Metals Exploration Fund (class CHF)

Hidden Values in the Ground

FACT SHEET as of end of April 2022

Fund Description

The **Metals Exploration Fund (class CHF)** is a sub-fund of the Metals Exploration Fund, which is a niche fund under Swiss law that invests worldwide mainly in strategic metals of mining exploration and junior mining companies.

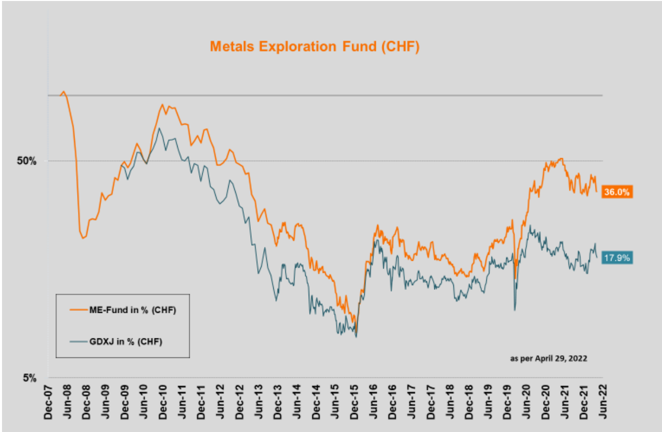
General Fund Information

Investor Profile	Public
Fund Name	Metals Exploration Fund (class CHF)
Fund Type	Swiss contractual investment fund, classified as “other traditional investments fund”
Domicile	Swiss Fund
Tax Transparency	In Germany and Austria
Asset Manager	Dolefin SA, CH-Nyon
Custodian	Banque Cantonale Vaudoise, CH-Lausanne
Fund Mgmt Company	CACEIS (Switzerland) SA, CH-Nyon
Auditor	KPMG, CH-Geneva
Inception Date	December 13, 2013
Financial Year	1 January – 31 December
Subscription	Weekly, cut-off Wednesday 17h00
Redemption	Weekly, cut-off Wednesday 17h00+1week
ISIN	CH0216430709

Additional Information

Nominal per Unit	CHF 100
Management Fees	1.50% p.a.
Hurdle Rate	15% cumulative
Performance Fees	20% of the outperformance realized above the Hurdle Rate with principle of High Watermark
High Watermark	Yes
Administrative Fees	0.40% p.a.
Load-up Fees	Maximum 2%
Redemption Fees	0.50% (goes to the Fund)
TER	2.25% p.a. (expected)
Initial NAV	CHF 100
Dividends	Reinvested
Publication of NAV	Swiss Fund Data AG www.caceis.ch
Security lending	none

Performance Graph

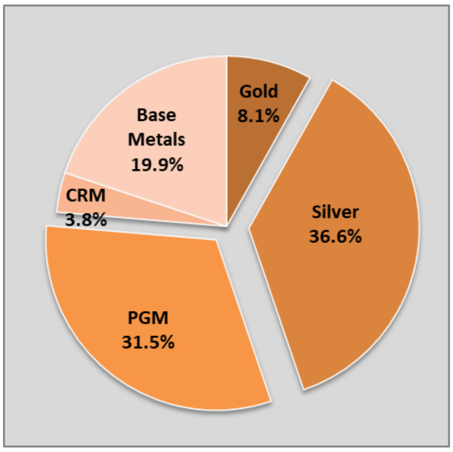


Portfolio Structure

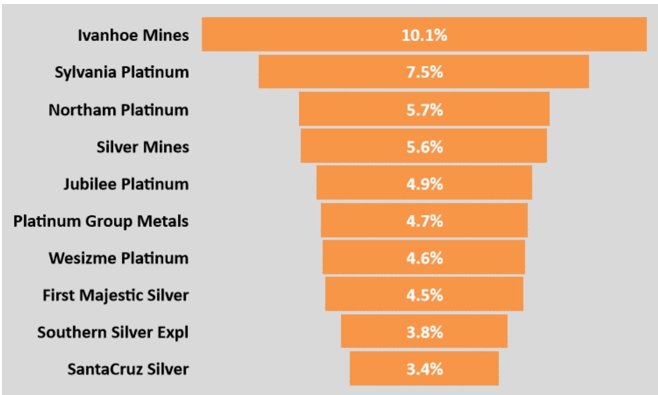
Stock Listings

Australie	12.8%	Canada	64.9%
South Africa	10.1%	UK	12.2%

Metals Allocation



10 Top Holding



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Performance & Risks

NAV as of 29.04.2022	CHF 173.71
Fund since inception	73.71% (*)
Fund (ytd)	-1.46%
Units in circulation (rounded)	428'667
Fund size (rounded)	CHF 74'463'631
Launch date	December 13, 2013

Monthly Returns

in %	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2008					4.69	-6.48	-15.23	-14.01	-30.26	-52.25	-7.41	2.24	*-77.51*
2009	18.62	1.30	-1.01	8.74	22.74	-7.61	4.73	1.86	18.82	-2.70	17.14	*4.32*	*121.04*
2010	-6.22	4.37	12.24	10.28	-6.86	-9.60	-0.59	7.27	21.74	12.75	14.34	7.68	*83.83*
2011	-10.12	9.41	-2.34	0.40	-9.17	-7.73	0.85	-1.12	-19.66	13.27	-1.96	-7.59	*-33.56*
2012	14.97	0.70	-11.75	-7.01	-16.77	0.09	2.53	4.61	9.85	-3.09	-9.78	-2.06	*-20.16*
2013	-2.04	-8.29	1.52	-20.57	-6.38	-19.64	8.19	5.68	-14.28	-1.74	-11.65	-5.22	*-56.05*
2014	10.95	6.64	-7.57	-2.57	-4.87	17.45	-0.49	-1.59	-18.69	-14.25	1.24	-6.04	*-22.68*
2015	-7.52	6.45	-4.26	-5.13	-1.23	-8.46	-17.30	-3.67	-6.09	9.52	-7.60	-5.17	*-41.96*
2016	-8.50	26.33	15.64	35.38	-1.25	16.77	16.43	-3.96	4.50	-7.3	-4.67	-2.94	*109.14*
2017	18.83	-8.25	-2.73	-7.26	-9.89	-0.91	6.01	8.87	-4.31	0.92	-4.40	8.27	*1.30*
2018	-5.79	-8.04	-0.27	4.01	-2.27	-5.62	-2.72	-5.94	-0.52	1.02	-3.89	0.25	**-26.57**
2019	11.69	13.30	-5.04	-7.53	-0.35	12.78	8.28	6.69	1.87	-0.14	-3.78	17.66	**66.13**
2020	-1.27	-2.90	-30.13	28.99	18.73	10.48	20.12	8.54	-1.10	-5.53	13.17	21.85	**90.39**
2021	-4.68	11.86	-5.89	4.88	4.00	-6.89	-7.10	-7.89	-12.84	19.66	-16.33	2.64	**-21.89**
2022	-3.72	6.30	7.52	-10.46									**-1.46**

(*) The fund includes performance figures that reproduce those of the Cayman structure launched on May 1, 2008, incorporating the CHF sub-fund since inception with an investment policy similar to its previous structure and managed by the same asset manager.

Sub-Sector Returns 2022 (*)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ytd
Gold	-7.3	6.2	4.5	-16.8									-14.4
Silver	**-28.9**	**19.1**	3.9	**-17.3**									-27.3
PGM	**4.8**	7.7	**0.5**	**-7.69**									4.7
CRM	-0.4	**-4.1**	**8.3**	-15.0									-12.1
BM	-5.9	0.1	7.4	-13.7									-12.8
Average	*-7.5*	*5.8*	4.9	*-14.1*									***-11.9***

(*) For indication only: Performance based on fund's holdings, equally weighted, not FX-adjusted. The aim of these statistics is to show the performance attribution of the metals sub-sectors during the reporting month.

Forex Exposure (net rounded)

in %	AUD	CAD	GBP	ZAR	CHF
	41.6	43.5	5.8	10.3	-1.2

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Investment Strategy

Outlook

Are Investors finally acknowledging that Central Banks are trapped?

This week's 2-day meeting of the *Federal Open Market Committee* (FOMC) could become the big change in investors' mindset, meaning that western central banks have run their course.

The relentless injection of central bank (CB) base money since 2008 seems now to start back-firing. The flooding of "free" money brought down interest rates close to zero (USA) or even below (Europe, Switzerland). Investors seeking for yield had to go out the risk-curve – initially, to quality bonds and equities; then to lower-graded fixed income investments and riskier equities. Housing was the other big asset class that attracted money for returns.
Consequently, western CBs balance sheets ballooned – with respect to the Fed, as an example, by 10-fold! That money is still circulating…

Over the same time span, Government debts also deteriorated in many countries – US public debt stood near USD 9trillion back in 2008 and recently surpassed the threshold of USD 30trillions. Already a smallish 2% increase in debt service costs amount to USD 600billion, a big chunk of expenditure in the US Government budget (USD 3'500bn).

All went "well", as long as inflation had been remaining tamed. But with Covid breakout, monetary policy had no longer be seen sufficient to counter economic headwinds:
The US Government (and others) had been starting bazooka fiscal policy – with supply shortages linked to an interrupted supply-chain (Covid), prices for diverse goods and services started to climb higher. "Stimmy" checks were sent to households as to compensate for job losses and/or lower income. The supply-shock induced inflation raise was initially downplayed by central banks who called it "temporary" – that wording was maintained for the remainder of last year. However, as prices continued to creep higher towards year end, their language changed.

Then started the Ukraine-Russia conflict and provoked an explosion of energy prices as investors anticipated a reduction in Russian oil and gas deliveries – literally, *pouring fuel on the fire* with respect to higher inflation.

On a macroeconomic level, we therefore observe:

- supply-chain disruption (China-related ongoing Covid lockdowns)
- higher energy prices that lead to
  - reduced purchasing power of households
  - shrinking profit margins among corporations
- fiscal spending programs
- falling economic activities

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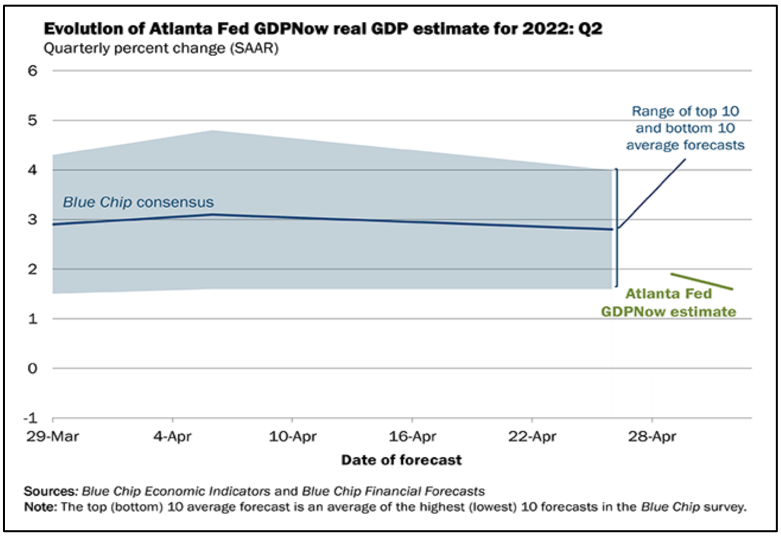
Last week in the USA, the first estimate for Q1 GDP got released - a shocker to say the least with a negative print of 1.4% and, little encouraging, Q2 does not look promising, either (one key component is the exploding US trade deficit that meanwhile climbed to USD 125bn in March):



So, today, the FOMC starts its 2-day meeting, and the Fed-members have to decide which of their dual mandate (employment and price stability) they are weighting higher. (Many market observers claim the Fed has a non-official third mandate: financial markets).

Should Fed-members err in favor of employment, the FOMC may decide to hike rates by 50-75bp accompanied by a dovish wording (e.g., no further rate hikes in the foreseeable future) – as matters worsen, a renewed QE cannot be excluded…

That should be seen positively by equity investors and could provoke at least a relief rally. The metals sector, too, would certainly welcome such an outcome. And, given the recent disappointments (missing Gold-Silver increase despite high inflation and war), such a rally may even become substantial.

However, should they err in favor of price stability without giving hints for interrupting the rate hiking cycle and ending the inflation battle, than equity and the housing markets continue to be at risk for further losses.

In this case, the pain in financial markets simply would need to become even more severe but eventually the Fed will have to give in anyway (otherwise risking a 1929-32 episode….).

In either case, our conviction is that investors are now confronted to a central banks *end-game* scenario. Soon, they should realize that precious metals, metal miners, and a few other industries offer protection needed in this weird world.

“In a secular bull trend, the only risk investors are facing is to exit too early!”