

Metals Exploration Fund (class CHF)

Hidden Values in the Ground



FACT SHEET as of end of

October 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.

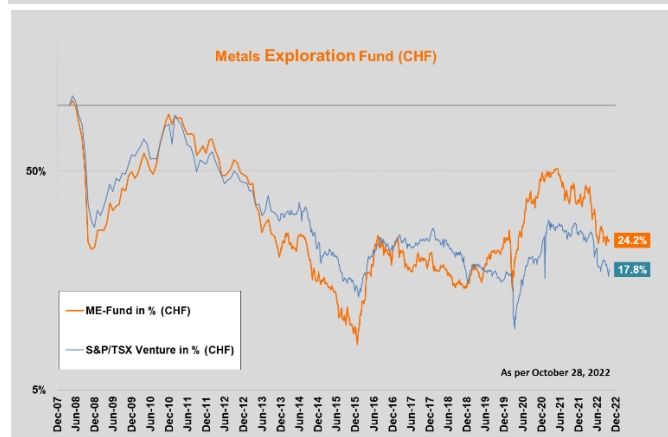
General Fund Information

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

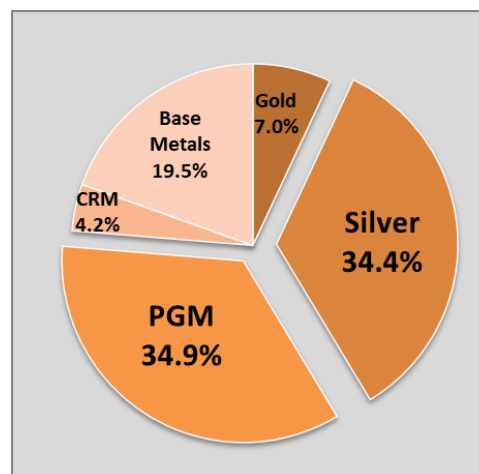


Portfolio Structure

Stock Listings

Australie	10.9%	Canada	66.1%
South Africa	7.7%	UK	15.3%

Metals Allocation



10 Top Holding

Ivanhoe Mines	9.9%
Sylvania Platinum	9.2%
Platinum Group Metals	8.0%
Jubilee Platinum	5.8%
SantaCruz Silver	5.3%
Wesizme Platinum	4.2%
Silver Mines	3.7%
Western Copper & Gold	3.4%
Discovery Metals	3.2%
Mag Silver	2.9%

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Performance & Risks

NAV as of 28.10.2022	CHF 116.60
Fund since inception	16.60% (*)
Fund (ytd)	-33.86%
Units in circulation (rounded)	387'500
Fund size (rounded)	CHF 45'181'138
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	-10.77	-22.60	7.38	-11.33	-3.33	5.59			-33.86

(*) 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	-5.2	-28.7	-2.8	-10.6	-1.0	-17.0			-58.7
Silver	-28.9	19.1	3.9	-17.3	-33.7	-33.1	13.1	-35.0	5.2	12.4			-71.9
PGM	4.8	7.7	0.5	-7.69	-4.6	-15.2	6.7	-9.1	0.1	-2.4			-19.7
CRM	-0.4	-4.1	8.3	-15.0	-7.1	-10.1	4.4	2.5	-9.0	0.9			-27.9
BM	-5.9	0.1	7.4	-13.7	-11.4	-22.2	-1.3	-6.4	-10.7	-9.7			-55.2
Average	-7.5	5.8	4.9	-14.1	-12.4	-21.9	4.0	-11.7	-3.08	-3.16			-48.0

(*) 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
	56.4	28.3	4.9	7.5	2.9

Investment Strategy

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Outlook

Silver – Is there a supply crunch looming at the Comex?

In our weekly mailing, dt. October 25, we discussed the functioning and the role of the *US Commodity Exchange (Comex)*; therein, we highlighted the ongoing drawdown in the Silver standard bars at the *Comex* warehouse and its potential consequences.

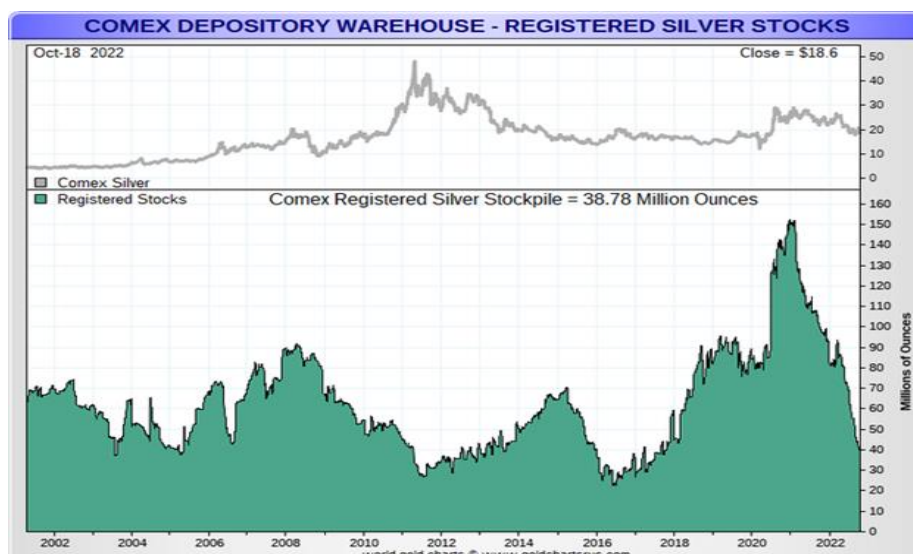
Today, we would like to dig a little deeper into the issue of physical Silver as we are fast approaching the big December-delivery month that may become crucial, and potentially very bullish.

Over the past 20 years or so, most physical Silver used by industries and the various national mint institutes came directly from smelters; the *Comex's* role was largely limited to offering its trading platform and the subsequent warehousing of physical ounces (in form of 1'000oz standard bars) to its customers that sometimes asked for delivery of their long-futures contract.

Generally speaking, a large majority of US investors avoids physical delivery but seeks to a financial exposure only in metals; ahead of the "first-notice" date, they instruct their brokers to "roll-over" the outgoing futures contract into the next liquid trading month.

The above pattern changed sometimes in 2019-20, when more and more investors no longer "rolled-over" but asked for physical Silver of their expiring long-futures contracts.

Initially, they simply took delivery of their standard bars and deposited it in a convenient way directly at the *Comex* warehouse facility. By 2021, however, the pattern changed – they continued to convert their derivative future Silver into physical but, at the same time, no longer deposited the bars at the *Comex* (example of the "registered category" in the chart below) but stored it elsewhere.



(Source: @goldseek)

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Here below the largest delivery months since the end of 2020 (source from our own daily tracking):

Silver / December-2020				Silver / March-2021				Silver / May-2021				Silver / Dec-2021				Silver / March-2022			
Deliveries	Open interest (closing)	net change	(net purch)	Deliveries	Open interest (closing)	net change	(net purch)	Deliveries	Open interest (closing)	net change	(net purch)	Deliveries	Open interest (closing)	net change	(net purch)	Deliveries	Open interest (closing)	net change	(net purch)
9 444				10 937				7 554											
1 169	8 305	-1 139	30	5 904	4 781	-6 156	-252	5 123	2 435	-5 119	4	2 541	9 484	-2 873	-332	0	15 996	-7 441	-127
3 599	4 358	-3 947	-348	916	3 872	-909	7	785	1 558	-877	-92	566	6 611	-667	-101	996	8 555	-1 123	-127
998	3 337	-1 021	-23	772	2 984	-888	-116	228	1 318	-240	-12	4 992	5 944	-5 029	-37	3 099	4 300	-3 132	-33
1 829	1 495	-1 842	-13	69	2 870	-114	-45	74	1 263	-55	19	9	915	28	37	93	3 935	-365	-272
57	1 462	-33	24	835	2 179	-691	144	21	1 178	-85	-64	91	846	-97	-6	268	3 713	-222	46
237	1 305	-157	80	431	1 759	-420	11	182	1 024	-154	28	4	849	3	7	3 062	1 108	-2 605	457
71	1 234	-71	0	417	1 363	-396	21	110	902	-122	-12	1	868	19	20	563	751	-357	206
132	1 173	-61	71	25	1 402	39	64	25	783	-119	-94	223	640	-228	-5	125	1 452	701	826
80	1 015	-158	-78	283	1 136	-266	17	126	656	-127	-1	23	618	-22	1	980	1 107	-345	635
0	1 026	11	11	8	1 148	12	20	39	616	-40	-1	0	617	-1	-1	224	941	-166	58
62	972	-54	8	106	1 116	-32	74	186	430	-186	0	0	617	0	0	520	498	-443	77
146	840	-132	14	3	1 209	93	96	170	262	-168	2	0	615	-2	-2	135	365	-133	2
277	587	-253	24	168	1 269	60	228	35	235	-27	8	60	521	-94	-34	302	85	-280	22
181	497	-90	91	202	1 066	-203	-1	4	231	-4	0	13	521	0	13	6	123	38	44
0	474	-23	-23	41	1 048	-18	23	4	221	-10	-6	12	491	-30	-18	64	71	-52	12
0	542	68	68	148	941	-107	41	22	182	-39	-17	0	554	63	63	21	54	-17	4
345	235	-307	38	236	719	-222	14	50	120	-62	-12	191	451	-103	88	5	70	16	21
8	213	-22	-14	421	361	-358	63	61	23	-97	-36	121	352	-99	22	19	72	2	21
77	123	-90	-13	156	452	91	247	19	9	-14	5	171	159	-193	-22	9	76	4	13
5	53	-70	-65	3	446	-6	-3	9	0	-9	0	1	143	-16	-15	36	51	-25	11
53	11	-42	11	439	77	-369	70	61	23	-97	-36	140	38	-105	35	27	29	-22	5
11	0	-11	0	77	20	-57	20	19	9	-14	5	38	0	-38	0	14	4	-25	-11
				20	0	-20	0	9	0	-9	0					4			
9 337		-107		11 680		743		7 273		-281		9 197		-287		10 577		2 022	

The five examples above saw between 7'273-11'680 contracts converted into physical Silver (1ctr = 5'000oz; 36'365'000 resp. 58'400'000oz); over the same time span, there were many more delivery months between 5'000-7'000 contracts that we have not listed herein.

Given the experiences since 2020, we are looking forward to the upcoming Dec-2022 delivery month. As per last Friday, the December futures still has an open-interest little over 100'000 contracts (equivalent to 500million ounces!); again, a large portion of these contracts will be rolled-over ahead of the *first-notice* date. However, given the very depressed levels of physical Silver in the "registered category" of less than 35mio ounces, it would only need 7'000 contracts to whip-out the part of Comex Silver destined to honor deliveries. A price explosion would be the logical consequence...

Signs of stress in the physical Silver market is further noticed in smaller bars and especially in coins (e.g., 1oz American Eagle that trade above USD 30...).

We will continue to closely monitor the open-interest in the December futures contract just like movements in the "registered"-category at the Comex warehouse till the "first-notice" day.

Last week, we saw a very strong rally not only in Gold but especially in Silver miners. Should the current stress in the physical Silver market continue or even heat up accompanied by higher spot prices, stock prices of exploration companies should literally explode.

Interesting days ahead!

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

DOLEFIN SA - 1260 Nyon - Switzerland