Manager Commentary

Unconventional Oil and Gas Producers Continue to Benefit from both Increased Production and Increased Reserves

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Summary

- Performance generally driven by oil and gas exploration and production
- Fund underperforms benchmark index, but still returns 1.70% for quarter
- Fund's focus remains unconventional energy resources

Performance Review

Global Hard Assets Fund (the "Fund") Class A shares provided a total return for the first quarter of 1.70% (excluding sales charge). And the Fund itself, reversing its behavior over the previous quarter, slightly underperformed its commodity equities-based benchmark index, the Standard & Poor's® (S&P) North American Natural Resources Sector Index (SPGINRTR), which returned 2.70%.

The Fund's performance during the quarter continued to be driven primarily by its positions in the energy sector, which provided the most significant positive contribution, approximately 2%, to the Fund's total return.

Within the energy sector, performance stemmed mainly from the Oil & Gas Exploration & Production sub-sector, which accounted for approximately 32% of Fund net assets* and the Oil & Gas Equipment & Services sub-sector, which accounted for approximately 17% of Fund net assets*, each of which contributed over 1% to the Fund's total return. There was, in addition, a small positive contribution from the Coal sub-sector during the quarter: the sub-sector accounted for roughly 4.5% of Fund net assets*.

In contrast with the fourth quarter of 2013, however, the Oil & Gas Refining & Marketing sub-sector, which accounted for approximately 10% of Fund net assets*, failed to provide positive returns similar to those it returned in that quarter and, instead, made a negative contribution to the performance of the Fund of roughly 0.7%.

While other small contributors to the Fund's positive performance for the quarter included both the Agriculture sector and the Precious Metals sector, primarily from positions in gold companies, both the Base Metals and Steel sub-sectors, together with the Forest Products sub-sector detracted from the Fund's performance.

For comparative purposes, we continue to include total return figures for two additional indices: the Standard & Poor's® (S&P) Global Natural Resources Index (SPGNRUN) and the MSCI ACWI Commodity Producers Index (MSCI ACP).

Market Review

On a macro level, while, during the quarter, there were still some concerns in the market about China, these certainly did not appear to be over-riding: there was still growth and "re-balancing" continued.

Average Annual Total Returns (%) as of March 31, 2014

	1Q14^	1 Yr	5 Yr	10 Yr
Class A: NAV (Inception 11/1/94)	1.70	9.75	12.90	12.31
Class A: Maximum 5.75% load	-4.16	3.44	11.57	11.65
SPGINRTR Index[1]	2.70	11.63	15.73	11.10
SPGNRUN Index[2]	-0.01	3.07	7.98	9.35
MSCI ACP Index[3]	0.22	6.16	10.21	9.23
S&P® 500 Index[4]	1.81	21.86	21.16	7.42
SPGSCITR Index[5]	2.94	1.13	6.85	0.04

^Quarterly returns are not annualized.

Expenses: Class A: Gross 1.45%; Net 1.38%.
Expenses are capped contractually until 05/01/14 at 1.38% for Class A. Caps exclude certain expenses, such as interest. Returns reflect applicable fee waivers and/or expense reimbursements. Had the Fund incurred all expenses and fees, investment returns would have been reduced. Please note that commodity prices may swing sharply in response to cyclical economic conditions. Investing involves risk, including possible loss of principal. The performance shown represents past performance and does not guarantee future results. Current performance may be lower or higher than the performance information shown. The investment return and principal value of an investment will fluctuate, so that an 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 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.

*All company and sector weightings as of March 31, 2014.

Please note that the information herein represents the opinion of the portfolio managers and these opinions may change at any time and from time to time.

Perhaps more important was what happened in the developed markets. In each of the U.S., the UK, Japan and the Eurozone, there were indications that GDP is inflecting up. While none of their economies is going to take off at speed (but, then, who wants a "V" shaped recovery?), we believe there were, however, signs of potential gentle, slow and steady, synchronized global growth.

But the developed markets may not have been alone. While the situation in Brazil remained changeable (and still does), in the likes of both Indonesia and India we saw improvements in outlook for both inflation and their currencies. A consensus also grew that there may be some sort of stimulus in China, albeit one that will not be "over announced". However, the situation in Russia and Ukraine remained (and remains) anybody's guess.

If there was a larger theme running through the quarter, it was the volatility of and/or strains on the supply of certain commodities. Setting aside those age-old, overarching, causes – "war and weather" – we saw supply come under pressure for a number of different reasons in a number of different countries. In January, the government in Indonesia, seeking to capture (it hopes) more value from its natural resources, banned the export of copper, nickel, bauxite and tin ore. In South Africa, with the miners' strikes the worst they have ever been, platinum, palladium and rhodium supply was especially hard hit, with some producers even contemplating declaring force majeure. And Russia remains not only the largest producer of palladium, but also the world's second largest platinum producer, and a leading producer of both nickel and crude oil.

With crude oil, in addition to worries about Russia, Syria continued to be an issue, and, while at the end of last year, the beginning of this year, everybody was so negative on crude because they thought Libya was going to come roaring back, the reality could not have turned out more differently. And, then, on top of these, social unrest continued, if not got worse, in Venezuela.

On the sector level, the Energy sector, and, in particular, those companies involved in the unconventional shale story, performed strongly during the quarter. In a continuation from the third quarter of last year, a number of the smaller companies that had identified better properties earlier in the exact same places as the larger traditional producers that were forced both to write down and divest themselves of assets, continued to thrive, not least three of the Fund's five best performing companies during the quarter. We believe that the returns generated by the Fund's positions in companies involved in the U.S. shale story continue to support our core energy theme of onshore, unconventional oil resources.

Fund Attribution

In a shift from what we saw during the last quarter – particularly strong performance in the Oil & Gas Refining and Marketing sub-sector – this quarter, each of the five biggest individual contributors to Fund performance came from the Oil & Gas Exploration & Production, and Oil & Gas Equipment & Services, sub-sectors.

While Halliburton (4.3% of Fund net assets*) and Nabors Industries (1.5% of Fund net assets*) benefited from their directional drilling, pressure pumping and fracking activities, Cimarex Energy (4.2% of Fund net assets*), Concho Resources (4.0% of Fund net assets*), and EOG Resources (3.1% of Fund net assets*), all benefited from their unconventional shale oil activities, especially in the Permian Basin and, in particular, in the Delaware Sub-Basin.

Of the five worst performing stocks in the Fund's portfolio over the quarter, one was a refiner, Tesoro (2.2% of Fund net assets*), which, having had an excellent fourth quarter in 2013, was unable to bounce back as robustly as its refining peers after they all suffered a particularly challenging month in January. Three of the five worst performing stocks in the Fund's portfolio during the quarter were Oil & Gas Exploration & Production companies: SM Energy (2.9% of Fund net assets*), Afren (1.7% of Fund net assets*) and Ophir Energy (0.8% of Fund net assets*). The fifth, Freeport-McMoRan (2.2% of Fund net assets*), failed to recover fully from the difficulties it faced in January, not least those related to Indonesia's decision to place a ban on the export of unprocessed mineral ores, in particular copper.

Positioning and Outlook

We continue to believe that our focus on the key theme of unconventional energy resources remains valid. The well results from the companies in which the Fund invests indicate to us not only better than expected production, but also reserves. In addition, by both drilling faster and optimizing technology, these companies also continue to push down costs faster than expected. And we also still believe that, despite perceptions around the direction of crude oil prices, within our outlook for them, the unconventional theme remains very valid.

As during the last two quarters, we continue to keep an eye on the strategic repositionings and massive restructurings taking place among a number of the big mining companies. The passage through the second phase in their shift away from growth at any cost is proving anything but plain sailing and progress during it is, indeed, proving anything but uniform across the industry.

*All company and sector weightings as of March 31, 2014.

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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. An index's performance is not illustrative of the Fund's performance. Indices are not securities in which investments can be made. [1]The S&P North American Natural Resources Sector Index (SPGINRTR) includes mining, energy, paper and forest products, and plantation-owning companies. [2]The S&P Global Natural Resources Index (SPGNRUN) 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 three primary commodity-related sectors: agribusiness, energy, and metals and mining. [3]The MSCI ACWI Commodity Producers Index (MSCI ACP) 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. [4]The S&P® 500 Index includes 500 leading companies in leading industries of the U.S. economy. The Index focuses on large-cap segments of the market, with approximately 75% coverage of U.S. equities. [5]The S&P Goldman Sachs Commodity Index (SPGSCITR) is a composite index of commodity sector returns, representing an unleveraged, long-only investment in commodity futures.

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

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