices and commodity equities during the quarter, the Fund’s biggest detractors were similarly diversified across sub-sectors.

At the same time, all five of the Fund’s biggest individual contributors during the quarter were energy-related companies, where our stock selection proved most effective. The Fund’s positive contributors were impacted broadly by declining prices in the underlying commodities, but each was boosted to positive returns by company-specific news flow. Among the Fund’s biggest individual contributors during the quarter were four oil and gas exploration and production companies: Pioneer Natural Resources (4.8% of Fund net assets*), Occidental Petroleum (3.4% of Fund net assets*), Marathon Petroleum (4.7% of Fund net assets*) and EOG Resources (2.3% of Fund net assets*), as well as oil services company Seadrill (2.5% of Fund net assets*).

Shares of Pioneer Natural Resources rose 16.5%, as the company beat first quarter earnings expectations on strong production in the Eagle Ford basin and Spraberry/Wolfcamp shale and increased its rig count at its Spraberry/Wolfcamp operations. The company also announced a positive second quarter update on its Wolfcamp shale operations, specifically an initial flow rate of 77% oil content.

Occidental Petroleum saw its shares advance 14.6% on the announcement, after its chief executive officer was replaced, that it was splitting its Middle East and North Africa unit from its American business. The company may potentially be split into four separate companies: U.S. crude producer, international oil and gas explorer, chemicals maker and pipeline and logistics firm.

Shares of Marathon Petroleum rose 3.0% on good fundamentals. The company has enjoyed attractive differentials, or price discounts to WTI crude oil, in its light sweet crude and in its Bakken and Eagle Ford production. It also appears to have operational and exploration catalysts in the second half of 2013 and significant cash flow on its balance sheet to weather any Brent-WTI crude oil spread contraction.

EOG Resources exceeded first quarter earnings expectations and announced it sees high sustained growth rates in its crude oil production through at least 2017 via accelerated growth in its Eagle Ford operations and better than expected liquid content in its Wolfcamp operations. EOG Resources’ shares gained 3.0% during the second quarter.

Fund Attribution *(continued)*

Offshore deepwater drilling provider Seadrill outperformed second quarter earnings expectations due in large part to contract drilling revenue and better than expected economic utilization for its floating units. Seadrill also announced it intends to expand its fleet in anticipation of rising demand from the energy industry. Providing what many consider an attractive dividend yield, Seadrill saw its shares increase 11.9% during the quarter.

Among the Fund's biggest individual detractors during the quarter was copper- and gold-mining company First Quantum Minerals (2.8% of Fund net assets*), whose shares declined 21.5%. The company was impacted by the drop in underlying gold and copper prices. Furthermore, the company fired 500 workers after it was ordered to stop building a dam at its Sentinel copper project in Zambia due to rights issues, a project intended to be a notable part of its future production growth. Diversified natural resources company Glencore Xstrata (3.7% of Fund net assets*) also detracted from the Fund's results during the quarter. Glencore Xstrata's shares fell 22.1% primarily upon the closure of the merger deal between the two companies, as the premium spread between the two closed out. Weak thermal coal prices also dampened the company's performance.

Shares of building materials and engineered wood products manufacturer Louisiana-Pacific (1.5% of Fund net assets*) declined 31.5%, as the company missed first quarter earnings expectations and lowered its forward estimates to reflect weaker near-term oriented strand board prices. Gold miner Newmont Mining's (1.6% of Fund net assets*) shares dropped 27.8% during the quarter. Weakness was seen in the gold mining sector broadly, driven by falling gold prices. Newmont Mining's shares were additionally pressured by weak first quarter earnings results, which were driven by lower-than-expected production and higher operating costs. It is worth noting that Newmont Mining maintained its 2013 calendar year guidance and announced budget cuts in response to the lower gold price. Oil and gas exploration and production company Cimarex Energy (3.6% of Fund net assets*) detracted from Fund results, as its shares declined 13.7% on missed first quarter expectations, anticipation of capital expenditures at the high end of its guidance and broad sub-sector underperformance.

Positioning and Outlook

We made several adjustments to sub-sector allocations during the quarter. Within the energy sub-sector, we increased the Fund's allocation to exploration and production companies, with a focus on specific oil and gas acreage plays that in our view have attractive economics. We sold the Fund's position in oil and gas exploration and production company Apache, but established a new Fund position in EOG Resources, one of the Fund's top positive contributors during the quarter.

Elsewhere within the energy sub-sector, we increased Fund exposure to oil services companies, as we expect shale oil activity to expand. We eliminated the Fund's position in onshore, rig-based well services company Key Energy Services. However, among the new purchases for the Fund during the quarter were oilfield services and equipment company Superior Energy (1.0% of Fund net assets*) and marine transportation services company Scorpio Tankers (0.4% of Fund net assets*). To a more modest degree, we increased the Fund's allocation to integrated oil companies during the quarter.

We increased the Fund's position in the agriculture sub-sector during the quarter by purchasing shares of agricultural distributor and chemical company Agrium (0.9% of Fund net assets*). We significantly reduced the Fund's positions in the industrial metals and precious metals sub-sectors during the quarter. In industrial metals, we completely exited the Fund's position in diversified metals miner Freeport-McMoRan Copper & Gold, as we no longer viewed the company as a pure copper play due to its recent acquisitions of McMoRan and Plains Exploration. In precious metals, we sold the Fund's position in gold miner Osisko Mining. Overall, we decreased exposure to precious metals, specifically gold miners, due to commodity weakness, which may have the effect of potential margin compression in gold equities.

We also reduced the Fund's cash position, adding to or initiating Fund positions on broad weakness in the commodities market.

With these changes, the Fund remained underweight overall relative to the SPGINRTR in the energy sub-sector at the end of the second quarter, but was overweight within the energy sub-sector to oil services companies and exploration and production companies. The Fund was overweight relative to the SPGINRTR in the base metals and agriculture sub-sectors. At the end of the quarter, the Fund was neutrally weighted to the SPGINRTR in the precious metals sub-sector.

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 company weightings as of June 30, 2013.**

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. ¹The S&P North American Natural Resources Sector Index (SPGINRTR) includes mining, energy, paper and forest products, and plantation-owning companies. ²The S&P Goldman Sachs Commodity Index (SPGSCITR) is a composite index of commodity sector returns, representing an unleveraged, long-only investment in commodity futures. ³The S&P Global Natural Resources Index (SPGNRUP) 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. ⁴The NYSE Arca Gold Miners Index (GDM) is a modified market capitalization-weighted index comprised of publicly traded companies involved primarily in mining for gold. ⁵The S&P 500 Index consists of 500 widely held common stocks covering industrial, utility, financial and transportation sectors. ⁶The S&P GSCI Industrial Metals Index (SPGCINTR) is a composite index of commodity sector returns, representing an unleveraged, long-only investment in the industrial metals market. ⁷The NYSE Arca Oil Index (XOI) is a price-weighted index designed to measure the performance of the oil industry through changes in the prices of a cross section of widely-held corporations involved in the exploration, production and development of petroleum. ⁸The Philadelphia Oil Service Sector Index (OSX) is a price weighted index that tracks publicly traded oil services companies. ⁹The NYSE Arca Natural Gas Index (XNG) is an equal-dollar weighted index designed to measure the performance of highly capitalized companies in the natural gas industry involved primarily in natural gas exploration and production and natural gas pipeline transportation and transmission.

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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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