

# Golden Prospect Precious Metals Limited

## KEY FUND FACTS<sup>1</sup>

### Fund Managers

Keith Watson  
Robert Crayfourd

### Launch Date

December 2006

### Total Gross Assets

£40.14m

### Reference Currency

GBP

### Ordinary Shares

Net Asset Value: 58.57

(the above net asset value includes the exercise of all subscription shares)

Mid-Market Price: 47.50

### Gearing

7.5%

### Discount

(18.90%)

### 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

+44 (0) 203 772 4697

### Annual Report and Accounts

Published

April



**Keith Watson and Robert Crayfourd**  
Portfolio Managers

## Fund Management

Founded in 1999, CQS is a \$19.9bn<sup>2</sup> global multi-strategy asset management firm.

The Fund is managed by Keith Watson and Robert Crayfourd, supported by the CQS analyst team.

## Ordinary Share and NAV Performance<sup>3</sup>

	1 Month (%)	3 Month (%)	1 year (%)	3 Year (%)	5 Year (%)
NAV	(13.97)	(15.19)	64.34	58.13	180.64
Share Price	(12.84)	(26.24)	90.76	47.29	153.33

## Investment Commentary<sup>4</sup>

The fund NAV declined (14.0%), relative to the GDXJ which fell 8.9% in GBP. The NAV decline in November was mainly due to the dilution effect of the Subscription Share issuance which took place at the end of the month and was responsible for a decline of 9.6%. November saw downward pressure to the gold price and respective equities following the Vaccine news, first from Moderna, but then followed up by Pfizer and Astrazeneca, leading to a broader risk rotation in financial markets. This saw selling pressure for precious metals, from those holding gold purely as a Covid-19 hedge. We would note gold had appreciated to \$1680/oz in March before Covid-19 heavily impacted the west, thus its prior strength was driven by other factors such as increasing government borrowing, which has only accelerated under Covid-19. The EU is on the brink of another major stimulus plan and whilst the US struggle to reach a bi-partisan agreement, a large stimulus plan appears inevitable, even if timing is uncertain.

Long-term themes remain supportive for gold. Covid-19 cases continue to rise in the US, whilst the roll out of vaccines will take a number of months, especially for the Moderna and Pfizer vaccines which require refrigeration. Artificially low bond yields due to Central Bank bond buying, combined with debt levels which are increasing rapidly across the world, raise questions on the risks associated with government debt, especially around fiat currencies 'worth'. With the deterioration of other low risk assets, gold's use as a hedge seems increasingly justified. For example, Italy's debt to GDP ratio now exceeds levels experienced in the Euro crisis, whilst many emerging market currencies have seen debt service costs reach levels that look difficult to sustain. The US dollar has been weakening across a broad basket of global currencies, with its role as a safe haven being brought in to question against its increasing debt levels.

Inflation risks are being widely discussed, which we are cautious on, noting that tech advancements have had an overwhelmingly deflationary influence. But with saving rates having been at record highs during lock downs, potentially leading to pent up demand, we also see an industrial restock amid Covid-19 disrupted supply chains, inflation is looking increasingly possible. Raw material feed stocks such as oil and base metals have seen a strong recovery in the last couple of months against easy Central Bank policy.

At the end of the month the funds sub-shares reached maturity and as previously announced were 100% exercised, with those not taken up by holders sold via the trustee, bringing in new capital for the fund. The softer gold price in to month end had led to a larger fall in some more liquid names that the fund did not previously hold, enabling the new funds to be invested on a timely basis. This was across a basket of existing names and some new names that we believed had pulled back to an attractive level. At the time of writing (11/12/20) the fund is fully invested, with a small level of gearing.

**KEY FUND FACTS** *(continued)*

**Investor Report**  
Monthly Factsheet

**Results Announced**

Finals: April  
Interims: October

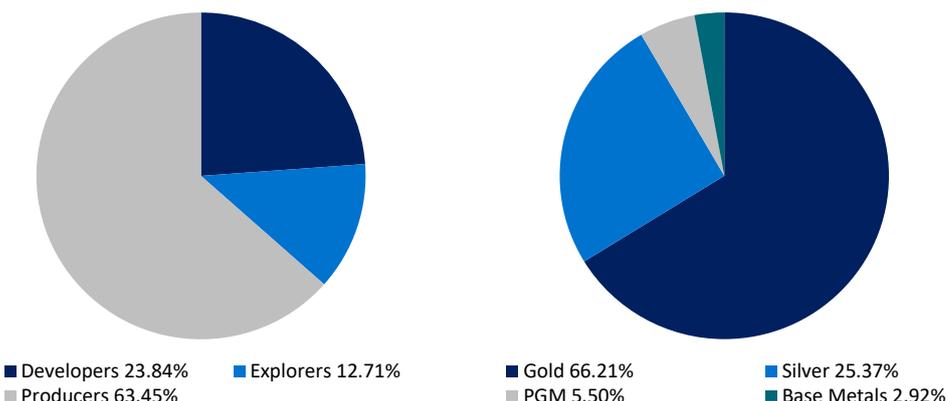
**AIFMD Leverage Limit Report (% NAV)**

	Gross Leverage (%) <sup>5</sup>	Commitment Leverage(%) <sup>6</sup>
Golden Prospect Precious Metals Limited	109	109

<sup>5</sup>Source: CQS, as at 30 November 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

<sup>6</sup>Source: CQS, as at 30 November 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 Analysis<sup>1</sup>**



**TOP 10 HOLDINGS (%)<sup>1,7</sup>**

Name	(% of MV)
West African Resources Lt	8.02
Calibre Mining Corp	6.41
Roxgold Inc	5.76
Americas Silver Corp	5.64
Westgold Resources Ltd	5.52
Fortuna Silver Mines Inc	5.26
Calidus Resources Ltd	4.13
Silvercrest Metals Inc	3.96
Galiano Gold Inc	3.52
Mag Silver Corp	3.37
Top 10 Holdings Represent	51.57

The Company has exposure to 55 issues

**Subscription Shares**

The 28,473,716 Subscription Shares that were in issue were fully subscribed at the end of November 2020 at a price of 46.14p.

Source: <sup>1,2,3</sup>CQS as at 30 November 2020. 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. <sup>4</sup>All market data sourced from Bloomberg unless otherwise stated. The Fund may have since exited some / all of the positions detailed in this commentary. <sup>7</sup>All holdings data are rounded to two decimal places. Total may differ to sum of constituents due to rounding.

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