VanEck FUNDS

Finding Alpha Despite Macro Risks

By David Semple, Portfolio Manager

VanEck Emerging Markets Fund

GBFAX / EMRCX / EMRIX / EMRYX

Performance Review

The VanEck Emerging Markets Fund (the "Fund") gained 5.53% during the second quarter of 2019, outperforming the Fund's market index benchmark, the Morgan Stanley Capital International Emerging Markets Investable Market Index (MSCI EM IMI), which gained 0.43% for the same period.

Average Annual Total Returns (%) as of June 30, 2019

	2Q19†	1 Yr	3 Yr	5 Yr	10 Yr
Class A: NAV (Inception 12/20/93)	5.53	1.45	11.25	2.77	8.45
Class A: Maximum 5.75% load	-0.52	-4.37	9.08	1.55	7.81
MSCI EM IMI	0.43	0.47	10.01	2.25	5.83
MSCI EM Index	0.61	1.21	10.66	2.49	5.81

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 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.

Expenses: Class A: Gross 1.47%; Net 1.47%. Expenses are capped contractually until 05/01/19 at 1.60% for Class A. Caps exclude acquired fund fees and expenses, interest, trading, dividends, interest payments of securities sold short, taxes and extraordinary expenses.

Market Review

The tug-of-war between the potential ratcheting up of tariffs and technology war, lower global growth and the rapid shift to easing monetary policy globally continued to unfold in the second quarter. The rally in emerging markets and Chinese equities in 2019 was interrupted as trade tensions between the U.S. and China resurfaced. Emerging markets once again underperformed U.S. equities. On a country level, Argentina, Russia and Greece were among the top performers in the second quarter, while Pakistan, Hungary and China performed worst. On a sector level, consumer staples and utilities performed best, while healthcare and communication services performed worst.

The G20 meeting between President Trump and President Xi did little to alleviate investors' concerns regarding protracted trade and tech wars and their implications on global growth. Furthermore, the industrial and manufacturing sectors in China continued to struggle to generate momentum. Consumption, on the other hand, remains robust helped by stimulus. We were encouraged by the strong growth in retail sales, and the continued determination of the Chinese government to support growth.

India performed generally in line with the Index during the second quarter helped by a late-quarter bounce as investors cheered the sweeping victory of the BJP party. Following the elections, we wait to see what the government will do about getting a business cycle going. For a number of years, its record on this front has been disappointing. It also faces a fiscal situation, which continues to be somewhat challenging. Although the previous administration did have some successes, for example, the introduction of the GST (goods and services tax) and demonetization, there are still issues that need to be resolved. We believe valuations in India remain on the expensive side not only on an absolute basis, but also compared to its peers in emerging markets.

In Brazil, all eyes remain on the progress of pension reform. It appears to be working its way through the system, albeit with a certain amount of horse trading and the usual political compromises. While the original proposal will be watered down, we remain reasonably optimistic that progress will be made.

Fund Review

The Fund continued to perform well during the second quarter of the year despite discouraging macro and political backdrops. The Fund's outperformance during the second quarter was mainly driven by stock selection. The traditional overweight allocations to growth and size factors hurt the Fund's relative performance as it both underperformed value and large-caps respectively during the second quarter of the year. On a country level, stock selection in China far outweighed the negative impact from the country's underperformance, helping the Fund's relative performance most. Exposures in Indonesia and the Philippines also added value. On a sector level, exposures in the financials and industrials sectors helped the Fund's performance most, while exposures in utilities and energy detracted. Stock selection in small-caps was a standout in the second quarter contributing most to the Fund's outperformance. Exposure is large- and mid-caps also added value.

Top Performers

The top performers during the quarter came from around the globe. Brazilian passenger car rental company Movida Participações SA (2.1% of Fund net assets*) continued to surprise with on the upside and, subsequently, benefited from improved year-on-year first quarter earnings. Indonesian bank PT Bank Tabungan Pensiunan Nasional Syariah Tbk (1.4% of Fund net assets*), which provides financial services and products to the lower income segment of society and remote unbanked communities, continued to execute well and saw a multiple re-rating on increased investor demand. Ping An Insurance (Group) Company of China (5.7% of Fund net assets*) benefited from better than expected writing of new business and solid income generation. There has also been a gradual appreciation that the company is a quality company in the insurance space. Ecommerce solutions company Baozun (2.7% of Fund net assets*), having been oversold at the end of 2018, benefited from meeting expectations in terms of its operating profitability despite having many international clients. Russian bank Sberbank Russia OJSC (1.8% of Fund net assets*) benefited from solid first quarter earnings, strong growth and continuing good execution.

Bottom Performers

Three of the bottom performers were Chinese companies Alibaba Group Holding Limited (5.8% of Fund net assets*), Tencent Holdings Limited (5.4% of Fund net assets*) and Huazhu Group Limited (1.0% of Fund net assets*), all of which gave back some of the first quarter's strong performance on the re-emergence of concerns around the trade dispute between the U.S. and China. Indian integrated business services provider Quess Corp Limited (0.4% of Fund net assets*) suffered, in particular, after the announcement of a flat net profit for the first quarter of the year. Finally, Juhayna Food Industries (0.4% of Fund net assets*), which produces and distributes yoghurt in Egypt, was hurt by lower than expected earnings in the first quarter of 2019.

Outlook

In a world where we are revising down expectations of global growth, substantial headline risk remains. We expect the tug of war between lower global rates and lower global growth to continue, and highlight the potential risks emanating from protracted trade and tech wars between the U.S. and China. Following the G20 meeting in Tokyo, there appear to be expectations of things getting better and negotiations starting again. However, there remain some big issues over which it is hard to see the U.S. and China coming to a compromise. Political expediency and the cost impact on both sides would argue for some resolution on the trade front, but how you resolve the technology part is much more challenging. It seems to us that there is a complete lack of trust and that supply chains may inevitably bifurcate.

We continue to believe that the most probable scenario for the U.S. dollar going forward is flat to drifting lower, as the U.S. economy becomes less exceptional than it has been compared to other developed and emerging economies, and as headlines begin to focus more on the large twin deficits. A stable to weaker U.S. dollar tends to be good for emerging markets.

On a micro level, we are still seeing both healthy free cash flow and balance sheets. Valuations generally in emerging markets ended the quarter on the cheap side. Small-cap valuations, however, are at multi-year lows and well below relative (compared to large-caps) and absolute long-term averages. In our view, today's companies are both healthier and "better" compared to the past decade: they are more private, entrepreneurial and less state owned. We believe they ought to be more expensive than they have been in the past. While capital expenditure may be low, companies continue to find it hard to return capital to shareholders. We do however believe the time will come.

†Quarterly returns are not annualized.

*All country and company weightings as of June 30, 2019. Any mention of an individual security is not a recommendation to buy or to sell the security. Fund securities and holdings may vary.

PEG ratio is the ratio of the forward price to earnings divided by growth in the following year. Return on equities is net income divided by total equity. Return on invested capital is the ratio of net income less dividend paid over the firm's total capital.

All 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. 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. The Morgan Stanley Capital International (MSCI) Emerging Markets Index captures large- and mid-cap representation across 24 Emerging Markets (EM) countries. With 836 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country. The MSCI Emerging Markets Investable Market Index (IMI) captures large, mid and small cap representation across 24 Emerging Markets (EM) countries. With 2,628 constituents, the index covers approximately 99% of the free float-adjusted market capitalization in each country. MSCI All Country World Index (ACWI) captures large- and mid-cap representation across 23 Developed Markets (DM) and 24 Emerging Markets (EM) countries. With 2,483 constituents, the index covers approximately 85% of the global investable equity opportunity set.

Diversification does not assure a profit or prevent against a loss.

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 the risks associated with its investments in Chinese issuers, direct investments, emerging market securities which tends to be more volatile and less liquid than securities traded in developed countries, foreign currency transactions, foreign securities, other investment companies, Stock Connect, management, market, operational, sectors and small- and medium-capitalization companies risks. 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, or political, economic or social instability.

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. Investing involves risk, including possible loss of principal. 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.

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