

# Today's Market: Gold Versus Gold Miners

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Gold can play an integral role in a diversified portfolio, whether in core or tactical strategies, including serving as an inflation hedge, returns enhancer and event risk hedge. When it comes to choosing the right investment vehicle to access gold, investors have several options available. These opportunities include Gold ETFs, Physical Gold or Bullion, Gold Futures, Gold Mutual Funds and Closed-End Funds, and Gold Mining and Exploration Equities or ETFs.

Gold miners typically perform in line with the price of gold but often with more volatility to the upside or downside. When investors look at buying gold mining and exploration stocks, investors can gain indirect exposure to gold without the added costs and inconveniences of holding physical gold. Every mining company is unique, with differing management of cash flows, access to resources, and use of hedging, all of which can impact an individual company's performance. By accessing gold mining companies through an ETF wrapper, an investor receives diversified exposure to miners with the benefits of an ETF, such as intraday liquidity.

The [S-Network MicroSectors Gold Miners Index](#) (MINERS) is a market cap-weighted index tracking gold mining ETFs, specifically the VanEck Vectors Gold Miners ETF (GDX) and VanEck Vectors Junior Gold Miners ETF (GDXJ). Gold miners and the commodity traded lower to start 2021 on a stronger dollar and rising 10-Year Treasury yields. However, performance has improved since the start of April given growing expectations for inflation. MINERS has outperformed gold year-to-date through mid-May and since the start of 2018 as shown below. MINERS is the underlying index for the MicroSectors Gold Miners 3x Leveraged ETN (GDXU) and MicroSectors Gold Miners -3x Inverse Leveraged ETN (GDXD).

MINERS Has Outperformed Gold Since the Start of 2018



Source: Bloomberg as of May 28, 2021.

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