The Rare Earth Elements Fund (CHF)

Metals of the Future – Vitamin of Modern Industry

FACT SHEET as of end of December 2022

Fund Description

The Rare Earth Elements Fund (CHF) is a sub-fund of the Rare Earth Elements Fund, which is a niche fund under Swiss law that invests worldwide in companies with activity in mining, refining, and manufacturing, recycling and trading of Rare Earth Elements. By respecting a Mine to Market concept, the fund promises to benefit from the whole value chain.

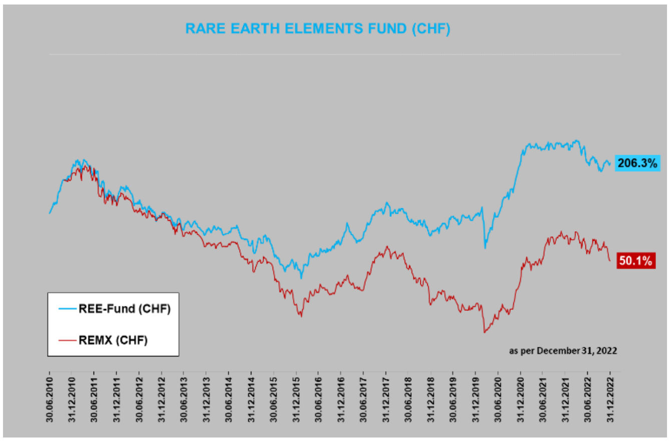
General Fund Information

Investor Profile	Public
Fund Name	Rare Earth Elements Fund (CHF)
Fund Type	Swiss contractual umbrella fund, classified as "other traditional investment fund"
Domicile	Switzerland
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	July 2, 2010
Financial Year	1 January – 31 December
Subscription	Weekly, cut-off Wednesday 17h00
Redemption	Weekly, cut-off Wednesday 17h00+1week
ISIN	CH0111943673

Additional Information

Nominal per Unit	CHF 100
Management Fees	1.50% p.a.
Hurdle Rate	10% p.a, cumulative
Performance Fees	20% of the outperformance realized above the Hurdle Rate with principle of High Watermark
High Watermark	Yes
Max. Admin. Fees	0.45% 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	Paid to Investors
Publication of NAV	Agefi, Geneva Swiss Fund Data AG www.caceis.ch

Performance Graph

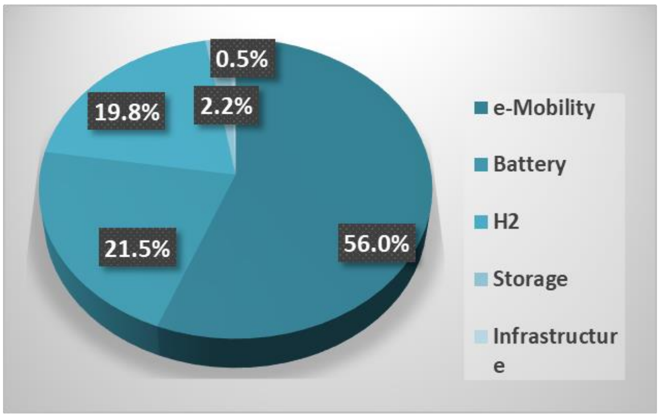


Portfolio Structure

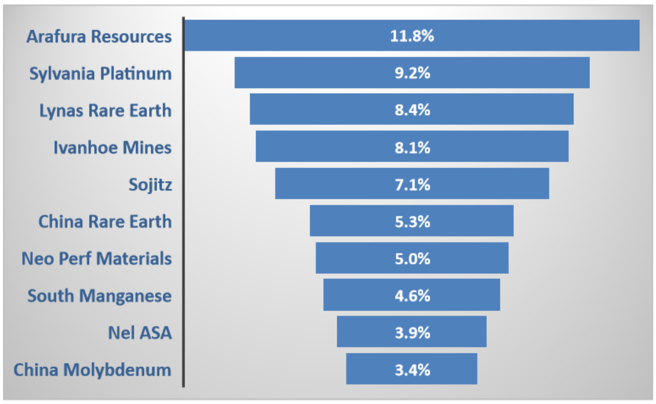
Country Allocation

Australia	28.1%
Canada	24.7%
China/Hongkong	14.3%
Europe	11.6%
Japan	9.5%
UK	11.8%

Sub-Sector Themes



10 Top Holdings



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Manager Report as of end of December 2022

Performance & Risks

NAV as of 31.12.2022	CHF 206.30
Fund since inception	106.30%
Fund (ytd)	-23.85%
MSCI-World in CHF since inception	134.35%
MSCI-World in CHF (ytd)	-16.20%
Units in circulation	240’537
Fund size	CHF 49’613’075

Monthly Returns (%)

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Total
2010	-	-	-	-	-	-	11.20	3.96	27.16	9.73	3.78	15.59	93.50
2011	2.02	5.42	-1.30	2.63	-5.27	-8.46	0.16	-14.15	-20.29	9.02	-4.47	-9.58	-39.02
2012	19.92	-0.71	3.35	-8.61	-13.11	-0.95	-5.52	-6.58	4.46	-3.22	-8.64	3.22	-18.56
2013	1.66	-2.87	-6.11	-5.72	6.79	-12.93	13.96	-8.20	8.81	-9.00	-4.94	-1.56	-21.23
2014	1.98	6.99	-4.24	-2.15	-4.65	1.36	7.09	0.00	-9.86	-4.85	-0.58	-7.32	-16.38
2015	-11.53	23.21	-6.81	11.04	-4.48	-18.04	-7.69	-8.14	-10.13	7.98	10.65	-3.93	-22.75
2016	-10.02	-2.73	8.18	17.93	-0.55	-0.92	5.76	0.00	3.51	5.09	3.55	0.00	31.08
2017	18.88	6.43	-9.62	-7.09	-2.06	5.85	16.86	8.61	8.82	5.23	-0.10	8.29	73.17
2018	-4.14	-6.30	-0.50	4.13	-3.10	-8.69	-3.83	-0.68	0.11	0.57	-5.80	-11.84	-34.23
2019	6.71	4.11	2.47	0.60	10.53	2.38	-6.03	-2.02	10.10	-1.88	-4.68	8.47	33.29
2020	-1.54	-4.70	-27.82	22.31	14.76	4.76	13.21	14.31	3.27	4.02	26.65	23.15	115.93
2021	10.19	13.78	-1.40	1.89	-2.80	-1.32	5.75	2.20	-7.80	9.33	-5.64	3.83	28.94
2022	-7.94	4.85	10.13	-10.00	-1.12	-18.45	5.26	-6.09	-10.07	1.61	13.77	-3.96	-23.85

Forex Exposure (net in %)

AUD	CAD	DKK	EUR	GBP	HKD	JPY	NOK	Ref-ccy CHF
34.7	24.7	1.4	5.5	4.9	9.4	9.5	4.5	5.4

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Manager Report as of end of December 2022

Investment Strategy

<u>Review</u>

We are looking back to a very strange and challenging 2022 in financial markets with two key drivers responsible – the Ukraine-crisis and the central bank aggressive tightening cycle. The first provoked psychological stress with heightened fear for military conflicts spreading among European countries and beyond; the latter ringed in the end of zero or minus interest rates policy and a massive drain of liquidity.

The initial expectation of shortages of critical raw materials (CRM) due to geopolitical turmoil, pushing those prices higher and lifting share prices of producer companies, was short-lived only. Truth be said, seldom important conflicts and wars are negative for economic activities and therefore for stock markets – at least historically. We therefore think that the Ukraine crisis is hardly the chief cause for the last year's financial market meltdowns.

Rather, the massive withdrawal of liquidity (a measure by central banks to lower economic activity and inflation after ignoring rapidly rising prices for more than 1 year…) provoked a selloff in bonds, equities, cryptos and even some commodities (crude oil dropped closed to 50% since its peak in February). As mentioned above, even CRM equities got beaten down even though renewable energies (with goal to becoming less dependent on foreign hydrocarbons) had been put on the top of many political agendas.

The REE-Fund closed minus 23.85% for 2022. That result leaves us with mixed feelings of outright disappointment as the arguments above did not deliver the expected outcome at all and a cautious satisfaction that our fund at least generated a 5.95% outperformance compared to the peer product (REMX ETF).

<u>Outlook</u>

We base our 23' outlook on the current state of affairs and do ignore the arbitrariness of any external factors that may adversely affect our expectation during the course of time; that said, the elements that interfered in 2022 are most likely discounted in current stock prices anyway.

Therefore, we anticipate that investments, sales, and profits in CRM-related industries are likely to pursue their high, and in some cases exponential, growth rates this year again and likely lasting well beyond 2023. Almost all players along the value chain should benefit:

- Producers (miners) potentially offering the highest returns given their leverage to generally rising CRM-prices.
- Neglected refiners and processors getting rediscovered by investors due to their very depressed valuation.
- Manufacturers holding the status of the classical growth stories.
- Traders benefitting from their unique position in a non-regulate and volatile over-the-counter market.

Our preferred CRMs remain some *Rare Earth Elements* (Neodymium, Praseodymium, Terbium and Dysprosium), the classical key input to rare-earth magnets needed in the motors and generators of electric and hybrid vehicles, wind turbines, and a variety of other clean energy applications.

We also continue to like some battery materials that should play an increasing importance but are largely dismissed by investors – as examples, we think of Manganese used as a cathode material in e-car batteries or Vanadium used in long duration energy storage solutions.

Finally, we reiterate Platinum's unique role in hydrogen technologies (H2) - whether it is in some forms of electrolyzer modules (transforming current into H2 during periods of abundant electricity from solar or wind production) or in fuel cells (re-transforming H2 back into electricity when needed).

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The H2-industry still stands at its infancy and could become investors' preferred story in 2023 – this theme offers all ingredients for the making of a new narrative: growth expectations ranging from large to super large; support from society and politics to solve current problems; practical and ready solutions from industry leaders; and, very importantly, a certain form of mystic wherein everybody can build his own scenario.

We lived through many periods of alternating investors' preferred themes. They normally last for 1-2 years before a new theme/narrative takes over. As an example, think of the Cannabis euphoria in 2020 where within less than 12 months some of these stocks exploded by 10x, 20x or more. But only over the years one can claim if a particular story stood the test of time.

Critical raw materials, deeply embedded into the energy transition narrative, have definitely passed this test but nevertheless undergo volatile market phases. Large setbacks are rather common in the beginning of a secular uptrend and challenge the steadiness of market participants – a current example is shown below (Lithium ETF), off 40% from its high in November 2021:

Hydrogen stocks (fuel cell and electrolyzer manufacturer) saw their previous top back in Jan-Feb 2021 and have since lost some 65%, on average.
But apart from lower valuation of these H2-stocks, the real H2-economy has never been more vibrant. Over the course of last year, we shared (mainly through our weekly mailings) numerous astounding developments and news that confirm that the H2-story is well alive. Nevertheless, and given the mentioned losses in H2-equities, investors' previous euphoria has meanwhile traveled to skepticism and the general interest has largely disappeared. What a great opportunity!

In conclusion, we would like to emphasize that CRM-related investments are made of many different sub-material groups. It is important to repeat that each one undergoes its own cycle and, as active managers, it remains our prime task to expose the REE-Fund in a way to continue to outperform peer products in the future.

Given the very promising outlook for this year in renewable energy, e-mobility and energy storage it is hard for us to list other risks than unforeseeable, exogenous events.