



## Media Contacts

Erin Walker  
Communications Manager  
[ewalker@vaneck.com](mailto:ewalker@vaneck.com)  
+61 2 8038 3319  
+61 434 244 138

Brad Livingstone-Foggo  
Head of Marketing  
[bfoggo@vaneck.com](mailto:bfoggo@vaneck.com)  
+61 2 8038 3321  
+61 422 794 035

## Political uncertainty makes gold great again

**Sydney, 06 February 2017** – The gold price has surged back above US\$1,200 per ounce as investors have poured back into the safe haven asset to protect themselves against uncertainty from Trump's failure to provide clear details on how he plans to make America great again, according to Russel Chesler, Director Investments & Portfolio Strategy, VanEck Australia.

Gold ended 2016 at US\$1,146 and has since risen above US\$1,200 per ounce. Gold mining stocks, which provide leverage to the gold price, have enjoyed a surge in January with the VanEck Vectors Gold Miners ETF (ASX code: GDX) gaining 8.79% for the month.

"Prior to Trump being sworn in the market had ridden a wave of euphoria. Equity markets were focusing on Trump's planned stimulus however his proposal to have Mexico 'pay' for the wall via a tax on Mexican imports and the implementation of his immigration policy have caused markets to reassess what a Trump presidency may actually mean," Mr Chesler said.

"So far Trump's policies have caused uncertainty. The question now is will the current gold run last?" Mr Chesler said.

According to Chesler, gold is not just responding to political uncertainty but also due to fears of inflation.

"Gold has traditionally been used by investors as a hedge against rising inflation and fiscal stimulus could support the rise of inflation in the US. Infrastructure spending, tax cuts and deregulation could still occur with Republicans in control of the White House and both houses of Congress. All of these policies could encourage spending and put pressure on prices," Mr Chesler said.

"Furthermore if you look back historically since Nixon abandoned the gold standard in 1971, there have been seven new US presidents inaugurated to the White House prior to Trump. In the year following each of those inaugurations gold has outperformed equities five out of seven times.

"With rising inflationary pressures and significant concern regarding the stability of Trump's leadership, gold is well positioned to rally in 2017," Mr Chesler said.

Australian investors can access global gold miners by investing in GDX which is the world's largest ETF of its kind and gives investors instant access to a diversified gold portfolio in a single trade on ASX.

**Table 1: Performance of the gold price compared to the S&P 500 following the inaugurations of seven new US Presidents**

Calendar year returns			
Year	New president	Gold	S&P 500
1974	Ford	72.3%	-29.7%
1977	Carter	22.6%	-11.5%
1981	Reagan	-32.6%	-9.7%
1989	Bush	-2.2%	27.3%
1993	Clinton	16.8%	7.1%
2001	Bush	2.5%	-13.0%
2009	Obama	24.4%	23.5%
2017	Trump	??	??
<b>Average in presidential transition years</b>		<b>14.8%</b>	<b>-0.9%</b>
<b>Annual average from 1974 to 2016</b>		<b>8.4%</b>	<b>9.0%</b>

Source: Merk Investments. Past performance is not a reliable indicator of future performance.

**IMPORTANT NOTICE:** Issued by VanEck Investments Limited ABN 22 146 596 116 AFSL 416755 ('VanEck'). VanEck is a wholly owned subsidiary of Van Eck Associates Corporation based in New York, United States. VanEck Vectors ETF Trust ARBN 604 339 808 (the 'Trust') is the issuer of shares in the VanEck Vectors Gold Miners ETF ('US Fund'). The Trust and the US Fund are regulated by US laws which differ from Australian laws. Trading in the US Fund's shares on ASX will be settled by CHESS Depository Interests ('CDIs') which are also issued by the Trust. The Trust is organised in the State of Delaware, US. Liability of investors is limited. VanEck Associates serves as the investment adviser to the US Fund. VanEck, on behalf of the Trust, is the authorised intermediary for the offering of CDIs over the US Fund's shares and issuer in respect of the CDIs and corresponding Fund's shares traded on ASX.

This is general information only and not financial advice. It does not take into account any person's individual objectives, financial situation or needs. Investing in international markets has specific risks that are in addition to the typical risks associated with investing in the Australian market. These include currency/foreign exchange fluctuations, ASX trading time differences and changes in foreign regulatory and tax regulations. Before making an investment decision in relation to the US Fund you should read the PDS and with the assistance of a financial adviser consider if it is appropriate for your circumstances. The PDS is available at [www.vaneck.com.au](http://www.vaneck.com.au) or by calling 1300 68 38 37.

Past performance is not a reliable indicator of future performance. No member of the VanEck group of companies or the Trust gives any guarantee or assurance as to the repayment of capital, the payment of income, the performance or any particular rate of return from the US Fund.

An investment in the US Fund may be subject to risks that include, among others, competitive pressures, dependency on the price of gold and silver bullion that may fluctuate substantially over short periods of time, periods of outperformance and underperformance of traditional investments such as bonds and stocks, and natural disasters, all of which may adversely affect the US Fund. 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 that may negatively impact the US Fund's return. Small- and medium- capitalisation companies may be subject to elevated risks. The US Fund's assets may be concentrated in a particular sector and may be subject to more risk than investments in a diverse group of sectors.

NYSE Arca Gold Miners Index® ('GDMNTR'), a trademark of NYSE Group Inc. or its affiliates ('NYSE'), is licensed for use by VanEck in connection with the US Fund. The US Fund is not sponsored, endorsed, sold or promoted by NYSE and NYSE makes no representation as to the accuracy and/or completeness of GDMNTR or results to be obtained by any person from using GDMNTR in connection with trading the US Fund.