October 2024

October Gold Rally and Key Earnings Insights

Imaru Casanova

Portfolio Manager

VanEck International Investors Gold Fund

INIVX | IIGCX | INIIX | INIYX

Gold Hits Record Highs in October Amid Economic Shifts

Gold prices continued to rally in October, reaching new highs throughout the month and closing at a record $2,787.61 per ounce on October 30. Key U.S. economic indicators—including the jobs report, CPI[1], retail sales, PMIs[2], consumer sentiment, Q3 GDP, and PCE[3]—signaled ongoing economic progress.

Gold equities had a mixed performance. The NYSE Arca Gold Miners Index (GDMNTR)[4] rose by only 1.42%, while the MVIS Global Juniors Gold Miners Index (MVGDXJTR)[5] outperformed gold, gaining 5.62% over the month.

By the end of October, markets anticipated a slower pace of the U.S. Federal Reserve (Fed) rate cuts compared to September's outlook. Gold showed strong resilience, reaching record highs despite a stronger dollar (up 3.17%) and rising Treasury yields (with the 10-year yield up by 50 basis points). Gold likely benefited from weakness in U.S. equities, as the NASDAQ[6] and S&P 500[7] declined by 0.49% and 0.92%, respectively.

On October 31, the UK's Autumn Budget 2024 was released, impacting both UK and global markets amid concerns that the budget could spur inflation and prompt the Bank of England to delay rate cuts. In response, gold dropped over $40 per ounce, ending the month at $2,743.97, an increase of $109.39 per ounce or 4.15% overall for October.

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

	1 Mo†	1 Yr	5 Yr	10 Yr
Class A: NAV (Inception (2/10/56)	5.63	50.04	10.02	9.25
Class A: Maximum 5.75% load	-0.45	41.41	8.73	8.61
GDMNTR Index	1.42	46.66	9.27	10.12

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

	1 Mo†	1 Yr	5 Yr	10 Yr
Class A: NAV (Inception (2/10/56)	4.25	48.05	9.56	6.54
Class A: Maximum 5.75% load	-1.74	39.53	8.27	5.92
GDMNTR Index	3.07	50.63	9.89	7.76

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.

Newmont's Earnings Miss and Revised 2025 Guidance Impact Gold Sector

A key factor influencing the sector's performance in October was the sharp sell-off of Newmont's (4.02% of Fund net assets) shares on October 24. The previous day, Newmont reported Q3 2024 adjusted EPS[8] of $0.81, missing the consensus estimate of $0.86. While this slight earnings miss was largely due to higher costs, it was somewhat offset by positive news of strong share repurchases, debt reduction and a quarterly dividend of $0.25 per share.

Newmont expanded its share buyback program to $3 billion (up from $1 billion), with $750 million repurchased so far this year. Additionally, the company reduced its net debt by $483 million year-to-date, targeting a reduction to $5 billion by year-end, down from $6 billion. As of Q3, Newmont's balance sheet remained robust, with $3 billion in consolidated cash, approximately $7.1 billion in total liquidity and a net debt-to-adjusted EBITDA[9] ratio of 0.9x. The company also made progress on non-core asset sales, achieving $1.475 billion in sales year-to-date, putting it on track to surpass its $2 billion target.

During the October 24 conference call, Newmont issued preliminary 2025 guidance that fell short of expectations. The company projected 2025 production at around 5.6 million ounces, down from the previously anticipated 6.0 million ounces. It also indicated that costs would remain steady with 2024 levels, contrary to market expectations for year-over-year reductions. These revisions, along with weaker Q3 results and a higher cost outlook for 2024, drove Newmont's shares down nearly 15% that day. As a sector leader, Newmont's performance influenced the broader market, with most gold mining equities declining on October 24, despite a 0.76% increase in gold. The GDMNTR ended the day down 2.8%.

Investor Concerns in Gold Mining Revealed by Newmont's Sell-Off

Newmont's recent sell-off highlighted the key risks that concern investors in gold mining equities, explaining the market's intense, perhaps exaggerated, reaction:

1. **Meeting Expectations** – Consistently meeting targets is critical for the sector. While projecting production, operating and capital costs is complex, it's essential for companies to deliver as promised to build investor confidence. Underperformance or frequent revisions may not always impact the value of long-lived assets like gold mines, but markets closely track each company's ability to execute on their plans as an indicator of effective risk management. Companies that adopt cautious, precise guidance are more likely to meet or exceed expectations and may benefit from higher valuations as a result.

2. **Margin Expansion and Free Cash Flow Generation** – Following recent inflation-driven cost increases, investors are focused on the industry's cost management. A main concern raised by Newmont's report is whether its higher cost outlook signals a broader trend for the sector. With inflationary pressures easing and companies working to control costs, industry costs are expected to stabilize, and margins should expand as gold prices rise. Investors seek assurance that companies are achieving record margins and free cash flow amid record gold prices.

3. **Delivering on Growth Strategies** – Investors are carefully watching companies' approaches to growth, from mine expansions and new projects to acquisitions. While sector consolidation, such as Newmont's acquisition of Newcrest, can deliver long-term benefits, integration also brings risks and complexities. Effective capital allocation and solid execution on growth initiatives are key to maintaining investor confidence, though acquisitions may temporarily pressure stock performance.

Agnico Eagle's Strong Q3 Results Boost Sector Confidence

Newmont kicked off the earnings season, followed by another industry leader, Agnico Eagle (5.07% of Fund net assets), on October 31 (with results released after market close on October 30 and a conference call on October 31). Agnico's strong Q3 2024 results provided exactly the boost the sector needed, delivering solid financial and operational performance, reaffirming yearly guidance, and presenting a positive outlook on costs, inflation, and project progress across all key areas.

1. **Meeting Expectations** – Agnico Eagle exceeded earnings expectations with an adjusted EPS of $1.14, above the consensus estimate of $1.01. Both production and costs for the quarter met projections, and the company maintained its 2024 guidance, aiming for 3.35 million ounces of production and all-in sustaining costs of $1,225 per ounce at the midpoint.

2. **Margin Expansion and Free Cash Flow Generation** – Agnico Eagle reported record operating cash flow and free cash flow for the quarter. The company reduced net debt by $375 million, bringing the year-to-date total to $1 billion, and improved its net debt-to-EBITDA ratio from 0.29x to 0.15x. Agnico declared a quarterly dividend of $0.40 per share and repurchased $30 million in shares, emphasizing its commitment to returning capital to shareholders, with $700 million returned year-to-date. On cost and inflation, Agnico noted that productivity improvements are stabilizing costs across its mines. Labor, which accounts for 45% of its cost structure, is projected to have a 3% inflation rate in 2025, down from 4.5% in 2023. Overall costs are expected to increase by about 5% year-over-year,

supported by falling diesel and power costs and stable contract renewals. The company also reported no significant inflation in capital costs.

3. **Delivering on Growth Strategies** – Agnico reported steady progress on its Detour Complex, Odyssey and San Nicolas projects, with key infrastructure developments and ongoing permitting activities. Positive exploration results were released for Detour Underground, Hope Bay and East Gouldie. Agnico continues its strategy of small equity investments in geologically favorable, politically stable regions, including its recent investment in ATEX Resources (Chile), viewing it as a disciplined, early-stage approach to establish a strategic presence in a promising copper mining area.

Agnico Eagle's Strong Results Overshadowed by Market Drop

Unfortunately for Agnico Eagle, its stellar report coincided with Halloween and a spooky day for gold, which traded down more than $40 per ounce, so Agnico shares didn't gain on the day. Perhaps the market has come to expect Agnico to consistently meet or beat expectations as it has done historically, earning a premium valuation in the sector. One thing is clear, delivering against plans, realizing margin expansion as the gold price increases, and executing on a disciplined and sustainable growth strategy are the key ingredients for outperformance in the gold mining sector.

All company, sector, and sub-industry weightings as of October 31, 2024 unless otherwise noted.

Nothing in this content should be considered a solicitation to buy or an offer to sell shares of any investment in any jurisdiction where the offer or solicitation would be unlawful under the securities laws of such jurisdiction, nor is it intended as investment, tax, financial, or legal advice. Investors should seek such professional advice for their particular situation and jurisdiction.

[1]Consumer Price Index (CPI) is a measure of the average change overtime in the prices paid by urban consumers for a market basket of consumer goods and services. [2]The Purchasing Managers' Index (PMI) is a survey-based indicator of business conditions, which includes individual measures ('sub-indices') of business output, new orders, employment, costs, selling prices, exports, purchasing activity, supplier performance, backlogs of orders and inventories of both inputs and finished goods, where applicable. [3]The Personal Consumption Expenditures Price Index (PCE) is known for capturing inflation (or deflation) across a wide range of consumer expenses and reflecting changes in consumer behavior. [4]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. [5]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. [6]NASDAQ Composite Index is a market capitalization-weighted index of more than 2,500 stocks listed on the Nasdaq stock exchange. [7]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. [8]Earnings per share (EPS) is a measure of a company's profitability that indicates how much profit each outstanding share of common stock has earned. [9]EBITDA stands for earnings before interest, taxes, depreciation, and amortization, and its margins reflect a firm's short-term operational efficiency.

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.

NYSE Arca Gold Miners Index is a service mark of ICE Data Indices, LLC or its affiliates ("ICE Data") and has been licensed for use by VanEck ETF Trust (the "Trust") in connection with VanEck Gold Miners ETF (the "Fund"). Neither the Trust nor the Fund is sponsored, endorsed, sold or promoted by ICE Data. ICE Data makes no representations or warranties regarding the Trust or the Fund or the ability of the NYSE Arca Gold Miners Index to track general stock market performance.

ICE DATA MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND HEREBY EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO THE NYSE ARCA GOLD MINERS INDEX OR ANY DATA INCLUDED THEREIN. IN NO EVENT SHALL ICE DATA HAVE ANY LIABILITY FOR ANY SPECIAL, PUNITIVE, INDIRECT, OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

MVIS Global Junior Gold Miners Index (the "Index") is the exclusive property of MarketVector Indexes GmbH (a wholly owned subsidiary of Van Eck Associates Corporation), which has contracted with Solactive AG to maintain and calculate the Index. Solactive AG uses its best efforts to ensure that the Index is calculated correctly. Irrespective of its obligations towards MarketVector Indexes GmbH, Solactive AG has no obligation to point out errors in the Index to third parties. The VanEck Junior Gold Miners ETF (the "Fund") is not sponsored, endorsed, sold or promoted by MarketVector Indexes GmbH and MarketVector Indexes GmbH makes no representation regarding the advisability of investing in the Fund.

Please note that the information herein represents the opinion of the author, but not necessarily those of VanEck, and this opinion may change at any time and from time to time. Non-VanEck proprietary information contained herein has been obtained from sources believed to be reliable, but not guaranteed. 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. Any graphs shown herein are for illustrative purposes only. No part of this material may be reproduced in any form, or referred to in any other publication, without express written permission of VanEck.

Sustainable investing strategies aim to consider and in some instances integrate the analysis of environmental, social and governance (ESG) factors into the investment process and portfolio. ESG investing is qualitative and subjective by nature, and there is no guarantee that the factors utilized by VanEck or any judgment exercised by VanEck will reflect the opinions of any particular investor. Information regarding responsible practices is obtained through voluntary or third-party reporting, which may not be accurate or complete, and VanEck is dependent on such information to evaluate a company's commitment to, or implementation of, responsible practices. Socially responsible norms differ by region. There is no assurance that the socially responsible investing strategy and techniques employed will be successful. An investment strategy may hold securities of issuers that are not aligned with ESG principles.

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.

Diversification does not assure a profit or protect against loss.

Investing involves substantial risk and high volatility, including possible loss of principal. An investor should consider the investment objective, risks, charges and expenses of a fund carefully before investing. To obtain a prospectus and summary prospectus, which contain this and other information, call 800.826.2333 or visit vaneck.com. Please read the prospectus and summary prospectus carefully before investing.

VanEck®

Van Eck Securities Corporation, Distributor
A wholly-owned subsidiary of Van Eck Associates Corporation

666 Third Avenue | New York, NY 10017
vaneck.com | 800.826.2333

Exchange-Traded Funds
Mutual Funds
Institutional Funds
Model Delivery
Separately Managed Accounts
UCITS Funds
UCITS Exchange-Traded Funds