VanEck FUNDS

Transition Accelerating in 2020

By Shawn Reynolds, Portfolio Manager

VanEck Global Hard Assets Fund

GHAAX / GHACX / GHAIX / GHAYX

Modest Recovery

Though the global economy continues to be plagued by the demand shock from COVID-19, the rebound has been significant, with some commodities reaching all-time highs during the last quarter or at least, in most cases, trading at or near levels seen prior to the onslaught of the pandemic. In addition, and despite lingering global trade tensions, the irrepressible forces of globalization continue to reveal themselves in the relationship between robust Chinese economic activity and demand, and associated pricing for such commodities as iron ore, soybeans and crude oil.

"Transition Resources"

Nevertheless, over the third quarter, it also became ever more clear that renewable and alternative energy, as well as materials and services facilitating the transition towards a more sustainable resource economy, remained just as vital to the underpinnings of global economic activity as the commodities themselves. These "transition resources" benefited not only from critical sustainability imperatives, but also from definitively articulated policies regarding carbon net neutral targets and pandemic-related stimulus programs with clear orientations to the green economy.

The strength of the transition resources market was, perhaps, no more evident than from the performance of several of our top holdings over the last quarter. Our three largest contributors were all from the renewable energy space and included Sunrun Inc. (9.51% of Fund net assets), SolarEdge Technologies, Inc. (7.45% of Fund net assets) and Hannon Armstrong Sustainable Infrastructure Capital (4.35% of Fund net assets)—all companies which we have owned for the last several years and have written about before.

Average Annual Total Returns (%) as of September 30, 2020

	3Q20†	YTD	1 Yr	5 Yr	10 Yr
Class A: NAV (Inception 11/2/94)	20.31	-3.80	4.58	-0.07	-3.92
Class A: Maximum 5.75% load	13.39	-9.34	-1.43	-1.24	-4.48
SPGINRTR Index[1]	-7.56	-31.90	-26.81	-3.83	-2.63
M2WDCOMP Index[2]	-4.23	-29.28	-23.79	1.63	-2.72

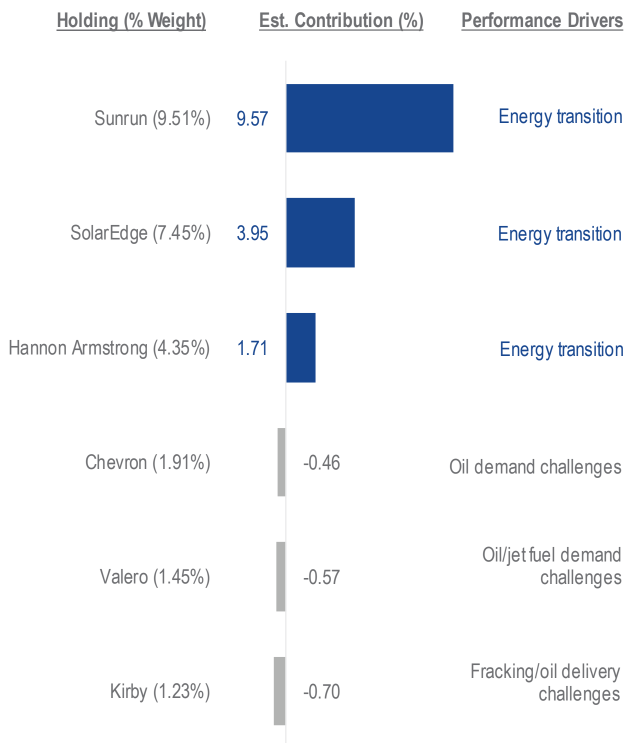
The table presents past performance which is no guarantee of future results and which may be lower or higher than current performance. Returns reflect applicable fee waivers and/or expense reimbursements. Had the Fund incurred all expenses and fees, investment returns would have been reduced. Investment 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 Net Asset Value (NAV). Index returns assume that dividends from index constituents have been reinvested. Investing involves risk, including possible loss of principal; please see disclaimers on the last page. Please call 800.826.2333 or visit vanek.com for performance current to the most recent month end.

†Quarterly returns are not annualized. Expenses: Class A: Gross 1.60%; Net 1.38%. Expenses are capped contractually until 05/01/21 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.

Indeed, because the energy transition has accelerated, not decelerated, we have also continued to grow our exposure by establishing three new related positions: Neste Oyj (1.17% of Fund net assets), a global leader in renewable diesel; Equinor ASA (0.88% of Fund net assets), formerly the Norwegian oil and gas company known as Statoil which is transforming itself into the leading offshore wind operator and the developer of the world's largest offshore wind farm; and Star Peak Energy Transition Corp. (1.32% of Fund net assets), a special purpose acquisition company focused on energy transition and sustainability.

We believe all of these companies provide solid evidence of not only the inexorable move toward sustainable energy sourcing, but also the inevitable transformation of alternative energy resources into mainstream energy resources.

Top Quarterly Contributors/Detractors



Source: FactSet; VanEck. Data as of September 30, 2020. 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.

Gold Shines On

While our convictions remain strong long-term for base/industrial metals (as given by our still +15% exposure there), the attention this past quarter in the metals space has mostly revolved around gold, where an abundance of converging factors continued to drive up prices. The COVID-19 pandemic has been a deflationary shock to the economy that has prompted massive global stimulus efforts, historic declines in both nominal and real interest rates and U.S. dollar weakness. This, combined with social unrest and geopolitical uncertainty, has aided gold's move to an all-time high of $2,075 per ounce in early August. Though recently consolidating gains in the $1,850 - $2,000 range, for now, the macroeconomic environment appears supportive of a longer-term positive trend in gold prices.

Like gold, gold mining stocks advanced as well, as strong cash flows enabled many companies to increase returns to shareholders through dividends and stock buybacks. As we have pointed out for quite a while now, these gains should be attributed to more than just higher gold prices. Miners have undergone years of operational and management restructurings, focusing relentlessly on cost rationalization and prudent capital allocation, which has ultimately resulted in higher returns and strong free cash flow. Balance sheets have been repaired and strengthened providing opportunities for companies to return cash to shareholders and, in particular, during this rising gold price environment. Encouragingly, every gold miner in our portfolio has increased its dividend distributions over the last several years, including Kinross Gold (2.87% of Fund net assets) which recently reinstated a dividend that was originally discontinued in 2013.

In line with our positioning over the last two quarters, our gold exposure has remained near the highest it has been, historically. However, we diversified our exposure within the sector by adding a sixth name, B2Gold (1.55% of Fund net assets). B2Gold is a mid-tier producer with mines in Mali, Namibia and Philippines and projects that should allow them to maintain or grow production organically.

In addition, they have an excellent management team with a track record of developing mines in-house and being able to navigate geopolitical risk.

Rough (Oil) Patch

The traditional energy sector (namely, oil and gas) continues to suffer from pandemic-related demand destruction, which appears to also be overwhelming a very rational supply response taken by most oil producers around the globe. Consequently, two of our top three detractors on the quarter were all companies involved in the oil and gas industry, including oil refiner Valero Energy (1.45% of Fund net assets), and integrated oil producer Chevron (1.91% of Fund net assets). Kirby (1.23% of Fund net assets), while primarily a barge company, also has exposure to the hydraulic fracturing industry via its diesel engine segment. Promisingly, Kirby is also the largest transporter of ammonia in the U.S. and ammonia is being viewed as the form in which hydrogen as a green fuel can be broadly and efficiently distributed.

As we have in the past, we continue to focus primarily on oil and gas exploration and production companies (E&Ps) in top tier locations (i.e. good geology), with consistent leading operational and safety track records and strong balance sheets. That being said, we did recently add to our oil and gas equipment and services exposure with a small position in Liberty Oilfield Services (0.60% of Fund net assets), which is a top-tier pressure pumper with experience in making successful acquisitions, including, several weeks ago, the announced purchase of Schlumberger's North American pressure pumping business.

In general and broadly speaking, we expect to see M&A activity like this to continue in the traditional energy space, which should be a positive for the industry overall as the results of these deals are often to the benefit of investors as companies seek to unlock operational and financial synergies and return capital to shareholders.

Gains in Grains

Grains did well during the quarter, led by a combination of more soybean purchases by the Chinese under Phase One of the U.S./China trade deal as well as—sadly and unfortunately—millions of acres of crop damage in the Midwestern U.S. from a spat of violent, widespread windstorms there (most commonly referred to as a "derecho"). Anticipating at least decent fall conditions for input applications, we increased our fertilizer exposure. In August, we added fertilizer and agricultural chemicals company FMC (2.92% of Fund net assets) to the portfolio as a geographically diverse pure play on crop protection chemicals, with, we believe, upside given its expanding share in a growing market.

What's Ahead, Fed…?

While the future remains opaque to a degree, there is now a lot of policy in place for the U.S. Federal Reserve to do everything it can to ensure that economic growth continues. To that end, we believe that we will no longer see any type of preventative measures aimed at stopping inflation as we have in the past but, rather, a tolerance of higher inflation at the behest of high nominal growth.

Practically speaking, we believe that any aim to support higher growth over the long-term – and, consequently, any inflation that should arise from such an approach – should only stand to benefit the diverse resource companies, traditional and transitional, in which we invest.

*All company, sector, and sub-industry weightings as of September 30, 2020 unless otherwise noted. This is not an offer to buy or sell, or a solicitation of any offer to buy or sell any of the securities mentioned herein. Fund holdings will vary.

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. Certain indices may take into account withholding taxes. An index's performance is not illustrative of the Fund's performance. Indices are not securities in which investments can be made. [1]S&P North American Natural Resources Sector (SPGINRTR) provides investors with a benchmark that represents U.S. traded securities that are classified under the GICS® energy and materials sector excluding the chemicals industry; and steel sub-industry. [2]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.

Please note that the information herein represents the opinion of the author, but not necessarily those of VanEck, and this opinion may change at any time and from time to time. Non-VanEck proprietary information contained herein has been obtained from sources believed to be reliable, but not guaranteed. Not intended to be a forecast of future events, a guarantee of future results or investment advice. Historical performance is not indicative of future results. Current data may differ from data quoted. Any graphs shown herein are for illustrative purposes only. No part of this material may be reproduced in any form, or referred to in any other publication, without express written permission of VanEck.

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 Canadian issuers, commodities and commodity-linked derivatives, commodities and commodity-linked derivatives tax, derivatives, direct investments, emerging market securities, foreign currency transactions, foreign securities, other investment companies, management, market, operational, small- and medium-capitalization companies and hard assets sectors risks, including, precious metals and natural resources, that 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.

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, charges and expenses carefully before investing. The prospectus and summary prospectus contain this as well as other information. Please read them carefully before investing.

VanEck®

Van Eck Securities Corporation, Distributor
666 Third Avenue | New York, NY 10017
vaneck.com | 800.826.2333