

Metals Exploration Fund (class CHF)

Hidden Values in the Ground



FACT SHEET as of end of

November 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.

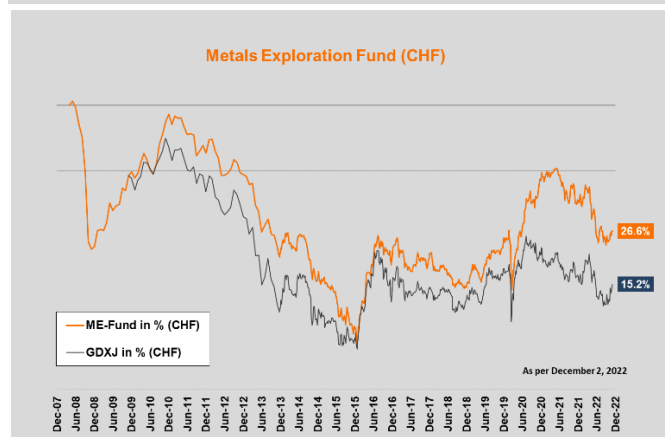
General Fund Information

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
Max Admin. 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

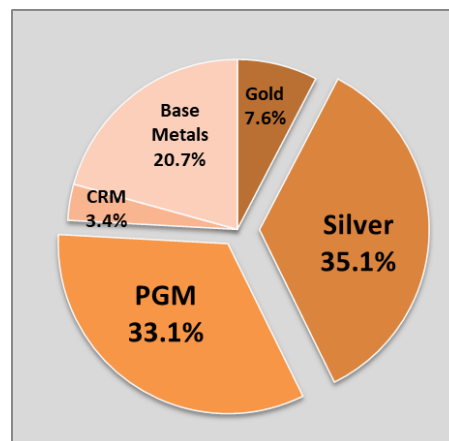


Portfolio Structure

Stock Listings

Australie	9.9%	Canada	67.7%
South Africa	7.9%	UK	14.5%

Metals Allocation



10 Top Holding

Ivanhoe Mines	10.4%
Sylvania Platinum	9.0%
Platinum Group Metals	7.5%
SantaCruz Silver	5.4%
Jubilee Platinum	5.3%
Wesizme Platinum	4.0%
Silver Mines	4.0%
Discovery Metals	3.6%
Western Copper&Gold	3.5%
Mag Silver	3.0%

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Performance & Risks

NAV as of 02.12.2022	CHF 127.97
Fund since inception	27.97% (*)
Fund (ytd)	-27.41%
Units in circulation (rounded)	392'944
Fund size (rounded)	CHF 50'286'243
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	9.75		-27.41

(*) 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	34.2		-38.3
Silver	-28.9	19.1	3.9	-17.3	-33.7	-33.1	13.1	-35.0	5.2	12.4	33.8		-62.46
PGM	4.8	7.7	0.5	-7.69	-4.6	-15.2	6.7	-9.1	0.1	-2.4	5.51		-15.3
CRM	-0.4	-4.1	8.3	-15.0	-7.1	-10.1	4.4	2.5	-9.0	0.9	0.2		-27.8
BM	-5.9	0.1	7.4	-13.7	-11.4	-22.2	-1.3	-6.4	-10.7	-9.7	-3.5		-56.8
Average	-7.5	5.8	4.9	-14.1	-12.4	-21.9	4.0	-11.7	-3.08	-3.16	14.1		-39.5

(*) 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
	44.2	41.4	5.1	7.7	1.6

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Investment Strategy

Outlook

Past headwind turning into tailwind

We see increasing evidence for a much better metals and miners regime, from a fundamental and technical perspective.

Among the headwinds throughout the first 10 months of 2022, there was this pre-dominant investors' perception that western central banks had to correct their wrong monetary policy since the start of the Covid-crisis. Market participants expected that the Fed, the ECB and others will do whatever it needs to bring inflation back to their respective target levels, while accepting losses in household assets (equities, home prices etc.). So, expected lower inflation combined with higher interest rates were interpreted bearish for metals and miners by investors.

Meanwhile, independent economists opposed the central bankers demand-side policy (crushing demand) but argued that massively higher prices since 2021 were mainly due to supply-side shocks – till recently such warnings went unheard but, as often, changes happen: on November 30, Jerome Powell said: ***"The Fed has been pretty aggressive, but it does not feel it appropriate to crash the economy and clean up afterwards"*** – this is the verbal "pivot"!

Going forward, any economic data pointing to more stress in labor or housing market will underscore the end of the tightening and eventually ring-in the next easing cycle.

Apparently, announcements of big lay-offs in the ten-thousands during November and fast falling housing data since September have substantially increased the risk for literally crashing the US economy. Also, "...clean up afterwards..." is a hint that the Fed is fully aware that in case of another financial melt-down it must relaunch the zero-rate-policy and a fresh round of QE.

As we repeatedly argued, an economy full of debt (private, public and on Fed's balance sheet) will feel the pain of higher financing costs faster and in a more radical, disproportional manner.

We claim that most investors still hold on to the "tightening" paradigm, wherein precious metals are avoided. Among other observations, we base that view on the still very low positioning in Silver and Gold of the so-called "money managers" long positions (mainly hedge funds) at the US futures exchange Comex (panel 3, showing according Silver data); the open-interest level is at extreme low levels, too, reflecting only little interest in this metal (panel 2).



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Regarding a looming short squeeze in Silver, discussed in the previous *Outlook*, we update as follows:

The ready-for-delivery part of the Comex-warehouse, the registered category, showed a historic low level of inventory ahead of the December delivery month. We argued that should long-holders convert their futures into physical Silver (as opposed to do a “roll-over”), there would potentially not be enough ounces to honor their delivery claims, potentially causing a major buying panic.

As it turned out by the first-notice-day (November 29), 4’648 contracts remained open, corresponding to 23’240’000oz of Silver. By December 3, already 2’313 contracts were stopped – meaning they got delivered. It should be noted that investors seeking for immediate physical Silver can continue to buy into the outgoing December contract through December 28 (last trading day); thus far, an additional 221 contracts have been bought.

However, here comes the strange part:

Normally, out of the 11’565’000oz of Silver already delivered (2’313 ctr) through December 2, nothing can be traced back to the “registered category” that even increased by over 1.2mio oz...instead of falling!

One explanation we could offer is related to the largest Silver-ETF, SLV, where only authorized participants (AP) can ask for conversion of their shares into standard Silver bars (1’000oz). Effectively, the number of shares issued has decreased by 4.2mio (4.2mio oz) and we speculate that APs (mainly banks and brokers) redeemed SLV-shares into physical Silver as to honor their delivery obligations at the Comex.

That would make sense as an almost 10% increase in the spot price of Silver since the first-delivery date should have yielded in more, and not less, SLV-shares issued! As a further irony we may add that SLV shows a short position of over 54mio oz on its own – all a big Ponzi scheme on the short side? ([link here](#))

In any case, it is hard to dismiss a big stress in physical Silver that should translate into upside pressure of spot prices going into year-end. Thus far, Silver miners have percentage-wise reacted in line with the underlying – should Silver prices remain firm in the weeks ahead, as we expect, then there should be a massive catch-up in the miners and especially so in the junior and exploration names.

The ME-Fund is positioned to fully benefit from such a development.

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