

Golden Prospect Precious Metals Limited

Key Fund Facts¹

Fund Managers	Keith Watson Robert Crayfourd
Launch Date	December 2006
Total Gross Assets	£36.0m
Reference Currency	GBP
Ordinary Shares	Net Asset Value: 38.01p Mid-Market Price: 34.40p
Gearing	10.4%
Discount	(9.5%)
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 Crayfourd
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	(0.78)	(1.96)	(28.05)	(6.45)	(5.05)
Share Price	3.15	6.67	(19.06)	9.21	8.35

Commentary³

Market

Commodities, including precious metals, were supported by China's move to reduce Covid-19 restrictions. This move by the Chinese government came alongside a change in their rhetoric towards describing the virus as a mild flu, reducing testing and allowing it to spread in order to accelerate herd immunity sooner than had previously been expected. Whilst not officially ending the Zero-Covid policy, medical agencies reported during the month that as many as 25% of the population may have already been infected, with anecdotal reports indicating this figure could be even higher. This strongly suggests peak disruption due to the virus may be imminent. This would allow the world's second largest economy to return to some form of normality in the first half of 2023.

A weaker US dollar was also helpful for metal prices. The US FED raised rates by an expected 50bps and despite it maintaining hawkish language on its policy outlook, the backdrop of decelerating inflation expectations appeared to shift towards a moderating pace of interest rate increases. As a result, the US dollar index softened about 2% over the month, providing further support to commodity markets. While gold added 3% to its prior month gains, the more volatile silver gained 9%; related equities showed little sensitivity to the move.

Latest data released by the World Gold Council showed strong central bank gold buying, with 50t acquired in November, which represented a 47% increase on the prior month. Notably, the People's Bank of China reported an increase of 32t – the largest reported purchase in the month and the first announced increase in its gold reserves since September 2019. Turkey continued to buy gold, adding a further 19t to its official reserves. With cumulative net purchases totalling 673t, equivalent to over 21Moz, in the nine months to end-September, the central bank sector's activity has been a highlight of the gold market in 2022. With continued strong buying, official reserves are likely to reach multi-decade highs for the full year, testament to a broader need to protect fiat against inflation.

Gold holdings by physically backed Exchange-Traded Funds (ETFs) have remained largely unchanged for a seventh week after previous steady declines since April. ETFs' holdings can have an outsized impact on precious metal pricing when they shift from selling to buying, which could be the case should the US dollar further soften. With significant pent-up savings from its extended Covid-19 lockdown, Chinese retail buying may also offer support as the economy unlocks.

Source: ^{1,2}CQS as at the last business day of the month indicated at the top of this report. 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.

³ All market data sourced from Bloomberg unless otherwise stated. The Fund may have since exited some / all the positions detailed in this commentary.

Performance

The Fund NAV slipped 0.8% in December, similar to the 1% decline in the Van Eck Junior Gold Miners sterling return. At the end of the month, MAG Silver reported a key milestone as it belatedly announced that the Juanicipio project, a 44% joint venture with Fresnillo in Mexico had been connected to the power grid, allowing a full ramp-up to commercial production in 2023, although price action was muted. Calidus Resources acted as a drag to performance, with the shares declining 19% over the month. The group is making progress that should smooth a difficult ramp-up in operations to-date. Notably, it is addressing the impact of excessive blasting dilution on gold grades for its mill feed and improving access to more water, which has hampered mill throughput. Both factors should substantially improve performance going forward, as the group moves into commercial production during Q1 2023. Losses from Calidus were offset by gains in other Australian listed producers Red 5, Westgold and Emerald Resources.

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

Name	(% of Gross Assets)
MAG SILVER CORP	9.99%
FORTUNA SILVER MINES INC	9.58%
WEST AFRICAN RESOURCES LT	9.39%
EMERALD RESOURCES NL	7.08%
CALIBRE MINING CORP	6.30%
CALIDUS RESOURCES LTD	4.78%
SILVERCREST METALS INC	4.14%
SABINA GOLD & SILVER CORP	3.34%
ADVENTUS MINING CORP	3.06%
RED 5 LTD	3.01%

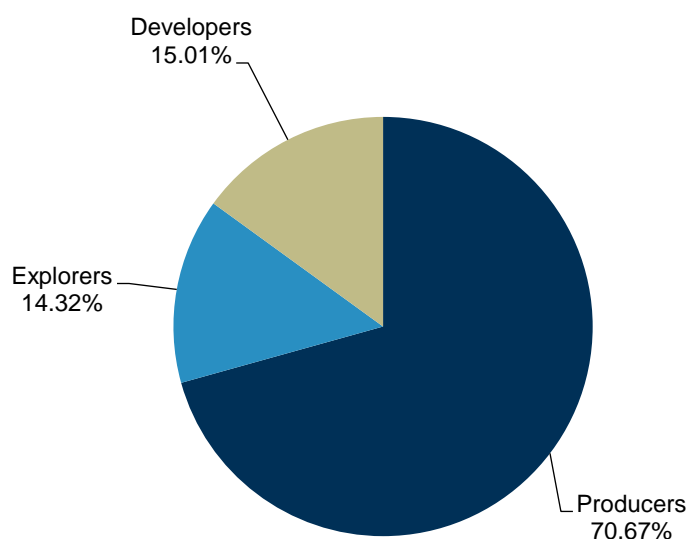
AIFMD Leverage Limit Report (% of NAV)¹

	Gross Leverage (%) ⁵	Commitment Leverage (%) ⁶
Golden Prospect Precious Metals Limited	110	110

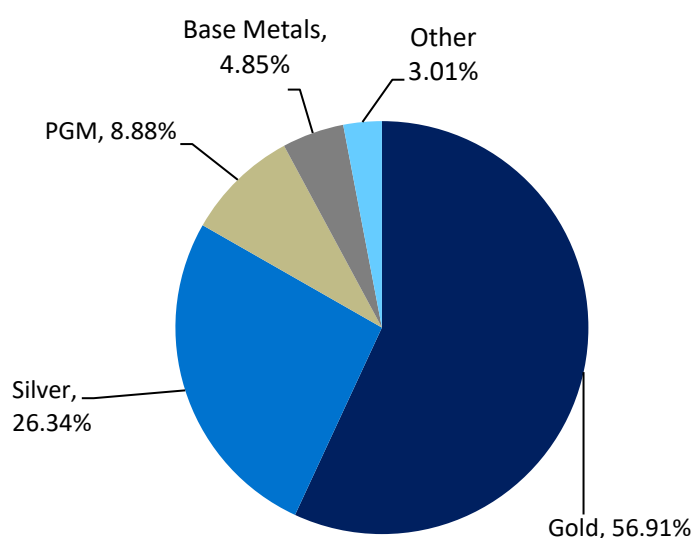
The proposal to create a Subscription Right was approved by Shareholders on 7 December 2022. The first Subscription Right date is on 30 November 2023 and the Subscription Price is 38.31p for each new Share subscribed for. The Subscription period has now begun as the existing shares carry the right to subscribe (on the basis of 1 New Share for every 5 Shares held). We will write to all Shareholders in October 2023 to advise of the process to exercise their Subscription Rights.

Portfolio Holdings Analysis¹

By Type



By Metal



Source: ¹ CQS as at the last business day of the month indicated at the top of this report. 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.

⁴ All holdings data are rounded to two decimal places. Total may differ to sum of constituents due to rounding.

⁵ 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.

⁶ 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.

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PRI Note:

PRI is an investor initiative in partnership with UNEP Finance and the UN Global Compact. GMv10.

L1031405 / 01.23

CQS (UK) LLP

4th Floor, One Strand, London WC2N 5HR, United Kingdom
T: +44 (0) 20 7201 6900 | F: +44 (0) 20 7201 1200

CQS (US), LLC

152 West 57th Street, 40th Floor, New York, NY 10019, US
T: +1 212 259 2900 | F: +1 212 259 2699

CQS (Hong Kong) Limited

3305 AIA Tower, 183 Electric Road, North Point, Hong Kong, China
T: +852 3920 8600 | F: +852 2521 3189

✉ CQSClientServices@cqsm.com www.cqs.com Follow us

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