

Golden Prospect Precious Metals Limited

KEY FUND FACTS¹

Fund Managers

Keith Watson
Robert Crayfourd

Launch Date

December 2006

Total Gross Assets

£42.31m

Reference Currency

GBP

Ordinary Shares

Net Asset Value: 41.98
Mid-Market Price: 36.50

Gearing

17.9%

Discount

(13.05%)

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: B1G9T99GB

Year End

31 December

Contact Information

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Company Broker

FinnCap
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Annual Report and Accounts

Published

April

Investor Report

Monthly Factsheet

Results Announced

Finals: April
Interims: October



Keith Watson and Robert Crayfourd
Portfolio Managers

Fund Description

The objective of the Golden Prospect Precious Metals Fund is to provide investors with capital growth, from a portfolio of companies involved in the precious metals sector.

Fund Management

Founded in 1999, CQS is a \$17.7bn² 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	(20.69)	(28.58)	(24.02)	28.26	0.41
Share Price	(13.10)	(23.96)	(27.15)	43.14	9.35

Investment Commentary⁴

Gold struggled against the backdrop of high inflation as the resultant expectations for higher, and faster paced, rate tightening continued to weigh on metal prices. A synchronised sell-off affected most all asset classes into the half year-end. While the gold price proved relatively stable, slipping a relatively small 1.6%, related mining equities were sold-off. The Fund NAV declined 20.7% versus a 15.4% fall in the GDJX.

The very strong US dollar, as the reference currency for all commodities, has been a material factor affecting precious metal price performance and equity investor sentiment. However, gold in AUD rose 4% over the month and while input costs for fuel and labour are pressuring margins softer, producer currencies will help mitigate some of this. We also note the translation benefits for UK investors. Losing another 3.4% against the US dollar in June, the gold price in sterling terms rose 1.6% in June and has gained 10% in the first half-year, equivalent to Cable's first half depreciation.

We expect that gold will see greater support from inflation if perception shifts to it becoming stickier, noting a tight global labour market is supportive of wage increases, a key factor which could cause inflation to become more structural. Beyond this, recession risk should also add to the relative precious metals appeal beyond the broad sell-off which occurred into the half year-end.

The squeezed consumer and weaker emerging market currencies have added to weak retail demand and therefore ETF holdings have continued to fall. However, this was largely offset by Central Banks buying. Central Banks added \$35tn to reserves in May, led by Turkey, Uzbekistan, Kazakhstan and Qatar, countries notable in that they would be incentivised to reduce any USD reserves following the West's blocking of dollar payments on Russia.

There were some disproportionate share price moves which acted as a relative drag to the month's NAV performance. Previously strong performers such as Australian gold producers Red 5 and Calidus Resources saw substantial pull backs of 30% and 35% respectively. This was despite delivering positive operational updates on their respective production ramp-ups. Emerald Resources, with a mine in Cambodia and exploration project in Australia, also fell. This was despite strong operations and cash flow, with high grade drill results reported for its recently acquired Australia asset. Firefinch also dropped by 48%, in part reflecting its lithium spin out to shareholders and the subsequent board changes, for whom replacements have yet to be appointed. Helpfully the Fund's largest position, West African Resources, closed little changed, holding flat over the last 8 months. As a result, it has been a notable relative outperformer in the sector. Given the extreme share price volatility in the sector, we see considerable investment opportunity.

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

Name	(% of Gross Assets)
West African Resources LTD	14.22
Calidus Resources Ltd	8.50
Fortuna Silver Mines Inc	7.26
Emerald Resources NI	5.33
Oceanagold Corp	4.64
Calibre Mining Corp	4.20
Mag Silver Corp	3.76
Silvercrest Metals Inc	3.70
Westgold Resources Ltd	3.34
Sabina Gold & Silver Corp	2.85
Top 10 Holdings Represent	57.80

The Company has exposure to 62 issues.

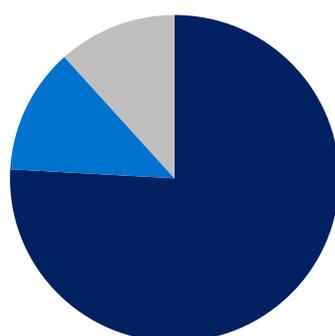
AIFMD Leverage Limit Report (% NAV)

	Gross Leverage (%) ⁵	Commitment Leverage(%) ⁶
Golden Prospect Precious Metals Limited	122	119

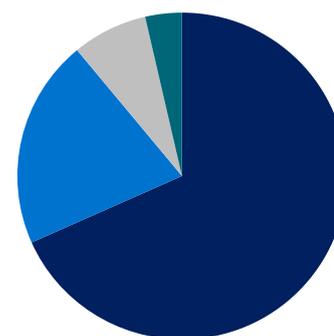
⁵Source: CQS, as at 30 June 2022. For methodology details see Article 4(3) of Directive 2011/61/EU (AIFMD) and Articles 6, 7, 9 and 10 of Delegated Regulation 231/2013

⁶Source: CQS, as at 30 June 2022. 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



- Producers 75.88%
- Explorers 12.45%
- Developers 11.67%



- Gold 68.33%
- Silver 20.67%
- PGM 7.41%
- Base Metals 3.59%

Source: ^{1,2,3}CQS as at 30 June 2022. Performance is net of fees and expenses. 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. GMv10.

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