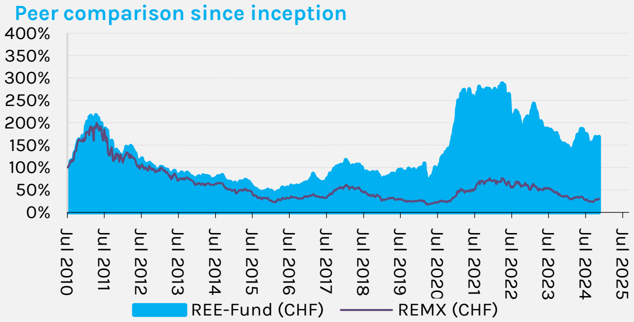
December 2024

Rare Earth Elements Fund (CHF)

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

This document is a marketing support. Investors should read the PRIIPS KID documents & prospectus before investing.

Peer comparison since inception



Top 10

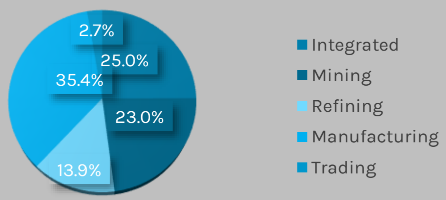
Sylvania Platinum	8.3%
5N Plus	6.6%
Almonty Industries	6.5%
China Rare Earth	6.4%
Neo Performance Materials	6.0%
Lynas Rare Earth	5.2%
Eramet	4.8%
OPMobility	4.5%
Xiamen Tungsten	4.4%
Chalco	3.7%

Performance HIstory

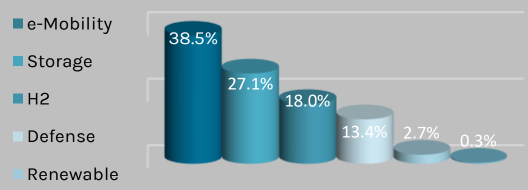
In %	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Total
2024	-7.36	3.75	13.01	7.94	6.05	-9.41	-16.33	11.14	3.45	0.68	-6.01	-2.48	0.00
2023	17.64	-8.24	-9.83	-4.18	-5.67	-2.42	3.50	-7.20	-0.18	-8.54	-1.16	-2.61	-27.53
2022	-7.94	4.85	10.13	10.00	-1.12	-18.45	5.26	-6.09	-10.07	1.61	13.77	-3.96	-23.85
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
02.07.2010 – 31.12.2015													-51.10

NAV as of 31.12.2024	CHF 149.50	**Number of holding**	37
Fund since inception (02.07.2010)	49.50%	**Fund manager**	Active Niche Funds SA, CH
MSCI-World in CHF since inception	231.16%	**Custodian**	Banque Cantonale Vaudoise, CH
MSCI-World in CHF (ytd)	28.49%	**Mgt & Administrative Agent**	Caceis (Switzerland) SA, CH
Units in circulation	140'405	**Liquidity: Sub. weekly**	cut-off Wednesday 5 PM
Assets under management	CHF 20'987'377	**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**	1.98% p.a. (2023)
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 (rounded, net in %)

AUD	CAD	CNY	DKK	EUR	GBP	HKD	JPY	NOK	CHF
24.2	17.8	4.6	0.0	10.8	11.4	10.6	8.7	1.7	10.2

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Outlook

2024 - 2025

Looking back to 2024, investors in energy transition and other REE-related industries got disappointed again. After a decent rally for the REE-Fund in the first half of last year, all gains were gone by end of December (ending exactly flat). That said, most peer vehicles were down or even strongly so.
There were several reasons why investors again shied away from this industry:

- Opportunities in other themes (i.e., AI-semi's, cryptos)
- Expectations that Donald Trump gets re-elected (known as fossil-fuel friendly)
- Slow-down in China's economic activity

The large outperformance of the REE-Fund versus its peer product (US ETF "REMX") of 31.75% in 2024 can be attributed to two main factors:
First, we continued to abstain from allocating investors' money in what we still considered "over-owned" lithium stocks (e.g., US ETF "LIT" down 20%); secondly, and communicated on several occasion during last year, we invested in critical raw materials (CRM) companies that produce materials or manufactured goods that are also ingredient to the defense sector. As an example, *Almonty Industries*, a producer of tungsten, rose 68.5%; *5N Plus* almost doubled over the last 12 month.

So, we look back to 2024 with a laughing and weeping eye as our investment decisions protected investors from losses they would have incurred in peer products but were unable to deliver absolute return.

Starting into 2025, we are seeing many good reasons to be optimistic. Our theme is unloved, under-invested, and undervalued. From a contrarian point of view, the ideal constellation for upside surprises to come.

The "unloved" argument is easy to explain – disappointing returns over 3-year time span simply put a big drag on investors psychology. Even hard-core believers in the utmost necessity of rare metals in growth sectors like energy transition and others have exchanged their previously positive arguments into negative ones. Had we not lived through similar periods in the past, we could hardly withstand it ourselves.
In the second half of 2024, investors (un-)willingly ignored even strong positive signals from CRM-industries like the month-by-month record sales of electric vehicles (EV) in China and ending 38% higher over 2023; instead, they put forward unsolved Sino-related real estate issues as to justify their negative sentiment.

Our second argument ("under-invested") is pretty straightforward: The MSCI-World advanced by some 19% last year while CRM-investments lost between 20-30% over the same period. Therefore, already the relative weighting decreased; furthermore, investors redeemed net-net funds from the industry (e.g., REMX -15.1% of outstanding shares).

With respect to our third point arguing for a strong 2025, "undervaluation", we rely on several parameters. First, there are the classical metrics in asset valuation (e.g., price-to-book, profitability, share buy-back programs). As an example, currently three companies held in our fund are taking advantage from depressed stock prices to buy their shares in the open market (South32, Sylvania Platinum, Eramet).

A common-sensical argument for undervaluation does also include increasing demand for CRMs from industries with high growth rates (next to the EV-sector).
The so-called "artificial intelligence" boom is already highly impacting energy consumption (i.e., a Chat-GPT search consumes 8-times the energy of a Google search). From a report published in October of last year by the International Energy Agency (IEA) we cite: *"…In large economies like the United States, China and the European Union, data centers account for around 2-4% of total electricity consumption today. But because they tend to be spatially concentrated, their local impact can be pronounced. The sector has already surpassed 10% of electricity consumption in at least five US states. In Ireland, it now accounts for over 20% of all electricity consumption…"*

Without any doubt, some of the new large data centers will rely on solar energy and related storage facilities. Further, the fast-growing semiconductor industry needs important quantities of CRMs like gallium, germanium (both up +30% in 2024) and indium. Producers of these materials are indirect beneficiaries of the AI-boom.

To round up our **2025 *Outlook***, we MUST talk about the incoming US administration under **Donald Trump**. As mentioned in the initial 2024 review-part, many investors became very skeptical on the energy transition theme once poll numbers pointed to his likely re-election. Rightly so? We strongly doubt and here is why.

As already mentioned in previous communications, it seems extremely unlikely that Mr. Trump will kill or even harassing the EV-industry. Isn't one of his DOGE-member ("department of government efficiency") the EV-pioneer, Elon Musk? Are you aware that Tesla not only produces electric cars but solar panels, too?
Common sense would even argue that both industries, EV and solar, could become a centerpiece of the new administration's MAGA-program.

The other Trump-argument supporting CRM-investments is related to his unbroken willingness to "buy" Greenland (already expressed this desire during his first term). Here are some of his recent announcements:

- *"We need Greenland for national security purposes."* President Trump just announced that he will place massive tariffs on Denmark if they don't immediately relinquish all control of Greenland. (link)
- Trump, when asked for assurance that he will not use military or economic coercion as he tries to get control over Greenland, says he can't assure you of either of those two (link)

A similar, although less aggressive stance Donald Trump expressed on January 7th with relation to Canada, another very commodity-rich country – actually, he ensnares Canadians to join the USA as the 51th state, telling them that they would be better off (no taxes, defense etc.) being part of the USA.

Now, let's try to disentangle Trump's "hostile" take-over bids. Both countries, Greenland and Canada, have huge reserves in metals and fossil energies; further, Canada has large agriculture land reserves with stable water tables (low water tables in the USA). We speculate that these resources (hard assets) are at the core of his plans for our new multi-polar world. BRICS+ versus USA+?

BRICS+ countries are speeding up their economic relations, with Indonesia (300mio population) just joining the group as latest full member state this week. Although BRICS never expressed an active ban of the USD as the world currency, their common interest is to settle internal commerce through their own payment system that seemingly is based on member states currency value and a basket of commodity prices.

Therefore, the Greenback's role will continue to lose its importance what could threaten US' ability to finance its structural deficits.

Is this the reason why Donald Trump threatened all BRICS+ countries with 100% import taxes should they create their own currency? Became Trumps economic advisory team aware that the outstanding government debt of 125% of GDP (plus 400% of the unfunded liabilities) are an unsolvable issue that could provoke a government funding problem? What would be the impact on the US dollar that only offers the government's "good faith" as collateral?
Seen from such a perspective one thing is for sure – integrating and possessing Canada's and Greenland's commodity assets would definitely increase the faith in the US dollar.

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