

Investor Report

31 December 2023

Golden Prospect Precious Metals Limited

Key Fund Facts¹

Fund Managers	Keith Watson Robert Crayfourd
Launch Date	December 2006
Total Gross Assets	£35.63m
Reference Currency	GBP
Ordinary Shares	Net Asset Value: 36.63p Mid-Market Price: 29.50p
Gearing	12.6%
Discount	(19.46%)
Ordinary Shares in Issue	85,503,021
Annual Management Fee	1.25% on assets up to £20 million 1.00% on assets greater than £20 million
Bloomberg	GPM LN
Sedol	B1G9T99GB
Year End	31 December
Contact Information	contactncim@cqsm.com
Company Broker	Cavendish Capital Markets Limited 020 7220 0500
Annual Report and Accounts	Published April
Investor Report	Monthly Factsheet
Results Announced	Finals: April Interims: October
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Results Announced	Finals: April Interims: October



Keith Watson and Robert Crayfourd
Portfolio Managers

Fund Description

The objective of the Golden Prospect Precious Metals Fund is to provide investors with capital growth from a group of companies in the precious metals sector.

Key Advantages for the Investor

- Access to under-researched mid and smaller companies in the precious metals sector
- Potential inflation protection from precious metals assets
- Low correlation to major asset classes

Ordinary Share and NAV Performance²

	1 Month (%)	3 Months (%)	1 Year (%)	3 Years (%)	5 Years (%)
NAV	4.12	15.55	(3.63)	(44.29)	47.29
Share Price	2.79	24.47	(14.24)	(44.86)	66.20

Commentary³

Strong Precious Metal price momentum of prior months continued into early December with the price hitting an all-time high of \$2,135/oz. This was supported by evidence of easing inflation pressures and an accompanying shift in outlook towards steeper interest rate reductions, notably for the US. This came alongside the geopolitical tension in the Middle East following the Israel-Gaza conflict.

However, US Fed comments that rate cuts were not yet being discussed prompted a sharp retracement in the gold price. Having retreated to \$1,980/oz ahead of stronger-than-expected employment data mid-month, indicative of a more prolonged period of inflation, FOMC minutes confirming the committee's outlook that substantial rate cuts were likely in 2024. This provided support to gold prices, which closed December up 1.3% at \$2,063 for an overall 12.1% gain on the calendar year.

Silver prices traded in a wide band over the month, ranging between \$22.5/oz and \$25.75/oz, though after the spike up into the prior month's end, it closed December down 5.8% at \$23.8/oz.

In physical gold markets, central bank demand remains the primary supporting factor for prices: the latest published World Gold Council data indicated central bank net additions of 337 tonnes in the third quarter, with second-quarter purchase estimates revised upwards to 175 tonnes from 103 tonnes, a record rate of central bank additions. Selling by physically backed gold ETFs, which has previously offset central bank demand and remains an important swing factor for pricing, helpfully slowed during the month.

If higher rates persist, they may begin to drag to economic growth prospects. Should the current 10 year implied rate of 4.6% be applied across the entire US government funded liabilities (totalling \$33.7tn), it would absorb approximately \$1.5tn in debt service payments alone. The reset process will take place over the course of a number of years, with 50% of US Treasuries maturing by end-2027. Without more meaningful growth in total tax receipts, currently running at around \$4.4tn p.a., this will require incremental treasury issuance into a market already pressured by a substantially reduced appetite, notably from China which has continued to reduce its exposure during 2023.

Silver has lagged the move in gold due to the central banks' demand for gold, whilst 50% of silver demand comes from industrial uses that have seen demand soften. The silver weight has been reduced to 15%.

The Fund NAV increased 4.1% over the month, compared to a sterling return of -2% for the GDXJ equity ETF. Producers Calidus Resources and Emerald Resource, together with Canadian explorer TDG Gold, were the main contributors to performance, registering sterling share price gains of 12.8%, 8.1% and 39.2% respectively over the month. Calidus has shown operational improvement as it transitions through to positive free cashflow. The principal detractor to performance was MAG Silver whose share price declined 13.3% in sterling terms.

Source: ^{1,2}CQS as at the last business day of the month indicated at the top of this report. Performance is net of fees and expenses. New City Investment Managers took over the investment management function on 15 September 2008. These include historic returns and past performance is not a reliable indicator of future results. The value of investments can go down as well as up. Please read the Important Information section at the end of this document.

³ All market data is sourced from Bloomberg unless otherwise stated. The Fund may have since exited some / all the positions detailed in this commentary.

Top 10 Holdings (% of Gross Assets)^{1,4}

Name	(% of Gross Assets)
EMERALD RESOURCES NL	11.65
CALIBRE MINING CORP	7.74
WEST AFRICAN RESOURCES LT	5.68
FORTUNA SILVER MINES INC	5.58
WESTGOLD RESOURCES LTD	5.45
ORA BANDA MINING LTD	5.12
CALIDUS RESOURCES LTD	4.38
KARORA RESOURCES INC	4.36
MAG SILVER CORP	3.75
WHEATON PRECIOUS METALS C	2.85

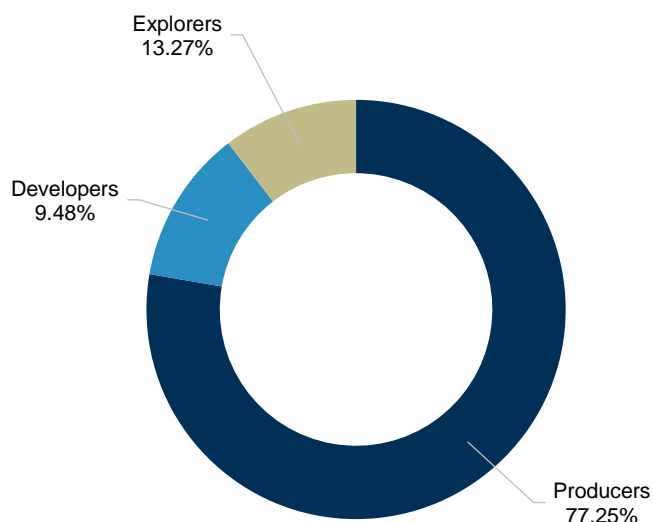
AIFMD Leverage Limit Report (% of NAV)¹

	Gross Leverage (%) ⁵	Commitment Leverage (%) ⁶
Golden Prospect Precious Metals Limited	112	112

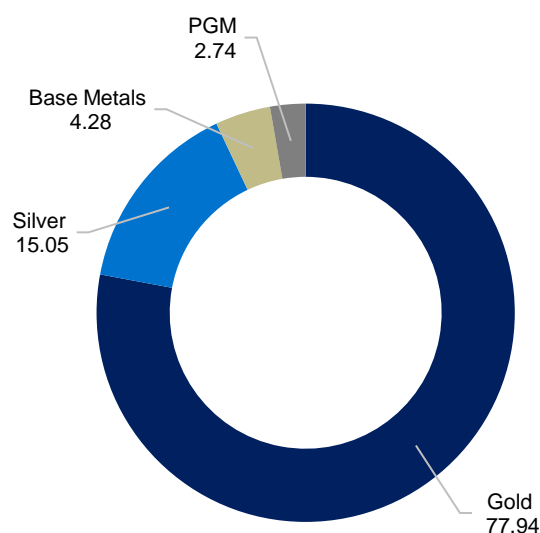
The proposal to create a Subscription Right was approved by Shareholders on 7 December 2022. The first Subscription Right has now expired and the Company has announced a second Subscription Right. The date is on 29 November 2024 and the Subscription Price is 35.94p for each new Share subscribed for. The Subscription period has now begun as the existing shares carry the right to subscribe (on the basis of 1 New Share for every 5 Shares held). We will write to all Shareholders in October 2024 to advise of the process to exercise their Subscription Rights.

Portfolio Holdings Analysis¹

By Type



By Metal



Source: ¹ CQS as at the last business day of the month indicated at the top of this report. Performance is net of fees and expenses. New City Investment Managers took over the investment management function on 15 September 2008. These include historic returns and past performance is not a reliable indicator of future results. The value of investments can go down as well as up. Please read the important legal notice at the end of this document.

⁴ All holdings data are rounded to two decimal places. Total may differ to sum of constituents due to rounding.

⁵ For methodology details see Article 4(3) of Directive 2011/61/EU (AIFMD) and Articles 6, 7, 9 and 10 of Delegated Regulation 231/2013.

⁶ For methodology details see Article 4(3) of Directive 2011/61/EU (AIFMD) and Articles 6, 8, 9, 10 and 11 of Delegated Regulation 231/2013.

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PRI Note:

PRI is an investor initiative in partnership with UNEP Finance and the UN Global Compact. GMv11.

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