Global Growth Gains Spur Resources in Q2

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Strong Quarter for Global Resources Fund

Global Resources Fund (A shares, excluding sales charges), or the “Fund”, returned +1.59% on the quarter, outperforming its benchmark, S&P Global Natural Resources Index, which returned -1.93% during the same period. The Fund benefitted from its sizable positioning in Gold & Precious Metals, with gold bullion reaching all-time highs in May. The Fund also saw gains from its exposure to Industrials & Utilities and Renewables & Alternatives—two sectors peripherally leveraged to the nascent themes of increasing power consumption and electrification.

Broadly speaking, commodities trended higher on the quarter, with gains led by metals and energy. The environment for commodities was constructive, highlighted by modest, though encouraging, signs of global growth and perceived market tightness based on underlying supply and demand fundamentals. Apart from sectors mentioned above, resource equities mostly underperformed relative to their commodity counterparts.

Metals Headline Commodity Price Gains

- **Gold & Precious Metals –** Gold reached new all-time highs of $2,450/oz (intraday) in May. Continued central bank buying and strong physical demand buoyed prices. Meanwhile, gold miners’ shares were supported by higher prices and confirmation of controlled cost inflation.
- **Base & Industrial Metals –** Supply concerns, precipitated by the forced closure of First Quantum’s (1.02% of Fund net assets) Cobre Panama mine in late-2023, spurred speculative buying of the metal in the first and second quarters of 2024. By late-May, copper reached all-time highs of $11,104/mt (intraday). Headlines around a potential deal between BHP (not held by Fund) and Anglo American (1.94% of Fund net assets) also attracted further attention to the copper space.
- **Oil & Gas –** Oil prices eased as concerns over a broader, regional escalation of war in the Middle East subsided. Weaker-than-anticipated gasoline and diesel demand, paired with higher reported inventory levels, also dragged. Meanwhile, natural gas prices rallied on increased energy demands (for cooling) in Asia and ongoing Russian supply threats. U.S. Exploration and Production (E&P) and oilfield service markets also continued to experience consolidation, with ConocoPhillips (1.53% of Fund net assets) announcing an all-stock acquisition of Marathon Oil (not held by Fund) and Noble (not held by Fund) announcing its acquisition of Diamond Offshore Drilling (not held by Fund).

Average Annual Total Returns (%) as of June 30, 2024

	2Q 24*	YTD	1 Yr	5 Yr	10 Yr
Class A: NAV (Inception 11/02/94)	1.59	4.26	6.05	8.55	-2.20
Class A: Maximum 5.75% load	-4.26	-1.73	-0.05	7.28	-2.78
SPGNRUN Index[1]	-1.93	0.04	7.16	7.66	3.82
SPGINRTR Index[2]	-1.42	9.60	17.03	12.13	2.23

The table (left) 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 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 1.45%; Net 1.38%. Expenses are capped contractually until 05/01/25 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.

- **Renewables & Alternatives –** The sell-off in renewables slowed in the second quarter, amid prospects of a potential start to a rate cutting cycle in late-2024. Near-record installations of U.S. solar capacity during the first quarter (mostly utility-scale builds) also pointed to signs of strength. However, challenges remain for the industry, based on a lack of available labor, interconnection delays and trade uncertainty. The announced bankruptcy of a major customer for solar inverter manufacturer SolarEdge (not held by Fund), and its subsequent issuance of a $300 million convertible senior note, also raised alarms around the current financial health of major players in the industry.
- **Agriculture –** Wheat prices surged through May on reported unfavorable crop conditions in the Black Sea region. Tight cattle supply and a rotation into poultry aided higher chicken prices during the quarter. Despite higher natural gas prices, fertilizer supply remained ample with Northern seasonal demand abating. Threat of oversupplied fertilizer markets persist with the potential for China to restart phosphate exports.

Outperformance Highlighted by Stock Selection

Overall, there were no sector-level detractors from relative performance during the period. The strongest relative contributions came from stock selection in Agriculture (proteins) and Metals (base metals and gold). On a relative basis, overweight positioning within Gold & Precious Metals and Renewables & Alternatives also contributed.

Top Contributor	Sector	Weight (%)	Est. Cont. (bps)
JBS	Agriculture	2.27	+57
Kinross	Gold & Precious Metals	1.54	+50
Kirby	Industrials & Utilities	2.46	+49

Top Detractor	Sector	Weight (%)	Est. Cont. (bps)
Nucor	Base & Industrial Metals	1.36	-24
Chart Industries	Industrials & Utilities	1.69	-23
OCI	Agriculture	1.68	-21

Source: VanEck. Data as of June 30, 2024.

In terms of positioning, the largest reductions (on a net basis) included those in Oil & Gas (including E&Ps and oilfield services), Gold & Precious Metals and Renewables & Alternatives. The largest additions were in Base & Industrial Metals, Paper & Forest Products and Agriculture.

Notable Adds:

Company	Sub-Sector	% Weight	Rationale
Anglo American	Base & Industrial Metals	1.94	We initially established the position based on the view that many other pure-play copper names are already fully-valued and that Anglo's copper assets are undervalued as part of a larger, diversified portfolio. We continued to add to the position even after the BHP bid was announced as we believe that the proposed deal should jump-start a company-wide operational review (potentially leading to asset sales and a more streamlined business).
Suzano	Paper & Forest Products	1.16	Largest pulp producer in the world and one of the largest paper producers in Latin America. Our expectations are that pulp fundamentals will remain tight for the balance of the year, driven by supply constrictions (due to labor strikes in the Nordics) and demand support (from growing Chinese paper consumption).
FMC	Agriculture	0.79	Geographically-diverse pure play on crop protection chemicals and a company we had previously owned from 2020-2023; we exited the position last summer due to uncertainty around how long inventory destocking of FMC's products would persist. We now believe that this demand destruction is predominantly complete and retailers will begin rebuilding inventories to more normal levels.

Notable Exits:

Company	Sub-Sector	% Weight	Rationale
CF Industries	Agriculture	(not held)	Exited on concerns that recent softness in nitrogen pricing may drive further downward revisions for the company, which we also view as, at present, fairly and fully-valued.
Array Technologies	Renewables & Alternatives	(not held)	We believe that a full recovery in utility-scale solar has likely been pushed out to 2025 (at the earliest). Continued interconnection delays and resulting inconsistent growth have kept – and may continue to keep – the space under pressure, in our view.
Schlumberger	Oil & Gas	(not held)	Generally speaking, we believe that valuations in oilfield services are still relatively attractive. However, capex growth in international oil and gas remains relatively capped (at high single-digits to low double-digits) for now.

Source: VanEck, FactSet. Data as of June 30, 2024. 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 compositions are subject to change at any time.

Constructive outlook remains in place

We remain constructive on the outlook for commodities and resource equities heading into the second half of 2024. For now, inflation remains relatively persistent, and the likelihood of lower rates would be a net positive for commodities and emerging markets. Likewise, geopolitical risks seem likely to remain elevated—just given the contentious, polarized nature of elections, globally, and a seemingly-narrow pathway for speedy resolution of military conflicts in Ukraine and the Middle East.

Fundamentally, we are seeing added support from evolving secular demand and supply dynamics. This includes structural demand support from de-globalization themes (such as re- or on-shoring or trade protectionism), increased power generation (due to the advent of artificial intelligence, data centers and additional grid buildout) and the on-going resources transition.

There are also several restraints on the supply side. Most notably, these include weak investment (due to reduced capital expenditures, sector-wide), increased resource expropriation, and supply chain disruptions.

Important Disclosures

All holdings and data are as of June 30, 2024.

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

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