

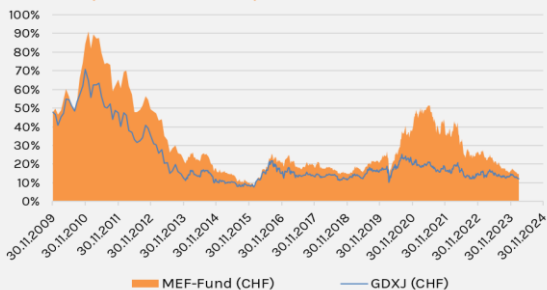
February 2024

# 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.

Peer comparison since inception



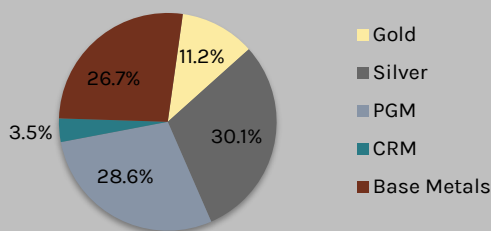
### Top 10

Ivanhoe Mines	13.6%
Sylvania Platinum	8.2%
Platinum Group Metals	6.8%
Hudbay Minerals	4.7%
Western Copper & Gold	4.5%
Silver Mines	4.4%
Santacruz Silver Mining Ltd	4.1%
Jubilee Platinum	4.0%
Southern Silver Exploration	3.1%
Discovery Metals	2.9%

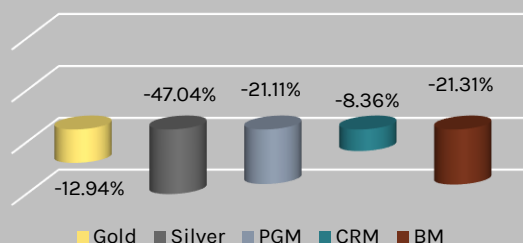
Performance History (in %)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2024	-6.74	-7.35											-13.60
2023	3.61	-9.15	-0.07	-1.90	-8.06	-7.34	-0.97	-8.30	-2.63	-8.48	4.19	1.17	-32.95
2022	-3.72	6.30	7.52	-10.46	-10.77	-22.60	7.38	-11.33	-3.33	5.59	9.75	-5.10	-31.11
2021	-4.68	11.86	-5.89	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
01.05.2008 – 31.12.2015													<b>-90.30</b>

NAV as of 01.03.2024	CHF 70.36	Fund manager	Active Niche Funds SA, CH
Fund since inception	-29.64%	Custodian	Banque Cantonale Vaudoise, CH
Units in circulation	392'799.31	Mgt & Administrative Agent	Caceis (Switzerland) SA, CH
Assets under management	CHF 27'635'397	Liquidity: Subscription - weekly	cut-off Wednesday 5 PM
Number of holding	53	Redemption - weekly	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 42.1%	AUD 40.3%	ZAR 5.5%	GBP 12.2%	CHF -0.2%
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### Outlook

#### Triggered?

February was another frustrating month for metals investors but likely the last one.

On March 1<sup>st</sup>, Gold and Silver gave strong signals that their lackluster trading behavior are finally behind us. Both precious metals saw heavy volumes indicating that money is returning (Futures contracts, ETFs etc.). Behind the curtain, the recent price action must likely be attributed to traders as most often medium- to longer-term investors need time to adapt.

In our *Outlook* (December factsheet), we tried to interpret investors' frustration over the four attempts when Gold tried to resume its long-term uptrend since Q3-2020. Therein, we expressed our empathy for their indolence with respect to Gold, their deception on Silver and their outright hatred for the metal miners.

With the full understanding for the bad mood back then, we nevertheless argued in favor of metals and mining investments listing the many unsolved risks the financial system is exposed to.

Over 40 years of experience in financial markets is our own biggest asset today. We've lived through many boom-and-bust cycles in equities, forex and bonds and learned a lot – one lesson is that even the best fundamental research, unveiling obvious mispricing of any sort, is still not sufficient if a strong narrative keeps a majority of investors in its ban.

As John Maynard Keynes famously said: *"Markets can remain irrational longer than you can remain solvent"*. However, his quote should have not ended there, but been extended – as an example: *"...but once they reverse, they do it with vengeance..."*.

The *Law of the Rubber Band* reminds us that it is only useful if stretched. And the metals and mining sector got not only stretched, but over-stretched to the downside. And the odds are high that the accumulated tension is getting released, now! As a reminder, let's repeat some previous arguments:

**Gold**, whose price basically went sideways till recently, is seemingly reflecting a balanced interest of buyers and sellers. Under the hood, however, we saw massive selling in Europe and the USA (e.g., ETF redemptions) and record high buying by almost the rest of the world (e.g., their central banks).

The new owners of these bullions are unlikely price-driven but will hoard them for the (very) long-term. On the other side, the price-driven sellers are "naked" and will likely return should they conclude that Gold finally resumes its uptrend.

**Silver** is reflecting the largest mispricing among the precious metals in our opinion. Again, Silver is holding a dual role being a monetary and an industrial metal, wherein the latter absorbs some 80% of the annual supply (mining and recycling).

The remaining 20%, valued at current spot prices USD 5bn only, is available for investors. As per *The Silver Institute*, Silver finished 2022 and 2023 with a supply-demand deficit (24% in 2022 and 14% in 2023), partially filled by...redemptions of ETFs (selling by Westerners).

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Our key parameter is the Gold-Silver-Ratio (GSR), currently at 1:90. Given Silver's historical monetary and current industrial role, this is outright absurd – in our view, the GSR should trade at least at 1:20 (knowing that the supply ratio of both metals even reflects at 1:10 ratio). But make your choice:

		Gold in USD per oz				
		2'000	2'250	2'500	2'750	3'000
Gold-Silver Ratio	80	25	28	31	34	38
	65	31	35	38	42	46
	50	40	45	50	55	60
	35	57	64	71	79	86
	20	100	113	125	138	150

**Producer** miners, kind of preferred choice by metals investors, have also lost their glance over the last 2 years. Preferences for high growth equities (e.g., Technology) made this sector/industry unattractive despite operational improvements, sound balance sheets and attractive dividend policies. At least till lately – as published in a weekly mailing, prominent investors are finally returning, probably attracted by valuation and the outlook for the underlying metals prices.

Finally, **Explorers**, the most hated sub-industry within the miners. Despite increasing number of ounces in the ground, the value of these resources has fallen to levels not seen since the beginning of 2016, which was the start of the secular uptrend. In the Metals Exploration Fund, we hold companies whose ounces of Silver, e.g., are currently valued at USD 0.10 (using the simply metric: resources / market-cap).

Referring to the table above and taking a conservative GSR 1:50 with Gold at USD 2'500/oz, we get USD 50/oz of Silver. At the height of the last top of metal mining indices in 2021, when Silver hit USD 30/oz, the resource value of some selected holdings stood around USD 1.00/oz. Should Silver climb towards USD 50 during this year, not unlikely at all, a Silver ounce of resource could easily be trading at USD 2, 3 or even higher! What a potential leverage when compared to USD 0.10/oz.

The odds that we just triggered the start of a new bull market in Gold are very high. As initially outlined, investors are likely to remain hesitant having been disappointed 4 times over the last 2 ½ years, fearing another “false break-out”. But as the price continues to climb higher over the coming days and weeks, western buyers will return what should limit potential setbacks to smaller degrees.

Astute investors, who are already engaged in Gold, may start focusing on Silver and once our technical barrier of USD 26/oz gets lifted, its upside momentum is likely to accelerate and attract more buyers.

Finally, investors will realize the huge opportunities in metal miners – whereas normally the large and medium caps names lead the sector, we imagine that Explorers, too, are being bought rapidly given the over-stretched rubber band.

The Metals Exploration Fund is positioned accordingly.

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