Manager Commentary: On the Gold Market

Gold Companies Optimistic About the Future

By: Joe Foster, Portfolio Manager

Fund Review

The International Investors Gold Fund's Class A shares returned -3.66% for the one-month period ending February 28, 2015 (excluding sales charge), while the NYSE Arca Gold Miners Net Total Return Index (GDMNTR)[1] returned -4.21% for the same period. The Fund is actively managed and invests mainly in gold-mining equities. Geologist Joe Foster has been part of Van Eck's gold investment team since 1996. The Fund is managed by a specialized investment team that conducts continuous on- and under-the-ground research to assess mining efficiencies and opportunities.

Average Annual Total Returns (%) as of February 28, 2015

	1 Mo^	1 Yr	5 Yr	10 Yr
Class A: NAV (Inception 1/1/56)	-3.66	-19.16	-10.41	4.91
Class A: Maximum 5.75% load	-9.20	-23.84	-11.47	4.29
GDMNTR Index	-4.21	-17.08	-12.44	-0.68

Average Annual Total Returns (%) as of December 31, 2014

	1 Mo^	1 Yr	5 Yr	10 Yr
Class A: NAV (Inception 1/1/56)	0.76	-6.10	-12.47	4.13
Class A: Maximum 5.75% load	-4.99	-11.50	-13.49	3.51
GDMNTR Index	0.33	-11.99	-15.72	-2.04

^Monthly returns are not annualized.

Expenses: Class A: Gross 1.46%; Net 1.45%. Expenses are capped contractually until 05/01/15 at 1.45% for Class A. Caps exclude certain expenses, such as interest.

Please note that precious metals prices may swing sharply in response to cyclical economic conditions, political events or the monetary policies of various countries. Investors should be aware that recent market conditions resulting in high performance for the gold sector may not continue. The tables present past performance which is no guarantee of future results and which may be lower or higher than current performance. Returns reflect applicable fee waivers and/or expense reimbursements. Had the Fund incurred all expenses and fees, investment returns would have been reduced. Investment returns and Fund share values will fluctuate so that investor's shares, when redeemed, may be worth more or less than their original cost. Fund returns assume that dividends and capital gains distributions have been reinvested in the Fund at NAV. Index returns assume that dividends of the Index constituents in the Index have been reinvested. **Investing involves risk, including loss of principal; please see disclaimers on next page. Please call 800.826.2333 or visit vaneck.com for performance current to the most recent month ended.**

Market Review

During the month of February, the gold market's attention shifted from global financial risk to U.S. monetary policy expectations. In our opinion, the market now seems more focused on the timing of the expected interest rate hike by the U.S. Federal Reserve (the "Fed") and less on the financial issues, primarily in Europe, that drove up the gold price in January. In particular, the market appeared to be less concerned with the debt situation and the ramifications of Greece's potential separation from the Eurozone, as negotiations toward a Greek bailout plan progressed throughout the month. As a result, gold dropped $70.55 (-5.5%) in February and closed at $1,213.22 per ounce on February 27.

Following a stronger-than-expected January U.S. employment report, the price of gold lost more than $30 on February 6. Then, on February 17, gold lost another $20 ahead of the Chinese New Year holiday as markets priced in an expected drop in Chinese demand post festivities. Gold traded at an intra-day low of $1,190.49 per ounce on February 24 following remarks by Federal Reserve Chair Janet Yellen as the market speculated on the timing of the forthcoming rate hike.

Another month of net inflows for gold bullion exchange-traded products, we believe, has also provided support for gold at present levels. After a decline of more than 40% in holdings during 2013 and 2014, an increase of 5% in the first two months of this year is a positive signal, in our opinion.

The World Gold Council published its gold supply and demand statistics for 2014. Total gold demand is estimated at 3,924 tonnes in 2014, a 4% drop year-on-year, which is not surprising given that 2013 was a record year for consumer demand. Jewelry demand was down 10% in 2014, but remains 5% above its five-year average. Positively, central banks were net buyers of 477 tonnes of gold in 2014, an increase of 17% from 2013, making 2014 the second highest year of central bank net purchases in 50 years (behind only the 544 tonnes purchased in 2012). Russia was the largest buyer, accumulating an additional 173 tonnes in 2014. Total supply was relatively flat, with growth in mine supply offset by a decline in scrap supply.

Despite a decline in the gold price, gold stocks outperformed gold in February. The NYSE Arca Gold Miners Index (GDMNTR) fell 4.2% and the Market Vectors Junior Gold Miners Index (MVGDXJTR)[2] dropped 3.2%. We think this outperformance of stocks relative to the metal

Please note that the information herein represents the opinion of the portfolio manager and these opinions may change at any time and from time to time.

reflects just how undervalued these equities are at present and an improvement in investor sentiment towards gold companies, which appear to be in much better shape now.

Most of the larger companies we track have now reported their fourth quarter and annual 2014 results. Although some companies failed to meet 2014 production and cost targets, the majority met or exceeded expectations. Operating guidance for 2015 was generally in line with expectations, with both production and costs fairly flat relative to 2014. However, some companies did guide for increases in production and lower costs. We expect costs in 2015 to be lower than guided as a result of both lower energy prices and weaker currencies, but we estimate that the effect of weaker currencies will be more significant than the impact of lower oil prices. Gold companies also released updated reserve and resource statements as of the end of 2014. With very few exceptions, primarily as a result of asset acquisitions, companies were unable to replace the gold ounces mined in 2014 and accordingly, reserves dropped approximately 10% to 15%. Gold prices used to estimate reserves at the end of 2014 were broadly in line with those used by gold companies in 2013, ranging from around $1,100 to $1,300 per ounce. This is in contrast to 2013, when most companies estimated reserves using gold prices that were materially lower than those assumed in 2012, leading to a massive reserve write-down in the sector.

Market Outlook

We recently attended the BMO Global Metals & Mining Conference in the last week of February and met with more than 20 individual gold companies. Because of its timing and the breadth of participating companies, this conference provides a good opportunity for us to not only meet with management teams for company-specific updates, but, more importantly, to get a feel for the current state of the sector. Only a short time ago, the sector realized it needed to change and began formulating ways to do so. By last year, initiatives had been deployed and their effects had started to become apparent. This year the companies showcased the results of the sector's turnaround. We have been speaking about the positive changes happening in the industry, and have now seen a few quarters of results showing that these initiatives seem to be paying off. Presentations were filled with charts illustrating declining operating and capital costs, reduction of corporate overhead, increased profitability and returns on capital, reduced debt, increased cash balances, and simplified projects and management structures. Companies presented evidence of improved health, but also reiterated their focus on increasing operating efficiency, reducing costs, and maintaining their committment to capital discipline. Companies have been reconfigured; while some simply chug along, many others are now able to generate significant free cash flow in this lower gold price environment. We believe this shows that, regardless of how bullish their outlook on gold prices may be, managements know that they have to prove to the market that they can operate sustainably at current prices. Thus, despite the fact that the gold market is clearly lacking shine at present, the mood at this conference was the best it has been in quite some time. It was encouraging to see companies optimistic about the future. They finally appear comfortable, but not complacent, with the way they are running their businesses, and are committed to continuing to look for improvements. We certainly hope this means that they are never going back to the "bad" old ways of the recent past, which were characterized by the pursuit of growth at any cost, which led to over spending, high costs, and poor returns on investments.

While we believe the gold price in the shorter term may continue to bounce around the $1,200 per ounce level, financial stress has the potential to drive gold higher in the longer term. The good news is that companies are now ready to reap the benefits of a rising gold price. At current gold prices, lower cost producers, where we maintain an overweight positon, are profitable, and some select companies may still offer future growth. One of those companies, Goldcorp (5.1% of Fund net assets as of February 28, 2015), is presently ramping up production at two new mines: Eleonore in Canada and Cerro Negro in Argentina, while developing the Cochenour project, also located in Canada.

On February 27, we visited Goldcorp's Cerro Negro mine, located in the Santa Cruz province of Argentina. Cerro Negro achieved commercial production on January 1, 2015 and is expected to produce about 450,000 ounces of gold this year. Operating in Argentina has certainly presented challenges due to exchange controls, import restrictions, a limited labor pool, an uncertain tax structure and high inflation. Although this has caused delays and higher capital costs, Goldcorp has successfully completed construction and begun operations at the mine. We were pleased to see that both the underground mine and the processing plant are performing in line with expectations. In fact, the grade of the deposit has thus far been slightly higher than assumed in the model and gold recoveries at the plant are also exceeding budget. The ramp up has been impacted by import restrictions in Argentina, which make it difficult to get replacement parts for the trucks that transport the ore from the mines to the plant, reducing equipment availability and limiting the amount of ore that can be delivered to the plant for processing. However, Goldcorp expects the arrival of additional trucks and a buildup in spare parts to overcome the issue shortly.

Goldcorp's experience in Argentina is a good example of the challenges the gold sector faces in growing production. The company could have chosen to pass on the opportunity to develop the high-quality Cerro Negro mine, which contains more than five million ounces in reserves, simply to avoid the risks of operating in Argentina. Instead, despite some difficulties, Goldcorp has developed a mine that is expected to grow the company's production by about 15% this year. Gold companies have to assume and manage a large number and variety of risks, including country risk, if they expect to grow their business. The payoff for overcoming these risks is a mine that can potentially generate attractive returns for shareholders. With the coming presidential elections in Argentina, we expect a much more business friendly environment in the future.

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 the Fund. An index's performance is not illustrative of the Fund's performance. Indices are not securities in which investments can be made.

[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]Market Vectors 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.

Please note that the information herein represents the opinion of the portfolio manager and these opinions may change at any time and from time to time. 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. Current market conditions may not continue. Non-Van Eck Global proprietary information contained herein has been obtained from sources believed to be reliable, but not guaranteed. No part of this material may be reproduced in any form, or referred to in any other publication, without express written permission of Van Eck Global. ©2015 Van Eck Global.

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 the risks associated with concentrating its assets in the gold industry, which 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. The Fund's investments in foreign securities involve risks related to adverse political and economic developments unique to a country or a region, currency fluctuations or controls, and the possibility of arbitrary action by foreign governments, including the takeover of property without adequate compensation or imposition of prohibitive taxation. The Fund is subject to risks associated with investments in debt securities, derivatives, commodity-linked instruments, illiquid securities, asset-backed securities, CMOs and small- or mid-cap companies. The Fund is also subject to inflation risk, short-sales risk, market risk, non-diversification risk, leverage risk, credit risk and counterparty risk. Please see the prospectus and summary prospectus for information on these as well as other risk considerations.

Please call 800.826.2333 or visit vaneck.com for performance information current to the most recent month end and for a free prospectus and summary prospectus. An investor should consider the Fund's investment objective, risks, and charges and expenses carefully before investing. The prospectus and summary prospectus contain this as well as other information. Please read them carefully before investing.