

After the Shock: Where Resources Go Next

VanEck®

Second Quarter 2026

Q2 2026 geopolitical shocks sent commodities surging and tumbling. Active security selection proved critical as oil retreated, gold sold off, and steel surged to multi-year highs.

Quarterly insights from Global Resources Portfolio Managers Geoff King and Sam Halpert, featuring the team's unique views on natural resources and commodities.

Key Takeaways

- Geopolitical shocks drove extreme commodity swings in Q2, but normalizing conditions are revealing meaningful mispricings across the natural resources complex.
- Q2 performance varied sharply by sector — oil retreated, gold tumbled, and steel surged — making active security selection the critical differentiator.
- The cattle supply cycle remains in a prolonged trough, but current valuations appear to already reflect that pain, creating a potentially attractive entry point.

2Q 2026 Market Review

Strait of Hormuz Crisis Drives Commodities Volatility

Global markets navigated a dramatic arc in the second quarter of 2026, defined above all by the evolution of the Iran conflict and the Strait of Hormuz crisis — moving from acute closure and energy shock at the quarter's open toward a fragile but consequential ceasefire and formal reopening by quarter-end, even as practical normalization of shipping traffic remained incomplete and uncertain.

The quarter opened with the Strait still firmly shut following the late-February U.S.-Israel air campaign against Iran. Diplomacy was halting and multi-front. Iran announced in mid-April that the Strait would be open for the duration of a ceasefire in Lebanon, sending oil prices sharply lower in the immediate aftermath, but implementation proved tentative and reversible. The U.S. simultaneously imposed a naval blockade on Iranian ports from mid-April through late May, and Trump threatened extensive strikes on Iranian infrastructure if shipping did not resume. On June 17, Trump and Iranian President Masoud Pezeshkian signed a memorandum of understanding, establishing a 60-day extension of the ceasefire to negotiate final terms and formally authorizing the Strait's reopening and the lifting of the U.S. naval blockade. The quarter closed with the Strait nominally open, oil prices falling sharply, and traffic improving.

Fed Policy and Treasury Yields Return to Focus

The U.S. Federal Reserve held rates steady throughout the quarter, but the defining monetary policy event was the Senate's confirmation of Kevin Warsh as Federal Reserve Chair. Markets watched his initial posture carefully, given his longstanding hawkish credentials and advocacy for balance sheet reduction. The combination of Warsh's arrival, persistently elevated energy prices, a stronger-than-expected May jobs report, and renewed concerns about long-term fiscal deficits kept upward pressure on Treasury yields through much of the quarter. Earnings growth remained solid with S&P 500 Q2 earnings growth expectations rising approximately 22% during the quarter, well above the 18.7% estimate at its start, led by upward revisions in the Energy and Information Technology sectors. The dollar remained firm on safe-haven demand and the relative advantage of the U.S. as a net energy exporter.

Broad Equity Markets Rally as Commodities Retreat

The S&P 500® Index finished the quarter well above its Q1 close, and the equal-weight index and smaller-cap benchmarks continued to outperform their market-cap-weighted counterparts, as the broadening in market leadership that began in Q1 persisted. Energy equities gave back a significant portion of their Q1 gains as oil prices fell sharply into quarter-end. Commodity markets remained highly elevated through much of the quarter before beginning a significant retreat into quarter-end.

- **Oil & Gas** - Brent crude oil spiked to nearly \$128 per barrel in early April before falling steadily as ceasefire talks advanced and demand deterioration — particularly across Asia — became apparent. The U.S. Energy Information Administration (EIA) estimated a global inventory draw of approximately 6–8.5 million barrels per day in Q2 — the largest quarterly draw on record — as Middle Eastern production shut-ins averaging more than 11 million barrels per day left global markets acutely undersupplied for much of the period. U.S. refiners were standout performers as crack spreads remained wide. U.S. Henry Hub natural gas prices remained subdued, ranging from the high \$2 to low \$3 per MMBtu range across the quarter as domestic production growth and ample storage outweighed demand, though prices edged higher into quarter-end as summer heat began lifting power burn. European natural gas prices stayed sharply elevated through most of the quarter given continued disruption to Qatari liquefied natural gas (LNG) flows before easing in the final weeks as the ceasefire advanced.
- **Base & Industrial Metals** - Base metals were broadly positive. Copper recovered during the quarter, supported by a constructive longer-term supply outlook and improving sentiment around the metal's critical role in energy and power infrastructure, even as demand signals from China remained mixed. Aluminum partially retraced its sharp Q1 gains as Persian Gulf energy costs moderated with the ceasefire and Chinese smelting capacity began weighing on the supply-demand balance. U.S. steel was a standout, with domestic hot-rolled coil prices continuing to grind higher through the quarter — supported by tariff protections, limited mill spot availability, and lengthening delivery lead times — reaching approximately \$1,100 per short ton near the highest levels in several years.
- **Gold & Precious Metals** - Precious metals endured their worst quarter in years, with gold ending near \$4,040 per ounce and down roughly 28% from its all-time high of \$5,595 set in late January. The selloff was driven by a confluence of powerful headwinds: the fading of the geopolitical risk premium as ceasefire talks advanced, a hawkish Fed pivot under newly confirmed Chair Warsh — who announced task forces to evaluate balance sheet reduction — a dollar that strengthened to one-year highs, and the near-complete repricing of rate cut expectations into rate hike expectations, with markets pricing nearly a 65% probability of a September hike by quarter-end. Precious metal equities followed the underlying metals sharply lower, surrendering much of their earlier outperformance.
- **Agriculture** - Agricultural commodities were broadly supported during the quarter. Grain markets benefited from constructive World Agricultural Supply and Demand Estimate (WASDE) revisions and continued strength in renewable fuel demand. Fertilizer producers remained well-bid as disrupted Middle Eastern nitrogen supply kept the cost advantage of domestically-sourced feedstocks apparent, though gains moderated alongside the broader commodity pullback into quarter-end. Protein names were disappointing, as poultry and beef producers faced margin pressure from a combination of elevated feed and input costs, softer-than-expected export demand, and company-specific operational headwinds that weighed on earnings and sentiment throughout the quarter.
- **Other** - Building materials, aggregate, and wood product equities remained under sustained pressure as elevated interest rates continued to suppress housing starts and building sentiment, with no meaningful relief in sight given the hawkish Fed posture under Chair Warsh. Renewable energy equities were similarly weak throughout the quarter, pressured by higher rates compressing project economics and the broader policy shift away from clean energy incentives.

Average Annual Total Returns (%)

As of June 30, 2026	2Q 26*	YTD	1 Year	5 Year	10 Year
Class A: NAV (Inception 11/02/94)	-8.34	6.52	27.91	7.73	5.89
Class A: Maximum 5.75% load	-13.61	0.39	20.56	6.46	5.26
SPGNRUN Index	-8.59	9.39	27.66	8.66	9.69

*Returns less than one year are not annualized.

The table presents past performance which is no guarantee of future results and which may be lower or higher than current performance. Returns reflect temporary contractual fee waivers and/or expense reimbursements. Had the Fund incurred all expenses and fees, investment returns would have been reduced. Expenses: Class A: Gross 1.49% and Net 1.38%. Expenses are capped contractually through 05/01/27 at 1.38% for Class A. Investment returns and Fund share values will fluctuate so that investors' 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.

Portfolio Review

For second quarter of 2026, VanEck Global Resources Fund (the “Fund”) outperformed its benchmark, S&P Global Natural Resources Index. On an absolute basis, oil and gas and gold and precious metals were the largest detractors, as the prices of both gold and oil saw significant pullbacks during the quarter. However, despite negative performance, the Fund outperformed the index, driven by positive security selection within oil and gas — including exploration and production companies and oilfield services — and a modest allocation to renewable and alternative energy.

Contributors and Detractors

- **Steel Dynamics, Inc.** (1.85% of Fund assets) was a strong contributor, benefiting from a powerful combination of rising domestic steel prices and robust demand across commercial construction, data centers, and warehousing — with the company’s fabrication order backlog running nearly 40% higher year-over-year and extending well into 2027. Beyond steel, growing investor attention to the company’s aluminum expansion added a further dimension to the investment case, as the broader aluminum market benefited from Persian Gulf smelting disruptions and tightening global supply — dynamics that reinforced the strategic rationale for Steel Dynamics’ push into the metal and supported enthusiasm for the stock’s longer-term growth profile.
- **Arcosa, Inc.** (1.34% of Fund assets) was a standout performer, with the stock benefiting from both strong fundamentals and a major M&A catalyst. The company reported 10% adjusted EBITDA growth in Q1 2026 with record results in utility structures and raised its full-year guidance targeting approximately 6% revenue growth and 11% EBITDA growth, supported by robust infrastructure and power market demand. The quarter’s defining event, however, was a takeover bid: CRH announced an all-cash acquisition offer of \$150 per share, representing a 25% premium to Arcosa’s 60-day trading volume-weighted average price (VWAP) and valuing the company at approximately \$8.5 billion in total enterprise value.
- **Core Natural Resources, Inc.** (3.00% of Fund assets) was a drag on performance during the quarter, weighed down by persistent weakness in both metallurgical and thermal coal prices. The company acknowledged ongoing pressure in the High-Vol A met coal segment (premium grade of coal used to make steel), which remains oversupplied, with more than 30% of volumes indexed to key benchmarks limiting price realizations relative to prior cycles. While the company did return to profitability in Q1 with improving EBITDA, the stock struggled to find traction as the market continued to discount coal’s long-term outlook.
- **Nutrien Ltd.** (4.90% of Fund assets) faced a difficult quarter as investor sentiment around fertilizer pricing turned cautious, with concerns mounting that potash prices had peaked and supply pressures would weigh on realizations heading into the back half of the year. Persistent input-cost inflation compressed phosphate margins, and geopolitical supply disruptions through the Strait of Hormuz raised durable cost risks for fertilizer inputs and exports. Despite solid Q1 operational results including record potash volumes, the stock sold off as investors weighed these near-term headwinds.

Notable Adds and Exits

During the quarter, we made several portfolio adjustments, including additions and exits across each of the Fund’s major resource subsectors. While notable, these changes primarily reflected a repositioning of the portfolio to better reflect the approach used across similarly managed strategies.

Outlook

Oil and Gas Outlook Hinges on Lingering Supply Disruptions

The dominant theme heading into the third quarter remains the Persian Gulf crisis, though its character is shifting. With the end of the conflict and Hormuz opening potentially in sight, equity and commodity markets began pricing in a wave of supply coming to market — but we believe meaningful gaps remain between commodity fundamentals and where equities trade across much of the natural resources complex.

We remain bullish on crude oil and oil and gas producers. The structural supply backdrop remains tight: the Strait of Hormuz closure has eased but not been fully resolved, global decline rates continue to require replacing 5–6 million barrels of production annually, and U.S. shale growth continues to flatten. In the near term, we expect the cessation of roughly three million barrels per day in strategic petroleum reserve releases that governments deployed globally during the crisis, with both strategic and commercial inventory rebuilding set to commence at now-lower prices. The significant curtailment of Asian refining runs during the conflict should also reverse as crude access improves, which in turn should unwind much of the demand destruction witnessed primarily across Asian economies. Taken together, in our view these dynamics support a constructive medium-term outlook for crude prices and upstream producers even as the acute phase of the energy shock recedes.

Mixed Opportunities Emerge Across Refining, Natural Gas and Coal

Refining crack spreads remain elevated but appear increasingly vulnerable as curtailed Asian refineries return to operations with improved crude access. Diesel remains a relative bright spot given lasting damage to Persian Gulf and Russian refining capacity, but we believe the most acute phase of the crack spread expansion is behind us. With refining equities and sentiment still near all-time highs, the risk-reward has shifted and the sector feels exposed to a correction from here.

Our more neutral stance on domestic natural gas proved correct last quarter, but the pullback in equities has created attractive entry points. The forward setup is improving: LNG export facilities coming online and rising summer power demand should tighten the domestic supply-demand balance as we move out of shoulder season, which we believe could provide a tailwind for natural gas-weighted exploration and production companies (E&Ps).

Despite recent weakness in coal prices and equities, we see improving fundamentals across the complex. Thermal demand is strengthening — domestic power plant utilization is climbing, summer heat is driving elevated power burn, and persistently high global gas prices keep coal firmly cost-competitive as a generation fuel; a further rise in natural gas prices, which we consider likely given the structural tightening of global LNG markets, would provide an additional tailwind. The metallurgical coal outlook is also improving as Chinese steel demand stabilizes and the supply picture tightens.

Precious and Base Metals Setup Remains Compelling

After a historic selloff in precious metals, we remain constructive on the equities even as the near-term commodity price outlook has grown more uncertain. The Warsh Fed, elevated Treasury yields, and a strong dollar create a genuine headwind for bullion, and gold may trade sideways or lower before finding its footing. That said, the equity setup is compelling — mining stocks are discounting metal prices well below current spot levels, sentiment has reached extremes that historically precede meaningful recoveries, and the stagflationary backdrop of persistent inflation combined with a Fed increasingly constrained by slowing growth remains a structurally supportive environment for the asset class.

On base metals, copper and aluminum retain meaningful tailwinds from power infrastructure, data center buildout, and electrification demand broadly. Combined with a structurally constrained supply outlook in both metals, we remain constructive and view pullbacks as opportunities.

Selective Opportunities Emerge Across Agriculture

In agriculture, we continue to favor U.S.-advantaged nitrogen fertilizer producers, whose domestic feedstock cost advantage over disrupted Middle Eastern supply remains intact and increasingly appreciated by the market. We have also been adding to potash exposure, which has been a poor performer this quarter despite improving supply-demand fundamentals. We are increasingly constructive on protein as the complex approaches what we believe are cyclical lows. The outlook for beef packers remains structurally challenged — the cattle supply cycle is in a prolonged trough, and herd rebuilding will take years — but current valuations already reflect a great deal of that pain, and it is difficult to see how the fundamental backdrop gets materially worse from here. Tighter beef supply and elevated cattle costs should meanwhile benefit poultry producers, who gain a competitive advantage as consumers and foodservice operators trade across protein categories. Paper and forest products appear to be bottoming, with meaningful capacity having now exited the market and early signs of price stabilization emerging, though the catalyst for a sustained re-rating remains elusive and we hold the sector with measured conviction.

Important Disclosures

All holdings and data are as of June 30, 2026. Fund securities and holdings may vary.

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S&P Global Natural Resources (SPGNRUN) Index 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 3 primary commodity-related sectors: agribusiness, energy, and metals & mining. The S&P 500 Index consists of 500 widely held common stocks covering the leading industries of the U.S. economy.

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