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Manager Commentary

Alternative strategies may benefit from rising interest rates in 2H 2013

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Fund Review

The Fund's Class A shares lost 2.63% during the second quarter (excluding sales charge). During the same period, the HFRX Global Hedge Fund Index (HFRXGL) increased 0.03%.

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

	2Q13[1]	YTD[1]	1 Yr	3 Yr	Life
Class A: NAV (Inception 06/05/09)	-2.63	-1.98	-1.51	0.44	0.71
Class A: Maximum 5.75% load	-8.25	-7.58	-7.15	-1.53	-0.74
HFRXGL Index	0.03	3.16	5.50	1.19	--
S&P® 500 Index	2.91	13.82	20.60	18.45	--

[1]Quarterly and YTD returns are not annualized.

Expenses: Class A: Gross 3.60%; Net 3.60%.
Expenses are capped contractually until 05/01/14 at 2.40% for Class A. Caps exclude certain expenses such as acquired fund fees and expenses, interest expense, trading expenses, dividends and interest payments on securities sold short, taxes and extraordinary expenses.

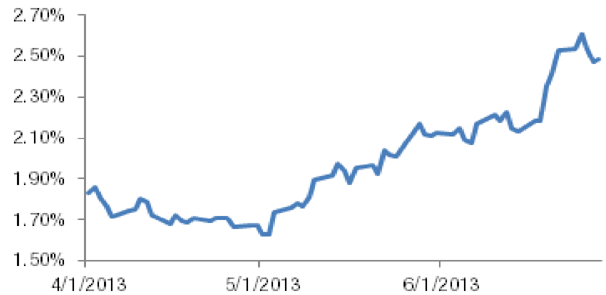
The table presents past performance which is no guarantee of future results and which may be lower or higher than current performance. Returns reflect applicable fee waivers and/or expense reimbursements. Had the Fund incurred all expenses and fees, investment returns would have been reduced. Investment 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 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

The domestic equity market, as measured by the S&P 500 Index, returned 2.91% in the second quarter. The bond markets began to push yields higher on U.S. Treasuries in May based primarily on strengthening economic data and concerns that the Federal Reserve could begin to wind down the central bank's $85 billion per month asset purchase program.

The chart below illustrates the increase in the yield of the 10 year Treasury bond from 1.63% on May 1, 2013 to 2.49% on June 28, 2013.

FIGURE 1: U.S. 10-YEAR TREASURY YIELD (%)



Source: U.S. Treasury. Data as of June 28, 2013
For illustrative purposes only. Historical info is not indicative of future results. Current data may differ from data quoted.

The rapid increase in Treasury yields led to a sell-off in fixed income assets that resulted in the Barclays U.S. Aggregate Bond Index declining 1.78% in May and 1.55% in June. Historically, rising interest rates have been a positive signal for both the equity markets and alternative strategies, as this is typically a signal of a strengthening economy. The indirect impact on alternative strategies generally include rising equity markets, wider arbitrage spreads and higher interest on collateral pledged against derivative instruments.

The correlation matrix on the next page illustrates the relationship of traditional and alternative investments relative to the change in yield of the 10-year U.S. Treasury bond. We believe that positive correlation with rising interest rates supports the position that alternative strategies and equities are typically beneficiaries of increasing yields.

Alpha is a measure of the difference between a portfolio's actual and expected returns, given its level of risk as measured by beta. Beta is a measure of sensitivity to market movements. Standard deviation is a measure of portfolio risk.

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.

Van Eck Global SINCE 1955

FIGURE 2: CORRELATION TO CHANGE IN YIELD OF U.S. 10-YEAR TREASURY BOND 1/1/90-5/31/2013

	Yield Change of U.S. 10-Year	HFRI Fund Weighted Comp.	Barclays U.S. Aggregate	S&P 500 Total Return
Yield Change of U.S. 10-Year	1.00			
HFRI Fund Weighted Composite	0.20	1.00		
Barclays U.S. Aggregate	-0.81	0.07	1.00	
S&P 500 Total Return	0.16	0.74	0.12	1.00

Source: Bloomberg; Van Eck Research. Data as of May 31, 2013
The correlation coefficient is a measure that determines the degree to which two variables' movements are associated and will vary from -1.0 to 1.0. -1.0 indicates perfect negative correlation, and 1.0 indicates perfect positive correlation. For illustrative purposes only. Historical info is not indicative of future results. Current data may differ from data quoted.

Strategy Review

The allocation to long/short equity returned 0.34% versus -0.52% for the HFRX Equity Hedged Index. Our top performing long/short equity manager was Millrace (8.95% of Fund net assets*) with a return of 5.93%. Millrace largely benefited from long positions within technology, healthcare and commercial services.

The TFS Market Neutral Fund (5.55% of Fund net assets*) was the largest detractor within long/short equity and produced a return of -3.66%. TFS, along with many fundamentally driven investment disciplines, struggled in the recent rally. TFS implements a quantitative approach that focuses on balance sheet strength, insider trade replication and market imbalances.

The allocation to global macro returned -3.96% versus -1.11% for the HFRX Macro Index. During the second quarter, the macro allocation benefited from a holding in the Marketfield Fund (3.32% of Fund net assets*), which generated a return of 2.22%. Marketfield is predominantly positioned in long domestic equities and short emerging markets. The S&P 500 Index outperformed the MSCI Emerging Markets Index by 10.99% during the period and was a large driver of Marketfield's performance.

The largest detractor was the Aquila Risk Parity strategy (position sold during quarter) with a return of -13.44%. The Aquila strategy is broadly diversified across equities, currencies, commodities and fixed income. However, in the past couple of months, with the rapid decline in the fixed income markets, the historical asset class correlation characteristics have not maintained and the Fund experienced a rapid loss of capital. The Investment Committee began removing the allocation to Aquila on March 22 and completed the sale on June 25. The decision to revmoe the allocation of Aquila was based on our internal risk management process and the desire to maintain minimal interest rate exposure at this point in the cycle.

The event driven allocation returned -0.77% versus 1.95% for the HFRX Event Driven Index. Our top performing event strategy was the Deutsche Bank EMERALD (Equity Mean Reversion Alpha Index) strategy (6.47% of Fund net assets*), an investment discipline that seeks to benefit from mean reversion in equity volatility. Our investment in EMERALD returned 6.22% as daily volatility exceeded weekly volatility, particularly in April and June.

The weakest performer was Coe (8.23% of Fund net assets*) with a return of -1.78%. Coe is a sub-adviser that seeks to exploit event opportunities within equities. Coe benefited from gains in the consumer services and industrial sectors, but hedges within semiconductors and retail weighed on performance.

The allocation to yield oriented strategies returned -1.17% versus 1.48% for the HFRX Fixed Income Credit Index. Our allocation to Horizon (8.47% of Fund net assets*) returned -0.22%, we believe due mostly to price depreciation within closed-end bond funds and the homebuilding sector, and high levels of cash held during the period. Horizon is a relatively new sub-adviser that invests gradually in order to dollar cost average into positions. The sub-adviser has been active lately, purchasing closed-end bond funds at discounts to net asset value (NAV) and equity positions that potentially offer either yield or total return benefits to the overall allocation.

SW (10.46% of Fund net assets*) returned -1.73% and most of the losses were experienced in June during the selloff in emerging markets debt. The team at SW has maintained a defensive posture during the quarter.

The internally managed tactical allocation (11.05% of Fund net assets*) returned -2.73% for the period. Most of the losses can be attributed to net long exposure to gold and gold mining equities that returned -11.21%. The spot price of gold decreased from $1,676 per ounce on January 1 to $1,235 per ounce on June 28. In our opinion, gold prices have been negatively affected by the abrupt increase in yields as investors begin to weigh the opportunity cost to holding a non-yielding asset. The rapid losses in our gold positions were a catalyst for the Investment Committee to trigger our risk management process and move to fully hedge the positions and focus on seeking to exploit the alpha between our long and short positions.

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 weightings as of June 30, 2013.**

All indices listed are unmanaged indices and 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 HFRX Global Hedge Fund Index is designed to be representative of the overall composition of the hedge fund universe, and includes convertible arbitrage, distressed securities, equity hedge, equity market neutral, event driven, macro, merger arbitrage, and relative value arbitrage strategies. The S&P® 500 Index consists of 500 widely held common stocks covering industrial, utility, financial and transportation sectors. HFRX Macro Index is a hedge fund benchmark on strategies that include long/short positions in equity, fixed income, currency and future markets based on a top down analysis on a broader view of the world economy. Commodity Trading Advisors ('CTAs") is an asset manager or firm that advises on trades in futures contracts, commodity options and/or swaps. HFRX Equity Hedged Index is a hedge fund benchmark representative of the overall composition of the hedge fund universe. HFRX Equity Hedge: Short Bias Index is a hedge fund benchmark on strategies that are predominately net short over-valued companies. HRFX Event Driven Index is a hedge fund benchmark on strategies that trade in various corporate transactions that include mergers, restructurings, financial distress, tender offers, shareholder buybacks, debt exchanges, security issuance or other capital structure adjustments.
HFRX Fixed Income Credit Index is a hedge fund benchmark on strategies that utilizes a broad continuum of credit sub-strategies, including corporate, sovereign, distressed, convertible, asset backed, capital structure arbitrage and other relative value and event driven sub-strategies to realize the spreads of various related credit instruments. The HFRI Fund Weighted Composite (WC) Index is a global, equal-weighted index of over 2,000 single-manager funds that report to HFR Database. Constituent funds report monthly net of all fees performance in US Dollar and have a minimum of $50 Million under management or a twelve (12) month track record of active performance. The HFRI Fund Weighted Composite Index does not include Funds of Hedge Funds. The Barclays Aggregate Bond Index is composed of the mortgage-backed and asset-backed securities and government/credit bonds.

You can lose money by investing in the Fund. Any investment in the Fund should be part of an overall investment program rather than a complete program. Because the Fund implements a fund-of-funds strategy, an investor in the Fund will bear the operating expenses of the "Underlying Funds" in which the Fund invests. The total expenses borne by an investor in the Fund will be higher than if the investor invested directly in the Underlying Funds, and the returns may therefore be lower. The Fund, the Sub-Advisers and the Underlying Funds may use aggressive investment strategies, including absolute return strategies, which are riskier than those used by typical mutual funds. If the Fund and Sub-Advisers are unsuccessful in applying these investment strategies, the Fund and you may lose more money than if you had invested in another fund that did not invest aggressively. The Fund is subject to risks associated with the Sub-Advisers making trading decisions independently, investing in other investment companies, using a particular style or set of styles, basing investment decisions on historical relationships and correlations, trading frequently, using leverage, making short sales, being non-diversified and investing in securities with low correlation to the market. The use of leverage may magnify losses. The Fund is also subject to risks associated with investments in foreign markets, emerging market securities, small cap companies, debt securities, derivatives, commodity-linked instruments, illiquid securities, asset-backed securities and CMOs. **Please see the prospectus and summary prospectus for information on these as well as other risk considerations.**

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 in the Fund will fluctuate as the prices of the individual securities in which it invests fluctuate, so that shares, when redeemed, may be worth more or less than their original cost.

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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