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Natural Resources Maintain Momentum

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VanEck Global Hard Assets Fund

GHAAX / GHACX / GHAIX / GHAYX

Reopening and Regeneration

The two dominant themes during the first quarter of 2021 were reopening and regeneration. Aggressive, coordinated fiscal and monetary policy moves set the stage for strong U.S. growth and potential higher inflation. Vaccinations in many countries began and we saw clearer indications of GDP growth in numerous economies.

The historic policy response to the COVID-19 crisis has insured a potentially strong U.S. economic recovery in 2021, in our view. Jay Powell's U.S. Federal Reserve (Fed) bought more U.S. Treasuries in six weeks than did either Mr. Bernanke and Ms. Yellen in ten years. With this, Washington added the strongest fiscal policy response in U.S. history to the mix at more than five times the fiscal support provided following the 2008-09 Global Financial Crisis.

Energy To The Fore

Crude oil prices continued to recover from their April 2020 historic lows, with West Texas Intermediary (WTI) briefly trading back above $65 per barrel towards the end of March 2021 before ending the month at $59 per barrel (up approximately +22% on the quarter). Several factors aided in crude's price recovery including continued fiscal and monetary support from central banks, globally, an improved demand outlook following the reopening of economies and easing travel restrictions, generally modest increases in global production and sustained quota discipline by OPEC and other major oil producing countries.

The overarching theme within the traditional energy space remained a continued commitment to limited capital spending. While there was a slight uptick in onshore oil drilling activity during the quarter (+57 rigs added, according to Baker Hughes rotary rig count data), reported spending by U.S. oil producers in the last quarter of 2020, per the American Petroleum Institute (API), was down nearly $30 billion versus the same time the previous year. Likewise, also as reported by the API of end-February, the backlog of planned infrastructure investments by U.S. oil & gas producers has fallen by around $50 billion, year-over-year.

Unlike the rally seen in traditional energy stocks through end-March, renewable energy companies took a sizable hit as investors looked to lock in strong gains seen during the course

Average Annual Total Returns (%) as of March 31, 2021

	1Q21†	YTD	1 Yr	5 Yr	10 Yr
Class A: NAV (Inception 11/2/94)	10.71	10.71	119.04	5.62	-3.71
Class A: Maximum 5.75% load	4.35	4.35	106.45	4.38	-4.28
SPGINRTR Index[1]	19.44	19.44	72.43	2.29	-2.26
M2WDCOMP Index[2]	14.04	14.04	64.39	7.41	-1.42

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 vaneck.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.

of the previous calendar year. Following President Biden's announced two trillion dollar climate plan in January, though, many of these same companies also began to re-establish price support and claw back at least some of their losses before the end of the quarter.

Metals Not Far Behind

Fueled by a strong rebound in industrial production and construction activity, China's metal demand continued to support strong gains in base and industrial metals prices in the first quarter of 2021. In March alone, according to China's General Administration of Customs, the country reported year-over-year increases of 20 and 25% on its imports of iron ore and copper, respectively, while prices of both metals briefly notched the cumulative +100% gain mark off their 2020 lows in the same month.

Prices of other mined "green" materials, including cobalt, lithium and graphite, also saw a boost during the quarter as rhetoric intensified around the U.S.'s defense of these materials from, predominately, Chinese control. In February, President Biden signed an executive order to address possible vulnerabilities in the U.S. supply chain for critical products such as semiconductors and "high capacity" batteries (i.e., electric vehicle batteries), both of which require considerable amounts of these key materials.

Gold Loses Some Shine

Among all metals, gold fared worse than most during the quarter—down 10% through end-March—as U.S. treasury rates strengthened and as speculations mounted over the potential for inflation-combating policy intervention by the Fed.

However, despite losses due to weaker gold prices, a vast majority of senior gold mining companies exhibited disciplined capital spending, with much of their announced 2021 outlays earmarked for lower-risk, higher-return brownfield expansion projects in (or around) existing operations. Balance sheets continued to strengthen, too, with many of the same companies reporting cash in excess of debt (or else prioritizing debt repayments when allocating free cash flow), affording them ample liquidity to continue increasing their dividend and/or share buyback programs.

Going With The Grain

Soybean and corn prices marched towards 7- and 8-year highs in the first quarter of 2021 as China continued its record purchases of agricultural goods. Strength in China's imports of grains—reported, again by China's General Administration of Customs, at 82% year-over-year growth in soybeans and a five-fold increase in corn from the previous year—has helped establish a solid floor on prices.

While agriculture goods and fertilizers producers have largely benefitted from this price support, simultaneously, both also face increased competition as global production of grains continues to climb. As well, and as has historically been the case, higher grains prices can negatively impact proteins producers as this typically translates into higher input costs for proteins producers who rely on soybean and corn for feed.

Sector Performance Still Strong

With the exception of gold & precious metals, sector-level contribution was positive across the board in the first quarter of 2021. The largest contributions came from positions in traditional energy (i.e., oil & gas), which accounted for nearly half of the Fund's quarterly gross performance. Other sector-level contributors included base & industrial metals and agriculture.

On a relative basis, versus the benchmark S&P North American Natural Resources Sector Index (SPGINRTR), underperformance was predominately driven by the Fund's positioning within energy. Whereas SPGINRTR averaged an approximately 70% weighting to traditional energy during the quarter, the Fund maintained a fairly even split between traditional energy and renewable & alternative energy (averaging an approximate 19.5% and 22% weighting to each, respectively). Given strong performance within the traditional energy sector to begin the year, this positioning difference accounted for nearly all of the Fund's relative underperformance on the quarter.

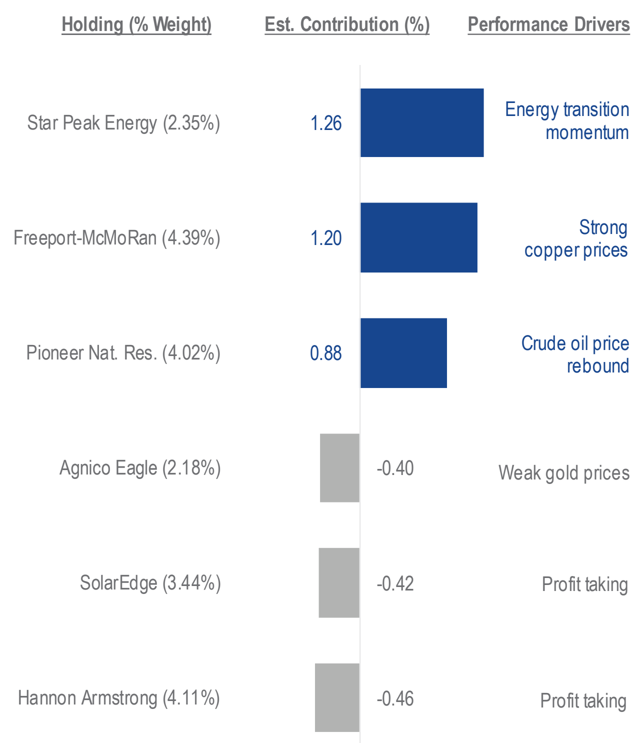
Minor Moves

During the quarter, we trimmed several of our renewable & alternative energy names and added to our traditional energy exposure with newly established positions and incremental adds to pre-existing ones. The rationale behind this was two-fold: 1) to take profit on several renewable & alternative energy names appreciating above our typical 5% maximum position size; and, 2) to increase exposure to traditional energy, broadly, given improvement in our fundamental outlook for the space as the global economy reopens, demand improves, inventories tighten and capital- disciplined producers announce implementation of variable dividend policies.

We also established several positions in companies supporting our "transition resources" theme (a theme focused on resources facilitating the buildout of the "green" economy and a global transition to renewable & alternative energies). Notable adds in this area, among others, included: MP Materials (0.81% of net assets as of end-March), the sole producer of rare earths in North America; Euro Manganese (0.15% of net assets), owners of the only manganese deposit in Europe; and EcoGraf (0.09% of net assets), owners of the world's first commercial battery graphite purification facility outside of China.

The only position we exited during the quarter (excluding the sales of several of our oil & gas exploration & production—E&P—names due associated mergers & acquisitions activity) was Norilsk Nickel (0.0% of net assets), which recently experienced a troubling series of operational and environmental issues that may potentially lead to government-sanctioned mine/plant closures.

Top Quarterly Contributors/Detractors



Source: FactSet; VanEck. Data as of March 31, 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.

Going Forward?

We believe potentially meaningful, near-term growth within a number of natural resources sectors is supported by several key factors, including:

- Unprecedented global monetary and fiscal policy action
- Growing optimism over the possibility of a return to "normal" as economies reopen and travel resumes
- Heightened financial discipline among commodity producers following years of lackluster shareholder capital return
- Consumer, business and government behavior reflective of a more hyper-vigilant approach to sustainable future growth

In this environment, we believe observable supply/demand dynamics remain supportive of::

- Oil prices high and stable enough to provide sufficient margin for successful exploration & production companies (E&Ps) to contend on industry-leading measurables (including caps on reinvestment of free cash and implementation of fixed and variable dividend programs) while also maintaining modest growth and low leverage
- Increasing copper utilization under phased decarbonization efforts aimed at spurring electric vehicle adoption and development of new renewable energy technologies (side note: according to Wood Mackenzie, electric vehicles currently use four times more copper than an internal combustion engine and renewables, on average, use four to five times more copper than fossil fuel power generation)
- Policy and investment targeting domestically sourced, upstream materials within Europe and the U.S.—particularly for key items such as batteries, where lithium and rare earths are typically procured from China
- Continued record imports of soybeans and corn into China, with supply constraints from recent declines in storage and/or adverse weather events only, likely, adding to price pressures

Lastly, and based on our conversations with investors during our most recent roadshow, we anticipate that this combination of factors triggers at least some additional inflationary pressure. Year-over-year headline inflation in the U.S. has already risen above 2% with persistent gains in core commodity prices paralleling moves in other raw materials. Likewise, the Fed Bank's continual expression of its willingness to let prices move even higher before asserting a more hawkish stance has, at the very least, allowed inflation expectations to run well past what is currently being reflected in standard measures, in our view.

All company, sector, and sub-industry weightings as of March 31, 2021 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. 1S&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. 2MSCI 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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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.

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