

CQS Golden Prospect Precious Metals

Key Fund Facts¹

Fund Managers	Keith Watson Robert Crayford
Launch Date	December 2006
Total Gross Assets	£38.2m
Reference Currency	GBP
Ordinary Shares	Net Asset Value: 41.00p Mid-Market Price: 34.50p
Gearing	8.8%
Discount	(15.85%)
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	contactncim@cqsm.com
Company Broker	FinnCap +44 (0) 203 772 4697
Annual Report and Accounts	Published April
Investor Report	Monthly Factsheet
Results Announced	Finals: April Interims: October
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Results Announced	Finals: April Interims: October



Keith Watson and Robert Crayford
Portfolio Managers

Fund Description

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

Key Advantages for the Investor

- Access to under-researched mid and smaller companies in the precious metals sector.
- Potential inflation protection from precious metals assets
- Low correlation to major asset classes

Ordinary Share and NAV Performance²

	1 Month (%)	3 Month (%)	1 Year (%)	3 Year (%)	5 Year (%)
NAV	-6.03%	-22.54%	-19.58%	-5.07%	-5.25%
Share Price	-6.12%	-17.86%	-25.00%	-0.86%	0.00%

Commentary³

Market

Precious metals struggled in August against a rising US dollar, which remains a dominant driver of commodities and precious metal prices, as these are mostly denominated in the US currency. Gold, for instance, closed the month down 3.1% in US dollar terms, but was up 1.4% in sterling terms.

Still, and overall, gold has disappointed in the present deteriorating economic environment as it has seen little benefit from safe-haven flows. The metal, however, has held up well versus many other asset classes, such as stocks and bonds, which are suffering major sell-offs. The unrelenting ascent of the US dollar is indicative of the difficult economic conditions the world is facing, with runaway inflation and an ongoing energy crisis prompting central bank rate hikes – which, in itself, raises recessionary risks.

Performance & Positioning

Periods of weakening sentiment such as these may bring opportunity as smaller, underfunded miners may raise equity via heavily discounted placements with some warrants attached. The Fund has participated in such deals, including: Antipa, which has joint ventures with Newcrest, IGO and Rio Tinto in Australia; Ora Banda, which is turning round a previously underperforming mine in Australia; and Calidus, which is now in steady production having raised additional capital to accelerate works to bring in higher grade ore from its Blue Spec deposit, a key catalyst, whilst also advancing an intended spin out of its lithium assets. These are smaller capitalised names, which in this weaker market are trading at heavy discounts on earnings or NAV versus their larger peers.

The Fund added to Calibre mining, with its high grade and high free cash generating mine in Nicaragua, and reduced OceanaGold, after strong relative performance, due to concerns on its prospective capital investment in the current inflationary environment. Calibre for example is trading on around 25% free cash flow versus 5% for large caps.

West African Resources released a mining study on its large 4.5Moz Kiaka deposit, taking total resources to 12.6Moz; the firm may increase production from the current 210kozpa to 415kozpa from 2025. Importantly, with a net cash position of A\$200m and strong free cash generation, Kiaka can be internally funded. During the month the Fund had a small position in Nevada gold developer Gold Standard Ventures, acquired by Orla mining.

Source: ^{1,2}CQS as at 31 August 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. ³All market data sourced from Bloomberg unless otherwise stated. The Fund may have since exited some / all the positions detailed in this commentary. ⁵Source: CQS as at 31 August 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

Top 10 Holdings (%)^{1,4}

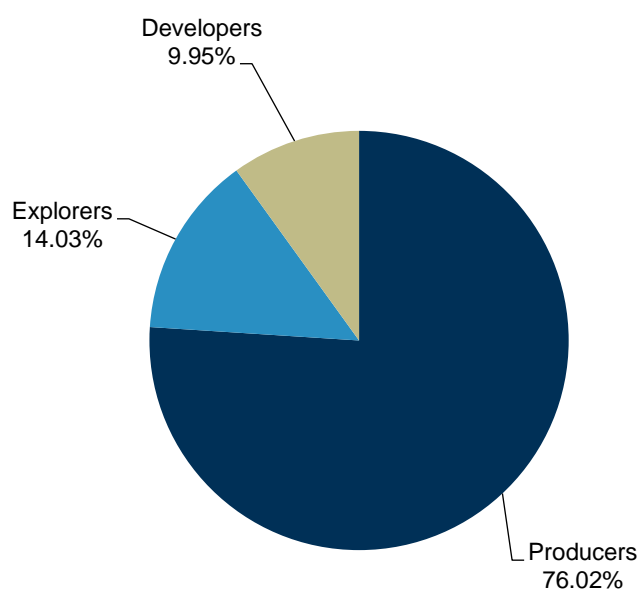
Name	(% of Gross Assets)
CALIDUS RESOURCES LTD	10.81
WEST AFRICAN RESOURCES LT	9.80
EMERALD RESOURCES NL	6.66
FORTUNA SILVER MINES INC	5.73
CALIBRE MINING CORP	5.70
MAG SILVER CORP	4.18
SILVERCREST METALS INC	3.67
SABINA GOLD & SILVER CORP	3.22
MAG SILVER CORP	3.18
LEO LITHIUM LTD	3.10

AIFMD Leverage Limit Report (% NAV)

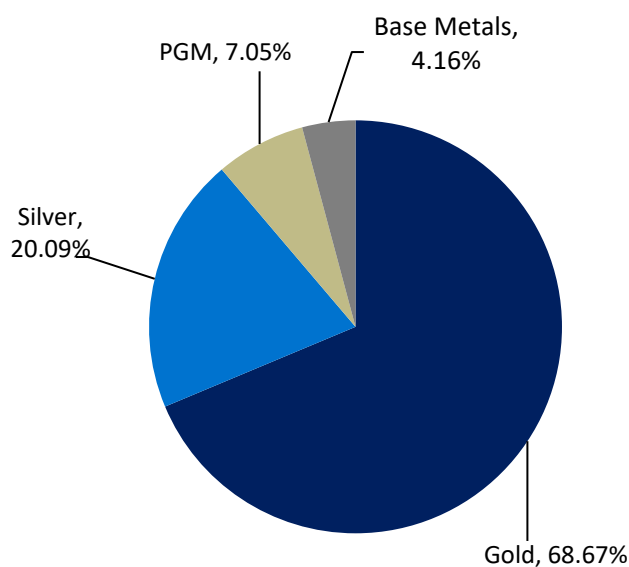
	Gross Leverage (%) ⁵	Commitment Leverage (%) ⁶
Golden Prospect Precious Metals Limited	109	109

Portfolio Holdings Analysis¹

By Type



By Metal



Source: ¹CQS as at 31 August 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 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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