

Strait of Hormuz Disruption and Global Supply Implications



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A Geopolitical Shock Exposes the Cost of Supply Fragility

Q1 2026 was defined by the outbreak of hostilities between the United States and Iran on February 28, which effectively closed the Strait of Hormuz, a chokepoint for roughly one-fifth of global oil and LNG trade. What began as a quarter of strong metals momentum and disciplined portfolio rotation ended with historic oil price volatility, a cascading fertilizer supply shock and a sharp precious metals correction that partially reversed January's record-setting gains. The effects across commodities, equities and supply chains will likely prove structural rather than transitory.

Sector Performance Recap

Oil & Gas:

Oil entered the quarter near \$61/bbl Brent on a well-supplied market before the Strait of Hormuz closure sent prices surging past \$117/bbl. Iranian drone strikes on Qatar's Ras Laffan LNG hub simultaneously disrupted roughly 20% of global LNG supply. By late March, diplomatic progress drove a sharp reversal toward \$67 as risk premiums compressed. Energy was the only major equity sector to finish the quarter in positive territory, with refiners, integrated majors, low-cost E&Ps and MENA-exposed oilfield services names all benefiting from the price spike. US natural gas equities also rallied on the LNG supply disruption.

Base & Industrial Metals:

Copper touched a record \$13,952/MT in late January on supply disruptions, tariff front-running and AI/electrification demand, before surrendering a significant portion of those gains as the Iran conflict stoked demand destruction fears. China's rare earth export controls were the other defining development, triggering a sharp re-rating of ex-China critical minerals producers. Diversified miners and rare earth names outperformed; pure-play copper equities broadly underperformed as the metal reversed through March despite intact long-term fundamentals.

Average Annual Total Returns (%) as of March 31, 2026

	1Q 26*	YTD	1 Yr	5 Yr	10 Yr
Class A: NAV (Inception 11/02/94)	16.21	16.21	47.18	11.21	8.38
Class A: Maximum 5.75% load	9.52	9.52	38.72	9.90	7.74
SPGNRUN Index ¹	19.67	19.67	44.22	12.16	11.40

The table (left) 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 from index constituents have been reinvested. Investing involves risk, including loss of principal; please see disclaimers on last page. Please call 800.826.2333 or visit vaneck.com for performance current to the most recent month end.

*Returns less than one year are not annualized.

Expenses: Class A: Gross 1.49%; Net 1.38%. Expenses are capped contractually until 05/01/26 at 1.38% for Class A. Caps exclude acquired fund fees and expenses, interest, trading, dividends, and interest payments of securities sold short, taxes and extraordinary expenses.

Gold & Precious Metals:

Gold surged to an all-time high of \$5,589/oz on January 28, driven by geopolitical escalation, dollar weakness, the Fed holding rates and continued PBoC buying. Silver briefly crossed \$117/oz. A sharp March correction erased nearly 15% from peak on diplomatic progress and a firming dollar, leaving gold near \$4,769/oz at quarter-end. Mining equities experienced a dramatic re-rating in January, with junior miners outperforming large-caps by approximately 13% as institutional capital rotated into the sector. PGM equities lagged the gold complex on softer pricing and operational pressures.

Agriculture:

The Hormuz closure dramatically reshaped agricultural markets through fertilizer: roughly one-third of globally traded fertilizer transits the strait, and Iranian strikes on Qatar Energy's production hubs removed nearly 40% of global nitrogen trade from the market. Nitrogen fertilizer producers were among the quarter's top-performing equities globally. Protein processors and diversified agribusiness names with export access also performed well on improved soybean trade flows, while crop protection companies were more mixed amid continued farm margin pressure.

Renewables & Alternatives:

Clean energy carried positive momentum from late-2025 rate cuts, but US policy headwinds, including IRA rollbacks and tightened tax credit timelines, weighed on domestic developers. The conflict added near-term risk-off pressure on growth names, partially offset by accelerating European urgency to expand domestic capacity. Grid construction equities were the standout performers; solar and wind developers and electrical component manufacturers were broadly pressured as growth multiples de-rated.

Paper & Forest Products:

Forest products remained soft, with lumber rangebound and pulp under pressure from prior-year oversupply. US packaging showed early stabilization on e-commerce and industrial recovery while European names continued to face demand and currency headwinds. North American containerboard equities modestly outperformed European counterparts, though valuation dispersion within packaging was wide based on integration execution and balance sheet strength.

Portfolio Performance: Drivers and Detractors

The Fund returned 16.2% versus 19.7% for the S&P Global Natural Resources Index. Oil & Gas was the dominant absolute contributor but detracted on a relative basis, as underweight exposure to integrated majors, which surged 40–85% on the oil price spike, more than offset strong refining performance from Valero Energy (1.51% of Fund net assets as of 3/31/26), Phillips 66 (2.24% of Fund net assets as of 3/31/26) and Marathon Petroleum (1.11% of Fund net assets as of 3/31/26). E&P and integrated holdings including ConocoPhillips (1.29% of Fund net assets as of 3/31/26), Canadian Natural Resources (1.35% of Fund net assets as of 3/31/26), TotalEnergies (3.21% of Fund net assets as of 3/31/26) and Chevron (2.59% of Fund net assets as of 3/31/26) contributed meaningfully, as did National Energy Services Reunited ("NESR") (0.43% of Fund net assets as of 3/31/26) on accelerating MENA activity.

Gold & Precious Metals was the second-largest absolute contributor but a modest relative detractor. Agnico Eagle (2.71% of Fund net assets as of 3/31/26), Franco-Nevada (1.95% of Fund net assets as of 3/31/26), Kinross Gold (2.41% of Fund net assets as of 3/31/26) and others contributed strongly through January, before disciplined trimming ahead of the March correction preserved gains. PGMs were the primary drag within the sector, with Impala Platinum (0.74% of Fund net assets as of 3/31/26) falling approximately 27% after the Fund's rotation from Valterra (not held as of 3/31/26) and Barrick Mining (2.26% of Fund net assets as of 3/31/26) declining approximately 6%. Renewables & Alternatives and Oil & Gas were effectively tied as the largest relative detractors: the Fund carried approximately 5% in a sector with zero benchmark weight that returned approximately -2.8%, with Ivanhoe Electric (-26%) (0.75% of Fund net assets as of 3/31/26) and Nexans (-10%) (0.94% of Fund net assets as of 3/31/26) the primary culprits, partially offset by MasTec (+48%) (not held as of 3/31/26).

Agriculture was a strong absolute contributor but a notable relative detractor, as the Fund's Nutrien (3.05% of Fund net assets as of 3/31/26) position was underweight the benchmark and it held neither CF Industries (+69%) (not held as of 3/31/26) nor Yara (+41%) (not held as of 3/31/26). JBS N.V. (2.90% of Fund net assets as of 3/31/26), Archer-Daniels-Midland (1.82% of Fund net assets as of 3/31/26) and Bunge Global (1.31% of Fund net assets as of 3/31/26) were the leading contributors within the portfolio. Base & Industrial Metals detracted on both allocation and selection: the copper book underperformed as prices reversed and the Fund was absent from benchmark names including BHP (not held as of 3/31/26), Vale (not held as of 3/31/26) and Teck (not held as of 3/31/26) that performed well. Glencore (3.29% of Fund net assets as of 3/31/26), Lynas Rare Earths (1.23% of Fund net assets as of 3/31/26) and Alcoa (1.30% of Fund net assets as of 3/31/26) partially offset. Paper & Forest Products was the Fund's best relative sector, driven by avoidance of European paper names that fell 6–12%.

Portfolio Activity: Q1 2026

Activity was notably elevated in Q1, with January and February particularly active.

Notable Adds:

Company	Sub-Sector	Fund Weight	Rationale
International Paper (IP)	Paper & Forest / Packaging	1.18%	One of the world's largest packaging companies. We see an improving earnings outlook as the company integrates a recent acquisition and shifts toward higher-margin products.
Bunge Global (BG)	Agriculture / Processors	1.31%	A leading global grain and oilseed processor. Strong recent results and early cost savings from a major merger supported our decision to re-establish a position.
ConocoPhillips (COP)	Oil & Gas / E&P	1.29%	A large, well-run oil and gas producer with several new projects expected to come online beginning in late 2026, which should drive meaningful growth in cash flow.
Canadian Natural Resources (CNQ)	Oil & Gas / E&P	1.35%	A Canadian oil producer with an exceptionally long-life asset base and low operating costs. We initiated the position during a period of market dislocation related to Venezuela.
MP Materials (MP)	Base Metals / Battery Minerals	0.82%	The only significant rare earth producer in the US. We re-entered the position following a market mispricing, and see the company as a direct beneficiary of growing restrictions on Chinese rare earth exports.
Impala Platinum (IMP SJ)	Precious Metals / PGMs	0.74%	A South African platinum group metals producer offering similar commodity exposure to our prior holding, but at a lower valuation and with better potential for returning cash to shareholders.
Ovintiv (OVV)	Oil & Gas / E&P	1.77%	A North American oil and gas producer operating in two of the continent's most attractive basins, trading at what we consider an undemanding valuation relative to its asset quality.
Lynas Rare Earths (LYC AU)	Base Metals / Battery Minerals	1.23%	The largest rare earth producer outside of China, with an integrated mining and processing operation. Well-positioned to benefit as countries seek alternatives to Chinese rare earth supply.
Neo Performance Materials (NEO CN)	Base Metals / Battery Minerals	0.83%	One of the few companies outside China with the technology and capacity to manufacture the high-performance magnets used in electric vehicles and clean energy equipment.
Diamondback Energy (FANG)	Oil & Gas / E&P	1.16%	A highly efficient Permian Basin oil producer with a strong operational track record and a management team focused on returning value to shareholders.
Nat'l Energy Services Reunited (NESR)	Oil & Gas / OFS	0.43%	The only oilfield services company focused exclusively on the Middle East and North Africa region, where activity is accelerating, particularly in Saudi Arabia.
Vistra (VST)	Utilities / IPPs	0.47%	One of the largest independent power producers in the US, with a diversified generation portfolio well-suited to benefit from rising electricity demand driven by data centers and AI infrastructure.

Notable Exits:

Company	Sub-Sector	Fund Weight	Rationale
Shell (SHEL) — partial	Oil & Gas / Integrated	2.41%	We reduced our position as Shell's long-term production outlook weakens, with limited new projects to replace maturing fields and growth prospects trailing its peers.
Valterra Platinum (VALT LN)	Precious Metals / PGMs	Not held	Rotated proceeds into Impala Platinum, which offers comparable exposure to platinum group metals at a more attractive price and with stronger potential for shareholder returns.
Hormel Foods (HRL)	Agriculture / Protein	Not held	The company's financial recovery has taken longer than expected, and rising costs are adding new pressure to an already delayed earnings improvement.
First Solar (FSLR)	Transitional Energy / Solar	Not held	Exited the position as the risk-reward became less compelling; we may revisit if the valuation and industry backdrop become more attractive.
WaterBridge Infrastructure (WBI)	Industrials / Water	Not held	A well-run business, but with the stock near fair value and limited near-term upside, we redeployed the capital into higher-conviction opportunities.

Source: VanEck, FactSet. Data as of March 31, 2026. Not a recommendation to buy or sell any securities referenced herein. Estimated contributions are sourced from FactSet and are not intended as a predictor or guarantee of future results, and are for illustrative purposes only. Portfolio compositions are subject to change at any time.

Outlook

The events of Q1 2026 have not merely introduced a new risk premium into commodity markets, they have structurally accelerated a transition already underway. What is emerging is a "resilience premium," a durable revaluation of assets that provide secure, regionally assured access to critical resources. The Hormuz crisis removed nearly 40% of global nitrogen trade, disrupted 20% of LNG supply and introduced uncertainty across aluminum, chemicals and nickel processing. Every industry is now being forced to price in supply security that simply did not exist two years ago.

In energy, the structural case for natural gas as a bridging fuel has strengthened. The conflict demonstrated the limits of OPEC+ as a buffer, its 206,000 b/d increase was a rounding error against the scale of disruption, reinforcing the importance of domestic non-OPEC supply development. In metals, China's rare earth export controls have created urgent strategic demand for ex-China critical minerals capacity. Copper's long-term deficit story remains intact regardless of the Q1 pullback.

In gold, the March correction notwithstanding, the structural pillars — central bank buying, ETF inflows, and a mining sector now generating record free cash flow — remain firmly in place.

Geopolitical risk insurance is a core tenet of this Fund. The combination of structurally constrained supply, rising strategic demand and still-attractive valuations — energy and materials remain among the cheapest sectors in global equity markets on earnings and cash flow metrics — continues to underpin our constructive long-term view. Natural resource equities do what they are designed to do when they are supposed to do it. Q1 2026 was exactly such a moment.

Important Disclosures

All holdings and data are as of March 31, 2026.

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The S&P Global Natural Resources (SPGNRUN)¹ Index (the "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.

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