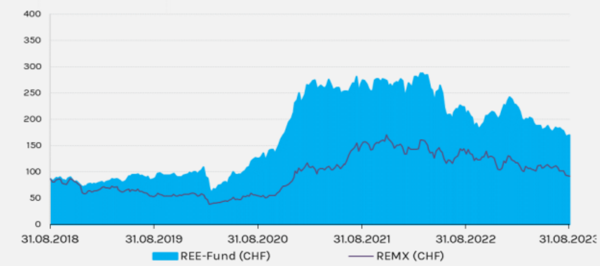
August 2023

Rare Earth Elements Fund (CHF)

Long-only equity fund investing along the Critical Raw Materials industry.

Perfomance over 5 years



Top 10

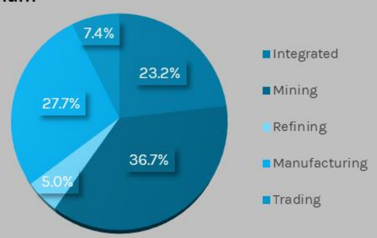
Ivanhoe Mines	10.5%
Sylvania Platinum	8.0%
China Molybdenum	7.8%
Lynas Rare Earth	7.4%
Sojitz	5.7%
Neo Performance Materials	5.4%
China Rare Earth	5.0%
South Manganese	5.0%
Plastic Omnium	4.6%
Nel ASA	4.3%

Performance HIstory

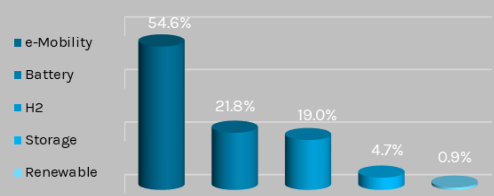
In %	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Total
2023	17.64	-8.24	-9.83	-4.18	-5.67	-2.42	3.50	-7.20					-17.55
2022	-7.94	4.85	10.13	-10.00	-1.12	-18.45	5.26	-6.09	-10.07	1.61	13.77	-3.96	-23.85
2021	10.19	13.78	-1.40	1.89	-2.80	-1.32	5.75	2.20	-7.80	9.33	-5.64	3.83	28.94
2020	-1.54	-4.70	-27.82	22.31	14.76	4.76	13.21	14.31	3.27	4.02	26.65	23.15	115.93
2019	6.71	4.11	2.47	0.60	10.53	2.38	-6.03	-2.02	10.10	-1.88	-4.68	8.47	33.29
2018	-4.14	-6.30	-0.50	4.13	-3.10	-8.69	-3.83	-0.68	0.11	0.57	-5.80	11.84	-34.23
2017	18.88	6.43	-9.62	-7.09	-2.06	5.85	16.86	8.61	8.82	5.23	-0.10	8.29	73.17
2016	-10.02	-2.73	8.18	17.93	-0.55	-0.92	5.76	0.00	3.51	5.09	3.55	0.00	31.08
2015	-11.53	23.21	-6.81	11.04	-4.48	-18.04	-7.69	-8.14	-10.13	7.98	10.65	-3.93	-22.75
02.07.2010 – 31.12.2014													**-36.73**

NAV as of 01.09.2023	CHF 170.10	**Number of holding**	37
Fund since inception (02.07.2010)	70.10%	**Fund manager**	Active Niche Funds SA, CH
MSCI-World in CHF since inception	156.82%	**Custodian**	Banque Cantonale Vaudoise, CH
MSCI-World in CHF (ytd)	9.59%	**Mgt & Administrative Agent**	Caceis (Switzerland) SA, CH
Units in circulation	198'182	**Liquidity: Sub. weekly**	cut-off Wednesday 5 PM
Assets under management	CHF 33'712'286	**Red. weekly**	cut-off Wednesday 5 PM + 1 week

Value Chain



Sub-Sector Themes



ISIN	CH0111943673	**Performance fees**	20% outperformance above HR with principle of High Watermark
Domicile	Switzerland	**Max. Admin. fees**	0.45% p.a.
Legal structure	CH contractual umbrella fund classified as "other traditional investment fund"	**Load-up fees**	Maximum 2%
Investor profile	Public	**Redemption fees**	0.50% (goes to the Fund)
Auditor	KPMG, CH	**TER**	3.36% p.a. (2022)
Tax transparency	Germany & Austria	**Dividends**	Paid to investors
PRIIPS KID	Risk category 6	**Security lending**	None
Management fees	1.50% p.a.	**Initial NAV. 02.07.2010**	CHF 100
Hurdle rate (HR)	10% p.a.cumulative	**Prospectus & legal**	www.caceis.ch – www.swissfunddata

Forex Exposure (net in %)

AUD 27.5	CAD 28.2	DKK 1.1	EUR 7.2	GBP 4.8	HKD 4.2	JPY 7.7	NOK 4.8	CHF 14.5

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Renewables or Hydrocarbons – The Wrong Debate

Up until the early part of this year, the outlook for renewable energy companies had been little questioned, while at the same time most investors were still avoiding the hydrocarbon industry.

However, for a couple months already, the interest in renewables seems to retreat as attractive perspectives got finally rediscovered in the oil and gas sectors, parallel to rising share prices. The arguments explaining this shift are rather flimsy, but this is not really our point.

Our take is that without hydrocarbons the energy transition cannot happen. As an analogy, the well-documented mobility transition away from horses and towards railways back in the 19th century could never had happened if the horses were retired before the railway infrastructure got built.
All we want to say is that there will be a co-existence of the renewable and hydrocarbon industries for likely some more decades.

One reason we bring up this subject is that although investors may have realized this very argument when it comes to oil and gas, they are still hesitant towards mineral resources in form of metals. What applies to hydrocarbon energy is valid for the metal mining industry as well– no energy transition without critical raw materials (CRM)!

Whereas the public still seems ignorant of the positive outlook for CRM-equities, more forward-looking and long-term oriented actors get positioned.
In an article published by the Wall Street Journal, dt. September 10, 2023, we read *"…the US and Saudi Arabia are in talks to secure metals in Africa needed for both countries' energy transition – the Saudi Kingdom looks to buy USD 15 billion in global mining stakes…"*

Indeed, we had been expecting a more favorable time for miners (and refiners) for some time already – in our opinion, a main reason for lagging other parts of the CRM value-chain has a lot to do with the perceived environmental impact of metal mining companies: although every informed investors fully understand that critical raw materials are indispensable, they refrained from buying these stocks, afraid of getting criticized (bashed) for non-respecting ESG standards.

One might consider the ESG-theme as just another long-term trend. If so and as we know, each trend has to undergo correction periods, wherein previous perceptions get challenged provoking adjustments before it can climb higher again.
Observing investors shifting to the oil and gas industry despite environmental considerations may be indicative of a needed correction phase within the one-sided, often politically driven, ESG-debate. Investors revolt: "We are not willing to slaughter the horses that we need to build the railroad."

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Similarly to the hydrocarbon industry, we remain convinced that the metal mining companies, especially those active in the CRM-space, could also enjoy the long-awaited recognition through upgrades respectably via higher share prices.

Some of the critical raw materials companies trade at valuation levels comparable to those of the oil and gas companies ahead of their stellar rally with comparable supply-demand fundamentals – mining.com just released an article titled *"Chinese rare earth prices hit 20-month high on Myanmar supply worry"*, wherein we read: *"…Chinese rare earth prices jumped to their highest in 20 months, as mining suspension in major producer Myanmar sparked stockpiling ahead of the peak consumption season, analysts said on Thursday. Prices of dysprosium oxide leapt to 2,610 yuan ($356) per kilogram on Wednesday, the highest since May 2022, latest data provided by Shanghai Metals Market (SMM) on LSEG Eikon showed. Terbium oxide prices rose to 8,600 yuan a kilogram, a level unseen since July 3…".* (link here)

In conclusion, allocating funds to renewable and hydrocarbon is all but mutually exclusive – quite the contrary is true.