Gold Miners: The Opportunity Behind the Volatility

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VanEck International Investors Gold Fund

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How Gold Mining Stocks Responded to Gold Prices

Gold mining stocks showed greater sensitivity to gold's moves in both directions this year, then held up during the recent sideways period. That makes 2026 a useful test of how the sector behaves across different gold price environments. Gold has had three phases this year: a sharp rally into late January, a sell-off that deepened after the war in Iran began, and a sideways market around $4,000 an ounce since the summer. The question gold equity investors ask us most is how sensitive mining stocks really are to changes in the gold price. This year's answer has some nuance, and we think it points back to the strength of the businesses behind the stocks.

Miners beat gold in the rally, lagged in both legs of the sell-off, and beat it again once gold stopped falling.

Average Annual Total Returns (%) as of October 31, 2026

	1 MO†	1 YR	5 YRS	10 YRS
Class A: NAV (Inception (2/10/56)	-13.05	17.83	22.62	13.72
Class A: Maximum 5.75% load	-18.05	11.05	21.17	13.04
MVGDXTR Index	-11.88	9.64	21.73	13.75

Average Annual Total Returns (%) as of September 30, 2026

	1 MO†	1 YR	5 YRS	10 YRS
Class A: NAV (Inception (2/10/56)	-8.97	30.42	28.17	14.46
Class A: Maximum 5.75% load	-14.20	22.92	26.66	13.78
MVGDXTR Index	-10.89	17.70	26.75	14.33

Source: VanEck

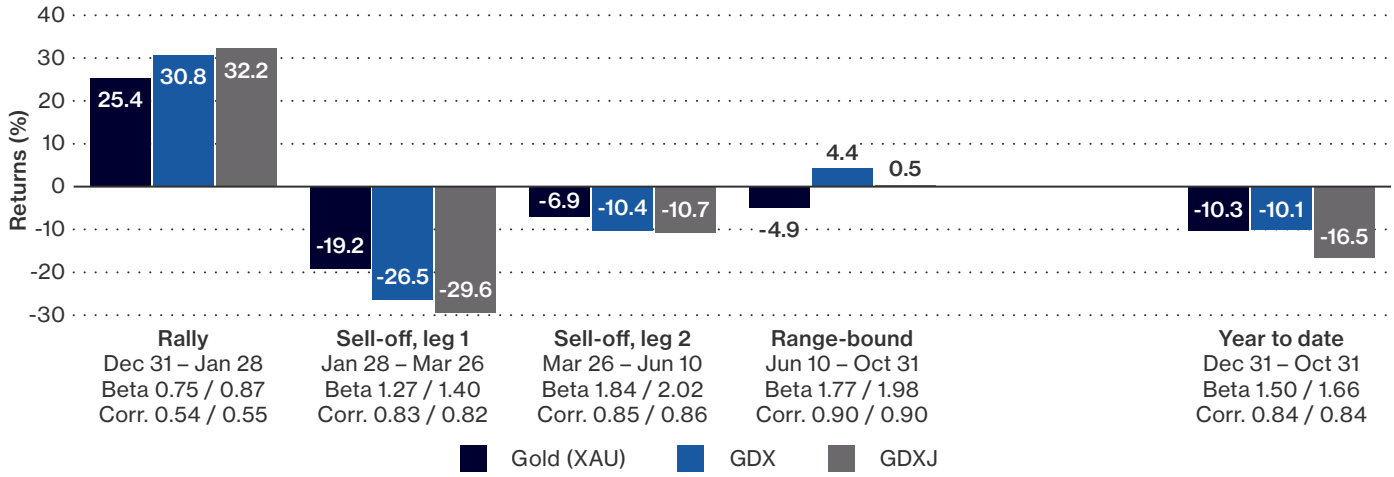
The performance data quoted represents past performance. Past performance is not a guarantee of future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may 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 1.31%; Net 1.31%. Expenses are capped contractually until 05/01/27 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 Miners vs. Gold: Returns by Period, 2026



Source: VanEck and Bloomberg. Data as of 10/31/2026. GDX: VanEck Gold Miners ETF; GDXJ: VanEck Junior Gold Miners ETF. Returns for periods less than one year are not annualized.

In the chart above, the rally ends at the January 28 gold peak. We split the sell-off at March 26, where its steepest leg ended.

Here, beta measures how sensitive mining stock returns were to daily changes in the gold price over each period.

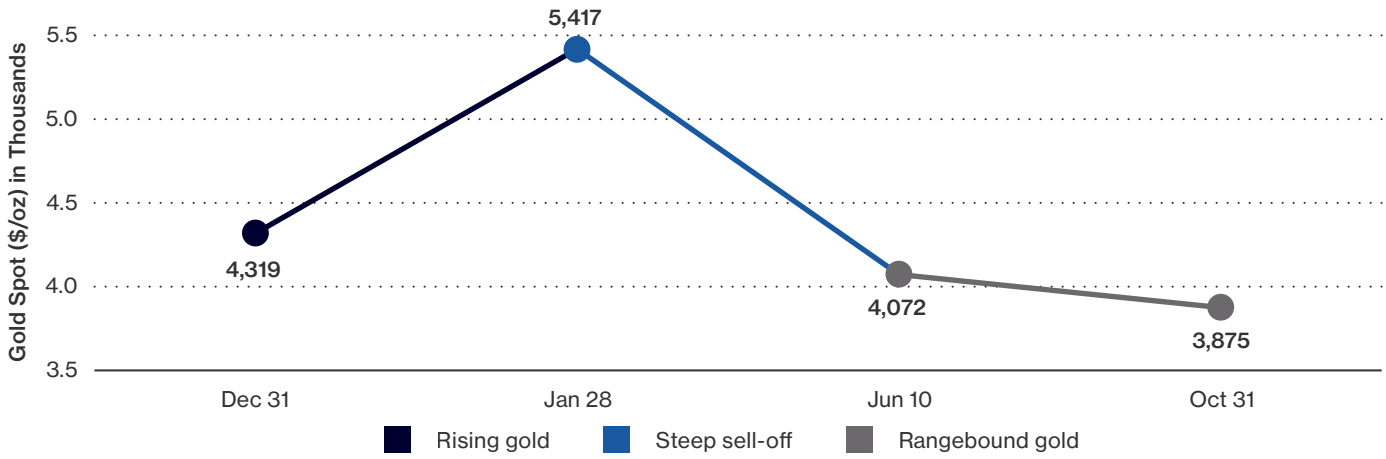
Investors often ask how closely gold stocks follow gold, and the answer is very closely. Over 2026 the correlation of both GDX and GDXJ with gold was 0.84, and in each of the last three periods it was between 0.82 and 0.90. A correlation of 0.84 means gold explains roughly 70% of the day-to-day moves in the miners, with the rest coming from equity markets and company-specific news. The January rally is the exception, at about 0.55, but that period covered fewer than 20 trading days, which is a short window that makes the estimate less reliable.

Gold Miners Across Four Market Scenarios

Earlier this year we outlined three gold scenarios for miners: rising gold, range-bound gold and a gold pullback. We did not include a steep sell-off among our original scenarios, despite gold's spectacular rise earlier in the year. What happened is worth reviewing.

- **Rising gold (Dec 31 – Jan 28):** Miners outperformed as the scenario expected, though by a relatively modest margin for such a sharp move in gold.
- **Steep sell-off (Jan 28 – Jun 10, in two legs):** This was not the pullback scenario we originally considered. It was a deeper sell-off, and it was too much for miners to absorb. They fell more than gold, and the resilience we expected from strong margins did not show up in share prices.
- **Range-bound (Jun 10 – Oct 31):** This is where the case for miners showed up. With gold drifting lower, gold equities still rose, consistent with the re-rating scenario we described.
- **Pullback (year to date, Dec 31 – Oct 31):** Taken as a whole, the year looks much more like the pullback we had in mind. Larger producers have held up about as well as the metal, which is the resilience we described. Smaller-cap companies have lagged, but this isn't too surprising, as they don't enjoy many of the senior and mid-tier producers' advantages (plenty of liquidity; diversified sources (or even a source) of revenue; economies of scale; funding security; etc.) and their recovery after a sharp sell-off can take longer.

Gold Scenarios for Miners: What Happened in 2026



Source: VanEck and Bloomberg. Data as of 10/31/2026. For illustrative purposes only. Not a projection of future results. Returns for periods less than one year are not annualized. Past performance is no guarantee of future results. **Fund performance current to the most recent month end is available by visiting vaneck.com or by calling 800.826.2333. See standardized performance and important disclosures below.**

Note: Return ratios compare mining stock returns with gold returns over each period. For example, a ratio of 1.2x means mining stocks rose or fell 1.2 times as much as gold. Beta measures sensitivity to daily gold returns, while correlation measures how closely daily returns move together. These measures describe different aspects of the relationship and may vary by period.

The asymmetry is worth noting. When gold surged in January, miners captured only about 1.2x to 1.3x of the move.

This is not uncommon in the earlier stages of a rally: investors doubt the higher price will last and do not fully price it into the stocks. When gold reversed, miners fell about 1.4x to 1.5x as much. In addition, the first leg of the sell-off, which included the start of the war in Iran, was a broad-based sell-off across global equity markets, and we believe that added to the selling pressure on gold stocks on top of the move in gold itself. A market that is slow to give credit on the way up and quick to take it away on the way down can leave the stocks below what the fundamentals support. The range-bound period, when miners rose while gold drifted lower, looks like some of that gap closing.

The Business Behind the Share Price

Miners' share prices have followed gold on the way down, but we believe their businesses have not weakened. What is behind that resilience?

- **Wide margins –** Gold has risen faster than mining costs, leaving industry margins historically strong. Gold has averaged about $4,500 an ounce so far in 2026, more than $1,000 above the 2025 average of $3,445. Industry-wide all-in sustaining costs are estimated to have risen by about $300 an ounce over the same period.
- **Strong balance sheets –** Net cash positions continue to grow at many producers, as record free cash flow lets them pay down debt.
- **Potential shareholder returns –** Strong cash generation gives many producers flexibility to support dividends and buybacks, and some smaller companies have introduced their own capital return programs.
- **Growth re-enters the conversation –** After years of underinvestment, companies can step up exploration, advance organic projects and consider M&A. Replacing depleted ounces remains a challenge, especially for the largest producers, but cash generation is translating into more attractive growth prospects for the sector.

Growth Spending and the Valuation Gap

The market's reaction to capital plans offers another example of what we see as a valuation disconnect. However, when a gold producer announces a large project or updates project capex estimates, the shares often fall. Project capital estimates can rise as studies are updated, scopes change or costs increase. Investors also remember the previous gold bull cycle, when capital discipline slipped. But today producers are more restrained, and they can generally fund projects from operating cash flow without issuing debt or equity or putting on disproportionate gold price hedges. In addition, they set reserves, resources and project economics at gold prices well below spot. For projects evaluated at lower gold prices, a moderate pullback from $4,000 may still leave expected returns above the required hurdle.

While we understand the skepticism, we believe the market's punishment of capital plans is generally excessive relative to the funding risk. We believe these fundamentals could support share prices over time, even as short-term moves remain closely tied to gold. The risks worth watching are cost inflation, operational performance and project execution.

Of course, we would all like to see gold move higher and margins expand further. But after a year like this one, what gold stocks may need most is for gold to go quiet at these levels for a while. A calmer metal would give the companies room to show what they have built, with strong margins, net cash balances, and credible growth plans, without a market distracted by swings of 20% or more in the price of gold. We believe that when investors can focus more on the underlying business and less on the next move in the metal, the stocks may have a chance to reflect these strong fundamentals. That gap between the stocks and the businesses behind them is the opportunity we see.

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[1]MarketVector Global Gold Miners Index (MVGDXTR) tracks the overall performance of companies involved in the gold mining industry.

MVIS Global Junior Gold Miners Index (MVGDXJTR) tracks the overall performance of small- and mid-capitalization companies involved in the gold and/or silver mining industry.

NYSE Arca Gold Miners Index (GDMNTR) is a modified market capitalization-weighted index comprised of publicly traded companies involved primarily in the mining of gold and silver.

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