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Market Chaos Ignites Gold's Surge–Are You In?

Imaru Casanova

Portfolio Manager

VanEck International Investors Gold Fund

INIVX | IIGCX | INIIX | INIYX

GOT GOLD?

If the answer is yes, you are one of the lucky winners so far in 2025. If the answer is no, take January as another great example of why you should want some gold exposure in your portfolio. A perfect storm of events—DeepSeek's release, a tech stock sell-off, an unpredictable U.S. administration issuing a wave of executive orders, escalating tariffs and trade tensions and rising inflation concerns—shook global financial markets.

Historically, gold has served as the ultimate safe haven, as a hedge against market uncertainty and volatility, geopolitical risk and inflation, and as a place to hide when there is a heightened level of risk and fear. Yet, investor sentiment toward gold has been exceptionally weak for many years. However, in January, the market's focus shifted to many of the risks that have long supported gold. Defending its status as the ultimate market hedge and as an effective diversifier, gold performed exactly as history would predict—surging to a new all-time high of $2,798.41 per ounce on January 31, marking a monthly gain of $173.91 per ounce, or 6.63%.

Average Annual Total Returns (%) as of January 31, 2025

	1 Mo[†]	1 Yr	5 Yr	10 Yr
Class A: NAV (Inception (2/10/56)	13.56	42.88	8.28	7.19
Class A: Maximum 5.75% load	7.03	34.66	7.00	6.56
GDMNTR Index	14.91	41.00	7.88	7.19

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

	1 Mo[†]	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.

† 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.

Gold Rush 2.0: Western Investors Fuel the Comeback

Gold has had an impressive start to the year, potentially signaling the long-awaited return of Western investors. As the urgency to diversify portfolios grows, interest in gold is accelerating, evidenced by a 0.70% increase in gold bullion-backed ETF holdings. Gold is quite literally making its way west—to New York, to be exact. Trump's tariff threats have ignited a physical gold rush, with investors and traders scrambling to secure bullion before potential price hikes. This has disrupted markets, widened price spreads between London and New York and drained London's reserves, further tightening supply.

Typically, gold trades in contango (i.e., longer-dated futures contracts are priced higher than near-term contracts or the current spot price). However, it is now experiencing instances of backwardation, where the spot price exceeds futures prices. Gold's 1-month lease rates jumped to as high as 4% recently, reflecting the crunch. Not bad for a non-yielding asset!

The Power Players Behind Gold's Record-Breaking Surge

While market tightness puts upward pressure on gold prices, the real drivers of its strength are central banks and investors. The World Gold Council 2024 *Gold Demand Trends* report estimates total gold demand reached record levels last year, both in tonnage (4,974 tonnes) and USD value ($382 billion).

For the third consecutive year, central banks were net purchasers of more than 1,000 tonnes of gold— more than twice their average annual purchases from 2010 to 2021. By the end of Q3 2024, they had added 712 tonnes, leading many to believe they would fall short of the 1,000-tonne mark. However, they picked up the pace significantly in Q4 purchasing 333 tonnes, finishing just 6 tonnes below the 2023 total. This sustained central bank buying remains a strong pillar of demand, with the trend expected to continue in the long term.

Investment demand rose 25%, but this increase was the result of a slowdown in ETF outflows rather than fresh inflows. While India and China saw significant increases in physical gold demand, global bar and coin demand remained flat year-over-year. In other words, investment demand increased because outflows from the gold bullion backed ETFs slowed down significantly (-6.8 tonnes in 2024 vs -244.2 tonnes in 2023), rather than due to increased buying. A slowdown of outflows in 2024, followed by inflows into the global gold bullion ETFs in early 2025, could signal renewed Western investor interest in gold and potential for higher prices ahead.

2024 Gold Demand Trends

Tonnes	2023	2024	Year-on-year % change
Investment	945.5	1,179.5	25 ▲
Total bar and coin	1,189.8	1,186.3	0 ▼
Bars	781.7	860.0	10 ▲
Official coins	293.5	201.0	-32 ▼
Medals/Imitation coins	114.6	125.2	9 ▲
ETFs & similar products	-244.2	-6.8	- ▲
India	185.2	239.4	29 ▲
China, P.R.: Mainland	279.5	336.2	20 ▲

Source: Metals Focus, Refinitiv GFMS, ICE Benchmark Administration, World Gold Council. https://www.gold.org/goldhub/research/gold-demand-trends/gold-demand-trends-full-year-2024

Gold Miners Shine: A Breakout Start to 2025

The most exciting gold news in January was the strong performance of gold equities. As investor interest in gold grows, gold miners are delivering the expected outperformance relative to the metal. The NYSE Arca Gold Miners Index (GDMNTR)[1] rose 14.91%, while the small/mid-cap MVIS Global Juniors Gold Miners Index (MVGDXJTR)[2] gained 13.69% during the month.

Earnings season for the sector kicks off in mid-February. This is a crucial reporting period, as companies will release full-year 2024 results and provide 2025 guidance. Markets will focus on operating cost guidance, assessing margin expansion and free cash flow generation. Companies that meet or exceed 2024 targets and 2025 expectations may be rewarded, while those that miss could see their share prices decline.

Project updates will also be key, with investors closely watching timelines for permitting and production, as well as any capital cost revisions. Additionally, announcements on dividends and share buyback programs will be in focus.

For gold equities to be revalued from their historically low levels, high gold prices and renewed investor interest must be supported by strong performance from gold miners. The low correlation of gold and gold equities with most asset classes also enhances their diversification benefits, making them an attractive option for investors today.

Asset Class Correlations, December 2004 to December 2024

	Gold	Gold Stocks	Int'l Bonds	U.S. TIPS	Commodities	U.S. Bonds	EM Stocks	Int'l Stocks	REITs	U.S. Stocks
Gold	1.00									
Gold Stocks	0.83	1.00								
Int'l Bonds	0.52	0.53	1.00							
U.S. TIPS	0.46	0.47	0.65	1.00						
Commodities	0.40	0.43	0.36	0.27	1.00					
U.S. Bonds	0.36	0.36	0.69	0.77	-0.01	1.00				
EM Stocks	0.33	0.45	0.53	0.35	0.59	0.26	1.00			
Int'l Stocks	0.21	0.37	0.55	0.34	0.58	0.27	0.86	1.00		
REITs	0.14	0.24	0.43	0.40	0.32	0.38	0.59	0.71	1.00	
U.S. Stocks	0.09	0.25	0.41	0.31	0.46	0.24	0.73	0.88	0.77	1.00

Source: FactSet, VanEck. Data as of December 31, 2024. "Gold Stocks" represented by NYSE Arca Gold Miners Index. "International (Int'l) Bonds" represented by Bloomberg Global Aggregate ex U.S. Index. "U.S. TIPS" represented by Bloomberg U.S. Treasury Inflation Protected Notes (TIPS) Index. "Commodities" represented by Bloomberg Commodity Index. "U.S. Bonds" represented by Bloomberg U.S. Aggregate Bond Index. "Emerging Markets (EM) Stocks" represented by MSCI Emerging Markets Index. "International (Int'l) Stocks" represented by MSCI World ex USA Index. "REITs" represented by FTSE NAREIT All Equity REITs Index. "U.S. Stocks" represented by the S&P 500 Index. Past performance is not indicative of future results.

All company, sector, and sub-industry weightings as of January 31, 2025 unless otherwise noted.

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[1]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. [2]MVIS Global 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 from gold or silver mining when developed, or primarily invest in gold or silver.

Bloomberg Global Aggregate ex USD Index measures the performance of global investment grade bonds, excluding bonds from the U.S. Bloomberg U.S. Treasury Inflation Protected Securities ("TIPS") Index includes all publicly issued, U.S. TIPS that have at least one year remaining maturity, are non-convertible, are denominated in U.S. dollars, are rated investment grade (at least Baa3 by Moody's Investors Service or BBB- by S&P), are fixed rate, and have more than $250 million or more par value outstanding. Bloomberg Commodity Index is composed of futures contracts on 20 physical commodities and is designed to be a highly liquid, diversified benchmark for commodities as an asset class. Bloomberg U.S. Aggregate Bond Index is a broad-based benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. It includes treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency). MSCI Emerging Markets Index captures large and mid cap representation across 24 Emerging Markets (EM) countries. FTSE NAREIT All Equity REITs Index is a free-float adjusted, market capitalization-weighted index of U.S. Equity REITs, with constituents including all tax-qualified REITs with more than 50 percent of total assets in qualifying real estate assets other than mortgages secured by real property. MSCI World ex USA Index is a free float-adjusted market capitalization index designed to measure the combined equity market performance of developed and emerging market countries, excluding the United States. S&P 500® is widely regarded as the best single gauge of large-cap U.S. equities. The index includes 500 leading companies and covers approximately 80% of available market capitalization.

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 a Fund. Certain indices may take into account withholding taxes. An index's performance is not illustrative of a Fund's performance. Indices are not securities in which investments can be made.

Investments in commodities can be very volatile and direct investment in these markets can be very risky, especially for inexperienced investors.

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Diversification does not assure a profit or protect against loss.

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