May 2023

Gold High Remains In Reach

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VanEck International Investors Gold Fund

INIVX | IIGCX | INIIX | INIYX

Gold overwhelmed by May's market optimism

Gold showed strength to start the month, climbing to a new yearly high of $2,063 per ounce on May 4, a day after the U.S. Federal Reserve (Fed) took rates another 0.25% higher. Expectations that this past rate hike may be the last one in this tightening cycle supported gold in early May. However, through most of the month, the U.S. dollar gained and gold fell as the narrative shifted to a more hawkish view and the probability of further rate hikes in 2023 increased. Gold breached the important $2,000 per ounce level on May 16. An upwardly-revised, first-quarter U.S. GDP growth figure, an above-expected May U.S. flash PMI composite figure, along with artificial-intelligence-fueled strength in U.S. equity markets put further downward pressure on gold. Market uncertainty brought about by the U.S. debt ceiling debacle, mentions of a potential technical default as soon as June 1 and even a warning of a potential U.S. credit rating downgrade by Fitch failed to become a true catalyst for gold prices from these levels. Gold dropped $27 per ounce (-1.4%) during the month, closing at $1,962.73 on May 31.

Gold's high still seems well within reach

Gold seems to be forming a new base around the $1,900 level, averaging $1,933 per ounce year to date. It has traded consistently above $1,900 for longer than ever before. Gold is showing resilience despite a strong stock market and recent U.S. dollar strength. Gold bullion exchanged traded products outflows have subsided this year, with net inflows, albeit small, resulting in a 0.38% increase in holdings year to date.

Average Annual Total Returns (%) as of May 31, 2023

	1 Mo†	1 Yr	5 Yr	10 Yr
Class A: NAV (Inception (2/10/56)	-6.84	-0.62	6.45	2.09
Class A: Maximum 5.75% load	-12.19	-6.34	5.20	1.49
GDMNTR Index	-8.56	-1.77	8.04	1.62

Average Annual Total Returns (%) as of March 31, 2023

	1 Mo†	1 Yr	5 Yr	10 Yr
Class A: NAV (Inception (2/10/56)	15.01	-15.72	7.39	0.20
Class A: Maximum 5.75% load	8.39	-20.57	6.13	-0.39
GDMNTR Index	18.68	-13.72	9.60	-0.34

Source: VanEck

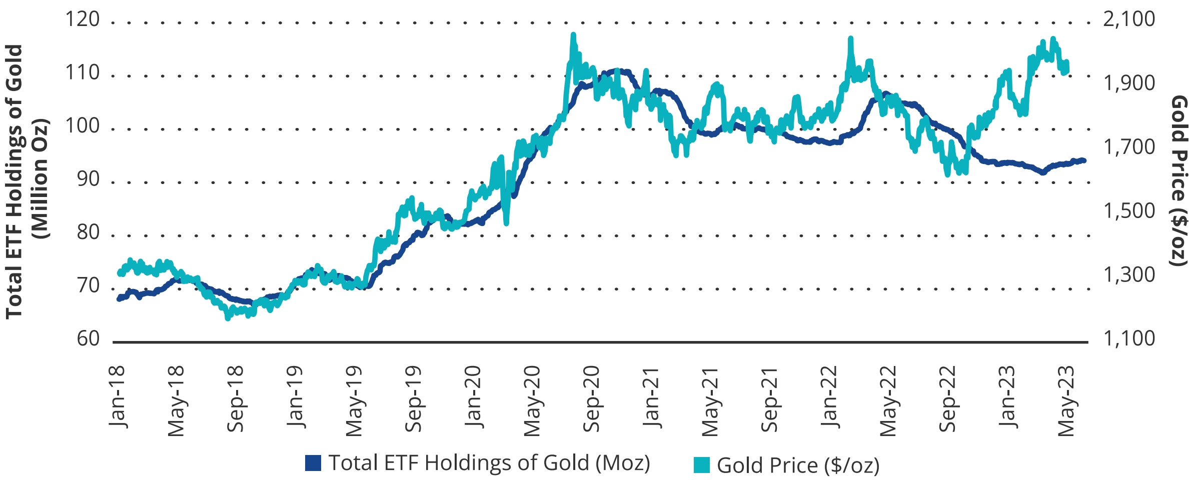
The performance data quoted represents past performance. Past performance is not a guarantee of future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Performance may be lower 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 1.42%; Net 1.42%. Expenses are capped contractually until 05/01/24 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.

Total ETF Holdings of Gold vs. Gold Price



Source: Bloomberg. Data as of December 31, 2022.

Gold bullion ETF holdings are 8% lower than they were in March 2022, and 13% lower than in August 2020, when gold reached its all-time high. Can a Fed skip or pause this year be the next catalyst for gold, unlocking investment demand that drives gold higher? The $2,075 per ounce all-time high seems well within reach, in our view. We see a macro backdrop that continues to be supportive of gold in the longer term.

Still waiting on that rerating…

The NYSE Arca Gold Miners Index (GDMNTR)[1] and the MVIS Global Juniors Gold Miners Index (MVGDXJTR)[2] significantly underperformed gold, down 8.6% and 7.3% respectively, during the month of May. We always say "leverage works both ways" so we are not surprised to see gold stocks underperform gold in what was a weak month for the metal. The magnitude of the underperformance is a bit surprising to us, though. We have seen in the past when the effect of a lower gold price gets compounded with poor news for the sector (such as with disappointing earnings results, negative company updates on capital projects, etc.). For example, in 2022, we saw gold stocks oversold due to unanticipated, elevated cost inflation across the sector. In fact, though, May was a relatively good month for gold equities on the news front, with companies reporting first quarter results that were, generally, better than expected. Thus, we view this reaction as overdone and further contributing to the current valuation gap between gold and gold equities.

Gold producers as a sector continue to demonstrate their commitment to disciplined capital allocation, focused on value accretive growth, enhancing shareholder returns, profitability and maintaining healthy balance sheets. They are also responsible operators, running sustainable businesses aiming to deliver benefits to all stakeholders, while carefully managing the impact on the environment. In our view, a re-rating of the gold mining equities from historically low valuations at present, is well supported by the industry's strong fundamentals.

Our recent visit to Pueblo Viejo mine is a good example of the sector's success in delivering growth and creating value in a sustainable and responsible manner.

SPECIAL – On the Road in Pueblo Viejo

Visiting one of the world's largest gold mines

We recently visited the Pueblo Viejo (PV) gold mine in the Dominican Republic. PV's ownership is split 60%/40% between Barrick (5.42% of Net assets) and Newmont (3.61% of Net assets), respectively, and operated by Barrick. Getting to the site was as easy as it gets: a direct commercial flight from New York to Santo Domingo followed by an under-two-hour coach bus ride to the mine (which may be why so many people were surprised that we were going to the Dominican Republic for a mine tour, and even more surprised to hear that this mine is, in fact, one of the largest gold mines in the world).

PV ranks among the top 5 gold mines, globally; a Tier 1 asset by all measures in terms of production (an average of 800,000 ounces of gold over the life of the mine), reserves (20.6 million ounces), remaining life of mine (over 20 years, until about 2044) and all-in sustaining costs (2023 guidance of $960-1,040 per ounce). PV is currently expanding its operations to deliver this remarkable profile. Due to declining grades, without this major expansion project, production would have progressively declined and PV would have ceased operations by 2031. The processing plant is being expanded to increase its throughput capacity significantly, allowing the mine to sustain production by processing a larger amount of lower grade material. In addition, a new tailings storage facility will be built to support the expansion.

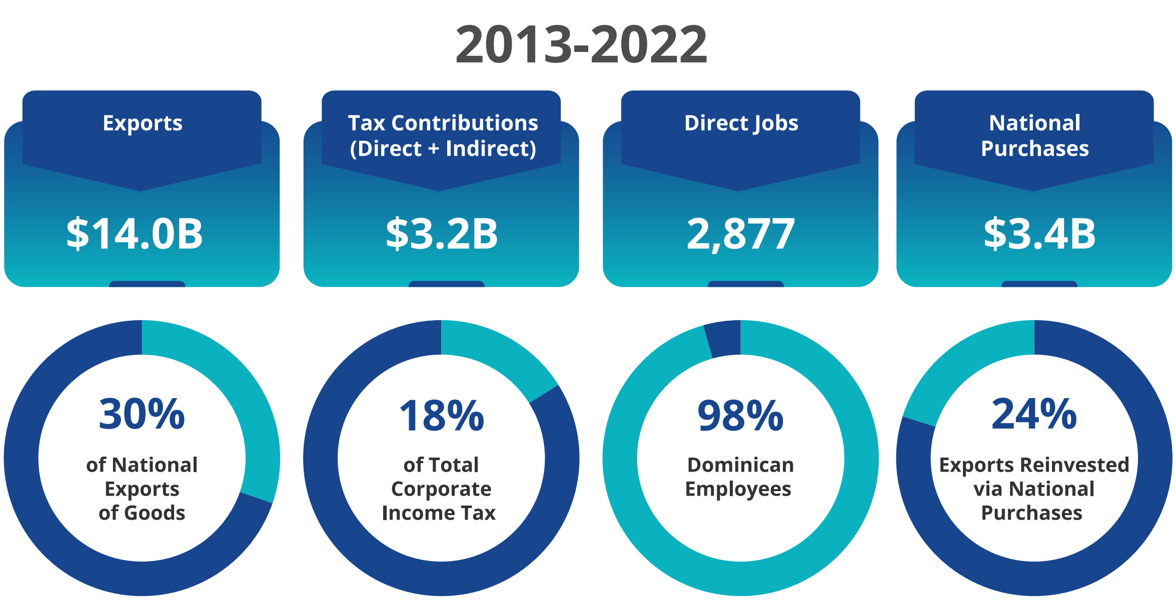
Key takeaways

We were very interested in visiting PV given the ongoing expansion and, we have to say, we were very impressed. Here are some of our main takeaways from the visit:

- **Onsite visits still provide invaluable insight.** We had read about the project progress and completion status, but the level of advancement we perceived from touring the processing facility, the open pit, the tailings facility, and our discussions with the mine management and technical staff, surpassed our expectations. A lot of the equipment was already up and running, with a noticeable level of knowledge and confidence from the technical leaders—a very reassuring sign. The mine seems well on track to start the ramp-up of the expanded plant by the second half of 2023.
- **There continues to be significant benefits to pursuing brownfield (over greenfield) projects.** This expansion is unlocking 20 million ounces of gold reserves; effectively giving PV a second life with much lower risk compared to the building of a new mine. There is no debate here: an asset that can deliver significant growth organically, utilizing existing infrastructure and teams is far more attractive and should command higher valuation multiples than the building of a mine from scratch.
- **Environmental, social and governance remain a top priority for large producers.**
  - We highlight the composition of PV's workforce: 98% Dominican; 52% local; 23% women (including the mine's general manager). The mine enjoys an impressive 1.5% turnover rate. The depth of experience and extensive knowledge of the operations displayed by the mine leaders we got to interact with during our visit showed the benefits of talent retention and development, one of Barrick's strategic priorities.
  - We had the opportunity to visit several of Barrick's sustainability initiatives in the communities around PV, including a primary health care clinic, a sports training program, an agribusiness project for high production and income diversification, as well as a technical job capabilities and competencies development program. We were impressed not only by the programs, but also by the systems Barrick has developed to closely track its involvement, engagement and initiatives, and the impact on the communities.
  - Barrick has committed $75 million for remediation of historical (pre-Barrick) environmental liabilities. We were able to visit an old tailings dam and a water quality testing point and observe the radical improvements achieved by Barrick's ongoing rehabilitation work.

We visited a world class gold mine, which is growing and extending its life, and in doing so, it is also without a doubt growing and extending the benefits it delivers to the host country and communities where it operates. It was great to experience this relationship firsthand.

Pueblo Viejo's Partnership with the Dominican Republic



Source: Barrick. Data as of May 31, 2023.

All company, sector, and sub-industry weightings as of May 31, 2023 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

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Diversification does not assure a profit or protect against loss.

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