IXIOS ENERGY METALS

Monthly report - 31/10/2023

IXIOS Asset Management

Label ISR

Signatory of: PRI Principles for Responsible Investment

INVESTMENT OBJECTIVE

IXIOS ENERGY METALS is a sub-fund seeking long-term performance through exposure to shares on diversified non-precious metals & minerals mining companies. The sub-fund's objective is to outperform the MSCI ACWI Select Metals & Mining Producers ex Energy Metals & Silver IMI (net dividends reinvested) over an investment period of 5 years. The sub-fund promotes environmental, social and governance (ESG) characteristics and invests at least 90% of the portfolio in companies based on internal ESG rating.

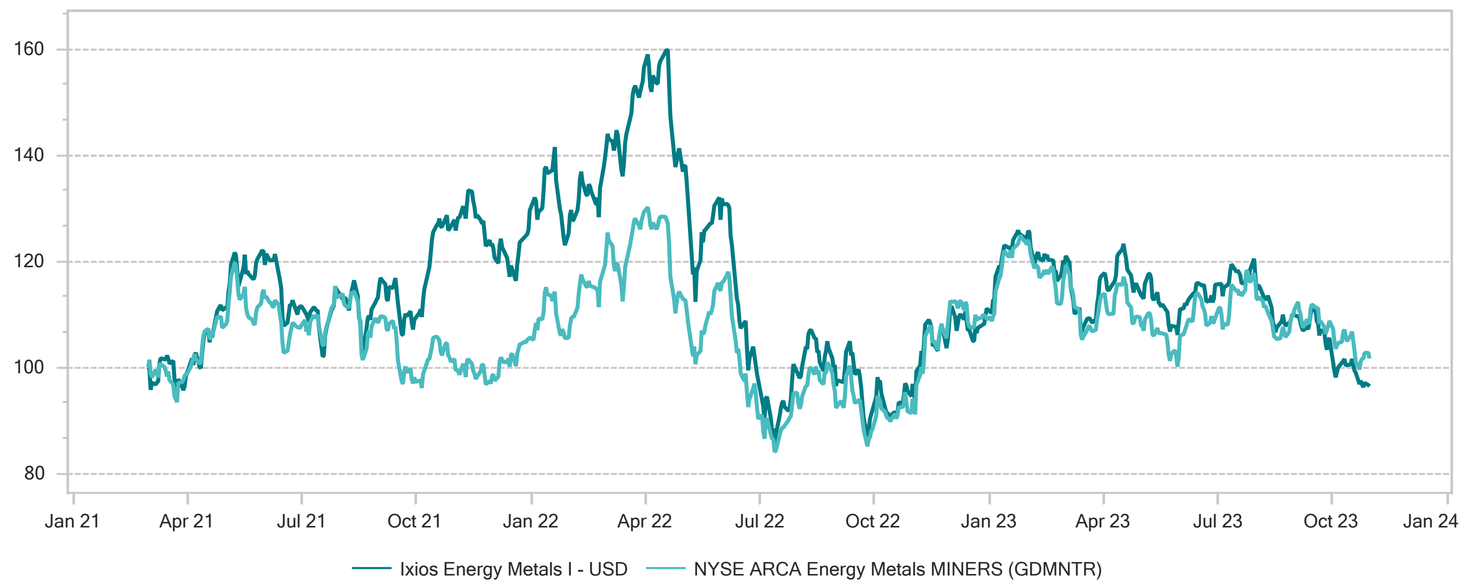
Cumulative Performance (net of fees)	1 Month	YTD	1 Year	Since inception	Since inception relative
Ixios Energy Metals I - USD	-8.63%	-13.20%	2.01%	-3.60%	-5.24%
Benchmark - USD	-6.51%	-6.81%	11.27%	1.63%	-

Fund benchmark is MSCI ACWI Select Metals & Mining Producers ex Energy Metals & Silver IMI (M1WDS1PI)

Cumulative Performance (net of fees)	1 Month	YTD	1 Year	Since inception	Since inception relative
Ixios Energy Metals S - USD	-8.61%	-12.81%	2.54%	-2.21%	-6.39%
Ixios Energy Metals I - USD	-8.63%	-13.20%	2.01%	-3.60%	-5.24%
Ixios Energy Metals P - USD	-8.69%	-13.52%	1.53%	-4.50%	-9.08%
Ixios Energy Metals I - EUR	-8.48%	-12.34%	-4.59%	10.26%	-6.44%
Ixios Energy Metals P - EUR	-8.54%	-12.72%	-5.10%	8.91%	-11.18%
Ixios Energy Metals R - EUR	-8.55%	-12.89%	-5.31%	-28.56%	-22.43%
Benchmark - EUR	-6.37%	-5.95%	4.06%	16.70%	-
Ixios Energy Metals I - CHF	-9.11%	-14.50%	-7.10%	-17.45%	-10.79%
Benchmark - CHF	-7.02%	-8.39%	1.19%	-6.66%	-

Past performance is not an indication of future performance. It may vary over time. Reported performance is net of fees.

HISTORICAL PERFORMANCE



RISK PROFILE SRI

Lower Risk Potentially lower return — 1 2 3 4 5 **6** 7 — Higher Risk Potentially higher return

SUB-FUND FACTS

Fund inception date: 26/02/2021
Recommended investment: > 5 years
Fund domicile: France
Management Company: Ixios AM
Custodian: Société Générale

SHARE-CLASSES FACTS

ISIN Codes:
- S Class: FR0014001BS2
- I Class: FR0014001BT0
- I - EUR Class: FR0014001BU8
- I - CHF Class: FR0014002KJ0
- P Class: FR0014001BV6
- P - EUR Class: FR0014001BW4
- R - EUR Class: FR0014001BX2

Minimum Subscription:
- S Class: USD 15,000,000
- I Class: USD 100,000
- I - EUR Class: EUR 100,000
- I - CHF Class: CHF 100,000
- P & P-EUR & R-EUR Classes: 1 share

Fixed Management Fees:
- S Class: 1.00%
- I & I - EUR & I - CHF Classes: 1.35%
- P & P-EUR Classes: 2.00%
- R - EUR Class: 2.30%

Performance Fees:
15% over benchmark with High Water Mark absolute

MAIN RISKS

The main risks of the UCITS are:
Discretionary management risk;
Equity risk;
Liquidity risk;
Credit risk;
Exchange rate risk;
For more information on the risks, please refer to the prospectus of the UCITS.

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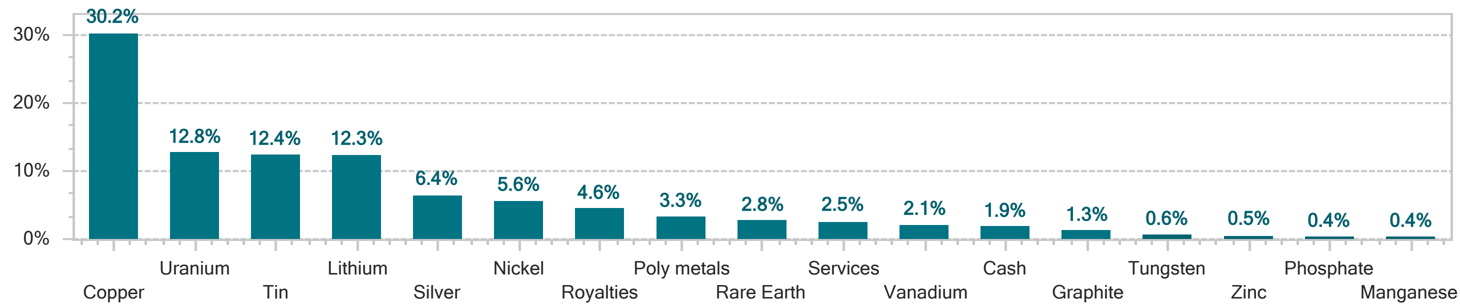
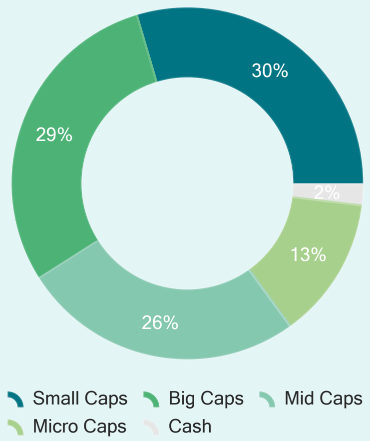
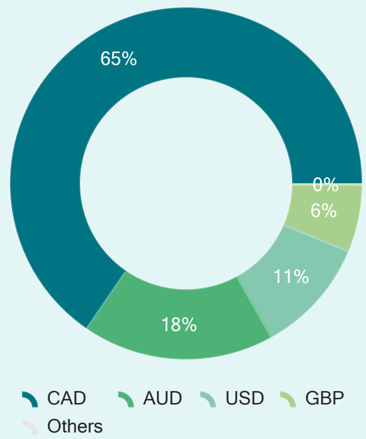
EXPOSURE BY METALS



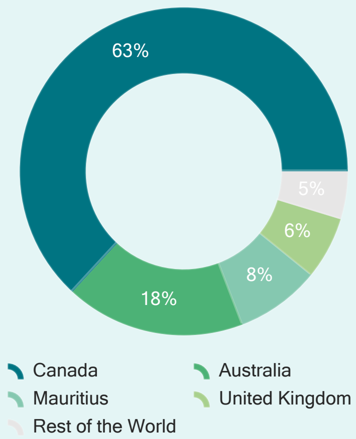
MARKET CAP BREAKDOWN



CURRENCY BREAKDOWN



COUNTRY BREAKDOWN



Micro Caps < $100M <= Small Caps < $500M <= Mid Caps < $1B <= Large Caps

TOP 5 EQUITY HOLDINGS

Company Name	Country	Weight
ALPHAMIN RESOURCES CORP	Mauritius	8.29%
CAMECO CORP	Canada	5.17%
PILBARA MINERALS LTD	Australia	5.00%
IVANHOE MINES LTD-CL A	Canada	4.66%
METALS X LTD	Australia	4.04%
Total		**27.15%**

RISKS INDICATORS

Risk Indicators	1 Year	Since inception
Volatility I - USD	23.01%	28.99%
Volatility - Benchmark	22.57%	25.27%
Tracking Error	10.97%	
Information Ratio	-0.84	

ESG factors are fully integrated into the investment process of Ixios Energy Metals fund through best-in-universe approach. ESG reporting is available on our website for more information.

ESG Indicators	Fund		Universe	
	Score	Coverage Ratio	Score	Coverage Ratio
Board Independence (%)	66%	100%	47%	98%
Female Executives (%)	17%	91%	14%	96%
Code of Business Ethics (Y/N)	89%	100%	49%	57%
Carbon Intensity (tCO2 / M$ sales)	49	14%	286	16%
UN Global Compact Signatories (#)	7	100%	74	70%

Source: Ixios AM

Disclaimer

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The prospectus and the list of the countries for distribution to non-professional investors are available from the investment management company upon request. In particular, the investment sub-funds cannot be offered or sold, directly or indirectly, in the United States or to or for the benefit of a US PERSON, according to the definition of «regulation S». The contents of this document cannot be reproduced, in full or in part, or distributed to third parties, without prior written approval of IXIOS Asset Management.

David FINCH,
Lead Fund Manager

Renaud TEMFACK,
Assistant Fund Manager
& ESG Specialist

MANAGEMENT TEAM COMMENTARY 1

In October your fund fell by 8% in a metals and mining market that was under sustained downward pressure.
It looks as if this was a final surrender by generalists and things have improved so far in November.

Copper

While there is persistent chatter of a surplus in the copper market in 2024, events of the past six weeks have made this increasingly unlikely in our view. The problems experienced in Panama by First Quantum alone could put the market into deficit next year. Panama has revoked the agreement reached with the company about revenue sharing metrics in the face of a huge popular movement against the mine which inspired demonstrations and strikes which have paralysed the country's economy. A blockade of the Cobre Panama mine, which was set to produce 1.5% of global demand in 2024, has forced the company to dramatically reduce concentrate production. It seems unlikely that new negotiations will commence with the government until after the presidential elections in May 2024. In the next few weeks the Supreme Court of Panama will give its opinion on a number of private law suits against the mine which could result in the withdrawal of the operating license and a cessation of production if the decisions go the wrong way for the company.

Meanwhile, Codelco, the Chilean national company which is the largest producer in the world, published an update at the end of last month on its year to date production. Copper output dropped 8.5% and mining costs were up 30% y/y. Codelco faces numerous challenges including grade decline, water shortages and the need to make huge maintenance investments, challenges which are unlikely to go away next year.

Lastly, we have the first indications of where copper concentrate smelting charges will be set for 2024. These are negotiated at the Shanghai Metals Week conference which took place last week and it look as if they have settled 10% below the level of 2023. This indicates that Chinese smelters, which refine 55% of the world's copper, are having trouble securing concentrate for next year and have had to reduce charges to obtain supply.

Despite overwhelmingly bearish sentiment towards the metal the price has now rallied 7% from the October lows and we expect this rally to continue through to the end of the year.

Lithium

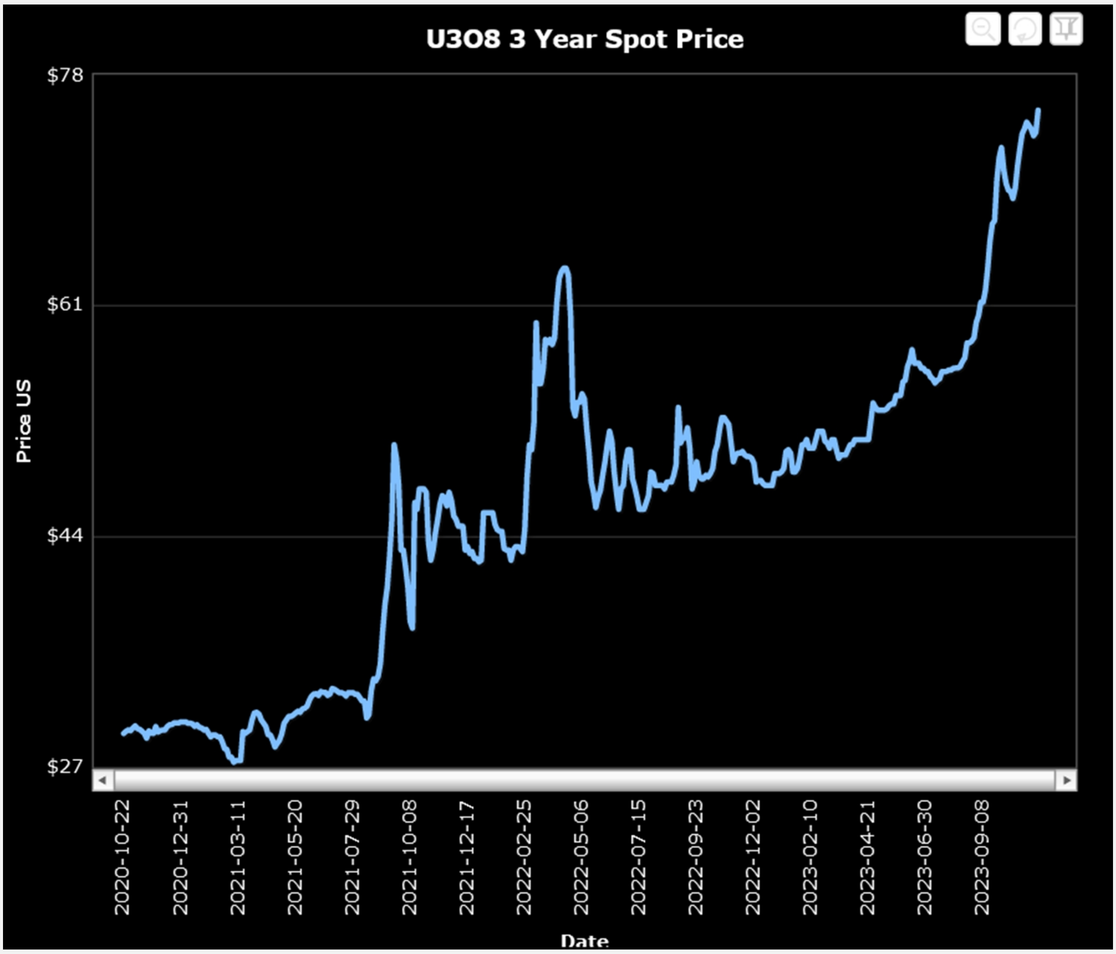
Like me you may have read press articles talking about a decline in EV sales worldwide. This, of course is nonsense. Figures are now in for October and we can see that 10M23 Battery Electric Vehicles growth for the US, China, and Europe came in at 50%, 20%, and 33% YoY, respectively. While Europe has been soft in the past few months due to the expiry of German subsidies, penetration rates in China, by far the largest market have now risen to 36%.

While the lithium price has continued to trade poorly due to the auto industry running down stockpiles accumulated in the 2022 bull market, we are now seeing prices at which miners at the top end of the cost curve (mainly Chinese domestic producers), are falling into loss. This should mark a near-term bottom in the market. Certainly, producers remain very bullish on the medium-term outlook as witnessed by the aggressive M&A taking place in the Australian market at the moment. Auto makers, especially those who are late to the EV market (most European and North American OEMs), are struggling to secure long term supply.

MANAGEMENT TEAM COMMENTARY 2

Uranium

After a brief pause, Uranium has now resumed its charge upwards.



Unlike with copper we do not believe that there is a structural shortage of Uranium over the long term but in the short term there is clearly a growing deficit. Utilities, lured into complacency by a long bear market, are under contracted for their near-term needs and some producers, who relied on spot purchases rather than mined product to meet deliveries have been caught short by the sudden rise in spot prices. There are a number of closed Uranium mines in the world on care and maintenance at the moment that can be brought back into production but this will take 12-18 months to achieve and in the meantime the squeeze will persist.

Outlook

We continue to see evidence that energy transition is not so much about reducing carbon emissions anymore and much more to do with producing energy domestically without relying on potentially unreliable foreign providers of oil and gas. This is particularly the case for China which is exposed to Russia, the Middle East and Australia for 60% of its energy needs.

The geo-strategic drivers of the energy transition are starting to manifest themselves in the form of competition for critical materials and the use of supply chain control as a political and economic weapon. After restricting exports of gallium and germanium in September China has now announced that exports of spheronized graphite – an essential and so far un-substitutable component of EV battery anodes will be subject to restrictions and licensing. China controls about 90% of global production.

In a context where we are far from understanding where the metal will come from to supply the energy transition and an increased strategic incentive to accelerate that transition we continue to believe that competition for critical materials will end up driving metals prices much, much higher. The mining sector today is trading at 2024 E/V EBITDA multiples of 3-4x and high single digit free cash flow yields using today's depressed metals prices. This seems a very cheap price to pay for an exposure to a market that is undoubtedly in long term structural shortage.