

Golden Prospect Precious Metals Limited

KEY FUND FACTS¹

Fund Managers

Keith Watson
Robert Crayford

Launch Date

December 2006

Total Gross Assets

£22.41m

Reference Currency

GBP

Ordinary Shares

Net Asset Value: 37.06
Mid-Market Price: 28.90

Subscription Share Price:

Mid-Market Price: 2.30p

Gearing

6.00%

Discount

(22.02%)

Ordinary Shares in Issue

57,029,305

Annual Management Fee

1.25% on assets up to £20 million
1.00% on assets greater than £20 million

Bloomberg: GPM LN

Sedol: BIG9T99GB

Year End

31 December

Contact Information

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Company Broker

FinnCap
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Annual Report and Accounts

Published

April



Keith Watson and Robert Crayford
Portfolio Managers

Fund Management

Founded in 1999, CQS is a \$19.3bn² global multi-strategy asset management firm. The Fund is managed by Keith Watson and Robert Crayford, supported by the CQS analyst team.

Ordinary Share and NAV Performance³

	1 Month (%)	3 Month (%)	1 year (%)	3 Year (%)	5 Year (%)
NAV	(11.06)	3.98	38.49	(26.29)	9.97
Share Price	(7.96)	16.06	36.00	(33.94)	1.40

Investment Commentary⁴

February saw ETF gold purchases increase as Coronavirus ('Covid-19') escalated in Europe. Broader market risk aversion helped sustain consistent gold purchases by physically backed ETFs, which added nearly 2Mozs to holdings during February, rising to a high of 84.7Mozs. Despite this, the gold price ended the month little changed at US\$1,585/oz while related equities gave up healthy gains in the first three weeks of February to end the month down sharply.

As an illustration, gains of 9-10% for the GDX and GDXJ subsequently reversed, with the ETFs ending the month down 6.5% and 10.4% respectively. In comparison, having risen as much as 11%, the Fund NAV subsequently ended the month down around 11%.

The month started with encouraging trends from China, the epicentre for the infection, as the rate of new infections slowed, suggesting containment was proving effective. At the end of the month, we saw the Chinese beginning to return to work following extended restrictions after Lunar New Year, with a notable pick up in traffic volumes in Shanghai and Beijing. We note that Chinese industrial activity will remain below capacity and the potential for a re-escalation in infection rates is possible. This is important as China is such a large component of global commodity demand, importing c50% of most commodities. The impact on supply chains is unclear, but certainly material, impacting manufacturing in the West with parts becoming unavailable. The explosion of cases in Europe and the Middle East, especially in Italy and Iran, is highly concerning and suggests we could see further global disruption and materially negative revisions to global growth expectations. Against this, Central Banks globally are indicating a heavy co-ordinated response, with G7 ministers fielding meetings on an appropriate reaction, likely reducing interest rates and providing stimulus where required. This had provided optimism that we would therefore see a short term demand shock, with a sharp rebound as activity returned post the virus, a so called V shape recovery. Increasingly this view is looking optimistic, with a U shape demand impact looking more probable.

Global interest rates remain a primary driver behind gold pricing, with reflexive central bank easing in response to the coronavirus providing some support. Gold was flat over the month after initially rallying, but it sold off sharply into the month-end, erasing the month's gains as stated. Negative sentiment affecting broader equity eventually fed through to precious metal equity ETFs which saw large outflows with the GDX and GDXJ falling between 15%-20% on the week.

The Silver Institute's latest annual report on the market reveals a positive outlook for 2020, with the electrical and electronics (5G and auto electrification) sectors accounting for the bulk of its 3% 2020 forecast demand growth. The Fund acquired some silver exposed producers such as Fortuna and First Majestic which sold off heavily into the month-end.

Palladium, used in gasoline vehicle catalytic converters, was strong again in February, supported by Norilsk Nickel's FY19 results presentation which forecast a palladium deficit of 900koz in 2020 and 600koz in 2021. It expects the platinum market to report 300-500oz surpluses over 2021-22. Deferral of China's tighter vehicle emissions from end-June weighed heavily in to the end of the month and early March.

Source: CQS. Please refer to page 2 for sources relating to relevant footnotes.

KEY FUND FACTS *(continued)*

Investor Report
Monthly Factsheet

Results Announced

Finals: April
Interims: October

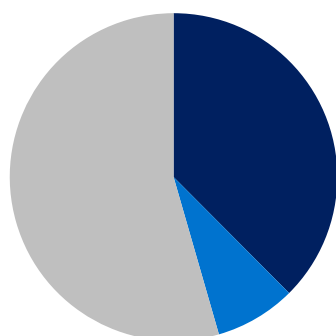
AIFMD Leverage Limit Report (% NAV)

	Gross Leverage (%) ⁵	Commitment Leverage(%) ⁶
Golden Prospect Precious Metals Limited	108	108

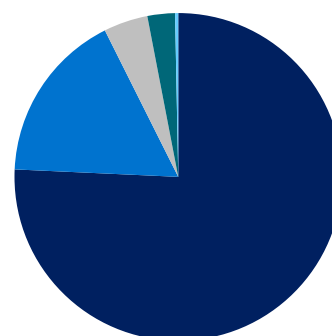
⁵Source: CQS, as at 28 February 2020. For methodology details see Article 4(3) of Directive 2011/61/EU (AIFMD) and Articles 6, 7, 9 and 10 of Delegated Regulation 231/2013

⁶Source: CQS, as at 28 February 2020. 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.

Portfolio Analysis¹



■ Developers 37.53% ■ Explorers 8%
■ Producers 54.47%



■ Gold 75.73% ■ Silver 16.88%
■ PGM 4.36% ■ Base Metals 2.72%
■ Zinc 0.31%

TOP 10 HOLDINGS (%)^{1,7}

Name	(% of NAV)
West African Resources Limited Common	9.43
Americas Gold and Silver Corporation Common NPV	7.22
Silver Lake Resources Limited Common NPV	5.86
Roxgold Inc Common NPV	5.39
Asanko Gold Inc Common NPV	4.93
Wheaton Precious Metals Corp NPV	4.48
Calibre Mining Corp Common NPV	3.70
Pure Gold Mining Inc NPV	3.66
Westgold Resources Limited Common NPV	3.65
Integra Resources Corp Common	3.45
Top 10 Holdings Represent	51.76

The Company has exposure to 53 issues

Subscription Shares

There are 28,473,716 Subscription Shares in Issue

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

Source: ¹Maitland Administration (Guernsey) Limited, as at 28 February 2020. ²CQS as at 28 February 2020. 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 market data sourced from Bloomberg unless otherwise stated. The Fund may have since exited some / all of the positions detailed in this commentary. ⁷All holdings data are rounded to two decimal places. Total may differ to sum of constituents due to rounding.

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PRI Note: PRI is an investor initiative in partnership with UNEP Finance and the UN Global Compact. GMvI.

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