VanEck FUNDS

Emerging Markets Rebound as Normalcy Recovers

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VanEck Emerging Markets Fund

GBFAX / EMRCX / EMRIX / EMRYX / EMRZX

Performance Review

The VanEck Emerging Markets Fund (the "Fund") returned 8.20% during the third quarter of 2020, slightly underperforming its market index benchmark, the MSCI Emerging Markets Investable Market Index ("MSCI EM IMI"), which returned 9.79% for the same period. Year-to-date, the Fund returned 0.28%, outperforming the benchmark, which returned -1.29% during the period.

Average Annual Total Returns (%) as of September 30, 2020

	3Q20†	1 Yr	3 Yr	5 Yr	10 Yr
Class A: NAV (Inception 12/20/93)	8.20	9.38	2.55	8.48	4.12
Class A: Maximum 5.75% load	1.98	3.09	0.55	7.20	3.50
MSCI EM IMI	9.79	10.14	2.03	8.43	2.34
MSCI EM Index	9.56	10.54	2.42	8.97	2.50

The table presents past performance which is no guarantee of future results and which may be lower or higher than current performance. Returns reflect applicable fee waivers and/or expense reimbursements. Had the Fund 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 net asset value (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.

Expenses: Class A: Gross 1.53%; Net 1.53%. Expenses are capped contractually until 05/01/21 at 1.60% for Class A. Caps exclude acquired fund fees and expenses, interest, trading, dividends, interest payments of securities sold short, taxes and extraordinary expenses.

Market Review

Emerging markets ("EM") are in the process of economic healing despite the uneven impact of COVID-19. Lower rates and higher fiscal spend have created a significant rebound, but at what cost? We strive to isolate the truly exceptional, structural growth companies from the noise and market volatility of ongoing macro events. Additionally, it is worth pointing out that risk aversion has disproportionately affected small- and mid-cap stocks in emerging markets. As markets normalize, we believe it is reasonable to expect relative outperformance from these smaller stocks. As a "true" all capitalization strategy, these changes in sentiment can materially affect the relative performance of our portfolio.

As the third quarter unfolded, so did the ongoing rebound of emerging markets economies. Easing of virus restrictions, coupled with supportive EM government policies, boosted growth across emerging markets. Indeed, EM governments around the world continued offering fiscal stimuli, including discretionary easing and loan guarantees. Additionally, our expectation is that core EM central banks will maintain their commitments to keep monetary policy accommodative well into 2021.

China, in particular, has been well positioned for economic recovery in the third quarter and continues to move full steam ahead with gains in investment, industrial production and services activity. Although the country was impacted by the virus first, it took timely and decisive steps to contain its spread and further monitor it through extensive testing, diligent contact tracing and ongoing follow-up. Ultimately, China's economy benefited from being less dependent on sectors and industries affected by COVID-19, such as international travel and tourism, and more dependent on its export activity, primarily driven by the country's significant market share in sectors like healthcare and technology. China has achieved a better economic outcome compared to many other emerging and developed market countries, despite the fact that its overall stimuli has been relatively restrained.

With regards to **EM Asia (ex-China)**, this group is on its way to economic recovery as well. However, COVID-19's impact is highly divergent across the region. Virus control measures have been lifted for the most part, but the situation remains problematic in some countries. For example, India, Indonesia and the Philippines continue to face increased rates of COVID-19. Domestic activity and regional trade picked up during the quarter, whereas services activity remained below normal levels.

Some countries in **Latin America** have also struggled to control the virus, and unfortunately tend to have a smaller amount of "wiggle room" to address these challenges.

Fund Review

On a sector level, Communication Services, Energy and Utilities contributed to the Fund's relative performance, while Information Technology, Consumer Discretionary and Industrials detracted. On a country level, companies from China, Russia and Brazil helped the Fund's performance on a relative basis, whereas Taiwan, Turkey and South Korea detracted. The Fund continues to have a higher percentage of investments in China than the Index and, yet again, stock selection has been positive there. In Taiwan, stock selection for the quarter was not positive, principally driven by a lower technology hardware weighting, and no holding in the behemoth, Taiwan Semiconductor.

Top Performers

Top contributors to return during the quarter:

- **Alibaba Group Holding** (8.67% of Fund net assets*), a long-time holding of the Fund, is one of the largest digital platform enterprises in China. Through its original and dominant B2C and B2B e-commerce platform, Alibaba has successfully built Ant Financial and has helped establish leadership in many other internet enabled businesses such as Cloud & Entertainment. The company continues to execute well and "fire on all cylinders." This includes not only its payment operations, but also its off-line businesses such as logistics. As a relative laggard amongst internet stocks, we believe investors are beginning to really appreciate the value and long-term "moatiness" of its core e-commerce business.

- **Meituan Dianping** (2.19% of Fund net assets*) is China's leading e-commerce services platform company. Its apps connect consumers, including local businesses for food delivery, in-store dining, hotel bookings, among other services. Through strong execution on cross-selling an expanding array of lifestyle services to users and its merchant oriented focus, Meituan has become the largest food delivery network in the world, completing 25 million orders per day in 2Q 2020. Meituan's 3Q 2020 performance was driven by a strong recovery in revenue, accompanied by greater than expected profitability. Sentiment was further boosted by market share gains in food delivery as well as new initiatives (e.g., groceries), which should serve to meaningfully expand the company's target addressable market.

- **Wuxi Biologics** (2.08% of Fund net assets*) is a global leader in biologics R&D outsourcing services, offering integrated end-to-end solutions to biopharmaceutical companies. Wuxi's "follow the molecule" strategy and one-stop-shop offering have allowed the company to establish a dominant position in China's rapidly growing biologics outsourcing market, with 75% market share. Wuxi's strong performance was driven by a greater than expected addition of new projects. The disruption caused by COVID-19 has highlighted the value proposition of dual sourcing for drug development. Management hinted that COVID-19 antibody and vaccine revenue in 2021 could be as much as total revenue generated in 2020.

- **Samsung SDI** (2.68% of Fund net assets*) is a leading South Korean lithium-ion battery cell producer for IT batteries globally. Its main customers are Samsung Electronics and Apple. SDI is also proactively engaged in developing and manufacturing batteries for new business segments, such as electric vehicles (EVs) and energy storage systems. Electric vehicles are SDI's primary long-term structural growth driver with the global battery market expected to grow 10x to ~970GWh by 2025, equating to EV battery revenue of US$90B, while global EV penetration will rise to 18% by 2030 and 80% by 2050, from ~1-2% now. The stock's outperformance in the quarter was primarily driven by its large exposure to the European EV market, which has experienced a significant increase as a result of green stimulus and a relatively higher battery revenue exposure.

- **Reliance Industries** (1.98% of Fund net assets*) is a Fortune 500 company and the largest private sector corporation in India. The company has evolved from being a textiles and polyester business to an integrated player across innovation-led digital services, entertainment, retail, materials and energy. Reliance experienced a strong quarter, after a series of transactions to raise capital for its digital services and retail platforms, attracting buyers like Facebook, TPG and Silverlake

Capital. The benefits are threefold: first, they bring the net debt for the group to below zero; second and third, they back some knowledge deficits and bring validation from industry participants of Reliance Industries' digital and retail ambitions.

Bottom Performers

Top detractors to return during the quarter:

- **MLP Saglik Hizmetleri AS** (0.92% of Fund net assets*) is the largest private hospital group in Turkey, with around 30 hospitals across the country. While the company's 2Q 2020 revenue numbers announced in August reflect some temporary COVID-19 related challenges with lower outpatient and medical tourism volumes, MLP has done a good job of managing its cost base and mitigating the impact on operational profits. We anticipate further normalization in volumes in 2H 2020 and believe that the company remains a beneficiary of the rising structural demand for high quality healthcare, as well as the consolidation trend in the Turkish healthcare sector. We are encouraged to see MLP taking advantage of the current challenging environment and selectively engaging in some M&A expansion opportunities with more favorable valuation and capital terms, which paves the way for stronger future growth.

- **Ping An Healthcare and Technology Company** (1.27% of Fund net assets*), based in China, is the largest healthcare technology platform by users globally. Ping An Good Doctor (PAGD) is a subsidiary of Ping An Healthcare and Technology Company. PAGD's platform uses the internet plus artificial intelligence (AI) to provide cost-efficient access to medical services in China, and it is also expanding internationally. Ping An Good Doctor's network provides convenient access to quality healthcare with minimal wait time through a phone app, versus the inconvenience, cost and risk of a hospital visit, which has been the norm in China. Ping An Good Doctor's underperformance can be attributed to 1H 2020 revenue growth coming in below market expectations due to modest MAU and MPU growth. Furthermore, a share placement was carried out in September at a ~7% discount, placing further downward pressure on the company's share price. Notably, the stock had been a significant outperformer in previous quarters.

- **Rumo SA** (0.99% of Fund net assets*) is Latin America's largest, independent, rail-based logistics operator, offering a complete range of logistics services. The core service area extends over Mato Grosso, São Paulo and the most southern states of Brazil. The rail network covers an area that accounts for approximately 80% of Brazil's GDP, where four of the most active ports in the country are located and through which most of Brazil's grain production is exported. The company continues to be a strong, long-term, structural growth name, given its unique position as the best grain production logistics operator in Brazil. Nonetheless, its short-term momentum has been somewhat challenged. Although volumes for the quarter were in line with expectations, the company experienced a contraction in pricing as a result of a growing competition in the region and quite challenging "take or pay" contracts negotiations in light of the current market environment. There is an expectation of price recovery or improvement in the near term; however, this has led us to take a more conservative approach in 3Q 2020, which impacted the share performance. Going forward, the outlook for 2021 is positive, primarily driven by a record high grain harvest in Brazil and solid export estimates as a result of the country's weaker currency.

- **Sok Marketler Ticaret** (0.72% of Fund net assets) is a soft discount food retailer, with close to 7,000 stores in Turkey. Since its IPO in 2018, the company has continued to deliver superior revenue and EBITDA growth. 1H 2020 was particularly strong, as Sok benefited from COVID-19 related stocking up and higher at-home-consumption effects. While we expect some moderation in growth in 2H 2020, we believe that longer term, Sok is favorably positioned to continue to gain market share at the expense of both less efficient traditional trade offerings as well as higher end supermarket chains. As consumers continue to trade down in light of tougher macro conditions in Turkey, this should drive further expansion opportunities in revenues and margins, as the company enjoys higher operating leverage with its younger stores maturing over time.

- **Wiwynn Corp.** (0.87% of Fund net assets*) supplies server, storage and cloud equipment to global internet service providers (ISPs)—100% of its sales comes from server/datacenter business. Key customers are Facebook and Microsoft. In 3Q 2020, the shares gave up some of their previous strong performance on concerns of price competition coming out of COVID-19 related inventory build-ups as well as a reduction in orders from Microsoft, which resulted in July sales growth of -30%. Over the longer term, we believe in the structural growth trend of cloud computing and in the competitive advantages of this business.

During the quarter, we established new positions in Alibaba Health Information Tec, JSL SA, NetEase Inc., OneConnect Financial Technology and Vasta Platform Ltd. We exited positions in ANTA Sports Products Ltd., IRB Brasil Resseguros S/A, Silergy Corp., Biotoscana Investments SA and Hygeia Healthcare Holdings during the period. Broadly speaking, we continue to focus our incremental buys on areas such as fintech, health and education.

Outlook

Clearly, we are in extraordinary times. We expect a bumpy first half of 4Q 2020, primarily driven by uncertainty surrounding vaccine news flows, the upcoming U.S. election and somewhat negative investor sentiment towards emerging markets. But we expect a stronger finish to the year and a more optimistic one year outlook, once vaccines are available, the U.S. election is over and investors feel more confident in the outlook for emerging markets. A key driver of our outlook for the end of 2020 and beyond is an expectation of global growth recovery, boosted by a timely introduction of a COVID-19 vaccine and its distribution schedule.

The consequences of the global pandemic juxtaposed with truly unprecedented monetary and fiscal stimuli will be with us for many years to come. Emerging markets have traditionally underperformed in a risky environment, but in general, we believe the behavior of the asset class has not been as bad as many might have predicted. A large part of the negative outcome in the first stages of the pandemic was generated by the abnormal strength of the U.S. dollar, driven by a global "shortage" of dollars. Aggressive central bank action has "normalized" the situation, and we continue to have a reasonable hope for U.S. dollar stability (or, dare we say weakness) in the coming quarters. Whilst it may not matter in the shorter term, we think emerging markets currencies are cheap, particularly versus the U.S. dollar.

Investing in emerging markets is for the long haul. Whilst we can't say exactly how all businesses will recover, we can say, with conviction, that the Fund is well positioned for the future of emerging markets.

†Quarterly returns are not annualized.

*All country and company weightings are as of June 30, 2020. Any mention of an individual security is not a recommendation to buy or to sell the security. Fund securities and holdings may vary.

All indices listed are unmanaged indices and include the reinvestment of all dividends, but do not reflect the payment of transaction costs, advisory fees or expenses that are associated with an investment in the Fund. Certain indices may take into account withholding taxes. An index's performance is not illustrative of the Fund's performance. Indices are not securities in which investments can be made.

The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets countries. The MSCI Emerging Markets Investable Market Index (IMI) is a free float adjusted market capitalization index that is designed to capture large-, mid-and small-cap representation across emerging markets countries.

MSCI Emerging Markets Investable Market Index (IMI) captures large, mid and small cap representation across emerging markets (EM) countries. The index covers approximately 99% of the free float-adjusted market capitalization in each country.

Diversification does not assure a profit or prevent against a loss.

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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 the risks associated with its investments in Chinese issuers, direct investments, emerging market securities which tends to be more volatile and less liquid than securities traded in developed countries, foreign currency transactions, foreign securities, other investment companies, Stock Connect, management, market, operational, sectors and small- and medium-capitalization companies risks. 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.

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. Investing involves risk, including possible loss of principal. An investor should consider the Fund's investment objective, risks, charges and expenses carefully before investing. The prospectus and summary prospectus contain this as well as other information. Please read them carefully before investing.