June 2021

Fed's Inconclusive Vision Keeps Gold in Sight

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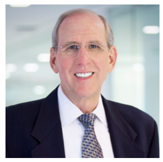

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Fed: Shake, Rattle and Roll

Gold's second quarter rally came to an abrupt end on June 16 following the Federal Open Market Committee (FOMC) announcement for its June meeting. The U.S. Federal Reserve Bank's (the Fed's) projections showed two rate increases in 2023, compared to previous projections for a first rate hike in 2024. In addition, the FOMC made it clear that discussions about tapering its treasury and mortgage-backed securities purchases have begun. These subtle changes caught markets by surprise, causing strong moves across most asset classes.

The Fed, at its June 2021 Federal Open Market Committee meeting, also upgraded its GDP growth expectations for 2021 from 6.5% to 7.0% and increased its core inflation projections for 2021 (from 2.2% to 3%), but it continues to see recent inflationary pressures as transitory. This outlook propelled the U.S. dollar above its 200-day moving average, and the U.S. Dollar Index (DXY)1 rose almost 2% over the three days following the Fed policy announcement.

Gold succumbed to dollar strength, falling 5.1% over the same three-day period, and trading below multiple technical support levels. Equities also sold off, as did commodities during the week of the announcement. The reaction in the Treasury bond market was mixed. The 10-year and 30-year yields were up initially, but quickly reverse course to end that week below pre-FOMC announcement levels.

Average Annual Total Returns (%) as of June 30, 2021

	1 Mo	1 Yr	5 Yr	10 Yr
Class A: NAV (Inception 2/10/56)	-13.09	-7.23	4.67	-3.30
Class A: Maximum 5.75% load	-18.09	-12.57	3.43	-3.87
GDMNTR Index	-13.59	-6.29	5.13	-3.62

Average Annual Total Returns (%) as of March 31, 2021

	1 Mo	1 Yr	5 Yr	10 Yr
Class A: NAV (Inception 2/10/56)	1.62	51.40	11.62	-4.77
Class A: Maximum 5.75% load	-4.22	42.69	10.31	-5.34
GDMNTR Index	3.48	39.10	11.11	-4.99

The tables above 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 from index constituents have been reinvested. Investing involves risk, including loss of principal; please see disclaimers on last page. Please call 800.826.2333 or visit vaneck.com for performance current to the most recent month end.

† 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 1.34%; Net 1.34%. Expenses are capped contractually until 05/01/22 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.

The Fed appears to have been successful in communicating a slight shift in policy to support its outlook for strong economic growth and under-control inflation. Only a week after the FOMC announcement, equity markets had bounced back, and by the end of the month the S&P 500 was trading at all-time highs. The dollar added to its gains on the last day of June. Gold pared some of its earlier losses, but remained bound in the $1,750-$1,800 per ounce range, closing at $1,770.11 on June 30, down 7.02% for the month, for a loss of 6.76% year-to-date.

Still Hope For the Miners

Gold stocks are also down for the year, reflecting gold's performance. June was a terrible month for the gold equities, erasing all the gains made in the first five months of 2021. However, the larger cap gold stocks, as measured by the NYSE Arca Gold Miners Index (GDMNTR)2 are still outperforming gold l year to date, with the GDMNTR down 5.62% during the first half. This is atypical in a period of declining gold prices, and may be a reflection of several factors.

One factor could be that these larger cap stocks lagged gold slightly last year, despite a phenomenal year for gold, which should have translated to significant outperformance by the equities. Thus, the markets may be playing catch up.

Sector fundamentals could also be an important driving factor. Gold mining companies as a group are in great shape operationally and financially, perhaps the best they have ever been. With gold prices at current levels, even after the recent pullback, profit margins are very healthy and companies are generating significant free cash flow. Excess cash is being deployed responsibly, used to fund lower risk projects that carry higher returns and to enhance return to shareholders in the form of dividends and share buy backs. The gold mining sector of today may be starting to attract more and more investors, as they demonstrate they are profitable companies that remain investable through the metal price cycle.

The smaller gold mining companies, which outperformed both gold and larger cap gold companies last year, have underperformed year to date. The MVIS Global Junior Gold Miners Index (MVGDXJTR)3 ended the first half of 2021 down 13.89%.

Outlook Seems All But Clear

In our view the markets seem to have adopted the Fed's scenario of growth without unwanted levels of inflation in the longer term. While this would be negative for gold as a safe haven or inflation hedge, we think there are many reasons to be cautious about this view.

The Fed said it is thinking about tapering, and it may start to slowly increase rates two years from now. There were no details around the structure or timing for tightening. Furthermore, any tapering would be gradual, which means further liquidity would continue to be pumped into the system until the program comes to a full stop. For now, purchases continue at the extraordinary rate of $120 billion per month and rates remain near zero, which should intensify concerns that this unprecedented level of monetary (along with fiscal) stimulus could bring on an inflationary cycle. If fears of higher inflation is what prompted Fed members to forecast rate hikes in 2023, then 25 basis point increments two years from now may likely be too little, too late.

In other words, we believe the Fed's projections and guidance do not paint a conclusive picture. In fact, because we are going through a unique period of economic reopening/normalization, it is very difficult to forecast where all the important variables will be both in the near term and once the transient pandemic effects subside. The Fed's message could change rapidly and significantly. For now, the market has chosen to ignore these uncertainties and risks.

One Thing For Sure: Dollar Strength is a Headwind

Despite the June price weakness, gold continues to trade within a longer-term bull market trend. The bottom of this trend historically is around $1,740 per ounce. In the shorter-term, gold may spend some time consolidating at current levels in a pattern we have seen since it reached its peak of $2,075 per ounce in August 2020. Investors will be focused on the Fed's policy outlook, with gold pricing in any changes in markets perceptions. Movements in interest rates and the U.S. dollar should continue to affect gold's direction. Lately, the U.S. dollar seems to be a more dominant factor, representing gold's main headwind recently. Should dollar strength subside, and current inflation levels persist, gold could trend towards $2,000 by year-end.

Inflation May Still Be Underrated Though

Gold has historically exhibited stronger correlation with inflation when inflation rises above 3%. In addition, inflation surprises have had a very high positive correlation with gold over the past 45 years, as shown in the chart below.

Inflation surprises have generally benefitted gold

Correlation with Gold As of May 31, 2021

Variable	Last 45 Yr
Headline Inflation	13%
Core Inflation	11%
Wage Inflation	-2%
Services Inflation	10%
Food Inflation	6%
Oil ($/bbl)	16%
Bloomberg Commodity Index	50%
Copper ($/lb)	23%
U.S. Trade Weighted Dollar	**-40%**
Inflation Surprise	**23%**
U.S. 10-Year Real Yields	**-25%**
U.S. 3-Month Real Yields	-18%

Source: Scotiabank, Bloomberg. Data as of May 31, 2021. Using monthly returns except for U.S. Trade Weighted Dollar, U.S. 10-Year Real Yields and U.S. 3-Month Real Yields, where computed with quarter-over-quarter returns. Inflation surprise: actual less forecasted inflation, quarterly. Headline Inflation = Consumer Price Index for All Urban Consumers; Core Inflation = Consumer Price Index for All Urban Consumers (Less Food & Energy); US Wage Inflation = US Average Hourly Earnings: Total Private Industries, Production and Nonsupervisory Employees; Services Inflation = Consumer Price Index for All Urban Consumers: Services (Less Energy); Food Inflation = Consumer Price Index for All Urban Consumers: Food and Beverages in U.S. City Average; Oil Inflation = WTI Crude Oil (Generic 1st Month Contract); US Trade Weighted Dollar = U.S. Dollar Index (DXY); Inflation Surprise = actual less forecasted inflation; U.S. 10-Year Real Yields = U.S. Treasury 10-Year Yield adjusted for inflation (less CPI); U.S. 3-Month Real Yields = U.S. Treasury 3-Month Yield adjusted for inflation (less CPI).

Inflation expectations remain well above the average of the past almost two decades. The U.S. Personal Consumption Expenditure (PCE) Core Price Index4, the Fed's preferred gauge of inflation, rose to 3.4% on a yearly basis in May, up from 3.1% in April, levels last seen in the early 90s. The Fed's projections show core PCE inflation at 3.0% for 2021, but declining to 2% in the longer run. We continue to believe that inflation at current levels could be more persistent than the Fed is projecting.

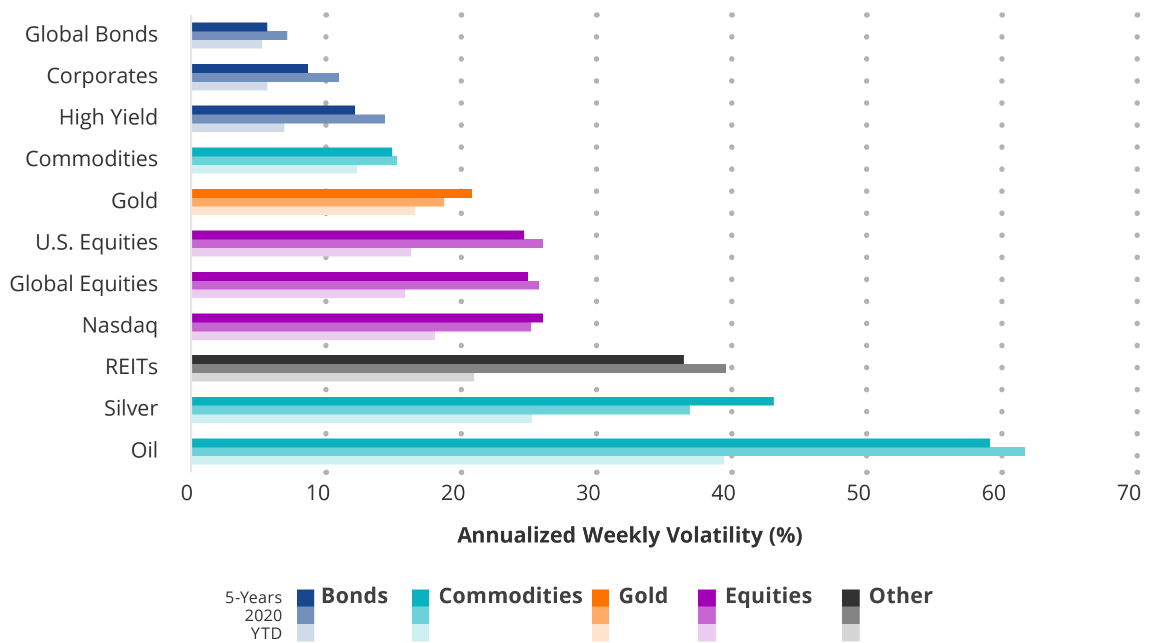
Anecdotally, we see supply chain and labor shortages in many sectors that could signal further inflationary pressures ahead. Commodities are at multi-year highs. Global growth is picking up, trillions of dollar in U.S. fiscal spending, and the increasing demand for many metals as part of the global energy transition, should support commodities in the longer-term, contributing to higher inflation expectations. In addition, ongoing monetary stimulus, alongside expected fiscal stimulus, adds conviction to the "here-for-longer" inflation case.

Hold On To That Gold

More persistent and higher inflation would offset the effect of any rise in rates, causing real rates to remain low or negative. While the market may drive rates higher, we think the Fed may not be able to raise rates in the foreseeable future, both for fears of the negative impact this would have on markets and for the unbearable debt service burden it would bring about. The risk of lower real rates, a weaker than expected post-stimulus economic recovery, higher inflation, a weaker dollar, extreme debt levels, the final bursting of asset price bubbles and other unintended consequences of the massive liquidity injected into the financial system are all factors that may support higher gold prices in the longer-term. It is not hard to imagine an environment where more than one of these risks could come into play, significantly increasing gold's appeal as a safe haven, inflation hedge and portfolio diversifier.

Most recognize gold's role as insurance in a portfolio. Perhaps less familiar is its volatility profile (chart below), which importantly, has been relatively consistent during the market shocks of the pandemic, and over the past decade. This enhances gold's role as a diversifier and further justifies a proper allocation in a portfolio. These characteristics, exhibited by gold historically, position gold to potentially advance to new highs in the longer-term.

Gold has been a stable asset in good and bad times over the last decade



Source: World Gold Council, VanEck. Data as of June 30, 2021. Global Bonds = Bloomberg BarCap Global Aggregate Bond Index; Corporates = Bloomberg Barclays Global Aggregate – Corporates Index; High Yield = Bloomberg Barclays Global High Yield Index; Commodities = Bloomberg Commodity Index - Total Return; Gold = Gold (NYMEX); U.S. Equities = S&P 500 Index; Global Equities = MSCI World ex USA Index; Nasdaq = Nasdaq Composite; REITS = FTSE Nareit Composite Total Return Index; Silver = Dow Jones Commodity Silver Total Return Index; Oil = Bloomberg Crude Oil - Total Return Index

All company, sector, and sub-industry weightings as of June 30, 2021 unless otherwise noted.

[1] The U.S. Dollar Index (DXY) measures the value of the U.S. dollar relative to a basket of foreign currencies, often referred to as a basket of U.S. trade partners' currencies. 2NYSE Arca Gold Miners Index (GDMNTR) is a modified market capitalization-weighted index comprised of publicly traded companies involved primarily in the mining for gold. 3MVIS 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. 4The Personal Consumption Expenditures (PCE) Core Price Index is a measure of the prices that people living in the United States, or those buying on their behalf, pay for goods and services. The PCE price index is known for capturing inflation (or deflation) across a wide range of consumer expenses and reflecting changes in consumer behavior.

US Headline CPI measures the total inflation that is experienced throughout an entire economy. US Core CPI measures core inflation excludes price fluctuations in the food and energy sector due to their seasonal or volatile movements. US Wage Inflation measures the changes in consumer prices to which certain workers are exposed. Primarily used on an annual basis, to reflect changes in the costs of benefits paid to Social Security beneficiaries. Services Inflation (CPI) measures the average monthly change in the price for goods and services paid by urban consumers between any two time periods. Food Inflation (CPI) - Includes pricing changes for "food away from home" and "food at home." Oil Inflation (WTI) measures the average monthly change in the price of WTI oil. Bloomberg Barclays Commodity Index is a broadly diversified commodity price index distributed by Bloomberg Indexes. BCOM tracks prices of futures contracts on physical commodities on the commodity markets. Copper Price is measured using generic front month futures contract tracked via Bloomberg. US Trade Weighted is a weighted average of the value of the dollar against the currencies of a broad group of major U.S. trading partners. Inflation Surprise is measured by Citigroup's - Citi Surprise Index (CSI) is a real-time model, designed to analyze the accuracy of Wall Street's economic forecasts. US Real 10-Yr and 3M Yields are measured using indices of US government bonds with a 10-year/3 month maturities via Bloomberg.

The Bloomberg Barclays Global Aggregate Index is a flagship measure of global investment grade debt and includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers. The Bloomberg Barclays Global High Yield – Corporate Index: is a multi-currency measure of the global high yield corporate debt market. The Bloomberg Barclays Global High Yield Index is a multi-currency measure of the global high yield corporate debt market. The index represents the union of the US High Yield, the Pan-European High Yield, and the corporate sector of the Emerging Markets (EM) Hard Currency High Yield Indices. Bloomberg Barclays Commodity Index is a broadly diversified commodity price index distributed by Bloomberg Indexes. BCOM tracks prices of futures contracts on physical commodities on the commodity markets. Goldis measured by futures trading on the New York Mercantile Exchange (Nymex). The S&P 500 Index is a market-capitalization-weighted index of the 500 largest publicly-traded companies in the U.S. The MSCI World ex USA Index captures large and mid cap representation across 22 of 23 Developed Markets (DM) countries excluding the United States. The Nasdaq Composite Index is the market capitalization-weighted index of over 2,500 common equities listed on the Nasdaq stock exchange. The FTSE Nareit All Equity REITs Index is a free-float adjusted, market capitalization-weighted index of U.S. equity REITs. Constituents of the index include all tax-qualified REITs with more than 50 percent of total assets in qualifying real estate assets other than mortgages secured by real property. The Dow Jones Commodity Index Silver is designed to track the silver market through futures contracts. The Bloomberg Crude Oil Index measures the price of oil futures contracts across Brent and WTI.

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.

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 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, or political, economic or social instability. The Fund is subject to risks associated with investments in Canadian issuers, commodities and commodity-linked derivatives, commodities and commodity-linked derivatives tax, gold-mining industry, derivatives, emerging market securities, foreign currency transactions, foreign securities, other investment companies, management, market, non-diversification, operational, regulatory, small- and medium-capitalization companies and subsidiary risks.

About VanEck Vectors® Gold Miners ETF (GDX®) and VanEck Vectors® Junior Gold Miners ETF (GDXJ®): An investment in the Funds may be subject to risks which include, among others, investing in gold and silver mining companies, Canadian issuers, foreign securities, foreign currency, depositary receipts, small- and medium-capitalization companies, equity securities, market, operational, index tracking, authorized participant concentration, no guarantee of active trading market, trading issues, passive management risk, fund shares trading, premium/discount risk and liquidity of fund shares, non-diversified and concentration risks, all of which may adversely affect the Funds. Foreign investments are subject to risks, which include changes in economic and political conditions, foreign currency fluctuations, changes in foreign regulations, and changes in currency exchange rates which may negatively impact the Funds' return. Small- and medium-capitalization companies may be subject to elevated risks. The Funds' assets may be concentrated in a particular sector and may be subject to more risk than investments in a diverse group of sectors.

Diversification does not assure a profit or protect against loss.

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