

Manager Commentary

Miners start to benefit from remedial surgery in 3Q

By: Charles Cameron and Shawn Reynolds, Co-Portfolio Managers

Performance Review

Class A shares of the Global Hard Assets Fund (the "Fund") performed well over the third quarter, providing a total return for the period of 12.44% (excluding sales charge). And the Fund itself, reversing its behavior over the previous two quarters, significantly outperformed its commodity equities-based benchmark index, the Standard & Poor's® (S&P) North American Natural Resources Sector Index (SPGINRTR)¹, which returned only 8.64%.

For comparative purposes going forward, we are now including average annual total return figures (see adjacent chart) for two further, more diversified, natural resource indices: the Standard & Poor's® (S&P) Global Natural Resources Index (SPGNRUP)² and the MSCI ACWI Commodity Producers Index (MSCI ACP)³. Both indices are global in scope and diversified across three major natural resource sectors: energy, mining, and agriculture.

The Fund's performance was driven primarily by stock selection in the Oil & Gas Exploration & Production and Diversified Metals & Mining sub-sectors. The former, accounting for 32.5% of Fund net assets*, contributed over 7% to the Fund's total return, while the latter, accounting for 8.7% of Fund net assets*, contributed in excess of 2% to its performance.

Market Review

In the third quarter of this year, the market has benefitted from a number of factors, in particular the fact that economic growth in both Europe and China appears to have stabilized, and that U.S. economic growth also appears to be a little better.

The strong performance displayed by the Oil & Gas Exploration & Production sub-sector during the first six months of this year continued into and through the third quarter. While some of the large producers involved in unconventional energy resources, for example Shell (0% of Fund net assets*) and Hess (0% of Fund net assets*), have been writing down and divesting themselves of assets, other, smaller, companies in this sub-sector that identified better properties earlier in the exact same places have continued to thrive.

*All company and sector weightings as of September 30, 2013.

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.

Following the upheavals at the end of 2012 and the beginning of 2013 in the upper echelons of nearly all of the major global mining companies, both the Diversified Metals & Mining, and Gold Mining sub-sectors have been witness to a number of such companies embarking on huge restructuring and strategic repositioning exercises.

As a case in point, Glencore Xstrata (5.5% of Fund net assets*) has committed itself to a massive restructuring plan which we believe could set a standard for the industry, not necessarily in terms of the quantum of restructuring, but certainly in terms of the detail, the precision and the level of accountability to which it is going to be held. If successful, the "new" Glencore Xstrata could, in our opinion, turn out to be the blue print for the 21st century mining company.

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

| | 3Q13 [^] | 1 Yr | 5 Yr | 10 Yr |
|----------------------------------|-------------------|-------|-------|-------|
| Class A: NAV (Inception 11/1/94) | 12.44 | 6.60 | 4.64 | 14.18 |
| Class A: Maximum 5.75% load | 5.99 | 0.47 | 3.41 | 13.51 |
| SPGINRTR Index ¹ | 8.64 | 7.25 | 4.85 | 12.55 |
| SPGNRUP Index ² | 8.98 | -1.27 | -0.59 | 8.33 |
| MSCI ACP Index ³ | 9.63 | -0.62 | -0.17 | 8.07 |
| S&P® 500 Index ⁴ | 5.24 | 19.79 | 10.02 | 7.57 |
| SPGSCITR Index ⁵ | 4.78 | -4.15 | -8.46 | 1.83 |

[^]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. 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. 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.

Fund Attribution

Perhaps not surprisingly, of the five biggest individual contributors to Fund performance during the quarter, three are involved in not just in Oil & Gas Exploration & Production, but, in particular, in unconventional resources: Cimarex Energy (4.9% of Fund net assets*), Concho Resources (4.5% of Fund net assets*), and Pioneer Natural Resources (5.7% of Fund net assets*). The other two stocks were: Glencore Xstrata (5.5% of Fund net assets*) and Schlumberger (4.9% of Fund net assets*).

Of the five worst performing stocks in the Fund's portfolio over the quarter, three were North American refiners. All these three, Delek U.S. Holdings (0.7% of Fund net assets*), Marathon Petroleum (1.7% of Fund net assets*) and Tesoro (1.2% of Fund net assets*), were hit by the toxic combination of higher oil prices (stemming from the situation in Syria), and the tightening of the spread between West Texas International (WTI) and Brent. The other two stocks were: The Mosaic Company (sold during the period*) which suffered from the continuing upheaval and uncertainty in the world's potash market and Halcón Resources with weaker than expected production results (0.6% of Fund net assets*).

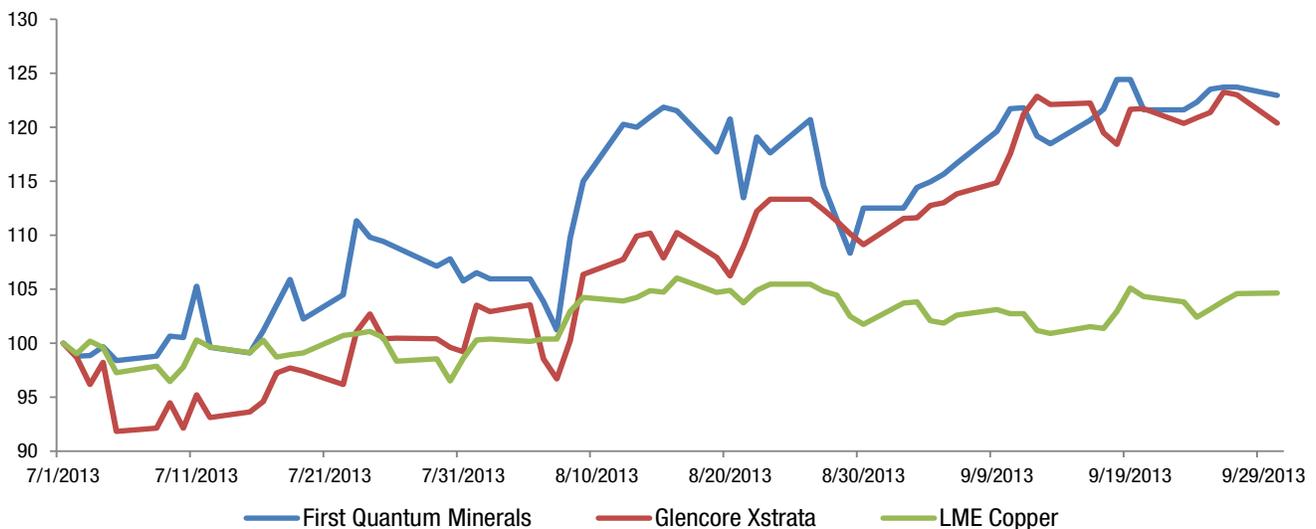
Positioning and Outlook

For a number of years now, we have focused on a couple of key themes, one being unconventional energy resources. And we have always made a special effort to try to keep at least a half step ahead of the market as to knowing where these resources may be. While this has been a consistent theme now for quite some time, we have significantly overweighted the portfolio toward those names in the past two and a half years. And over that timeframe, this has worked for us.

The second theme we have been keeping an eye on, this year in particular, has been the huge restructuring and strategic repositioning taking place amongst the big mining companies. There has been a seismic shift away from growth at any cost, and satisfying the super-cycle demand for commodities toward, amongst other things, cost cutting, higher margins and higher returns. We believe that any transformation, if successful, falls into roughly three phases. The first phase one could term the "Augean Stable" phase, where everything is "cleaned out". In the second phase one starts to see such tangible results as cuts in costs and the laying out, and execution, of clear strategic repositioning plans. In the final, third, phase with capital expenditure really constrained, we believe there could, after a period of, say two to five years, be a supply response across the industry, potentially heralding the next super-cycle.

We believe that both Glencore Xstrata and First Quantum Minerals, and in particular Glencore Xstrata, have now entered that second phase and are starting to be rewarded for it. And, indeed, in this last quarter we have seen both Glencore Xstrata and First Quantum Minerals contribute to performance rather than detract.

Exhibit 1: Glencore and First Quantum Appear to Enter Second Stage of Restructuring



Source: Bloomberg, Van Eck Research. Data as of September 30, 2013.

*All company and sector weightings as of September 30, 2013.

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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 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. ³The 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. ⁴The 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. ⁵The 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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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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