VanEck®

VanEck FUNDS

Tariffs, Treasuries and Tech

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VanEck Emerging Markets Fund

GBFAX / EMRCX / EMRIX / EMRYX

Performance Review

The VanEck Emerging Markets Fund (the "Fund") gained 1.46% during first quarter 2018, outperforming the Fund's market index benchmark, the Morgan Stanley Capital International Emerging Markets Investable Market Index (MSCI EM IMI), which gained 1.30% for the same period.

Average Annual Total Returns (%) as of March 31, 2018

	1Q18†	1 Yr	3 Yr	5 Yr	10 Yr
Class A: NAV (Inception 12/20/93)	1.46	35.32	9.21	6.72	4.42
Class A: Maximum 5.75% load	-4.35	27.58	7.07	5.46	3.80
MSCI EM IMI	1.30	24.51	8.98	5.30	3.55
MSCI EM Index	1.47	25.37	9.21	5.37	3.36

Market Review

The first quarter of 2018 was a true roller coaster for global investors. Markets rose substantially during the month of January, driven by optimism relating to both strong and synchronized global growth and the passage of tax reform in the United States. Such optimism was quickly shattered as investors began to worry about possible inflation and rising interest rates. The announcement of tariffs by the U.S. on steel and aluminum and against Chinese imports further exacerbated market volatility. Investors felt torn between a reluctance to bid farewell to the bull market and the apparent risks emanating from tech, higher interest rates and the potential of a trade war between the globe's two largest economies.

Consequently, country performance in emerging markets ranged between negative and positive 12%. Brazil, Pakistan, and Egypt led emerging markets in the first quarter of 2018, whereas the Philippines, Poland, and Indonesia lagged. On a sector level, healthcare, energy, and utilities performed best in emerging markets. Consumer discretionary and telecom both detracted from performance.

During the quarter, there were three big concerns. First, in the early part of the quarter, there was concern about the increase in U.S. interest rates and whether, aided and abetted by wage growth, the U.S. Federal Reserve (the Fed) might be more aggressive in terms of rate increases. There has, however, been little impact in the emerging markets, particularly because emerging markets really have no significant inflation – at least in emerging markets terms. There is now less and less need for

Expenses: Class A: Gross 1.53%; Net 1.53%. Expenses are capped contractually until 05/01/18 at 1.60% for Class A. Caps exclude certain expenses, such as interest.

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.

Please refer to index descriptions on the last page. One cannot invest in an index.

Please note that the information herein represents the opinion of the portfolio manager and these opinions may change at any time and from time to time. Information herein should not be construed as investment advice.

them to follow what happens in the U.S. in terms of rate hikes, where the Fed is addressing a maturing business cycle, while the emerging markets are, at best, mid-cycle.

Second, there was concern about the imposition of tariffs by the U.S. (and increasing protectionism) with the announcement by the administration first of aluminum and steel tariffs and then tariffs against China under Section 301 of the Trade Act of 1974. The major concern with all (and each) of these has been, and continue to be, the form and extent of the reactions and the nature of any subsequent "tit for tat".

People appreciate two things and they are not easy to reconcile. On the one hand, China and most developing markets do not play on a level playing field. This is the norm as countries develop. With China getting more developed, and richer, maybe it will now have to play by different rules. But judging by the communist party's agenda, as outlined in the party thought, it is going to be hard to change. On the other hand, the unilateral imposition of tariffs such as the U.S. has done, is completely against World Trade Organization (WTO) rules, which it has signed up for. In any event, supply chains in the U.S. have diversified (or specialized) so much that the impact of imposing tariffs will be fairly widely felt, even in the heartland.

Third, the technology sector, which bore the brunt of the market shakeout globally due to regulatory risk in developed markets, the potential of a trade war, and profit taking, is an important sector in emerging markets. It is the largest sector in terms of weighting in the MSCI EM index. We don't believe much has changed in terms of the growth outlook for the sector, despite a slight negative revision in analysts' earnings expectations during the quarter. However, we continue to watch carefully for any potential risks arising from a change in the regulatory framework in the countries they operate in. Unlike in developed markets, technology companies in emerging markets (especially in China) have been operating within strict guard rails since their inception, and therefore, in our opinion, face a lower risk of unforeseen regulatory events that might impact the sector meaningfully.

Fund Contribution

During the first quarter of 2018, large caps and value stocks slightly outperformed growth and small cap stocks hurting the Fund's relative performance. The Fund's exposures in consumer discretionary and staples, and information technology added to the Fund's relative performance. Lack of exposure to the energy sector and selection in materials detracted from the Fund's performance.

On a country level, the Fund's exposures in Spain, India and Mexico contributed positively to performance whereas selection in China and Brazil detracted.

The top performing stock for the quarter was CIE Automotive (2.10% of the Fund Net Assets*), a Spanish company that manufactures a variety of car parts. Active in emerging markets countries, including Brazil, China, Mexico, and India, the company executed very well during the quarter. Chinese company Alibaba Group Holdings (6.05% of the Fund Net Assets*) not only continued to execute well with a business model able to address changing opportunities, it also announced good results for 2017. CP All Public Co.(1.76% of the Fund Net Assets*), which operates the 7-Eleven convenience store franchise in Thailand, and its cash and carry subsidiary, produced good results. Finally, Chinese private education company TAL Education Group (1.20% of the Fund Net Assets*) continued to execute well and announced much improved results for 2017.

The largest detractors from performance during the quarter were also from around the globe. Chinese utility Beijing Enterprises Water Group (1.41% of the Fund Net Assets*) suffered as a result of concerns about a slowdown in terms of orders and construction as financing gets tighter for public/private partnerships in the waste water treatment area. Shares in South African based media giant Naspers (3.44% of the Fund Net Assets*) fell on investor disappointment over capital allocation after the company, very profitably, reduced its holding in Chinese company Tencent Holdings (6.73% of the Fund Net Assets*) by 2% at the end of March. To an extent, geared to asset prices in the country, Motilal Oswal Financial Services (0.60% of the Fund Net Assets*), an Indian financial services group (similar to Morgan Stanley) suffered as the Indian market continued to underperform. Bharti Infratel (1.36% of the Fund Net Assets*), a provider of telecom tower and related infrastructure in India, experienced pressure on its stock as a result both of its parent having sold down its stake in the company and a disadvantageous change in its customer mix.

The Fund didn't completely exit any positions during the quarter. We reduced some of our largest positions such as Alibaba, Tencent, and Samsung, essentially due to taking some profit and reducing risk in those names that had performed very well last year. We don't believe that the stocks are particularly overvalued, but their outperformance engendered sells to control risk. Another stock we reduced during the quarter was AIA Group. We still like the stock, but the valuation was less compelling in the short term.

Outlook

The outlook for emerging markets remains bright in our view. The backdrop of what is happening around the world remains benign. Global growth and actual trade are both good. Tariffs aside, right now, there are no real issues around emerging markets in terms of macro. In fact, some places such as South Africa, have actually improved. The election of Cyril Ramaphosa has helped improve sentiments towards the South African economy. China's Xi - also known as the President of everything or Chairman of everything, has gotten a lot of people worked up by abolishing presidential term limits. However, this means a higher likelihood of a stronger continuation of policies, which are generally good for investors: anti-corruption, supply-side measures, strengthening financial regulations among others. In the long run, concentration of power is usually a bad thing. But for the average investor investment horizon, it should prove positive. We continue to focus on uncovering and investing in structural growth opportunities across emerging markets. Our answer to all the current noise is our enhanced and disciplined due diligence process, which provides us with a higher degree of confidence and conviction when making investment decisions.

†Quarterly returns are not annualized.

‡All country and company weightings as of March 31, 2018. 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 Morgan Stanley Capital International (MSCI) Emerging Markets Index captures large- and mid-cap representation across 24 Emerging Markets (EM) countries. With 836 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country. The MSCI Emerging Markets Investable Market Index (IMI) captures large, mid and small cap representation across 24 Emerging Markets (EM) countries. With 2,628 constituents, the index covers approximately 99% of the free float-adjusted market capitalization in each country. MSCI All Country World Index (ACWI) captures large- and mid-cap representation across 23 Developed Markets (DM) and 24 Emerging Markets (EM) countries. With 2,483 constituents, the index covers approximately 85% of the global investable equity opportunity set.

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 emerging markets securities, which tend to be more volatile and less liquid than securities traded in developed countries. 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 derivatives, illiquid securities, and small or mid-cap companies. The Fund is also subject to inflation risk, market risk, non-diversification risk, and leverage 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. 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.

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