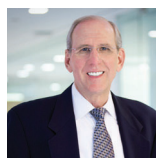


# Dollar's Trouble Could Be Gold's Triumph



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## VanEck International Investors Gold Fund

INIVX | IIGCX | INIIX | INIYX

### Gold's Record Highs and Market Drivers

Gold continued its upward trajectory in February, reaching a record high of \$2,951.73 per ounce on February 24, driven by safe-haven demand amid concerns over U.S. trade policy. The Trump administration's policy induced uncertainty, combined with rising inflation expectations and diminished consumer confidence, weighed on major stock indexes, further boosting gold's appeal as an alternative investment and portfolio diversifier.

A key factor behind gold's latest rally was a surge in the holdings of gold bullion backed ETFs. Total known ETF holdings of gold increased by 2.49% in February, marking the largest monthly inflow since March 2022. However, profit-taking and a strengthening U.S. dollar in the final week of February triggered a pullback, pushing gold down by approximately \$100 from its peak. Despite this decline, gold closed at \$2,857.83 per ounce on February 28, securing a monthly gain of \$59.42, or 2.12%.

### Performance and Investor Sentiment

The NYSE Arca Gold Miners Index (GDMNTR)<sup>1</sup> gained 2.01% in February, performing significantly better than the broader equity markets, but ultimately falling short of matching the metal's gains. However, year to date, gold equities have demonstrated relatively strong leverage to gold prices, rising 17.22% compared to bullion's 8.89% gain.

**Average Annual Total Returns (%) as of February 28, 2025**

	1 Mo <sup>†</sup>	1 Yr	5 Yr	10 Yr
Class A: NAV (Inception (2/10/56))	3.13	57.08	11.17	7.92
Class A: Maximum 5.75% load	-2.80	48.05	9.87	7.29
GDMNTR Index	2.01	53.18	10.16	7.86

**Average Annual Total Returns (%) as of December 31, 2024**

	1 Mo <sup>†</sup>	1 Yr	5 Yr	10 Yr
Class A: NAV (Inception (2/10/56))	-7.43	14.71	5.62	7.12
Class A: Maximum 5.75% load	-12.76	8.11	4.38	6.48
GDMNTR Index	-8.58	10.64	4.62	7.69

Source: VanEck

**The performance data quoted represents past performance. Past performance is not a guarantee of future results. 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. Performance may be lower or higher than performance data quoted. Please call 800.826.2333 or visit vaneck.com for performance current to the most recent month ended.**

The "Net Asset Value" (NAV) of a Fund is determined at the close of each business day, and represents the dollar value of one share of the fund; it is calculated by taking the total assets of the fund, subtracting total liabilities, and dividing by the total number of shares outstanding. Investors should not expect to buy or sell shares at NAV.

<sup>†</sup> Monthly returns are not annualized. Please note that precious metals prices may swing sharply in response to cyclical economic conditions, political events or the monetary policies of various countries.

Expenses: Class A: Gross 1.43%; Net 1.43%. Expenses are capped contractually until 05/01/25 at 1.45% for Class A. Caps exclude acquired fund fees and expenses, interest, trading, dividends, and interest payments of securities sold short, taxes and extraordinary expenses.

This mixed performance was a key topic at the annual BMO Metals and Mining conference in Florida this past month. Optimism about the sector was met with frustration, as rising cash balances, improved liquidity, lower debt ratios, higher dividends and significant buyback programs have failed to spark investor interest in the past years. That trend may be set to change in 2025, as growing investment demand for gold, evidenced by inflows into the bullion ETFs, should also lead to increased demand for gold equities. Anecdotally, companies at the conference reported an increased number of meetings with general investors eager to increase their near-zero exposure to gold.

### Resilience Amid Global Tariffs

The gold industry remains largely isolated from the negative impact of global tariffs. In fact, many gold producers could benefit from foreign currency depreciations triggered by these tariffs, as a significant portion of their cost base is denominated in local currencies. For example, Alamos Gold (approximately 7% of Fund net assets), estimates that about 90-95% of its Canadian operational costs are Canadian dollar denominated, while about 40-45% of its Mexican mine expenses are denominated in pesos. While industry cost inflation is widely reported around the 3-5% range for 2025, the potential benefit of weaker local currencies and a rising gold price should more than offset inflationary pressures for the sector. This dynamic is expected to continue to drive margin expansion to new record levels.

### The Evolving Role of the U.S. Dollar and Emerging Trends

For more than a century, the U.S. dollar has been the cornerstone of the global financial system. Most trade is financed in U.S. dollars, commodities are priced in U.S. dollars and the U.S. dollar has been used, coveted and hoarded by people and nations around the world. However, this is changing. The U.S. dollar's strength against other currencies has traditionally been supported by the robustness of the U.S. economy and its reputation as one of the safest jurisdictions in which to invest.

The chart below highlights a steady long-term upward trend of the U.S. Dollar Index (DXY)<sup>2</sup> amid fluctuations in recent years.

#### U.S. Dollar Strength, 2008 - 2025



Source: FactSet. Data as of February 12, 2025. Past performance is no guarantee of future results. Index performance is not representative of strategy performance. It is not possible to invest in an index.

Despite its strength, the dollar has been devaluing relative to gold—an unprecedented trend that few view as a threat to the currency or sign of a precipitated crisis.

Historically, gold bull markets have been driven by three things:

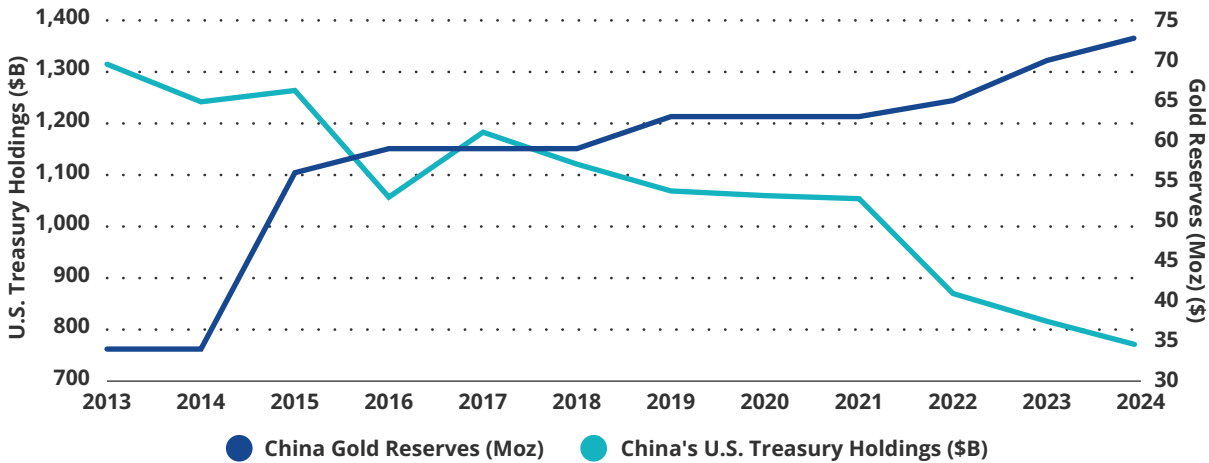
1. Runaway inflation – gold surged 1500% in the 1970s
2. A failing dollar – gold climbed 302% from 2001 to 2008
3. Financial crises – gold increased 134% from 2008 to 2011

The current gold bull market, which began in 2016, is remarkable because it is not accompanied by U.S. dollar weakness or a global financial crisis. While the pandemic was a crisis, its financial impact was short-lived, thanks to massive government intervention.

## Erosion of Confidence in the Dollar

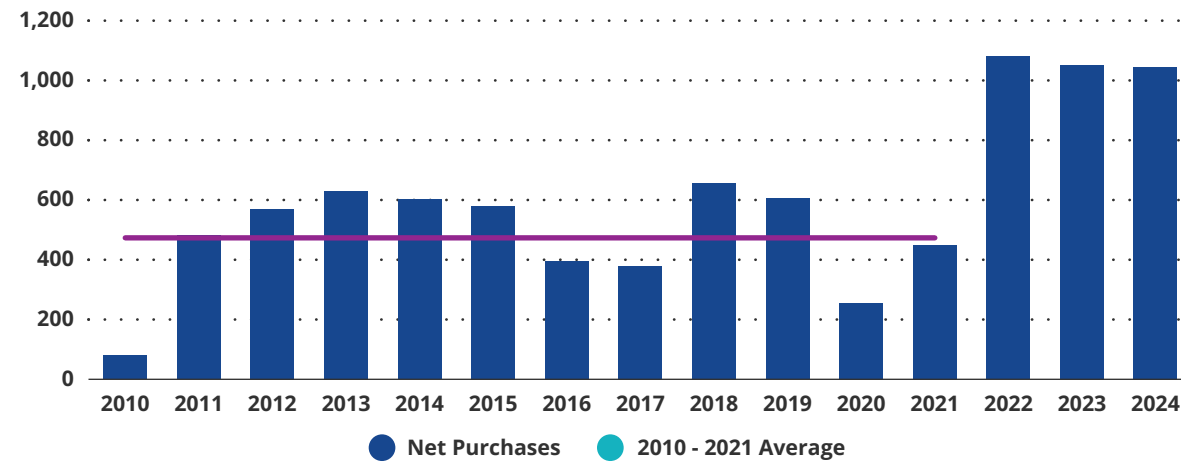
Another driver has emerged: people and nations that have long used, coveted and hoarded the U.S. dollar are now losing faith and trust in the currency as a store of wealth. This shift began in 2008 when the global financial crisis led many to question the efficacy of the banking system and western economic hegemony. It escalated with sanctions and freezing of assets imposed on Russia by the U.S. Other countries fear that similar retribution or “weaponization of the dollar” is possible for lesser infractions than the hostile invasion of another country. Now tariffs have been weaponized. Gold has gained 275% since Lehman Brothers failed in 2008 and 50% since Russia invaded Ukraine in 2022. Additionally, irresponsible fiscal policies and political chaos in the U.S. suggest that one or more of the traditional drivers of gold may reemerge. As a result, the world is slowly and methodically moving away from the dollar, a shift most evident in changes to currency reserves and increased central bank purchases.

### China has been exiting U.S. Treasuries while increasing its gold:



Source: Bloomberg. Data as of December 2024.

### Central bank net purchases of gold began in earnest after the financial crisis and accelerated after the Ukraine invasion:



Source: Metals Focus, LSEG Data & Analytics (formerly Refinitiv), ICE Benchmark Administration, and World Gold Council. Data as of December 2024.

We believe this marks the start of longer-term trends that will become recognized as a crisis of confidence in the U.S. dollar, potentially driving gold prices much higher than many expect. If a digital asset like Bitcoin, created and residing within servers, can be valued at \$100,000, then surely an ounce of a tangible, reliable safe-haven asset like gold could reach a small fraction of that value.

**All company, sector, and sub-industry weightings as of February 28, 2025 unless otherwise noted.**

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<sup>1</sup>NYSE Arca Gold Miners Index (GDMNTR) is a modified market capitalization-weighted index comprised of publicly traded companies involved primarily in the mining for gold. <sup>2</sup>The U.S. Dollar Index (DXY) is an index of the value of the United States dollar relative to a basket of foreign currencies.

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About VanEck International Investors Gold Fund: 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 instruments, commodities and commodity-linked instruments tax, derivatives, direct investments, emerging market issuers, ESG investing strategy, foreign currency, foreign securities, gold and silver mining companies, market, non-diversified, operational, regulatory, investing in other funds, small- and medium-capitalization companies, special risk considerations of investing in Australian and Canadian issuers, subsidiary investment risk, and tax risks (with respect to investments in the Subsidiary), 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. Investments in the gold industry 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.

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