

Golden Prospect Precious Metals Limited



(as at 31 July 2019)

FACTSHEET | August 2019

Fund Details

Launch Date

- December 2006

Total Gross Assets

- £21.96m

Ordinary Share

- Net Asset Value (Bid Price): 37.31p
- Mid-Market Price: 30.20p

Gearing

- 3.30%

Premium / (discount)

- (19.06%)

Annual Management Fee

- 1.25% p.a.

Pricing

Ordinary Shares

- Bloomberg: GPM LN
- Sedol: B1G9T99GB

Financial Times

(Investment Companies)

Financial Calendar

Year End

- 31 December

Annual Report and Accounts Published

- April

Investment Objective

To provide investors with capital growth, from a portfolio of companies involved in the precious metals sector.

Investment Manager Comment²

Fund NAV rose 18.4% versus sterling returns of 7.8% and 11.6% for the GDX and GDXJ ETF's respectively.

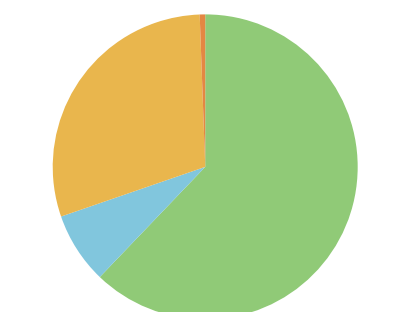
US-China trade posturing continue to dominate headlines along with underlying resource markets, as the US announced a 10% tariff on a further US\$300bn of Chinese imports which elicited a threat to retaliate. The knock-on effect of the ongoing trade war to the global economy showed in economic data. This has latterly prompted widespread dovish rhetoric from central banks who reiterated downside economic risks. The resultant "risk off" sentiment was helpful for the precious metal sector. While the initial pace of central bank action disappointed markets, as evidenced by the broader market sell-off following the 25bp month-end interest rate cut by the FED, the ongoing US-China trade dispute has made a concerted global rate cutting cycle more probable. Following a strong prior month rise, the gold price rose a relatively muted 2.1% though silver prices, which have lagged gold, rose 7.3%. Despite its recent rise, silver remains at a historically low price relative to gold.

The Fund is 26% exposed to silver producers which benefitted from the outsized gains in the respective precious metal equities. An increase on both gold and silver import duties from 10% to 12.5% in India, which could curtail retail demand, acted as a drag to gold over the month. We note that while Indian policymakers have taken action to help address the country's fiscal deficit, the duty hike could encourage smuggling as it did in August 2013 when the import taxes were increased to 10%. Agreement for a two-year extension to the US debt ceiling later in the month may have also held gold prices back. Of note, however, the World Gold Council noted that with \$13trn of global debt trading with nominal negative yields and 70% of all developed market sovereign debt having negative real interest rates, this should benefit portfolio allocation to gold. Indeed, purchases by physically backed gold ETFs continued to trend up with 1.4Mozs added over the month, while central bank buying was one of the strongest on record, with the addition of 224t to reserves in Q2, up 47% YoY. We believe buying from this sector is more bullish due to the longer-term holding duration of central banks. We expect bank buying will remain an important driver of gold going forward, as nations look to diversify assets away from the US dollar. During the month, the Fund exited its holding of Atlantic Gold, which was acquired by Australian producer St Barbara. Exposure to Silver Lake was reduced substantially with some proceeds reinvested into Fortuna Silver.

Ordinary Share and NAV Performance³

	1 Month (%)	3 Months (%)	1 Year (%)	3 Years (%)	From 1 December 2006 (%)
NAV	13.99	41.38	6.08	(34.00)	(62.69)
Share Price	18.43	50.62	20.56	(35.05)	(69.80)

Breakdown by Asset Class¹



- Producers 62.15%
- Explorers 7.57%
- Developers 29.70%
- Miner 0.58%

Top 10 Holdings (%)¹

Westgold Resources	10.67
Americas Silver Corporation	10.47
West African Resources	9.65
Roxgold	5.97
Silver Lake Resources	5.48
Continental Gold	4.96
Asanko Gold	4.43
Pretium Resources	4.42
Fortuna Silver Mines	3.81
Pure Gold Mining	3.70
Top 10 Holdings Represent	63.57

The Fund has exposure to 51 issues⁴

Gold	67.75
Silver	26.07
PGM	3.29
Base Metals	2.89

Source: ¹Maitland Administration (Guernsey) Limited, as at 31 July 2019. ²All market data sourced from Bloomberg unless otherwise stated. The Fund may have since exited some / all of the positions detailed in this commentary. ³Maitland Administration (Guernsey) Limited / Bloomberg, total return performance based on mid prices. New City Investment Managers took over the investment management function on 15 September 2008. These include historic returns and past performance is not a reliable indicator of future results. The value of investments can go down as well as up. Please read the important legal notice at the end of this document. ⁴All holdings data are rounded to two decimal places. Total may differ to sum of constituents due to rounding.

AIFMD Leverage Limit Report (% NAV)

	Gross Leverage (%) ⁴	Commitment Leverage (%) ⁵
Golden Prospect Precious Metals Limited	106	106

⁴CQS, as at 31 July 2019. For methodology details see Article 4(3) of Directive 2011/61/EU (AIFMD) and Articles 6, 7, 9 and 10 of Delegated Regulation 231/2013.

⁵CQS, as at 31 July 2019. For methodology details see Article 4(3) of Directive 2011/61/EU (AIFMD) and Articles 6, 8, 9, 10 and 11 of Delegated Regulation 231/2013.

Investment Manager Information

Keith Watson and Robert Crayfourd are responsible for managing the Company's portfolio.

Capital History

The Fund was established on 16 October 2006 and has 57,014,331 Ordinary Shares in issue.

On 21st December 2017 the Company issued 28,500,995 Subscription Shares.

On 30th November 2018, 12,305 Subscription Shares were exercised into the Ordinary Shares.

There are now 28,488,690 Subscription Shares in Issue.

If Subscription Shares are exercised on the last business day in November 2019 the price is 42.30p.

If Subscription Shares are exercised on the last business day in November 2020 the price is 46.14p.

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