

Eyeing Opportunity for Rebound in Resources



Shawn Reynolds

Portfolio Manager

VanEck Global Resources Fund

GHAAX | GHACX | GHAIX | GHAYX

Market Recap

Resource companies collectively lagged broader equity markets in the second quarter, with the S&P Global Natural Resources Index underperforming both U.S. and international stocks.ⁱ Losses in the space were predominately driven by increasing concerns of a global recession and associated weakening commodity prices. Additionally, risk appetites for “growthier” stocks, particularly those in the artificial intelligence (AI) space saw great interest and received the lion’s share of capital inflows from investors.

Energy

Concerns over the potential for slowing global economic growth in the second half of 2023 exerted downward pressure on oil prices for most of the quarter. After trading above \$120 a barrel nearly a year ago, West Texas Intermediate (WTI) crude oil eventually settled near \$70 at the end of June. Oil price weakness appeared to defy the odds, though, as reported global oil demand remained steadyⁱⁱ and announced production cuts by various OPEC+ members in April and June continued to add to global inventory deficits. Continuing conservative capital spending by industry participants also added to concerns about looming supply shortages.

Deal-making activity in the oil and gas space helped buoy returns of producers and servicers amid lackluster energy prices. Most notable among these deals included the May announcement by integrated oil producer, Chevron (1.02% of Fund net assets), of its intention to acquire Denver-Julesburg Basin operator, PDC Energy (not held in Fund), in an all-stock transaction valued at \$6.3 billion.ⁱⁱⁱ

Metals & Mining

Reported supply tightness across a number of industrial metals did little to combat the macroeconomic headwinds faced by diversified miners during the three-month period. Global manufacturing dipped to a seven-month low in June^{iv} and weaker-than-anticipated recovery of the world’s largest metals consumer, China, weighed on traders’ near-term outlook for demand. Softening copper prices and reported industry-wide operating cost inflation placed additional pressure on margins for many producers.

Gold miners, despite having recently overcome their own cost challenges in 2022, suffered from falling gold prices as the yellow metal retreated below \$2,000 per ounce from May to June.

Average Annual Total Returns (%) as of June 30, 2023

	2Q 23*	YTD	1 Yr	5 Yr	10 Yr
Class A: NAV (Inception 11/02/94)	-2.48	-5.51	2.85	2.70	-0.05
Class A: Maximum 5.75% load	-8.09	-10.94	-3.06	1.49	-0.64
SPGNRUT Index ¹	-3.67	-3.11	8.37	5.89	5.77
SPGINRTR Index ²	-0.12	-2.92	12.33	5.40	3.55

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 1.47%; Net 1.38%. Expenses are capped contractually until 05/01/24 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.

Agriculture

Returns in the agriculture sector were mixed on the quarter. Domestic agricultural chemical producers saw relatively stable prices in the U.S. (supported by successful planting seasons), but amid an environment of declining prices, globally, due to vastly oversupplied fertilizer markets. U.S. grains producers struggled with weaker corn and wheat prices in the face of declining exports.

Resource Transition

The resource transition sector turned in a mixed performance for the quarter with the benefits of social and governmental incentives only partially offsetting the lack of maturity of the broad sector and related businesses. Competition has come to the solar component industry while business models that lower the cost and environmental footprint of batteries and create value-added technologies to the renewable electricity sector seem to be succeeding. The market continues to reward those green metals companies that show signs of sustainable growth and severely punish those who struggle to execute.

Performance and Positioning

The Global Resources Fund (the "Fund"; A Shares, excluding transaction fees) returned -2.48% during the quarter, outperforming the S&P Global Natural Resources Index, which returned -3.67%.

On an absolute basis, positions in the Oil & Gas and Industrials & Utilities sectors were the largest contributors. Gains from these positions only partially offset losses from those in nearly every other sector of the Fund, though, with Agriculture, Gold & Precious Metals, Base & Industrial Metals and Renewables & Alternatives all adding to net losses on the quarter.

Security selections within the Fund's Oil & Gas positions were the largest contributors on a relative basis versus the S&P Global Natural Resources Index. Overweight positioning within Renewables & Alternatives and Gold & Precious Metals detracted.

Top Contributors

Name	Sub-Sector	Position Weight (%)	Estimated Contribution (BPS)
EQT Corp	Oil & Gas	1.95	46.70
TechnipFMC	Oil & Gas	2.34	45.03
Chart Industries	Industrials & Utilities	1.94	43.65

Top Detractors

Name	Sub-Sector	Position Weight (%)	Estimated Contribution (BPS)
Valero Energy Corp	Oil & Gas	3.80	-65.94
SolarEdge Tech.	Renewables & Alt.	0.00*	-45.50
Nutrien Ltd	Agriculture	1.73	-44.33

Source: VanEck, FactSet. **Data as of June 30, 2023.** *Position exited during the quarter. Note: all contribution figures are estimated gross of fees and expenses. Past performance is no guarantee of future results. Weights shown are as of quarter-end; contribution is through the entire quarter.

Notable changes during the quarter included additions to the Fund's integrated oil and oil services exposure, as well as exits of several of the Fund's solar component positions (rationale detailed in the table below).

Notable Adds:

Name	Sub-Sector	Rationale
BP (1.92% of net assets)	Oil & Gas	Global integrated oil and gas company with an industry-leading pipeline of new, short-cycle, higher-margin upstream and refining projects. Early debt pay-down and increase of shareholder returns also offer a possible medium-term catalyst.
Nexans (1.01% of net assets)	Renewables & Alternatives	Leading producer of high-voltage cables, making it a pure play on electrification; uniquely positioned to capture market share in offshore windfarms and subsea connections—typically considered higher margin business segments.
Saipem (0.46% of net assets)	Oil & Gas	Diversified services contractor with a focus on large, offshore projects; currently trading at a discount to peers following several years of financial and operational missteps that have since been addressed.

Notable Exits:

Name	Sub-Sector	Rationale
Enphase	Renewables & Alternatives	Anticipation of headwinds in upstream solar due to component pricing challenges and compressed margins.
SolarEdge	Renewables & Alternatives	Similar to Enphase, exited on the anticipation of operational headwinds in upstream solar in the near-term.
PDC Energy	Oil & Gas	Position exited after Chevron announced its intended acquisition of the company in May (Chevron is still currently held in the portfolio).

Source: VanEck, FactSet. Data as of June 30, 2023. 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.

Outlook

Recent underperformance of resource equities amid uncharacteristically high inflation has been somewhat perplexing, yet is not entirely without precedence. In the 2000s' bull market rally, for example (where inflation averaged just above 3%), there were five periods of greater than 10% decline lasting over a minimum of three months. Declines over these periods averaged around -15% and lasted for five months. Similar incidences also occurred in the 1970s when year-over-year inflation averaged just above 7%. U.S.-listed energy and mining stocks experienced (again) around five of these same types of declines, with an average loss of approximately -17% and -19%, respectively, over a length of around four months.

What is perhaps more important to consider here, though, is that, despite these brief periods of underperformance, cumulative returns of resource equities over both of these ten-year stretches landed north of +250% (or around +13% on an annualized basis).

In terms of portfolio positioning, we continue to monitor several key themes shaping the fundamental outlook for resource equities over both the near- and longer-term:

- 1. Exploration spending** – The impact of capital expenditures reductions—particularly in sectors such as Oil & Gas and Base & Industrial Metals—appears to have taken hold. Though reported spending is on the rise in 2023, it is likely insufficient to offset any type of major supply deficiencies already baked-in as a result of multi-year underinvestment. We believe companies focused on capital discipline may benefit from stronger returns and cash flow generation in the months or years to come should fundamentals drive commodity prices even higher.
- 2. Supply security** – China continues to maintain a firm grip over the extraction and processing of a vast array of critical metals and minerals. This fact has underpinned efforts by clean energy technology manufacturers and metals producers to seek alternate sources of supply or, where possible, onshore or “friend-shore” (i.e., to neighboring, allied countries) certain parts of their processing operations. Companies successful in executing on this strategy may stand to benefit should trade tensions increase in the near-term and/or should resource competition become more challenging in the future.
- 3. Shape and pace of the ongoing resources transition** – Recent policy in the U.S. and Europe has been highly supportive of the development of renewable energy technologies. However, it is not clear yet exactly which industries or companies stand to benefit the most as a result. As well, the pace of renewable energy adoption and overall amount of capital investment required to meet most climate objectives, remains well below what is currently needed. From a portfolio positioning standpoint, we continue to seek out companies in the space that offer compelling, longer-term structural growth opportunity.

ⁱ As measured by the S&P 500 Index (U.S.) and MSCI AC World ex USA Index (international).

ⁱⁱ <https://www.iea.org/reports/oil-market-report-june-2023>

ⁱⁱⁱ <https://www.chevron.com/newsroom/2023/q2/chevron-announces-agreement-to-acquire-pdc-energy>

^{iv} <https://www.pmi.spglobal.com/Public/Home/PressRelease/aa9335e0542484ce8b942d07fe9eb55e0>

Important Disclosures

All holdings and data are as of June 30, 2023.

This is not an offer to buy or sell, or a recommendation to buy or sell any of the securities, financial instruments or digital assets mentioned herein. The information presented does not involve the rendering of personalized investment, financial, legal, tax advice, or any call to action. Certain statements contained herein may constitute projections, forecasts and other forward-looking statements, which do not reflect actual results, are for illustrative purposes only, are valid as of the date of this communication, and are subject to change without notice. Actual future performance of any assets or industries mentioned are unknown. Information provided by third party sources are believed to be reliable and have not been independently verified for accuracy or completeness and cannot be guaranteed. VanEck does not guarantee the accuracy of third party data. The information herein represents the opinion of the author(s), but not necessarily those of VanEck or its other employees.

Van Eck Associates Corporation (the "Adviser") has agreed to waive fees and/or pay Fund expenses to the extent necessary to prevent the operating expenses of the Fund (excluding acquired fund fees and expenses, interest expense, trading expenses, dividends and interest payments on securities sold short, taxes and extraordinary expenses) from exceeding 1.38% for Class A, 2.20% for Class C, 0.95% for Class I, and 1.13% for Class Y of the Fund's average daily net assets per year until May 01, 2024. During such time, the expense limitation is expected to continue until the Board of Trustees acts to discontinue all or a portion of such expense limitation

The S&P Global Natural Resources (SPGNRUT)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.

The views and opinions expressed are those of VanEck. Fund manager commentaries are general in nature and should not be construed as investment advice. Opinions are subject to change with market conditions. Any discussion of specific securities mentioned in the commentaries is neither an offer to sell nor a solicitation to buy these securities. Fund holdings will vary.

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 which may include, but are not limited to, risks associated with active management, commodities and commodity-linked derivatives, derivatives, direct investments, emerging market issuers, ESG investing strategy, foreign currency, foreign securities, global resources sector, market, operational, investing in other funds, small- and medium capitalization companies, special purpose acquisition companies, and special risk considerations of investing in Canadian issuers, all of which may adversely affect the Fund. Emerging market issuers and foreign securities may be subject to securities markets, political and economic, investment and repatriation restrictions, different rules and regulations, less publicly available financial information, foreign currency and exchange rates, operational and settlement, and corporate and securities laws risks. Small- and medium-capitalization companies may be subject to elevated risks. Derivatives may involve certain costs and risks such as liquidity, interest rate, and the risk that a position could not be closed when most advantageous.

ESG integration is the practice of incorporating material environmental, social and governance (ESG) information or insights alongside traditional measures into the investment decision process to improve long term financial outcomes of portfolios. **Unless otherwise stated within an active investment strategy's investment objective, inclusion of this statement does not imply that an active investment strategy has an ESG-aligned investment objective, but rather describes how ESG information may be integrated into the overall investment process.**

ESG investing is qualitative and subjective by nature, and there is no guarantee that the factors utilized by VanEck or any judgment exercised by VanEck will reflect the opinions of any particular investor. Information regarding responsible practices is obtained through voluntary or third-party reporting, which may not be accurate or complete, and VanEck is dependent on such information to evaluate a company's commitment to, or implementation of, responsible practices. Socially responsible norms differ by region. There is no assurance that the socially responsible investing strategy and techniques employed will be successful. **An investment strategy may hold securities of issuers that are not aligned with ESG principles.**

Investing involves risk, including possible loss of principal. Please call 800.826.2333 or visit vaneck.com for a free prospectus and summary prospectus. An investor should consider investment objectives, risks, charges and expenses of the investment company carefully before investing. The prospectus and summary prospectus contain this and other information. Please read the prospectus and summary prospectus carefully before investing.



Van Eck Securities Corporation, Distributor
A wholly-owned subsidiary of Van Eck Associates Corporation

666 Third Avenue | New York, NY 10017
vaneck.com | 800.826.2333

Exchange-Traded Funds
Mutual Funds
Institutional Funds
Model Delivery
Separately Managed Accounts
UCITS Funds
UCITS Exchange-Traded Funds