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Manager Commentary: On the Commodity Markets

Commodity equities advance in 1Q despite pullback in metals prices

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Performance Review

The Fund's Class A shares gained 2.61% for the first 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), which returned 7.18%. To compare, the S&P® Goldman Sachs Commodity Index (SPGSCITR), which is based on commodity futures markets, gained 0.55% for the quarter.

The underperformance for the quarter was driven by three main factors: (1) an overweight in metals and mining, which includes both precious and base metals; (2) an underweight in energy; and (3) an increase in our cash position. Stock selection was mixed, with positive performance in energy and negative performance in metals.

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

Market Review

There was wide divergence during the first quarter between the performance of commodity equities and underlying commodity prices overall. There was also wide divergence during the first quarter among the various sub-sectors' performance. Gasoline, natural gas and heating oil each experienced double-digit gains. Crude oil also advanced, albeit more modestly. Palladium, platinum and cotton were the only other commodities to see price increases. All other commodities experienced price declines during the quarter, with wheat declining most.

This weakness was driven by disappointing European economic growth, as well as China's economic growth moderating. Also, toward the end of the first quarter, questions about the solvency of certain banks were raised, as the European Union agreed on a bailout for the Cyprus banking system, which for the first time included losses for large depositors.

On the equity side, most, albeit not all, commodity-related indices posted gains, as aggressive U.S. Federal Reserve balance sheet expansion resumed in January 2013, supporting both the U.S. economy and broad equity market performance. The so-called resolution of the U.S. "fiscal cliff" also helped drive the equity rally and investors' focus on bullish U.S. economic data.

The base metals sub-sector overall was the weakest during the first quarter, pressured by concerns regarding dampened demand from emerging markets. Copper prices dropped 4.9%, the third drop in four quarters, as inventories expanded amidst the troubles in Cyprus, political issues in Italy and rising output broadly.

Average Annual Total Returns (%) as of March 31, 2013

	1Q13[1]	1 Yr	5 Yr	10 Yr
Class A: NAV (Inception 11/1/94)	2.61	-1.26	-1.12	16.45
Class A: Maximum 5.75% load	-3.28	-6.94	-2.28	15.76
SPGINRTR Index	7.18	5.08	0.87	13.77
SPGSCITR Index	0.55	-4.96	-9.74	2.34
S&P 500 Index	10.61	13.96	5.81	8.53

[1]Quarterly returns are not annualized.

Expenses: Class A: Gross 1.37%; Net 1.37%. Expenses are capped contractually until 05/01/13 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.

Market Review *(continued)*

The precious metals sub-sector was hurt during the first quarter as markets priced in a normalization of the global economy. Silver led the way down with a price drop of 6.6% to end March at $28.32 per troy ounce. Gold bullion prices fell 4.7%, ending March at $1,595.70 per ounce. This was the first time since 2001 that gold bullion experienced two consecutive quarters of price decline. Platinum and palladium prices rose 2.2% and 9.5%, respectively. On the equity side, gold mining shares, as measured by the NYSE Arca Gold Miners Index (GDM), lagged the underlying commodity, decreasing 18.5%.

The agricultural sub-sector was pressured during the quarter by higher than anticipated U.S. inventories and reports that farmers will plant the most this year since 1936. According to the U.S. Department of Agriculture (USDA), inventories of corn totaled 5.4 billion bushels in the U.S. during the first quarter, down 10% from 2012 and a nine-year low, but above analysts' expectations of just less than 5 billion bushels. Corn and soybean prices declined more modestly, down 0.4% and 1.0%, respectively. Wheat prices fell most, down 11.6% for the quarter, making it the single worst performing commodity during the quarter. Cotton prices were the exception, gaining ground on strong U.S. exports.

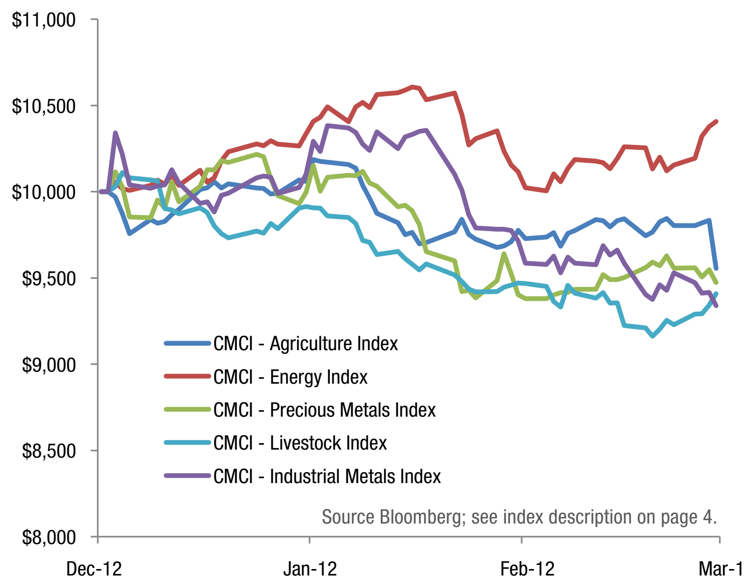
The energy sector was strongest during the quarter. Gasoline prices surged 29.8%, making it the single best performing commodity during the quarter. Natural gas prices rose 20.1% to approximately $4.024 per million British thermal units (BTUs) on drawn-down inventory given favorable cold weather conditions, a reduction in rig count and high electric power demand.

West Texas Intermediate (WTI) crude oil prices gained 5.9% during the quarter to end March at $97.23 per barrel, as U.S. economic growth was revised upward for the fourth quarter of 2012. Falling inventories at Cushing, Oklahoma, the delivery point for WTI crude oil, also helped drive WTI crude oil prices higher. Brent crude oil prices actually fell approximately 1% during the quarter to $110.02 per barrel to bring the premium, or spread, between the two benchmark oil prices to its narrowest since June 25, 2012, according to Bloomberg.

On the equity side, major oil integrated companies advanced 9.4%, as measured by the NYSE Arca Oil Index (XOI), and oil services stocks gained 11.1%, as measured by the Market Vectors® US Listed Oil Services 25 Index (MVOIHTR). Natural gas stocks rose 13.7%, as measured by the NYSE Arca Natural Gas Index (XNG).

Coal prices varied across regions during the quarter, but prices in most regions actually decreased in contrast to most other energy sources. Coal prices were virtually flat in the Powder River Basin and Uinta Basin regions and declined anywhere from approximately 1.4% in the Northern Appalachian region to 5.7% in the Illinois Basin region. (Source: U.S. Energy Information Administration).

Commodity Index Sub-Sector Performance: 12/31/12 - 03/31/13



Fund Attribution

Given commodity performance, all five of the Fund's biggest detractors during the quarter were either industrial metals or precious metals companies. Five of the Fund's biggest individual contributors during the quarter were energy-related companies. In each case, the individual holdings were impacted broadly by prices in the underlying commodities as well as by company-specific news flow.

The Fund's biggest individual detractor during the quarter was iron ore and coal mining company Cliffs Natural Resources (position was sold during the period*), whose shares declined 50%. The company struggled given both a weak fourth quarter 2012 report, due primarily to lower operating results, and amidst weak iron ore prices, impairment charges and increased capital expenditures during the first quarter of 2013. Cliffs Natural Resources also did a dilutive secondary offering.

Gold mining companies IAMGOLD (position was sold during the period*) and Eldorado Gold (0.9% of Fund net assets*) also detracted from the Fund's results during the quarter. IAMGOLD's and Eldorado Gold's shares fell 37% and 26%, respectively, on anticipation of increased operating and production costs for 2013.

In addition to weak underlying commodity prices, shares of copper and gold mining company First Quantum Minerals (3.3% of Fund net assets*) declined 14% as shares remained under pressure on the back of a hostile takeover of Inmet Mining (0% of Fund net assets*).

Diversified mining company Rio Tinto (position was sold during the period*) saw its shares fall 17% during the quarter. The company suffered from pressure on iron ore pricing due to slowing demand for steel and from reports of significant write-offs for failed deals in its aluminum and coal business segments.

The Fund's biggest individual contributor during the quarter was oil and gas exploration and production company Cimarex Energy (3.8% of Fund net assets*). Its shares rose 31% on positive investor reaction to its boosted quarterly dividend and to its reports of a 10% increase in its reserves. Oil and gas exploration and production company Anadarko Petroleum (5.0% of Fund net assets*) saw its shares advance 18% on a 5% increase in its production guidance and from a positive update regarding its Shenandoah well, which produced one of the largest discoveries in the Gulf of Mexico for the company. Shares of oilfield services giant Halliburton (4.5% of Fund net assets*) rose 17% on reports of positive fourth quarter 2012 earnings and on its boosted dividend.

Oil and gas exploration and production company Pioneer Natural Resources (3.7% of Fund net assets*) was another strong contributor during the quarter, benefiting from strong well results in the Wolfcamp shale in West Texas, where the company sees 2013 production increasing by 12% to 16% year-over-year. Pioneer Natural Resources, whose shares rose 17% during the quarter, was also widely anticipated to receive better pricing on crude oil after Permian Basin pipeline bottlenecks were resolved. Shares of oil and gas exploration and production company Concho Resources (3.3% of Fund net assets*) gained 21% during the quarter. The company announced it expects its 2013 production to increase 15% to 20% compared to 2012, with particularly strong increased production from its Delaware Basin operations.

Positioning and Outlook

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 and/or have strong shale positions in the Permian, Bakken, Eagleford and other basins.

During the quarter, the Fund purchased shares in Halcon Resources (0.5% of Fund net assets*), an oil and gas exploration and production company that operates in Texas, Oklahoma, and Louisiana. We also increased the Fund's position in agriculture during the quarter through a purchase of agricultural operations giant Archer-Daniels-Midland (1.2% of Fund net assets*).

We also increased the Fund's positions in Marathon Oil (3.1% of Fund net assets*), Ophir Energy (1.4% of Fund net assets*), Cameron International (3.2% of Fund net assets*) and Pioneer Natural Resources during the quarter.

We exited the Fund's position in oil and gas exploration and production company Berry Petroleum after it announced it was being acquired by Linn Energy. Elsewhere within the energy sub-sector, we took profits from some mid-continental refiners that had benefited from what we considered to be structural advantages given WTI-Brent crude oil price differentials. We sold, for example, the Fund's position in Western Refining. Within the oil services industry, we exited the Fund's position in land-based drilling services provider Patterson-UTI-Energy.

We exited the Fund's positions in Cliffs Natural Resources and Rio Tinto. We also sold the Fund's position in BHP Billiton and re-directed some of the proceeds to increase the Fund's position in Xstrata (4.5% of Fund net assets*). Within precious metals, we sold the Fund's position in IAMGOLD on the back of continued disappointing operating results.

Going forward, we believe that if the European economy stabilizes, the outlook for global economic growth should improve, as monetary policy remains very expansionary in developed economies. The historic quantitative easing policies currently in place should, in our view, ultimately lead to stronger emerging market economic growth, driving improved demand for commodities and higher economic growth in the developed world with the potential for higher inflation rates.

In our view, there is some uncertainty regarding crude oil prices and related equities due primarily to supply/demand outlook factors. Domestically, we expect increased U.S. energy production, especially from the Bakken and Eagleford basins. Internationally, Chinese demand, Middle East production and non-OPEC production will likely be key influences on the global balance. Natural gas prices will, in our view, continue to be dependent on weather conditions and rig counts.

Overall, we believe the energy sector will likely focus on capital spending discipline and strategic allocations in the months ahead. This should allow attractive shale positions to be exposed and may well be a key to performance differentiation going forward.

Within industrial metals, we intend to focus on companies that we believe have favorable capital returns due to an emphasis on cost management.

Gold equities have been underperforming gold for some time to the dismay of many investors, ourselves included. We have observed that gold stocks go through cycles of out/under performance in both bull markets and bear markets. We believe this suggests that the current bout of underperformance will eventually give way to another period of outperformance.

***All company weightings as of March 31, 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. The S&P® North American Natural Resources Sector Index (SPGINRTR) includes mining, energy, paper and forest products, and plantation-owning companies. The S&P® 500 Index consists of 500 widely held common stocks covering industrial, utility, financial and transportation sectors. The NYSE Arca Gold Miners Index (GDM) is a modified market capitalization-weighted index comprised of publicly traded companies involved primarily in mining for gold. The S&P® Goldman Sachs Commodity Index (S&P GSCI) is a composite index of commodity sector returns, representing an unleveraged, long-only investment in commodity futures. 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. Market Vectors® US Listed Oil Services 25 Index (MVOIHTR) is a rules-based index intended to track the overall performance of 25 of the largest U.S. listed, publicly traded oil services companies. 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. CHART ON PAGE 2: UBS Bloomberg Constant Maturity Commodity Total Return Index ("CMCI") employs a methodology that seeks to minimize exposure to the front end of the futures curve and diversify across maturities. The index is composed of five sectors (energy, livestock, precious metals, base metals and agriculture) and is diversified across 28 commodity components and up to five maturities.

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.