Tapping into Miners amid Gold's Record-Breaking Rally

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Key Takeaways

- Gold has reached a new all-time high of $2,849/ounce as a weaker U.S. dollar, tariff threats and continued central bank buying drive demand.
- While gold miners have historically lagged behind spot gold prices, recent cost discipline and rising margins could lead to an upward re-rating in the sector.
- The WisdomTree Efficient Gold Plus Gold Miners Strategy Fund (GDMN) offers a capital-efficient way to gain exposure to both gold and miners, leveraging futures to enhance returns while freeing up capital for other investments.

Gold hit yet another new all-time high at US$2,849/ounce as U.S. economic data weakened, paving the way for a weaker U.S. dollar.1 At the same time, tariff threats by President Donald Trump continue to drive safe-haven demand. Central banks' strategic shift toward buying gold bullion as part of their reserves management has become an increasingly influential driver for gold since 2022. A combination of these factors has allowed gold to defy rate headwinds in 2025.

Figure 1: Comparison of Gold vs. Gold Miners



Sources: Bloomberg, WisdomTree, as of 1/31/25.

A Tactical Opportunity in Gold Miners

Gold miners (e.g., NYSE ARCA Gold Miners Index or the ETF GDX) struggled to keep pace with spot gold prices over the last 20 years, but in more recent times, they started performing better. This is evident by comparing the performance of:

- **VanEck Gold Miners ETF (GDX):** This has been the largest ETF in the space. It seeks to replicate the price and yield performance, before fees and expenses, of the NYSE Arca Gold Miners Index (GDMNTR), which is intended to track the overall performance of companies involved in the gold mining industry.
- **SPDR Gold Shares (GLD):** GLD is the largest strategy providing exposure to physical gold. It serves as a key benchmark for evaluating how pure gold miners combined with gold futures perform relative to holding the metal itself.

Figure 2: Comparison of Gold vs. Gold Miners



CUMULATIVE PERFORMANCE as of 1/31/2025			Cumulative Returns			Average Annual Total Returns					
Ticker	Fund	Inception Date	1-Month	3-Month	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception	Common Period 5/17/2006 - 1/31/2025
GDX	VanEck Gold Miners ETF (NAV)	5/16/2006	15.30%	-5.22%	14.80%	39.50%	11.42%	7.66%	6.80%	0.90%	0.90%
GLD	SPDR Gold Shares (NAV)	11/18/2004	7.74%	1.13%	7.67%	36.87%	15.77%	11.78%	7.92%	9.11%	7.29%

Source: WisdomTree, specifically data is from the Fund Comparison Tool in the PATH suite of tools, accessed 1/31/25. NAV denotes total return performance at net asset value. MP denotes market price performance **Past performance is not indicative 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 the performance data quoted. For the most recent month-end and standardized performances, click the relevant ticker: GDX, GLD.**

WisdomTree saw that investors allocating to gold often chose both the commodity and the miners with separate allocations and thought a packaged solution that provides a capital-efficient solution to both would provide value to the marketplace.

The WisdomTree Efficient Gold Plus Gold Miners Strategy Fund (GDMN) adds gold futures on top of a position in gold miners. This provides leverage to the theme but means less capital in a portfolio can be allocated to the strategy to achieve similar economic total exposures.

Figure 3: Comparative Benefits of Investing in GDMN vs. Gold and Gold Miners



CUMULATIVE PERFORMANCE as of 1/31/2025			Cumulative Returns			Average Annual Total Returns					
Ticker	Fund	Inception Date	1-Month	3-Month	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception	Common Period 12/15/2021 - 1/31/2025
GDMN	WisdomTree Efficient Gold Plus Gold Miners Strategy Fund (NAV)	12/16/2021	21.35%	-4.37%	20.03%	69.58%	18.17%	-	-	17.55%	17.55%
GLD	SPDR Gold Shares (NAV)	11/18/2004	7.74%	1.13%	7.67%	36.87%	15.77%	11.78%	7.92%	9.11%	15.50%
GDX	VanEck Gold Miners ETF (NAV)	5/16/2006	15.30%	-5.22%	14.80%	39.50%	11.42%	7.66%	6.80%	0.90%	11.21%

Source: WisdomTree, specifically data is from the Fund Comparison Tool in the PATH suite of tools, accessed 1/31/25. NAV denotes total return performance at net asset value. MP denotes market price performance. **Past performance is not indicative 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 the performance data quoted. For the most recent month-end and standardized performances, click the relevant ticker: GDMN, GDX, GLD.**

Concerns over capital discipline and cost inflation weighed on miners over time, though cost pressures have eased. The all-in sustaining costs (AISC)—the breakeven cost to mine gold—rose by 13% in 2022 and 5.3% in 2023 but are expected to have declined in 2024.

More importantly, rising gold prices have increased miners' margins in recent years. In 2024, miners demonstrated cost discipline while maintaining margin growth. Recent cost control could drive an upward re-rating of miners.

Improving Fundamentals, Yet Sentiment Remains Weak

Capital expenditures (CapEx) had been increasing steadily until the second half of 2024 but have since remained restrained. This could be partly due to the scarcity of Tier 1 gold assets available for development. As a result, mergers and acquisitions (M&A) are likely to play an increasingly critical role in sustaining or expanding production levels.

Operating margins improved from -11% in 2014 to +9% in 2024, comparable to levels in the general equity market. Yet sentiment toward the mining sector continues to remain weak.

Gold miner dividend yields at 1.67% currently surpass the S&P 500 Index at 1.3%.2 While U.S. equities are touted as expensive, the gold miners' EV/EBITDA valuation has fallen from 7.67x to 6.6x over the past decade.3

Figure 4: All-in Sustaining Margins Buoyed Higher by Rising Margins



Sources: Bloomberg, WisdomTree, as of 1/31/25.

Gold Miners as a Hybrid Asset: The Best of Both Worlds?

Gold mining stocks offer key benefits to an investor's portfolio—effective diversification alongside operational leverage to rising gold prices. They serve as a hybrid asset offering exposure to gold but with equity-like risk characteristics.

Unlike direct gold investments, which serve primarily as a store of value, gold miners generate revenue, incur operational costs and can provide dividends, making them more akin to traditional equities.

A More Capital-Efficient Approach to Gold and Miners Allocation

Given the impressive diversification benefits from an allocation to the precious metals sector, investors bullish on gold often allocate to both the physical precious metal and equities representing gold miners as separate allocations, which requires twice the investment capital. GDMN adopts a unique approach using leverage and a "return stacking" framework that layers gold futures on top of the miner's exposure,

thereby offering better capital efficiency. As a result, investors can free up capital for other allocations while maintaining a robust position in the precious metals sector.

Figure 5: Important Information Regarding Funds within This Report

Fundamentals	WisdomTree Efficient Gold Plus Gold Miners Strategy Fund	VanEck Gold Miners ETF	SPDR Gold Shares
Objective	The WisdomTree Efficient Gold Plus Gold Miners Strategy Fund seeks total return by investing in gold miners and gold futures contracts. The exposure is designed such that for each $100, $90 is exposed to equities of gold miners, $90 is exposed to gold futures contracts, and $10 is in U.S. treasury collateral.	VanEck Gold Miners ETF (GDX®) seeks to replicate as closely as possible, before fees and expenses, the price and yield performance of the NYSE Arca Gold Miners Index (GDMNTR), which is intended to track the overall performance of companies involved in the gold mining industry.	The investment objective of SPDR® Gold Trust (the "Trust") is for SPDR® Gold Shares ("GLD") to reflect the performance of the price of gold bullion, less the Trust's expenses.
Price-to-Sales Ratio	2.94x	3.00x	N/A
Price-to-Book Ratio	1.79x	1.86x	N/A
Price-to-Cash-Flow Ratio	8.78x	9.21x	N/A
Est. Price-to-Earnings Ratio	25.4x	24.95x	N/A
Est. Price-to-Earnings Ratio (excludes firms with negative earnings)	22.47x	23.23x	N/A
% of Firms with Negative Earnings	7.17%	4.37%	N/A
Total Expense Ratio	0.45%	0.51%	0.40%
Total Assets Under Management (millions)	$15.67	$13,588.50	$78,624.36

Source: WisdomTree, specifically data is from the Fund Comparison Tool in the PATH suite of tools, as of 12/31/24. Total expense ratio and total assets under management are current as of 1/31/25, with these measures taken from the specific Fund websites.

If you are interested in diving more into the comparison of these Funds, please check out our Fund Comparison Tool.

1 Front-month gold futures price as of 1/30/25, Bloomberg.

2 Bloomberg, gold miner's dividend is represented by the NYSE ARCA Gold Miners Index.

3 Bloomberg, gold miners' EV/EBITDA is represented by the NYSE ARCA Gold Miners Index as of 1/31/25.

Important Risks Related to this Article

All funds are managed differently and do not react the same to economic or market events. The investment objectives, strategies, policies or restrictions of other funds may differ and more information can be found in their respective prospectuses. Therefore, we generally do not believe it is possible to make direct fund to fund comparisons in an effort to highlight the benefits of a fund versus another similarly managed fund.

The WisdomTree Efficient Gold Plus Gold Miners Strategy Fund is an actively managed ETF, while the VanEck Gold Miners ETF and SPDR Gold Shares are passively managed.

GDMN: There are risks associated with investing, including the possible loss of principal. The Fund is actively managed and invests in U.S.-listed gold futures and global equity securities issued by companies that derive at least 50% of their revenue from the gold mining business ("gold miners"). The Fund's use of U.S.-listed gold futures contracts will give rise to leverage, magnifying gains and losses and causing the Fund to be more volatile than if it had not been leveraged. Moreover, the price movements in gold and gold futures contracts may fluctuate quickly and dramatically and have a historically low correlation with the returns of the stock and bond markets. By investing in the equity securities of gold miners, the Fund may be susceptible to financial, economic, political or market events that impact the gold mining sub-industry, including commodity prices and the success of exploration projects. The Fund may invest a significant portion of its assets in the securities of companies of a single country or region, including emerging markets, and thus, the Fund is more likely to be impacted by events and political, economic or regulatory conditions affecting that country or region, or emerging markets generally. The Fund's investment strategy will also require it to redeem shares for cash or to otherwise include cash as part of its redemption proceeds, which may cause the Fund to recognize capital gains. Please read the Fund's prospectus for specific details regarding the Fund's risk profile.

GDX: An investment in the Fund may be subject to risks which include, but are not limited to, risks related to investments in gold and silver mining companies, special risk considerations of investing in Australian and Canadian issuers, foreign securities, emerging market issuers, 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, fund shares trading, premium/discount risk and liquidity of fund shares, non-diversified and index-related concentration risks, all of which may adversely affect the Fund. Emerging market issuers and foreign securities may be subject to securities markets, political and economic, investment and repatriation restrictions, different rules and regulations, less publicly available financial information, foreign currency and exchange rates, operational and settlement, and corporate and securities laws risks. Small- and medium-capitalization companies may be subject to elevated risks.

Investing involves substantial risk and high volatility, including the possible loss of principal. An investor should consider the investment objective, risks, charges and expenses of the Fund carefully before investing. To obtain a prospectus and summary prospectus, which contain this and other information, call 800.826.2333 or visit vaneck.com. Please read the prospectus and summary prospectus carefully before investing.

GLD: Investing involves risk, and you could lose money on an investment in SPDR® Gold Trust ("GLD®" or "GLD"). **ETFs** trade like stocks, are subject to investment risk, fluctuate in market value and may trade at prices above or below the ETFs' net asset value. Brokerage commissions and ETF expenses will reduce returns. **Commodities and commodity-index linked securities** may be affected by changes in overall market movements, changes in interest rates and other factors such as weather, disease, embargoes, or political and regulatory developments, as well as the trading activity of speculators and arbitrageurs in the underlying commodities. **Frequent trading** of ETFs could significantly increase commissions and other costs such that they may offset any savings from low fees or costs. **Diversification** does not ensure a profit or guarantee against loss. There can be no assurance that a liquid market will be maintained for ETF shares. **Investing in commodities entails significant risk and is not appropriate for all investors.**

Important Information Relating to GLD: GLD has filed a registration statement (including a prospectus) with the Securities and Exchange Commission ("SEC") for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents GLD has filed with the SEC for more complete information about GLD and this offering. Please see the GLD prospectus for a detailed discussion of the risks of investing in GLD shares. When distributed electronically, the GLD prospectus is available by clicking here. You may get these documents for free by visiting EDGAR on the SEC website at sec.gov or by visiting spdrgoldshares.com. Alternatively, GLD or any authorized participant will arrange to send you the prospectus if you request it by calling 866.320.4053.