April 2024

Sticky Inflation Boosts Gold

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VanEck International Investors Gold Fund

INIVX | IIGCX | INIIX | INIYX

Gold: reaching new all-time highs (again)

Gold's strength continued in April, with the spot price of the metal repeatedly reaching new highs throughout the month. Gold traded at an intraday high of $2,431 per ounce on April 12, and closed as high as $2,392 on April 19, which coincided with the S&P 500 Index[1] and the NASDAQ Composite Index[2] lows for the month. Gold pared back gains as the broader equity markets bounced back, but still managed to outperform, closing at $2,286.25 on April 30, up $56.38 per ounce or $2.53% during the period. This compares to monthly losses of more than 4% for the S&P 500 and NASDAQ, and a gain of 1.60% for the U.S. dollar (DXY Index[3]).

Inflation in the driver's seat for now?

Changing expectations around the U.S. Federal Reserve's (Fed's) monetary policy path were a major driver of gold prices in 2023. Gold generally found support as the odds of Fed rate cuts increased and vice versa. This year, however, we are starting to see a decoupling between Fed path expectations and gold. The odds and number of cuts expected in 2024 have been reduced significantly in the first months of the year, yet gold keeps making fresh highs. We think this may be driven by renewed concerns around inflation.

In April, for example, an inline jobs report for March, combined with higher-than-expected CPI figures that showed an uptick in inflation in the U.S. (3.5% year-over-year in March vs. 3.2% in February), translated to U.S. consumer sentiment declining by more than forecast and inflation expectations increasing. The University of Michigan's preliminary April Consumer Sentiment Index[4] dropped to 77.9 from 79.4 in the previous month and compared to the median estimate by economists of 79. Consumers estimated prices will climb at an annual rate of 3.1% year on year, up from the 2.9% expected a month earlier and the highest so far this year. Later in the month, Q1 2024 preliminary annualized quarter-over-quarter GDP came in at 1.6%, well below expectations of 2.5%, while the Core Personal Consumption Expenditures

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

	1 Mo†	1 Yr	5 Yr	10 Yr
Class A: NAV (Inception (2/10/56)	3.54	0.01	10.95	3.83
Class A: Maximum 5.75% load	-2.41	-5.74	9.64	3.22
GDMNTR Index	6.11	1.22	11.56	4.60

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

	1 Mo†	1 Yr	5 Yr	10 Yr
Class A: NAV (Inception (2/10/56)	18.61	0.82	8.72	3.74
Class A: Maximum 5.75% load	11.79	-4.98	7.44	3.13
GDMNTR Index	19.61	-1.15	8.69	4.22

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.

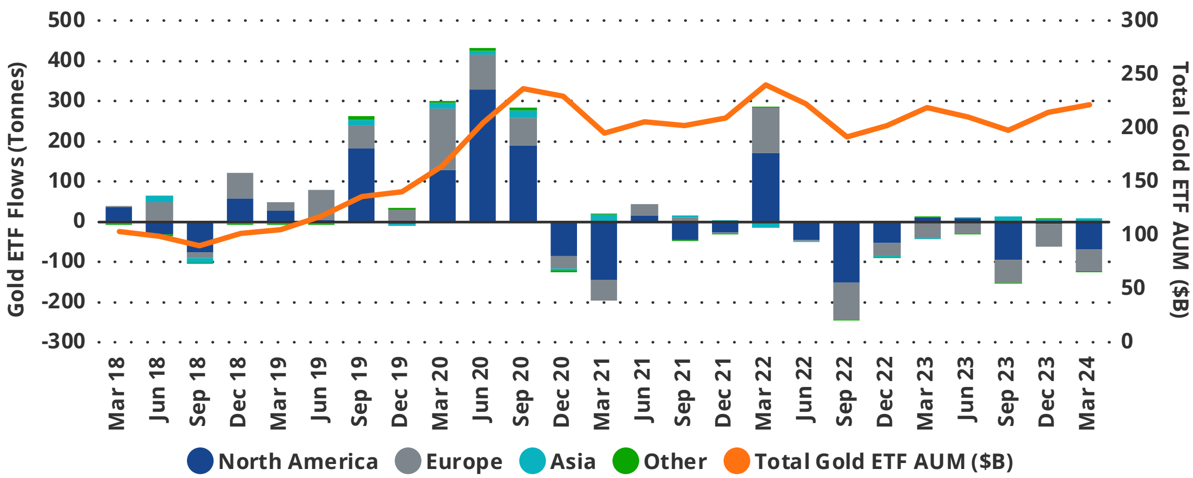
Index[5] was up 2.8% year-over-year versus estimates of 2.7%. Anecdotally, the use of the word "stagflation" in the headlines of news articles and reports appears to have ticked up significantly during the month.

Expectations for slower economic growth and higher inflation are generally supportive of gold prices. A pullback of the broader equity markets, like we had in April, and rising global geopolitical tensions provide further support, as investors turn to gold as a safe-haven and portfolio hedge/diversifier.

Western investment demand still absent

Yet, western investors appear mostly absent in the gold markets today, with recent strength fueled by central banks, and demand out of Asia, primarily China. The World Gold council reported that global gold bullion backed ETFs lost 114 tons during Q1 2024, a 4% decline in total holdings.* Interestingly, while North America and Europe saw ETF outflows, Asian listed funds had inflows during the quarter, the fourth consecutive quarter of inflows.

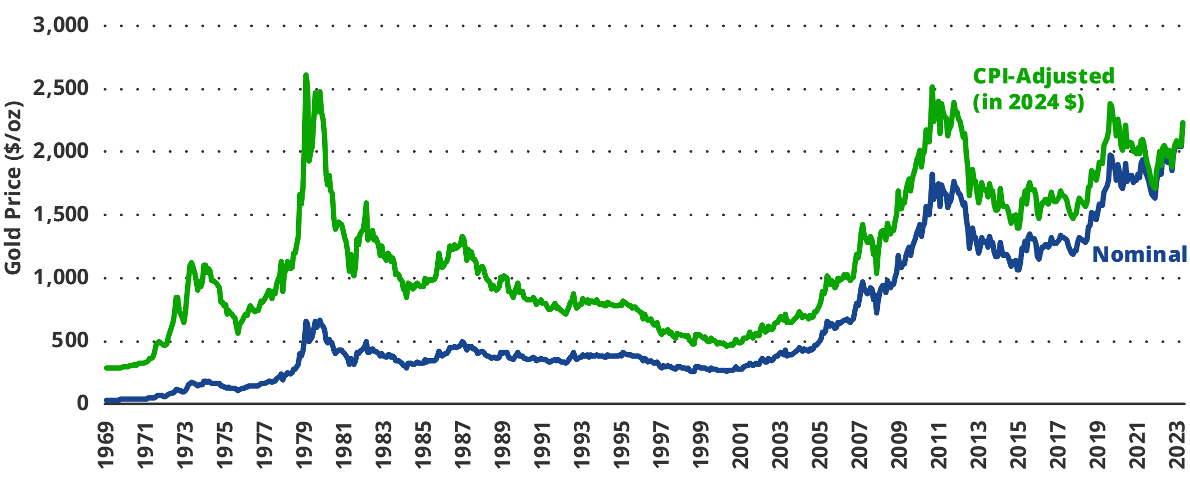
Gold ETF Flows and Assets



Source: World Gold Council. Data as of March 31, 2024.

Investment demand, the main driver of gold prices historically, has been in decline during this last gold rally. We believe the return of Western investment demand supported by increased risks to the U.S. economy and a deeper correction of the equity markets, has the potential to drive gold prices even higher. How much higher? A simple calculation based on historical data can provide an estimate of future potential gains. The last time gold bullion backed ETF holdings were at around current levels was in late 2019. By late 2020, about a year later, these holdings had reached peak levels and the gold price had risen over $400 per ounce. Thus, If ETF holdings were to return to their historical peak (reached in 2020) and based on the same historical correlation between these holdings and the gold price during that period, it is not unreasonable to assume that gold could climb another $400 per ounce from present levels. That would take the gold price to approximately $2,700 per ounce, based on April's closing price, and to about $2,800 based on its most recent high. Coincidentally, that would put gold right around the inflation adjusted price reached in January 1980, when gold traded at an intra-month high of $850 per ounce (equivalent to a CPI-adjusted $2,819 per ounce as of end of Q1 2024).

Gold Price – Nominal vs. CPI-Adjusted



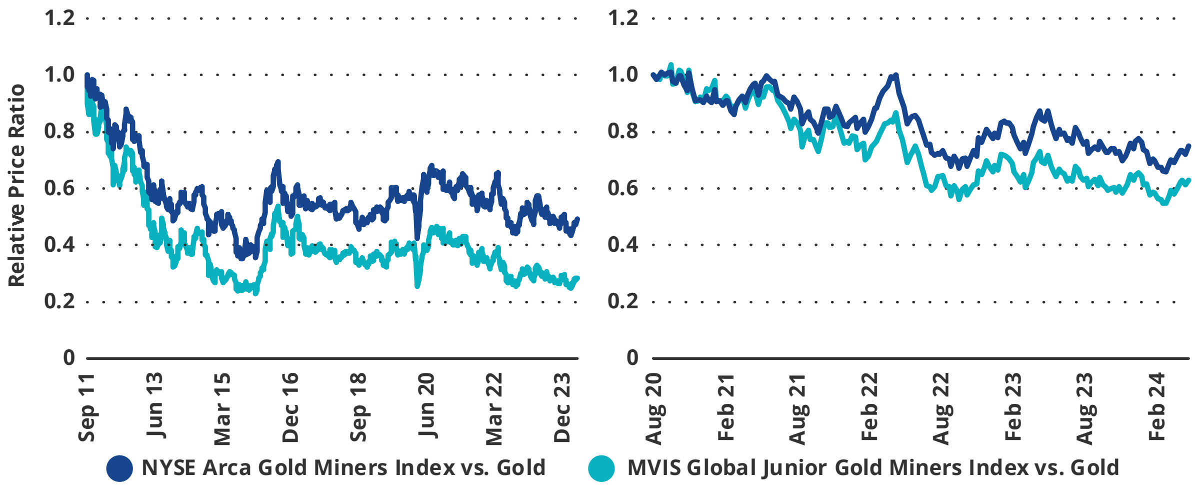
Source: VanEck, Bloomberg. Data as of March 31, 2024. Note: January 1980's intra-month high of $815 (in nominal terms) would be equal to approximately $2,819 in today's (2024) dollars.

Of course, that would require the continued support of the current drivers of demand—particularly the official sector. Central banks have emerged as an important driver of gold prices over the last two years. They appear to be on a longer-term trend of gold buying. Central banks net purchases of gold in Q1 2024 (290 tonnes) represented the highest quarterly figure on record since 2000, and was 69% higher than the five-year quarterly average of 171 tonnes, demonstrating the banks' accelerating appetite for gold despite the metal's strong rally during the period.** However, it's a little too early to assess how price sensitive these purchases may be and whether further gains in the gold price could dampen demand from this sector. Gold has had a very impressive rally so far this year. We wouldn't be surprised to see gold pulling back a bit and entering a period of consolidation at a lower level from present, though still well above $2,000, before embarking on the next leg of its rally.

Miners gain back ground

Talking about peaks...the gold miners have certainly covered some ground over the last couple of months, but they are still nowhere near their all-time highs. After a very strong March, the NYSE Arca Gold Miners Index (GDMNTR)[6] and the MVIS Global Juniors Gold Miners Index (MVGDXJTR)[7] continued to significantly outperform gold in the month of April, up 6.11% and 6.28%, respectively. GDMNTR closed at 1,164.30 on April 30, compared to its September 2011 high of 1971.01, when gold was trading at approximately $1,800 per ounce. This suggests there may still be plenty of runway for gold stocks as they reclaim their role as a leveraged play on the gold price. Our expectations of a sector re-rating are not only supported by continued strength in the gold price, but also anchored to generally solid company fundamentals. We are encouraged by financial and operating results reported by gold companies for Q1 2024, which seem to be mostly in-line with expectations for the group so far.

Relative Price Ratio – Gold Miners vs. Gold (Sep-2011 and Aug-2020 to Apr-2024)



Source: FactSet, Bloomberg, VanEck. Data as of April 2024.

* https://www.gold.org/goldhub/research/gold-demand-trends/gold-demand-trends-q1-2024

** https://www.gold.org/goldhub/research/gold-demand-trends/gold-demand-trends-q1-2024/central-banks

All company, sector, and sub-industry weightings as of April 30, 2024 unless otherwise noted.

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[1]S&P 500 Index is widely regarded as the best single gauge of large-cap U.S. equities. The index is a float-adjusted, market-cap-weighted index of 500 leading U.S. companies from across all market sectors including information technology, telecommunications services, utilities, energy, materials, industrials, real estate, financials, health care, consumer discretionary, and consumer staples. [2]NASDAQ Composite Index is a market capitalization-weighted index of more than 2,500 stocks listed on the Nasdaq stock exchange. [3]U.S. Dollar Index measures the value of the U.S. dollar relative to a basket of foreign currencies, often referred to as a basket of U.S. trade partners' currencies. [4]University of Michigan Consumer Sentiment Index is a monthly survey of consumer confidence levels in the United States conducted by the University of Michigan. [5]Core Personal Consumption Expenditures Index is a price index that tracks how much consumers are spending on goods and services. It's frequently used to measure inflation. [6]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.[7]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.

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