Manager Commentary: On the Gold Market

Gold's base appears to be strengthening, bullion ends February at $1,326.44

By: Joe Foster, Portfolio Manager

Fund Review

The International Investors Gold Fund's Class A shares returned 12.92% for the one-month period ending February 28, 2014 (excluding sales charge), while the NYSE Arca Gold Miners Index[1] (GDM) returned 10.45% for the same period. The Fund is actively managed and invests mainly in gold-mining equities. Geologist Joe Foster has been part of Van Eck's gold investment team since 1996. The Fund is managed by a specialized investment team that conducts continuous on- and under-the-ground research to assess mining efficiencies and opportunities.

Average Annual Total Returns (%) as of February 28, 2014

	1 Mo*	1 Yr	5 Yr	10 Yr
Class A: NAV (Inception 1/1/56)	12.92	-19.73	2.05	7.32
Class A: Maximum 5.75% load	6.44	-24.32	0.84	6.69
GDM Index	10.45	-29.84	-3.74	--

Average Annual Total Returns (%) as of December 31, 2013

	1 Mo*	1 Yr	5 Yr	10 Yr
Class A: NAV (Inception 1/1/56)	-3.49	-48.91	-2.17	3.95
Class A: Maximum 5.75% load	-9.01	-51.86	-3.32	3.33
GDM Index	-3.92	-53.65	-7.79	--

*Monthly returns are not annualized.

Expenses: Class A: Gross 1.29%; Net 1.29%. Expenses are capped contractually until 05/01/14 at 1.45% for Class A. Caps exclude certain expenses, such as interest.

Please note that precious metals prices may swing sharply in response to cyclical economic conditions, political events or the monetary policies of various countries. Investors should be aware that recent market conditions resulting in high performance for the gold sector may not continue. The tables 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 of the Index constituents in the Index have been reinvested.

Market Review

We have been saying that, in our opinion, the gold price is in the process of forming a base. Having closed above $1,200 per ounce every day so far this year, that base appears to be getting stronger. Gold was up 3.2% in January. In February gold gained $81.89 per ounce or 6.6%. It traded as high as $1,340.64 per ounce on February 25, closing the month at $1,326.44 per ounce on February 28. Year to date, as of the end of February, the gold price has averaged $1,271.14 per ounce.

Gold's move during February was a steady push higher. In the first half of the month, gold found support from weak U.S. economic data including a weak manufacturing survey from the Institute for Supply Management, lower than expected payroll gains reported for January, and an unexpected decline in U.S. retail sales and factory production. On February 14, gold managed an important technical breakout above the 200-day moving average for the first time in a year. This drove positive gold price momentum. Importantly, after persistent declines for more than a year, holdings in global gold bullion exchange-traded products (ETPs) increased during the month.

Demand and supply statistics published by the World Gold Council were also generally supportive of gold, showing a 21% increase in combined demand for jewelry, small bars, and coins in 2013. In fact, demand for bars and coins reached an all-time high in 2013, and jewelry demand volumes returned to 2008, pre-crisis levels. This impressive growth in consumer demand was offset by heavy gold bullion ETP redemptions in 2013, bringing total demand down 15% compared to 2012. A decline in scrap supply more than offset a rise in mine supply, bringing total supply down to 2% in 2013.

With an estimated 32% increase in gold consumer demand in 2013, as per the World Gold Council report, China surpassed India as the largest consumer of gold in the world. Strong physical Chinese demand in February 2014, which is seasonally a weak month for Chinese demand following the end of the New Year holidays, seems to have also turned investor sentiment more positive towards gold this year. Finally, we believe, rising tensions in Ukraine during the month likely continued to attract investments in gold.

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

The gold equity sector has been reclaiming its status as an effective investment for leveraged exposure to gold. The NYSE Arca Gold Miners Index[1] was up 10.5%, while the Market Vectors Junior Gold Miners Index[2] advanced 16.6% in February. Companies continue to focus on increasing their operating margins, maintaining healthy balance sheets, exercising capital discipline and meeting expectations. This has helped them regain credibility in the markets and has attracted investors who see an opportunity for entry following the oversold levels gold stocks reached at the end of 2013.

Market Outlook

In the near term, we believe, gold should continue to benefit from its safe heaven designation. There has been an outbreak of geopolitical risk around the world so far in 2014. Tensions have yet to be resolved in Thailand, Venezuela, Turkey, and Ukraine. Regional, and possibly global, commerce and financial stability are at risk. In the longer term we believe gold will need a fresh catalyst to resume its bull trend. In our opinion, there is a high likelihood that such a catalyst may develop from continued global financial stress created by misguided fiscal and monetary policies that spur asset price and/or consumer price inflation or other dislocations in the global economy.

Most of the gold companies we track have now reported their fourth quarter 2013 results. There were a few disappointments, but in general Q4 2013 and full year 2013 operating results and 2014 guidance have been in line with expectations. With a few exceptions, so far, operating and sustaining capital costs have been guided flat or lower for 2014 compared to 2013. Generally, we expect costs to at least remain flat in 2014 relative to 2013, but would not be surprised to see a continuation of the declining cost trend we saw in 2013, as most companies continue to implement cost saving initiatives across their operations. Also, we expect the effect of weaker foreign currencies to have a positive impact in the U.S. dollar costs of many operations in 2014.

About 70% of the companies we track have reported their 2013 year end results. A little less than half of these companies missed EPS (earnings per share) expectations, with the remaining companies meeting or exceeding expectations. Almost all of the EPS misses were due to non-operating expenses (e.g., interest, tax, general and administrative, sales lower than production). Along with their financial results, companies released their 2013 year end reserve and resource statements. Although a few companies managed to increase reserves as a result of exploration or acquisition success, most companies reported lower reserves due to more conservative gold price assumptions ranging from about $1,000 to $1,350 per ounce.

The markets (which continue to be very focused on production and cost performance, return to investors, and capital discipline) did not necessarily punish those companies that missed earnings expectations. Similarly, asset write downs, negative reserve revisions, and dividend cuts were also generally well received by the markets, recognizing companies' efforts to adjust mine plans and spending in order to seek to improve their financial strength in this lower gold price environment.

As part of the restructuring and realignment of their business to better face the industry's current challenges, the strategy by some of the gold majors has involved the divestment of non-core assets. These transactions have several benefits which, we believe, are viewed positively by investors. The operations that are being divested are generally higher cost operations, and thus, their sale typically results in lower average operating costs for the seller. In addition, these sales may lead to a reduced number of operations/assets and in some cases to fewer operating jurisdictions, which, we believe, simplifies the structure of large companies and allows them to more effectively manage their business.

The scaling back of projects is another strong trend developing in the sector. Companies are struggling to design projects (especially large capital projects) that work at current gold prices. Many companies have deferred the development of these projects until adequate returns can be obtained as a result of higher gold prices. However, more and more we are hearing from companies which, rather than suspending development of their projects, are redesigning them in order to reduce upfront capital investment and potentially achieve attractive rates of return. This may involve the decision to develop the asset in phases, lower scale initially, allowing for expansion later; or may, for example, convert a project that required a mill to one that will now process ore through heap leaching, which is much cheaper to build. This approach may allow some companies to continue to deliver growth, and has the added benefit of reducing project risk, which is always a welcome attribute in this high-risk sector.

Companies are showing that they recognized and working to repair the mistakes of the past, and also that they can relatively quickly respond to significantly lower gold prices. So far this year, we have been to Canada and West Africa, and just recently attended BMO's Global Metals and Mining Conference. We continue to visit assets, meet with companies, and research the space seeking to identify opportunities within a sector that has clearly faced many challenges during the past few years, but now appears to us to be on the right path to becoming much stronger and healthier.

All company weightings as of February 28, 2014

Any indices listed are unmanaged indices and include the reinvestment of all 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]NYSE Arca Gold Miners Index (GDM) is a modified market capitalization-weighted index comprised of publicly traded companies involved primarily in the mining for gold. [2]Market Vectors Junior Gold Miners Index (MVGDXJTR) is a rules-based, modified market capitalization-weighted, float-adjusted index comprised of a global universe of publicly traded small- and medium-capitalization companies that generate at least 50% of their revenues from gold and/or silver mining, hold real property that has the potential to produce at least 50% of the company's revenue.

Please note that the information herein represents the opinion of the portfolio manager and these opinions may change at any time and from time to time. Not intended to be a forecast of future events, a guarantee of future results or investment advice. Historical performance is not indicative of future results; current data may differ from data quoted. Current market conditions may not continue. Non-Van Eck Global proprietary information contained herein has been obtained from sources believed to be reliable, but not guaranteed. No part of this material may be reproduced in any form, or referred to in any other publication, without express written permission of Van Eck Global. ©2014 Van Eck Global.

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 the risks associated with concentrating its assets in the gold industry, which can be significantly affected by international economic, monetary and political developments. The Fund's overall portfolio may decline in value due to developments specific to the gold industry. 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. The Fund is subject to risks associated with investments in debt securities, derivatives, commodity-linked instruments, illiquid securities, asset-backed securities, CMOs and small- or mid-cap companies. The Fund is also subject to inflation risk, short-sales risk, market risk, non-diversification risk, leverage risk, credit risk and counterparty risk. Please see the prospectus and summary prospectus for information on these as well as other risk considerations.

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 as well as other information. Please read them carefully before investing.

NOT FDIC INSURED | NO BANK GUARANTEE | MAY LOSE VALUE

vaneck.com | 800.826.2333

Van Eck Securities Corporation, Distributor
335 Madison Avenue | New York, NY 10017