

# The Rare Earth Elements Fund (CHF)

Metals of the Future – Vitamin of Modern Industry

FACT SHEET as of end of

October 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.

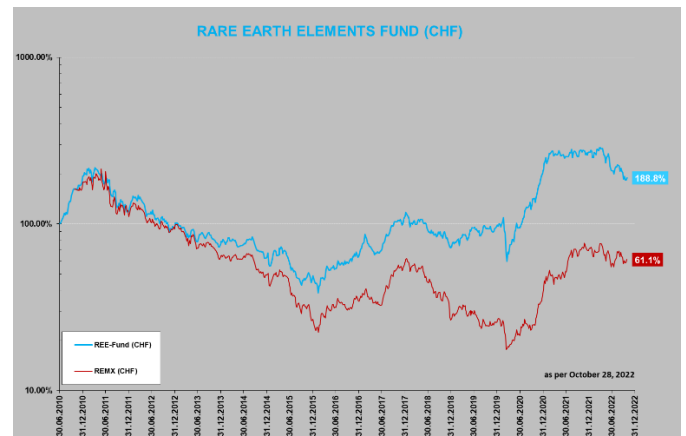
## General Fund Information

<b>Investor Profile</b>	Public
<b>Fund Name</b>	Rare Earth Elements Fund (CHF)
<b>Fund Type</b>	Swiss contractual umbrella fund, classified as "other traditional investment fund"
<b>Domicile</b>	Switzerland
<b>Tax Transparency</b>	In Germany and Austria
<b>Asset Manager</b>	Dolefin SA, CH-Nyon
<b>Custodian</b>	Banque Cantonale Vaudoise, CH-Lausanne
<b>Fund Mgmt Company</b>	CACEIS (Switzerland) SA, CH-Nyon
<b>Auditor</b>	KPMG, CH-Geneva
<b>Inception Date</b>	July 2, 2010
<b>Financial Year</b>	1 January – 31 December
<b>Subscription</b>	Weekly, cut-off Wednesday 17h00
<b>Redemption</b>	Weekly, cut-off Wednesday 17h00+1week
<b>ISIN</b>	CH0111943673

## Additional Information

<b>Nominal per Unit</b>	CHF 100
<b>Management Fees</b>	1.50% p.a.
<b>Hurdle Rate</b>	10% p.a, cumulative
<b>Performance Fees</b>	20% of the outperformance realized above the Hurdle Rate with principle of High Watermark
<b>High Watermark</b>	Yes
<b>Administrative Fees</b>	0.45% p.a.
<b>Load-up Fees</b>	Maximum 2%
<b>Redemption Fees</b>	0.50% (goes to the Fund)
<b>TER</b>	2.25% p.a. (expected)
<b>Initial NAV</b>	CHF 100
<b>Dividends</b>	Paid to Investors
<b>Publication of NAV</b>	Agefi, Geneva Swiss Fund Data AG <a href="http://www.caceis.ch">www.caceis.ch</a>

## Performance Graph

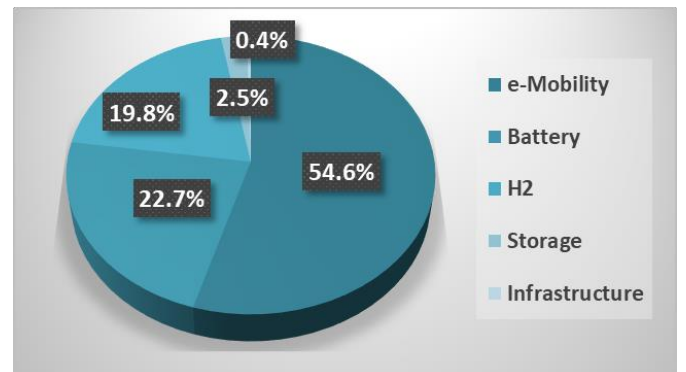


## Portfolio Structure

### Country Allocation

<b>Australia</b>	28.9%
<b>Canada</b>	27.7%
<b>China/Hongkong</b>	11.9%
<b>Europe</b>	10.1%
<b>Japan</b>	9.3%
<b>UK</b>	12.1%

### Sub-Sector Themes



### 10 Top Holdings

<b>Arafura Resources</b>	9.9%
<b>Lynas Rare Earth</b>	9.7%
<b>Sylvania Platinum</b>	9.1%
<b>Ivanhoe Mines</b>	8.6%
<b>Sojitz</b>	6.4%
<b>Neo Perf Materials</b>	6.3%
<b>China Rare Earth</b>	4.8%
<b>South Manganese</b>	4.1%
<b>Nel ASA</b>	3.9%
<b>Platinum Group Metals</b>	3.7%

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### Performance & Risks

NAV as of 28.10.2022	CHF 188.80
Fund since inception	88.80%
Fund (ytd)	- 30.31%
MSCI-World in CHF since inception	146.98%
MSCI-World in CHF (ytd)	-11.68%
Units in circulation	242'602
Fund size	CHF 45'797'417

### 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			-30.31

### Forex Exposure (net in %)

AUD	CAD	EUR	GBP	HKD	JPY	NOK	Ref-ccy CHF
41.7	27.6	5.4	-0.5	5.5	9.2	4.6	6.5

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### Investment Strategy

#### Correction likely over

Performance of the critical raw materials sector (CRM) suffered hefty losses during September. During the reporting period, however, many stocks related to the REE-Fund saw nice rebounds and have regained levels seen end of September.

Reasons why September has been that bad are manifold:

- Forced liquidation
  - Due to losses in all asset classes
- Turmoil around the UK issues
  - Turn-down of Truss' economic plan and her step-down as Prime Minister
  - Pension plan scandal
- Continued monetary liquidity restraints among western central banks
- Seasonal weakness

Most of those factors got resolved during October and towards the end of last month we got signals out of Beijing that their restrictive Covid-regime may be ending what immediately lifted their stock market higher.

In our previous *Investment Strategy* we discussed the fact that even long-term growth stories undergo deep and painful corrections from time to time (we used *Cisco* as an example); we finished by saying that CRM-stocks are just in one of those episodes and should resume their secular uptrends once the correction ends.

Here a reminder why we are so confident:

Whether we talk about renewable energies, e-mobility, energy storage or even defense, the CRM-companies deliver the key products to allow these industries to function. That longstanding view, highlighted during many years already, has been recognized by politicians as geopolitical issues around the world have come to the forefront.

In this respect, here a statement from *Australian Resources Minister, Madeleine King*, in an interview with Bloomberg wherein she called the idea of ending Western nations' reliance on Beijing for the critical minerals a "pipe dream".

Related to China she stated: *"That's a country that has seen this need coming and made the most of it,"* and further added *"...this won't stop Australia and the US from cooperating to boost investments into the minerals that are vital for the defense, aerospace, and automotive sectors in order to break Beijing's monopoly on global supply chains..."*

We remain also pretty sure that the large public is still underestimating the upside potential of CRM-related companies and are therefore underinvested in this theme.

Ongoing robust quarterly results (e.g., *Lynas* with +/- 50% EBIT-margin) are likely to change current investors' awareness and ring in the next big upleg in CRM-stocks; the mining stocks still offer the biggest upside potential in our view!

The REE-Fund is extremely well-positioned to benefit from the expected boom.