

Golden Prospect Precious Metals Limited

KEY FUND FACTS¹

Fund Managers

Keith Watson
Robert Crayfourd

Launch Date

December 2006

Total Gross Assets

£54.86m

Reference Currency

GBP

Ordinary Shares

Net Asset Value: 59.93
Mid-Market Price: 55.40

Gearing

5.8%

Discount

(7.56%)

Ordinary Shares in Issue

85,503,021

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 Crayfourd
Portfolio Managers

Fund Management

Founded in 1999, CQS is a \$21.1bn² 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 Performance³

	1 Month (%)	3 Month (%)	1 year (%)	3 Year (%)	5 Year (%)
NAV	(8.85)	(11.97)	43.82	55.38	163.54
Share Price	3.55	1.65	76.43	61.75	203.56

Investment Commentary⁴

A pick-up in US 10yr yields and associated strengthening US dollar weighed on precious metals. Although real yields (10yr TIPS) barely moved, which gold has historically been more correlated to (calculated as nominal yields minus inflation), as implied inflation broke 2% for the next 5 and 10yrs. The Democrats taking the Georgia senate seat added to sentiment on stimulus whilst also supporting the case for further spending on renewables. We still await clarity on the proposed US\$1.9trn Covid-19 stimulus package, which if agreed would likely be positive for precious metal sentiment.

Evidence of Asia's recovery in the jewellery sector is coming through, with retail demand in Asia noticeably picking up recently. Physical gold demand in China is improving ahead of Chinese New Year, with gold premiums reaching US\$4/oz at one point during the week. Indian premiums rose to US\$1/oz over official domestic prices, up from last week's premium of US\$0.5/oz. Retail gold demand has been on the rise in India, with wedding purchases driving sales in December 2020. Indian gold imports were 73.2t in December - up 41% yoy - and have been sequentially rising every month since bottoming out in September 2020.

US Retail traders posting on Reddit picked up silver as a theme, with some of the most shorted stocks such as First Majestic Silver which rose ~50% over the week. The Fund took some profits on the sharp moves, although we still like the longer term thematic to silver.

The World Gold Council (WGC) flagged that central banks were net sellers of gold in November 2020, following net buying in October, with global official reserves declining a very slight 6.5t during the month. Sales of 23.3t in November were driven by Turkey (20.9t) and Mongolia (2.4t). The WGC notes that the recent trend in net buying could pause as a consequence of heightened uncertainty and fiscal pressure generated by the Covid-19 pandemic. Meanwhile, central bank attitude towards gold as a valuable risk mitigation asset looks set to remain, particularly amid a still high-risk macroeconomic environment. Despite recent net selling (September and August 2020 were also months of net sales), central banks remain on track to end 2020 as net purchasers, which would make it 11 years since they were last net annual sellers.

Over the month, the takeover of Cardinal Resources closed, the Fund added to polymetallic explorer Palladium One and US Silver developer Aurcana Silver. We took some profits on First Majestic as the Reddit hype lifted the company through our valuation target.

KEY FUND FACTS *(continued)*

Investor Report
Monthly Factsheet

Results Announced

Finals: April
Interims: October

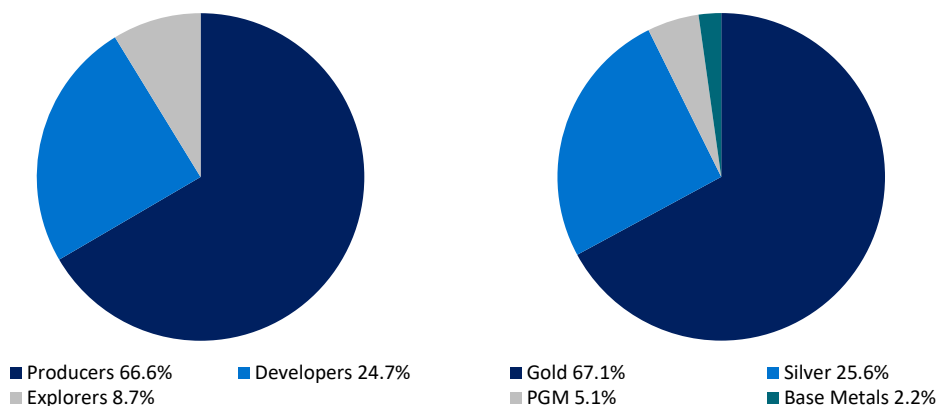
AIFMD Leverage Limit Report (% NAV)

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

⁵Source: CQS, as at 29 January 2021. 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 29 January 2021. 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 MV)
WEST AFRICAN RESOURCES LT	6.71
FORTUNA SILVER MINES INC	5.58
CALIDUS RESOURCES LTD	4.88
WESTGOLD RESOURCES LTD	4.51
AMERICAS SILVER CORP	4.50
SILVERCREST METALS INC	4.44
CALIBRE MINING CORP	4.06
ROXGOLD INC	3.93
WHEATON PRECIOUS METALS C	3.49
MAG SILVER CORP	3.15
Top 10 Holdings Represent	45.24

The Company has exposure to 63 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: ^{1,2,3}CQS as at 29 January 2021. 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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L21-096 / 02.21

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

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