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Gold's Relentless Rally: Fundamentals and Renewed Investor Confidence

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INIVX | IIGCX | INIIX | INIYX

Gold Surges to Record Highs

Gold's relentless rally kicked into a higher gear in September, closing at $3,858.96 per ounce on September 30—a gain of $411.02 per ounce (11.92%) for the month. After trading rangebound around the $3,300 per ounce level for about five months, from mid-April to mid-August, gold had refused to take a breather, setting new highs almost every week since.

Fed Rate Cut Fuels Momentum

The Federal Open Market Committee's (FOMC) decision to lower the federal funds rate by 25 basis points on September 17 came as no surprise. The move, however, provided support for gold both before and after the announcement. Historically, lower interest rates have been positive for gold prices.

This inverse relationship is more closely linked to investment demand, as investors are more likely to invest in gold when the opportunity cost of holding the metal decreases as real (inflation-adjusted) rates fall. Combined with headline PCE[1] accelerating in August (2.7% year-on-year vs 2.6% in July), the Federal Reserve (Fed) rate cut and a looming U.S. government shutdown, put gold back on the market's radar. This attracted flows into global gold bullion ETFs, which registered a 3.9% increase in holdings during the month, while remaining below record levels.

Average Annual Total Returns (%) as of September 30, 2025

	1 Mo†	1 Yr	5 Yr	10 Yr
Class A: NAV (Inception (2/10/56)	18.56	102.59	14.60	19.27
Class A: Maximum 5.75% load	11.75	90.94	13.25	18.57
GDMNTR Index	20.99	93.66	16.08	20.25

Average Annual Total Returns (%) as of June 30, 2025

	1 Mo†	1 Yr	5 Yr	10 Yr
Class A: NAV (Inception (2/10/56)	2.90	67.02	8.89	12.60
Class A: Maximum 5.75% load	-3.02	57.42	7.60	11.93
GDMNTR Index	3.03	54.89	9.08	12.81

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 05/01/26 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.

Central Banks Sustain Historic Buying

In contrast, central bank buying appears less sensitive to the interest rate and broader macro-economic environment. The official sector has been buying gold at record levels since 2022, emerging as a primary driver of the most recent gold bull market. While Western investors had been mostly reducing their gold exposure since April 2022, their return to the gold markets over the past year, coupled with continued strength in central bank buying, created the powerful combination behind gold's phenomenal price performance in 2025.

After pausing in July, central banks resumed gold purchases in August, adding a net 15 tonnes to global reserves, according to World Gold Council estimates. The National Bank of Kazakhstan led the buying for the month, followed by the National Bank of Bulgaria and the Central Reserve Bank of El Salvador. The National Bank of Poland—this year's largest buyer—reaffirmed its pro-gold stance by raising its target gold share within its international reserves from 20% to 30%, a level well above most peers.

The People's Bank of China reported its tenth consecutive monthly increase in gold reserves, bringing its gold holdings to more than 2,300 tonnes, though still accounting for only 7% of total international reserves. The Czech National Bank's total gold reserves increased to 65 tonnes, with a target to hold 100 tonnes of gold as part of its international reserves by the end of 2028.

These are indications that, despite recent moderation in purchases, central banks' appetite for gold remains robust. In fact, we may be in the very early stages of a global de-dollarization movement where gold is likely to play a leading role.

The NYSE Arca Gold Miners Index (GDMNTR)[2] rose 21% in September, outperforming gold itself, while the mid-tier and small cap index, MVIS Global Junior Gold Miners (MVGDXJTR)[3], gained 24.7%. This rather spectacular performance was the perfect backdrop for the sector's flagship events held in Colorado annually.

2025 Gold Forum Americas & Precious Metals Summit Takeaways

This year's conferences struck a confident but measured tone. Both the Gold Forum Americas and the Precious Metals Summit in Colorado drew record attendance — a mix of producers, juniors, institutional investors, banks, and corporate development teams. The mood was positive, but not exuberant, as companies emphasized strong free cash flow, record margins, and renewed growth plans, while remaining committed to cost control, capital discipline and delivering against their targets.

Junior Producers & Developers: Starved for Capital, Now Courted Again

The Precious Metals Summit is an annual conference held in Colorado that focuses on junior (small/micro-cap) companies that develop gold, silver, and other metals. This year's gathering underscored renewed investor interest in the junior sector. Attendance hit new records, and our hosted session with 14 silver companies drew a standing-room-only audience—a stark contrast to the subdued turnout in past years. With gold at record levels, juniors that had been starved for capital in recent years are finally finding support to fund exploration, drilling, and property development. Some are newly formed companies acquiring assets positioned for this high gold price environment.

We held one-on-one meetings with 22 junior companies, with several already in our portfolio and others under evaluation. We see a subset of these advancing toward production in the near term — potential acquisition targets or future emerging producers. Others remain longer-term bets, where management quality, project potential, and permitting risk must be carefully weighed.

Despite renewed capital availability, share price performance of many developers has lagged as reserve/resource assumptions remain anchored at conservative gold prices (on average, around $1,500 per ounce), while producers reap direct free cash flow benefits at spot levels.

Producers: Execution, Growth, and Capital Discipline

At the Gold Forum Americas conference, we met with over 40 companies. For producers, the focus remains firmly on operational efficiency and disciplined growth. Many companies highlighted the advancement of organic projects, with expansions and life-of-mine extensions at or near existing operations and infrastructure still a preference, as compared to greenfield projects. At current gold prices, funding capital programs is no longer a constraint, and hedging is being phased out. Strong cash flow generation allows the producers to refocus on their project pipelines, increase their flexibility to redesign or rescope projects targeting improved profitability and returns, and expand their ability to make more impactful acquisitions. In addition, major producers such as Newmont (7.0% of Fund net assets) and Barrick Mining (3.5% of Fund net assets) have taken advantage of strong gold markets to divest non-core assets at attractive valuations, boosting their cash positions.

The message was consistent: balance sheets are healthy, but capital discipline remains a priority, with shareholders constantly reminding companies not to repeat mistakes of prior bull markets. With a focus on quality over quantity and de-risking, companies are targeting opportunities that enhance their portfolios (e.g., lower cost ounces, better mining jurisdictions, truly synergetic consolidations, and opportunistic equity investments), which is keeping M&A activity far from frenzying levels. Debt repayment, increased dividends, and share buybacks are all being emphasized.

Notably, many producers are using gold price assumptions for estimating their reserves and resources that represent more than a 50% discount to the current spot gold price. This conservatism highlights the producers' desire to stay prudent despite record margins, reassuring investors, who, in large part, still lack exposure to the sector.

Cost cutting initiatives, offset by relatively mild industry cost inflation (3-5% in 2025) appear to be keeping a lid on costs. Lower employee turnover was reported by several companies, but in some cases, this came with higher pay, leading to increased labor costs. In other cases, a slowdown in activity in other sectors has improved labor availability. Overall, the sector struggles to attract talent and find skilled labor locally. In response, companies are partnering with universities, increasing the number and type of training programs, moving people across operations globally, and ramping up their use of autonomous and remotely operated equipment.

Industry Developments and Policy Tailwinds

The biggest industry news came from Barrick's preliminary economic assessment (PEA) of its Fourmile project (100% owned by Barrick) in Nevada. Pending significant further drilling, the PEA points to a potential 25-million-ounce high-grade gold resource—within the world's largest gold mining complex, Nevada Gold Mines (NGM), a joint venture between Barrick and Newmont, operated by Barrick. The announcement was well timed with a post-conference visit to NGM, which we attended. This sparked notable Barrick stock price outperformance — and was followed by the surprise departure of the company's CEO, announced on September 29. Interestingly, and apparently coincidentally, on that same day, Newmont also announced a rather expected leadership transition, appointing current Chief Operating Officer Natascha Viljoen as its new CEO, effective January 1, 2026.

Government policy was also featured in conversations. We met with the Mines Minister of British Columbia (BC), who highlighted streamlined permitting systems and stronger engagement with First Nations — positioning BC as a leader in responsible resource development. We see this as a new era of government awareness around the development of critical resources that bodes well for the North American mining industry.

Outlook: Gold Equities Poised for Revaluation

We believe the case for gold equities remains compelling. Strong fundamentals, resilient balance sheets, and historically low valuations create an attractive opportunity set, supported by a rising gold price outlook, particularly as broader investors begin to re-engage with the sector.

All company, sector, and sub-industry weightings as of September 30, 2025 unless otherwise noted.

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[1]Personal Consumption Expenditures Price Index (PCE) reflects changes in the prices of goods and services purchased by consumers in the United States. [2]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. [3]MVIS Global Junior Gold Miners Index (MVGDXJTR) tracks the performance of global gold and silver mining companies that generally comprise the bottom 40% of the total market cap of the industry.

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