Fourth Quarter 2022

Demand Growth Could Keep Resources On Track

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VanEck Global Resources Fund

GHAAX | GHACX | GHAIX | GHAYX

Resource equities exhibited strong relative gains in Q4, outperforming both global equities and bonds. The most important issue for the resource equity sector may be the path to opening in China.

Overview

Resource equities exhibited strong relative gains this quarter, outperforming both global equities and bonds during the three-month period. Despite reported industry cost inflation, resilient commodity prices, combined with financial prudence, supported healthy free cash flow generation and robust capital returns programs for many producers.

The impacts of aggressive global fiscal tightening measures began to show in the fourth quarter as inflation moderated (albeit slightly), collective economic activity slowed and recessionary fears took hold of equity markets in December. Yet, inflation remained at historically high levels through the end of the year and both commodities and resource equities demonstrated, once more, their ability to act as a sound hedge against inflation.

Market Recap

Energy

Intensifying sanctions against Russia compounded global energy supply concerns in the fourth quarter. The European Union's ban on all seaborne oil imports from Russia beginning in December marked one of the most dramatic measures taken against the country since its invasion of Ukraine.

Notably, the move came at a time when both OPEC+ and U.S. oil and gas producers leveled or lowered production in favor of market price stability and capital preservation. A full-on crisis was averted due in part to demand destruction in Asia (from high prices), ample liquid natural gas inventories and milder weather in Europe.

Market optimism for renewables, following the passing of the U.S.'s industry-simulative Inflation Reduction Act, was apparent for most of October and November. However, gains were relatively short-lived as growth stocks led the market's risk-off moves in December.

Average Annual Total Returns (%) as of December 31, 2022

	4Q 22*	YTD	1 Yr	3 Yr	5 Yr
Class A: NAV (Inception 11/02/94)	9.02	7.74	7.74	14.89	3.65
Class A: Maximum 5.75% load	2.75	1.54	1.54	12.65	2.43
SPGINRTR Index[1]	18.25	34.07	34.07	14.97	7.13
SPGNRUT Index[2]	17.23	10.32	10.32	11.62	9.03

The tables (left) present 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 1.48%; Net 1.38%. Expenses are capped contractually until 05/01/23 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.

Metals

Supply issues, including disruptions at top-producing copper mines in South America as well as registered low inventories for a number of industrial metals, globally, carried over from the third quarter of 2022. These factors, combined with emerging expectations of increased metals demand following the lifting of China's "zero-COVID" policy, pushed prices higher across the complex.

Meanwhile, the anticipation of a potential pause in Fed rate hikes and corresponding dollar weakness aided in gold's modest rebound. On the back of gold's moves, the miners were able to partially recover from losses experienced throughout the first three quarters of the year.

Agriculture

Fertilizer prices continued to trend downward off historical highs as 2023 demand forecasts weakened on rising farm costs and easing natural gas prices (natural gas is one of the main inputs into nitrogen-based fertilizers).

Grain prices, on the other hand, became somewhat volatile in the last quarter of the year, as traders weighed the potential impact of disruptions in South American exports—due to geopolitical infighting and drought—against ongoing uncertainty around Ukraine.

As was the case throughout much of the year, agricultural producers and fertilizer manufacturers wrestled with, on one hand, healthy margins and, on the other, rising industry costs and an increasingly sour operating environment.

Performance Review

During the quarter, the greatest contributions to absolute performance came from the oil & gas sub-sector—including the top three individual contributors highlighted below. However, the base & industrial metals, gold & precious metals and agriculture sub-sectors were all strong absolute contributors as well.

The largest detractor from absolute and relative performance (versus both the S&P North American Natural Resources Sector Index and the S&P Global Natural Resources Index) was the renewables & alternatives sub-sector.

Top Contributors

Name	Sub-Sector	Weight (%)	Est. Cont. (bps)	Comment
Halliburton	Oil & Gas	1.96	+76	Benefitted from pricing (higher margins) and pick up in drilling activity
Valero	Oil & Gas	3.93	+73	Strong middle distillates product profile (diesel, jet fuel) and selling into a tight market
Hess	Oil & Gas	2.85	+70	Attractive exploration success (in Guyana) and growth profile

Top Detractors

Name	Sub-Sector	Weight (%)	Est. Cont. (bps)	Comment
FREYR Battery	Renewables & Alternatives	0.98	-59	Sold off with other growth-oriented companies in December
Chart Industries	Industrials & Utilities	1.35	-58	Participated in an uncharacteristic acquisition requiring substantial leverage
Stem	Renewables & Alternatives	0.88	-58	Sold off with other growth-oriented companies in December

Source: VanEck, FactSet. Data as of December 31, 2022. 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 Positioning

Notable changes this quarter included a reduction in oil & gas exploration & production (E&P) exposure and increased base & industrial metals and gold & precious metals exposure. Generally speaking, strong performance from the traditional energy sector presented a favorable opportunity to lock in gains and free up capital to allocate to several of the portfolio's other developing themes.

Notable reductions in oil & gas exposure included the full sale of the portfolio's position in Coterra Energy (not held at quarter end). The position was exited on elevated operational risk as the company reported cuts to its proved reserves and exhibited a good mix more heavily weighted towards its lower-quality acreage.

New positions included gold company, Franco-Nevada (1.49% of net assets), and green metals producer, Jervois (0.11%). As a royalty company, Franco-Nevada is uniquely positioned to protect against industry cost inflation while also still offering potential upside to higher gold prices. Meanwhile, Jervois stands to be the only cobalt miner in the U.S. following the commissioning of its Idaho mine in the first quarter of 2023. The company already sees steady cash flow from its refining operations in Finland and the potential for further added value from its Brazilian nickel refinery in 2024.

Outlook

The resource equity sector continues to face a number of historically unprecedented issues, including a potential looming recession and the deepening repercussions of the resource crisis associated with Russia's invasion of Ukraine. However, the most important issue may be the path to opening in China.

Relaxation of "zero-COVID" restrictions should eventually lead to a strong rebound in China's economy, a substantial increase in the demand for commodities and a subsequent positive response from resource equities.

The largest consumer of commodities in the world has been, essentially, in a recession. If this had occurred during the decade of 2010-2020, commodity and resource equity prices would have seen severe underperformance. Instead, outperformance has been strong—signaling that we currently operate in a structurally tight supply environment. The timing of China's return to the world market may go a long way in offsetting any new recessionary demand impacts that may unfold in OECD countries. China may essentially be a tightly coiled spring that, when released, could be a catalyst for an unparalleled rebound in demand for all commodities.

Perhaps the biggest risk to the resource equity sector is the belief that inflation is conquered and that we may be returning to the low inflationary period seen over the last decade. While it is possible that inflation in most parts of the world has peaked, there is still strong historical evidence showing how once a mid-single digit inflation threshold has been breached, a return to a lower inflationary regime takes many years, if not decades, to attain.

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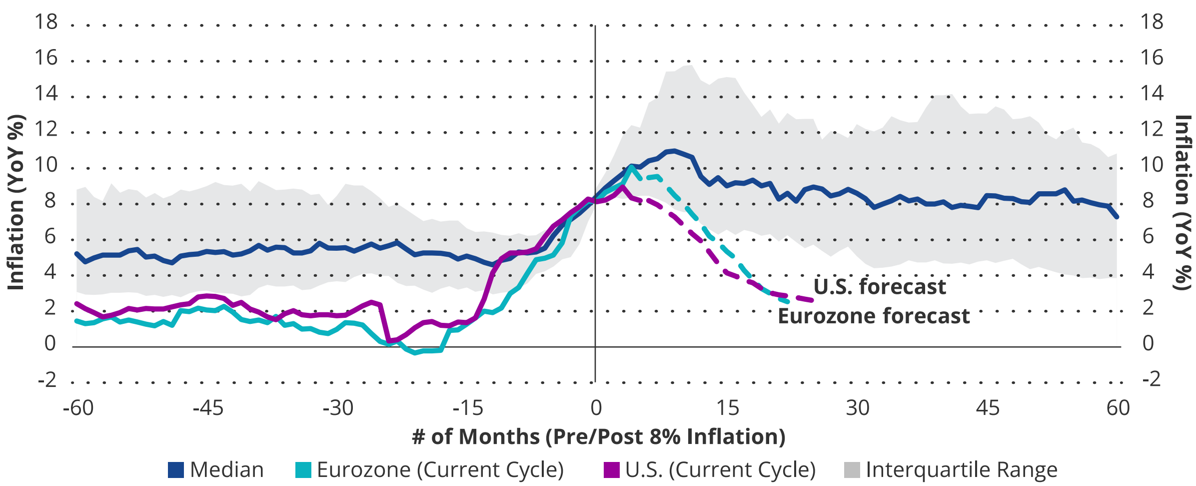
Historically, global inflation has remained elevated much longer than is currently being forecasted.



Source: Deutsche Bank. Data as of September 2022

Hence, the prevailing view that central bankers around the world will be able to quickly drive inflation back to the 2% level while balancing economic growth and employment seems to us extremely unlikely.

Important Disclosures

All holdings and data are as of end-December 2022.

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The S&P North American Natural Resources Sector (SPGINRTR)[1] Index (the "Index") 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. S&P Global Natural Resources (SPGNRUT)[2] 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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