

Golden Prospect Precious Metals Limited

KEY FUND FACTS¹

Fund Managers

Keith Watson
Robert Crayford

Launch Date

December 2006

Total Gross Assets

£53.4m

Reference Currency

GBP

Ordinary Shares

Net Asset Value: 71.61
Diluted Net Asset Value 63.13
(assuming all subscription shares are exercised)
Mid-Market Price: 70.00

Subscription Share Price:

Mid-Market Price: 21.0p

Gearing

9.90%

Discount

(2.25%)

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: B1G9T99GB

Year End

31 December

Contact Information

contactncim@cqsm.com

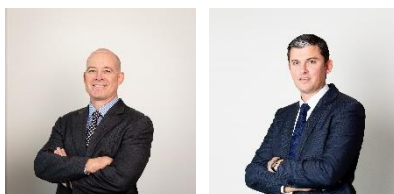
Company Broker

FinnCap
+44 (0) 203 772 4697

Annual Report and Accounts

Published

April



Keith Watson and Robert Crayford
Portfolio Managers

Fund Management

Founded in 1999, CQS is a \$18.5bn² 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	14.37	61.14	91.93	76.38	203.69
Share Price	35.14	89.19	131.79	104.38	273.33

Investment Commentary⁴

Gold rose 10.9% and hit record highs, exceeding the previous nominal record of \$1,921/oz in 2011. With gold testing \$2,000/oz, many price forecasts were raised indicating continued strength is expected. Precious metal mining equities saw strong gains. The Fund NAV gained 14.4% in July, similar to sterling returns from the GDXJ but ahead of the larger cap GDX ETF.

The strong sector performance was driven primarily by the continued decline of real yields, particularly US inflation expectations which increased against the low rates backdrop. With some regions experiencing a rise in COVID infection rates, concern raised again for the sustainability of the global economic recovery and also helped sentiment. US-China relations worsened with tit-for-tat consulate closures occurring after the US demanded China close its Houston office, following claimed economic espionage. This outweighed China's record purchase of 1.762Mt of US corn, for delivery in the 2020-21 marketing year beginning in September.

The increased demand for gold has been primarily driven by financial buyers. Strong ETF additions in developed markets has offset weak jewellery sales, which the World Gold Council estimated to have fallen 46% yoy during 1H20, implying virtually no jewellery buying activity during Q2. While COVID related restrictions removed the ability to purchase jewellery during the last quarter, the extent to which consumer appetite has been affected and therefore the magnitude of pent-up demand that may arise as markets reopen, is uncertain. This is particularly the case for regions of significant demand such as China but more so for India and Turkey where gold's appreciation has been amplified by local currency weakness.

Silver performed extremely well rising 34% over the month, playing catch-up with gold that has risen more progressively over the year. Used in solar panels that represents approximately 10% of metal consumption, silver was given an additional boost by positive sentiment from the EU green stimulus package together with IMF suggestions that a similar stimulus programme be implemented by the US. Demand for silver from physically backed ETFs has recently surged. Silver ETF holdings are up by 40% ytd, with ETF annualised demand approaching nearly 40% share of the silver market.

PGM prices also rallied with the EU's stimulus scheme proposing substantial investment in hydrogen based energy, which may use PGMs in catalytic converters. The Fund was active in trading during the month, participating in a number of placements as well as looking to benefit from market inefficiencies and disparities in stock moves. Many of the larger capitalised miners, dominated by flows from ETFs such as the GDX, now trade at more substantial premiums of 1.2-1.6x P/NAV (and assuming spot gold prices) compared to developers, which trade at significant discounts of around 0.4-0.5x P/NAV. Increasingly we are seeing retail investment flows being directed into specific stocks rather than ETFs, which can provide strong performance in a short period and present opportunities to rotate positions. Of note, the Fund reduced its holding in West African Resources, to control stock concentration risk. Some profits were taken in developer Pure Gold and Rox Resources towards the end of the month, following very strong performance after the latter's recent placing. The Fund also reduced its holding in Silver Lake. Proceeds were reinvested into gold explorer Calidus Resources, developer Sabina Gold and gold-copper explorer Adventus.

KEY FUND FACTS *(continued)*

Investor Report
Monthly Factsheet

Results Announced

Finals: April
Interims: October

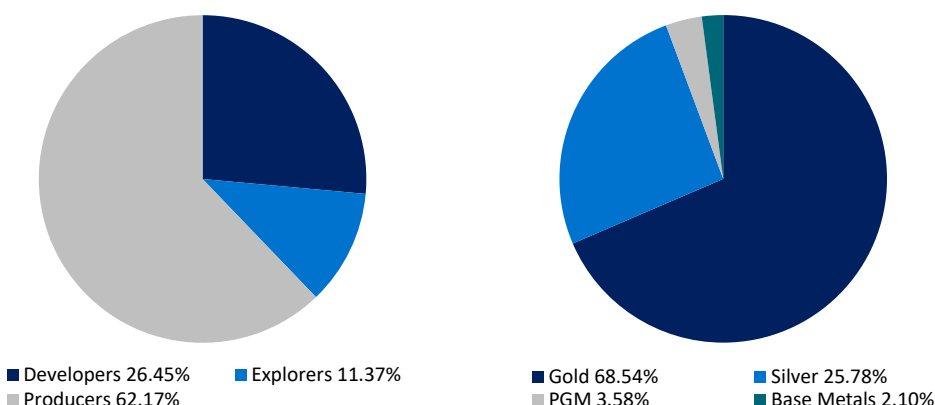
AIFMD Leverage Limit Report (% NAV)

	Gross Leverage (%) ⁵	Commitment Leverage(%) ⁶
Golden Prospect Precious Metals Limited	111	111

⁵Source: CQS, as at 31 July 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 31 July 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



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

Name	(% of NAV)
West African Resources Lt	9.01
Americas Silver Corp	5.36
Galiano Gold Inc	5.26
Westgold Resources Ltd	5.22
Pure Gold Mining Inc	5.18
Roxgold Inc	5.17
Fortuna Silver Mines Inc	5.10
Calibre Mining Corp	4.25
Silvercrest Metals Inc	4.14
Integra Resources Corp	3.73
Top 10 Holdings Represent	52.42

The Company has exposure to 50 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 31 July 2020. ²CQS as at 31 July 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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