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"Perfect Storm" Clouds Q3 but Sunnier Outlook Remains

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VanEck - Global Hard Assets UCITS

USD R1 Acc: IE00BYXQS972
USD I1 Acc: IE00BYXQS535
USD I2 Acc: IE00BYXQS642

Performance Review

During the quarter, Class R1 of VanEck - Global Hard Assets UCITS (the "Fund") returned -6.58% (excluding sales charge). Metals and mining companies were the largest detractors, with gold companies suffering from a strengthening U.S. dollar and flatlining margins, and shares of copper companies trading down on resource nationalism and fears of further U.S./China trade restrictions. Our Permian-focused oil and gas exploration and production companies detracted broadly, continuing to suffer from residual concerns over limited pipeline takeaway capacity. On the positive side, agricultural chemical companies benefitted from better fertilizer pricing and were positive contributors for a second quarter in a row.

Average Annual Total Returns (%) as of 30 September 2018

	3Q18†	YTD	1 Yr	3 Yr	Life
USD R1 Acc (Inception 24/1/13)	-6.58	-8.08	-0.06	5.85	-5.87
USD I1 Acc (Inception 24/1/13)	-6.37	-7.46	0.81	6.79	-5.03
USD I2 Acc (Inception 1/8/13)	-6.33	-7.39	0.91	6.90	-5.24
USD I3 Acc (Inception 28/3/13)	-6.31	-7.31	1.02	7.01	-4.76
USD I4 Acc (Inception 31/7/13)	-6.30	-7.25	1.11	7.13	-9.91
SPGINRTR Index -USD[1]	-2.05	3.13	9.25	10.29	0.58
M2WDCOMP Index[2]	1.66	7.03	16.15	17.53	0.88

Life performance for the SPGINRTR Index and the M2WDCOMP Index are presented in U.S. Dollars (USD) as of Class I1 inception date of 24/01/2013.

Market Review

The third quarter was dominated by uncertainty surrounding U.S. trade policy and the potential impact trade restrictions might have on any type of sustained, future growth. While some fears were allayed following the resolution of the NAFTA dispute by quarter-end, escalating tensions between the U.S. and China remained at the core of the seemingly generalized bearish market sentiment for commodities. China consumes nearly half of the world's base metals and any perceived economic slowdown there due to trade tariffs could project a negative short-term outlook for commodities.

Base and industrial metals and, consequently, related mining companies, suffered the most from trade concerns. Many metals ended the second quarter with their prices close to near-term highs yet spent the next three months in a slow, steady decline following the announcement of further U.S./China trade restrictions. By end-September, aluminum, copper, zinc, and nickel had lost approximately 3%, 5%, 8.5%, and 15%, respectively, on the quarter, despite tightening fundamentals.

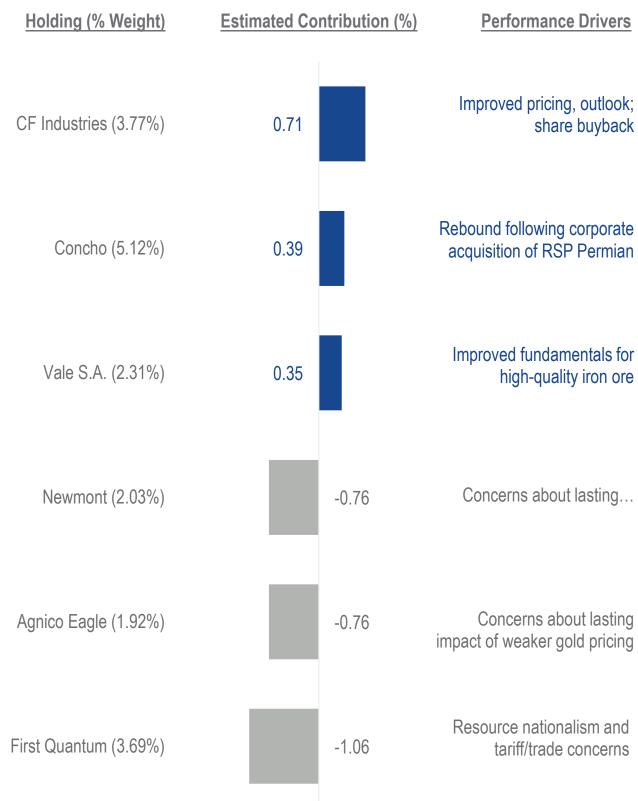
†Quarterly returns are not annualized. Past performance of the sub-fund is no guarantee for future performance. Any performance presented herein is for illustrative purposes only. Historical information is not indicative of future results; current data may differ from data quoted. Performance information does not take into account the commissions and costs incurred on the issue and redemption of units. Performance information is presented net of fees, but gross of tax liabilities. Each index listed is unmanaged and the returns include the reinvestment of all dividends, but do not reflect the payment of transaction costs, fees or expenses that are associated with an investment in any fund. An index's performance is not illustrative of a Fund's performance. You cannot invest in an index.

While not hampered directly by trade issues, gold and gold equities suffered from weakness during the quarter due to both a strong U.S. dollar and thin trading in the gold commodity and gold equity markets. By midway through August, market action in gold was dominated by short sellers, resulting in a net speculative short position in physical gold for the first time since 2001. Combined with a U.S. dollar rally, this helped drive the price of the metal below its established near-term base of $1,200/oz and placed further pressure on gold mining shares already squeezed by plateauing margins.

Within the energy sector, concerns around pipeline takeaway capacity in the Permian Basin of West Texas abated somewhat following the approved conversion of an existing major pipeline construction project from natural gas liquids to Permian-based crude oil transport to the Gulf of Mexico. In anticipation of this approval, U.S. shale operators and servicers in the region experienced modest recoveries in their share prices beginning in September. However, most investors still appear to be in somewhat of a "wait-and-see" mode, expressing at least some skepticism around the ability of these U.S. shale operators to grow near-term production at current expected rates while also generating highly touted earnings and cash flow growth.

Grains (soybeans and corn in particular), too, continued to be hit hard by trade fears. However, as in the second quarter, better pricing in potash and urea helped agriculture equities relative to their corresponding commodities.

Top Quarterly Contributors/Detractors



Source: FactSet; VanEck. Data as of 30 September 2018. Contribution figures are gross of fees, non-transaction based and therefore estimates only. Figures may not correspond with published performance information based on NAV per share. Past performance is not indicative of future results. Portfolio holdings may change over time. These are not recommendations to buy or sell any security.

Outlook

In our opinion, this quarter was the peak of the proverbial "perfect storm" when it comes to underperformance in the hard assets space, and, in particular, with respects to several of our core holdings. Whether it be the concerns around a meaningful, trade-war-induced slowdown in global growth and associated metals weakness, lingering concerns about the impact of Permian takeaway capacity, or issues specifically related to resource nationalism or presumed dilutive acquisitions, the asset class and some of our holdings suffered. However, we believe the natural resource equity complex has transformed dramatically over the last several years and see the investment opportunity as historically attractive.

In our view, the compelling investment thesis is bolstered by the three key points we have re-iterated over the last several years: 1) Dramatic under representation and related under valuation of resource equities relative to the broader market; 2) Strong evidence that the multi-year plunge of capital investment in new natural resources is impacting supply; and vitally, 3) Broad and substantial improvements at the individual corporate level in terms of operating performance (growth and costs), capital efficiency (margins and returns), balance sheet (debt metrics), and returns of capital to shareholders (dividends and share repurchases). The harmonic convergence of all these factors appeared to have a nascent impact on equity market returns since the beginning of September and we believe this may continue into 2019 as the natural resources industry continues on its path of delivering strong operational and financial performance.

*All company weightings, if mentioned, are as of 30 September 2018 unless otherwise noted. Any 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. An index's performance is not illustrative of the Fund's performance. Indices are not securities in which investments can be made.

[1]The S&P North American Natural Resources Sector Index (SPGINRTR) includes mining, energy, paper and forest products, and plantation-owning companies. [2]The MSCI ACWI Commodity Producers Index (M2WDCOMP) 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.

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Please see the prospectus and key investor information document for information on these as well as other risk considerations.

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