

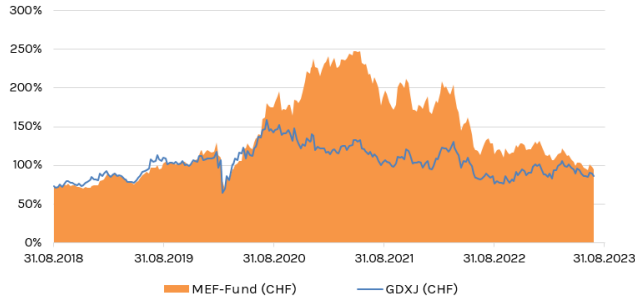
August 2023

# Metals Exploration Fund (class CHF)

Long-only equity fund investing in monetary & industrial metal companies

The fund invests in a broad range of listed companies worldwide active in the exploration, extraction, manufacturing, processing or distribution of precious metals, base metals and critical metals.

### Performance over 5 years



### Top 10

Ivanhoe Mines	10.3%
Sylvania Platinum	8.7%
Platinum Group Metals	6.9%
Jubilee Platinum	4.6%
Silver Mines	4.4%
Wesizme Platinum	4.3%
Western Copper & Gold	4.2%
Santacruz Silver	3.9%
Southern Silver Exploration	3.3%
Discovery Metals	3.2%

### Performance History

(in %)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2023	3.61	-9.15	-0.07	-1.90	-8.06	-7.34	-0.97	-8.30	-3.33	5.59	9.75	-5.10	-28.61
2022	-3.72	6.30	7.52	-10.46	-10.77	-22.60	7.38	-11.33	-3.33	5.59	9.75	-5.10	-31.11
2021	-4.68	11.86	-5.89	4.88	4.00	-6.89	-7.10	-7.89	-12.84	19.66	-16.33	2.64	-21.89
2020	-1.27	-2.90	-30.13	28.99	18.73	10.48	20.12	8.54	-1.10	-5.53	13.17	21.85	90.39
2019	11.69	13.30	-5.04	-7.53	-0.35	12.78	8.28	6.69	1.87	-0.14	-3.78	17.66	66.13
2018	-5.79	-8.04	-0.27	4.01	-2.27	-5.62	-2.72	-5.94	-0.52	1.02	-3.89	0.25	-26.57
2017	18.83	-8.25	-2.73	-7.26	-9.89	-0.91	6.01	8.87	-4.31	0.92	-4.40	8.27	1.30
2016	-8.50	26.33	15.64	35.38	-1.25	16.77	16.43	-3.96	4.50	-7.3	-4.67	-2.94	109.14
2015	-7.52	6.45	-4.26	-5.13	-1.23	-8.46	-17.30	-3.67	-6.09	9.52	-7.60	-5.17	-41.96
01.05.2008 – 31.12.2014													-83.60

### NAV as of 01.09.2023

Fund since inception (2008)

Units in circulation

Assets under management

Number of holding

CHF 86.69

-13.31%

395'609

CHF 34'294'924

52

Fund manager

Custodian

Mgt & Administrative Agent

Liquidity: Subscription - weekly

Redemption - weekly

Active Niche Funds SA, CH

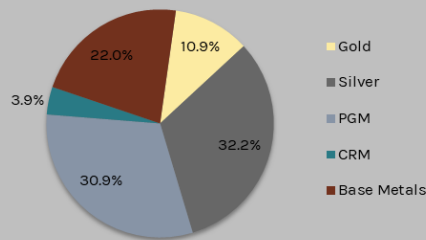
Banque Cantonale Vaudoise, CH

Caceis (Switzerland) SA, CH

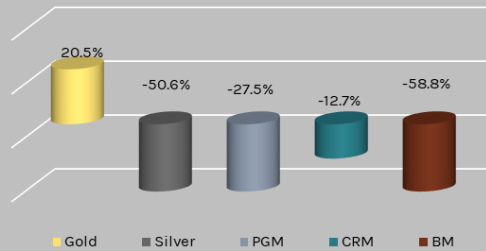
cut-off Wednesday 5 PM

cut-off Wednesday 5 PM + 1 week

### Metals Allocation



### Sub-Sector Return (YTD)



ISIN	CH0216430709	Performance fees	20% outperformance above HR with principle of High Watermark
Domicile	Switzerland	Max. Admin. fees	0.40% p.a.
Legal structure	Swiss contractual invest. 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	1.91% p.a. (2022)
Tax transparency	Germany & Austria	Dividends	Reinvested
PRIIPS KID	Risk category 6	Security lending	None
Management fees	1.50% p.a.	Initial NAV. 13.12.2013	CHF 100
Hurdle rate (HR)	15% cumulative	Prospectus & legal	<a href="http://www.caceis.ch">www.caceis.ch</a> - <a href="http://www.swissfunddata.com">www.swissfunddata.com</a>

Forex Exposure (rounded) CAD 44.6% AUD 41.2% ZAR 7.1% GBP 6.8% CHF 0.3%

ACTIVE NICHE FUNDS

Active Niche Funds S.A.  
Av. De la Gare 1, 1003 Lausanne, Switzerland

[info@activenf.ch](mailto:info@activenf.ch)  
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### Investment Strategy

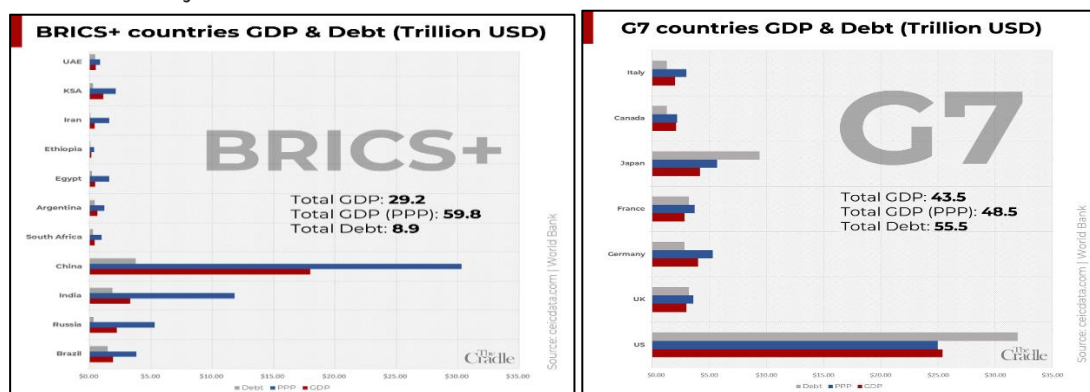
#### Outlook

In previous *Outlook*, we discuss the then awaited BRICS-summit in Johannesburg. It was widely contemplated that new members will be invited to join the organization; also, some commentators expected that their internal payment system may be backed up by official Gold holdings among member countries, a potentially very bullish signal for metals.

As it turned out, the BRICS—members invited Argentina, Egypt, Ethiopia, Iran, Saudi Arabia and the United Arab Emirates to join the organization as per January 1, 2024.

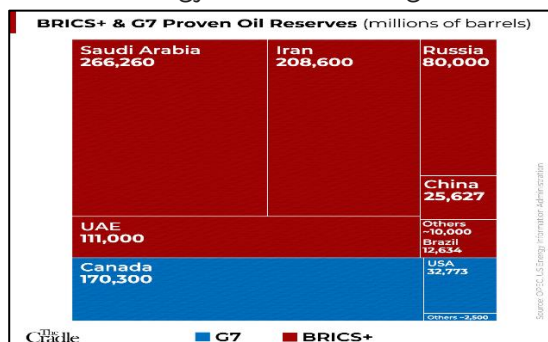
(Other countries that have expressed their willingness to get included are Algeria, Bangladesh, Bahrain, Belarus, Bolivia, Venezuela, Vietnam, Guinea, Greece, Honduras, Indonesia, Cuba, Kuwait, Morocco, Mexico, Nigeria, Tajikistan, Thailand, Tunisia, Turkey and Syria.)

Here below we reprint the comparison of national income and debt between the BRICS+ versus G7 nations. On a purchasing-power-parity basis (PPP), the BRICS+ countries have already a higher national income (GDP/PPP) than the G7 group, with a debt level of only USD 8.9 trillion, whereas the G7 combined debt level stands at USD 55.5 trillion!



(source: The Cradle - link [here](#))

Of similar interest is the comparison between these two major economic blocs with respect to “proven oil reserves”: *BRICS+* countries control almost 690’000 million of barrels whereas the G7 (i.e., USA and Canada) holds some 200’000 million barrels in the ground. Viewed from a geopolitical angle, *BRICS+* clearly control the still dominant fossil energy markets that, in turn, are indispensable for the energy transition through 2050.



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Av. De la Gare 1, 1003 Lausanne, Switzerland

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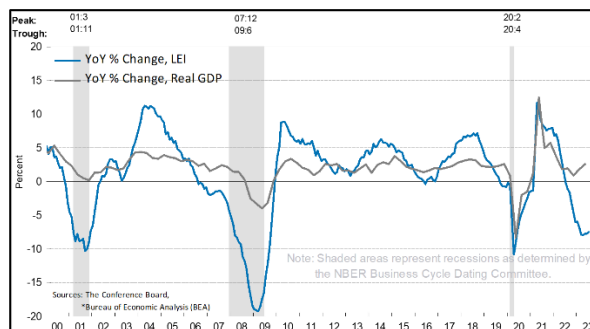
What has not been announced in their summit's final statement, however, are details of the architecture of their new payment system. Therefore, investors that were hoping for an announcement in favor of Gold's role must remain patient. Without any doubt, the issue must have a high priority status and we expect related news to be published ahead of the entry date of the new BRICS-members (January 1, 2024).

Turning to the US macro-economic situation, the likely trigger for the next metal upswing, we continue to see further evidence of slowing growth, an accelerating deterioration of their fiscal situation, and potential troubles in the US banking sector.

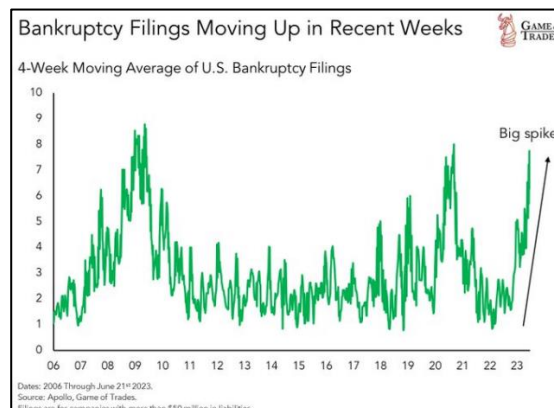
Especially related to the latter, we closely monitor the technical pictures of large US banks that have not shown any signs of stabilization since this spring, when several regional banks went bust.

We need to remain particularly vigilant to any news of renewed problems related to write-downs (e.g., on commercial real estate loans), further losses on their fixed income portfolios and fast shrinking interest rate margins as depositors demand higher rates. With the benefit of hindsight, we may soon get reminded that another episode of negative interest rate curve has taken its toll on banks.

The other guide with highest predicting power for coming recessions is the Leading Economic Indicator (LEI), published by *The Conference Board*. The steep slump of the blue line resembles those seen during past economic recessions in 2001, 2008-09 and 2020.



Still, a further and worrisome data is shown below. Since the beginning of this year, bankruptcies have accelerated and meanwhile almost reach levels past seen in 2008-09 and 2020.



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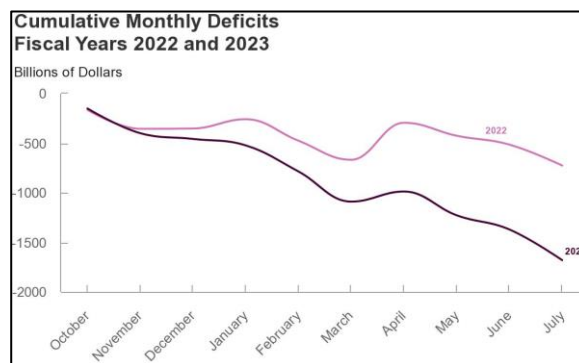
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Finally, we must return to the previously discussed US budget deficit situation.

As a reminder, the bi-partisan *Congressional Budget Office* initially calculated a deficit of USD 1.4 trillion for the full fiscal year 2023 (Oct-22 through Sep-23). From their Monthly Budget Review (July 2023) we state as follows:

*"...The federal budget deficit was \$1.6 trillion in the first 10 months of fiscal year 2023, the Congressional Budget Office estimates—more than twice the shortfall recorded during the same period last year. Revenues were 10 percent lower and outlays were 10 percent higher from October through July than they were during the same period in fiscal year 2022..."*. (emphasis added - link [here](#))

Lower revenues clearly reflect slower economic activity, but one may oppose this argument by pointing to still positive Gross Domestic Product (GDP) numbers. What many analysts dismiss is the fact that Gross Domestic Income (GDI), the mirror measure, is much lower than GDP. Such discrepancies often occur ahead of recessions, and, with more accurate incoming data, previous GDP-numbers get then revised lower, joining the GDI-data.



Our assessment on the US economy and its central bank policy remains unchanged:

We shall learn in due time which of the cited arguments above will trigger the reversal of the still ultra-tight monetary policy, what will ring in a very prosperous new cycle for monetary metals and their mining company. In our view, the awaited reversal can come any moment.

*"In a secular bull trend, the only risk investors are facing is to exit too early!"*