Metals Exploration Fund (class CHF)

Hidden Values in the Ground

FACT SHEET as of end of February 2023

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.

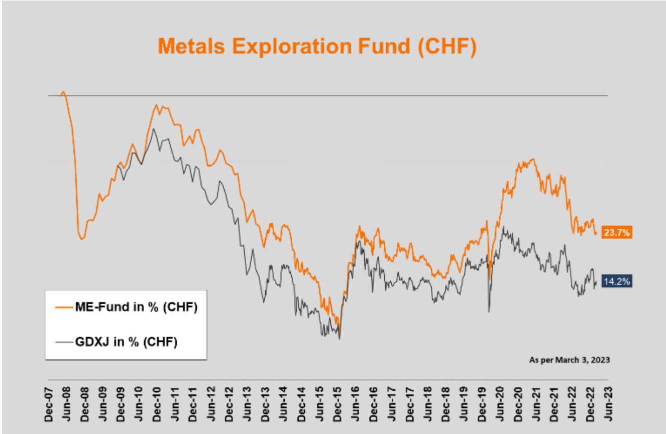
General Fund Information

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

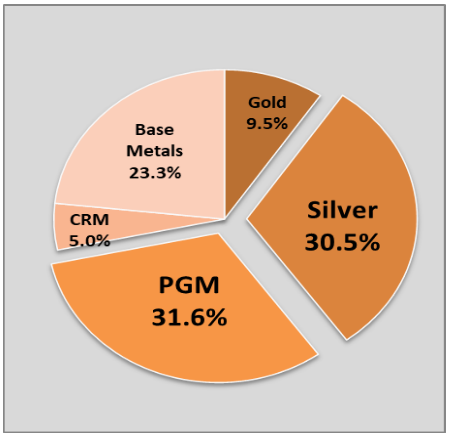


Portfolio Structure

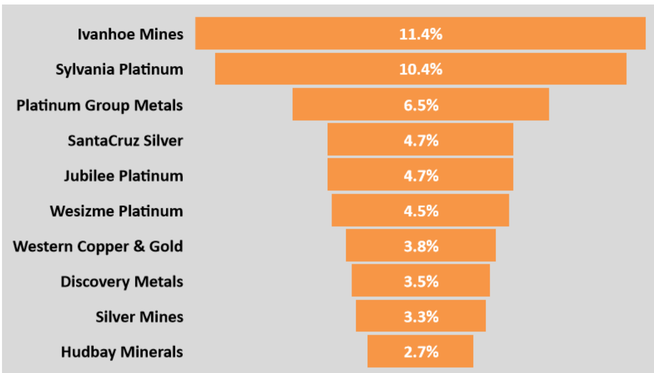
Stock Listings

Australie	**9.8%**	**Canada**	**67.7%**
South Africa	**7.4%**	**UK**	**15.1%**

Metals Allocation



10 Top Holding



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Performance & Risks

NAV as of 03.03.2023	CHF 114.31
Fund since inception	23.72% (*)
Fund (ytd)	-5.87%
Units in circulation (rounded)	397’002
Fund size (rounded)	CHF 45’382’101
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	-5.10	**-31.11**
2023	**3.61**	**-9.15**											**-5.87**

(*) 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 2023 (*)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ytd
Gold	**17.7**	**10.9**											30.5
Silver	**-0.9**	**-28.2**											-28.9
PGM	3.6	-15.8											-12.8
CRM	7.6	2.7											10.6
BM	2.4	-4.8											-2.4
Average	*6.1*	*-7.0*											*-1.4*

(*) 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
	38.7	46.3	7.6	7.4	0.0

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Investment Strategy

Outlook

The divergence between fast growing industrial demand for metals and their respective price performance could not be more apparent. This situation is equally counter-intuitive and frustrating. But at the same time, it reminds us of similar episodes in the past: As an example, between 2014-15, demand for lithium started to accelerate strongly, there while stock prices of those miners continued to trade lower until investors woke up and lifted those share prices to almost stratospheric levels (times 10-25 from lows to highs) in the following 12 months.

Today, we see a very similar pattern in Silver and Platinum…

In last week's mailing, we discussed about the impact of an ever-growing demand pattern for **Silver** stemming from the photovoltaic panel industry (PV) that should last at least through 2030. Over the same time span, mining output is unlikely to increase substantially (as a reminder, 70% of Ag-supply comes as a by-product from Gold-, copper- and zinc mines that face declining ore grades). Based on various PV-analysts, by 2026 this industry alone could absorb 40-45 % of annual Silver supply, what compares to some 15% in 2022 (related article here)! Next to the PV-industry, demand growth from e-mobility and 5G antennas should neither be neglected. Said differently – the Silver deficit last year is likely to get much bigger in the foreseeable future and this gap must lift prices much higher, all else being equal.

Platinum is the other metal that performs badly, pricewise, although the supply-demand situation would argue otherwise - we quote a Reuters article as follows:

A global deficit of platinum in 2023 will be deeper than previously expected due to strong industrial demand, the World Platinum Investment Council (WPIC) said in a quarterly report on Wednesday, adding that the shortage could persist for years.

Demand for platinum, also used in vehicle exhausts and jewellery, is forecast to grow by 24% this year as some of the auto sector is replacing palladium with cheaper platinum and demand for bars and coins is improving, the WPIC said.

Due to power supply risks and operational challenges, the global supply is expected to rise only by 3% in 2023, leaving the market with a deficit of 556,000 troy ounces compared with the previously expected deficit of 303,000 ounces, the WPIC added.

The geopolitical situation is very supportive for metals, too (likely equally bullish for energy and food), with western countries (e.g., USA, EU) on one side and the remainder of the world on the other. We expect each bloc to build strategic reserves as to lower economic dependency from the other.

In this respect here a statement from Robert Friedland, founder of Ivanhoe Mines: *Canada's crackdown on Chinese investment in critical minerals will make it harder for miners to produce the metals needed for the global energy transition. "We're going to be deprived of all this Chinese capital in all these junior mining companies," the billionaire mining magnate told a packed auditorium in Toronto on Sunday.*

One of the key arguments hindering the metals space to move higher is still prevalent restrictive monetary policy by most central banks. Just this week, we listened to Fed-chair Jerome Powell who seems to do *whatever it needs* to restore confidence in his institution. In his speech, he even asserted that the massively higher interest rate costs his Government must pay on its outstanding USD 31.5 trillion is not considered in the Fed's policy… Is the US central bank equally ignoring the exploding interest costs household must pay on their debt that will lead to a subsequent cutback of discretionary spending (consumption making 70% of GDP)? Or does the Fed even wait for an accident to happen in financial markets that would allow to reverse course without losing face?

All we can say is that the current super-tight Fed monetary policy is unsustainable. On aggregate, the US is most leveraged country, worldwide, and higher rates must and will bring the country down to its knees, eventually. Till then, we continue to be on alert for corresponding signals.

We remain strongly convinced that once the exogenous factors currently weighing on metals and their miners start waning, a rapid price adjustment will materialize to reflect fundamentals (e.g., very cheap valuations).

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