IXIOS GOLD

Monthly report - 28/03/2024

IXIOS Asset Management · Label ISR · LUXFLAG Supporting Sustainable Finance · Signatory of: PRI Principles for Responsible Investment

INVESTMENT OBJECTIVE

IXIOS GOLD is a sub-fund seeking long-term performance through exposure to shares of mainly gold and precious metals mining companies. The sub-fund's objective is to outperform the NYSE Arca Gold Miners Net Total Return Index (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 Gold I - USD	25.49%	11.20%	8.19%	94.20%	27.79%
NYSE ARCA GOLD INDEX - USD	19.61%	1.27%	-0.22%	66.41%	-

Cumulative Performance (net of fees)	1 Month	YTD	1 Year	Since inception	Since inception relative
Ixios Gold F - USD	25.31%	11.14%	8.58%	62.80%	29.88%
Ixios Gold S - USD	25.75%	11.49%	8.76%	-11.29%	6.02%
Ixios Gold I - USD	25.49%	11.20%	8.19%	94.20%	27.79%
Ixios Gold P - USD	25.86%	11.40%	7.85%	55.31%	22.58%
Ixios Gold I - EUR	25.18%	13.22%	8.03%	46.29%	24.18%
Ixios Gold P - EUR	26.11%	13.94%	8.19%	47.25%	19.39%
Ixios Gold R - EUR	25.24%	13.10%	7.14%	-16.15%	-6.38%
NYSE ARCA GOLD INDEX - EUR	19.85%	3.58%	0.09%	22.11%	-

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

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 : 29/05/2019
Recommended investment : > 5 years
Fund domicile : France
Management Company : Ixios AM
Custodian : Société Générale

SHARE-CLASSES FACTS

ISIN Codes:
- F Class: FR0013412871
- S Class: FR0013476165
- I Class: FR0013412889
- I - EUR Class: FR0013447737
- P Class: FR0013412897
- P - EUR Class: FR0013447752
- R - EUR Class: FR0014001CT8

Minimum Subscription:
- F Class: Closed to new subscribers
- S Class: USD 15,000,000
- I Class: USD 100,000
- I - EUR Class: EUR 100,000
- P & P-EUR & R-EUR Classes: 1 share

Fixed Management Fees:
- F Class: 0.80%
- S Class: 1.00%
- I & I - EUR Classes: 1.35%
- P & P-EUR Classes: 2.00%
- R - EUR Class: 2.30%

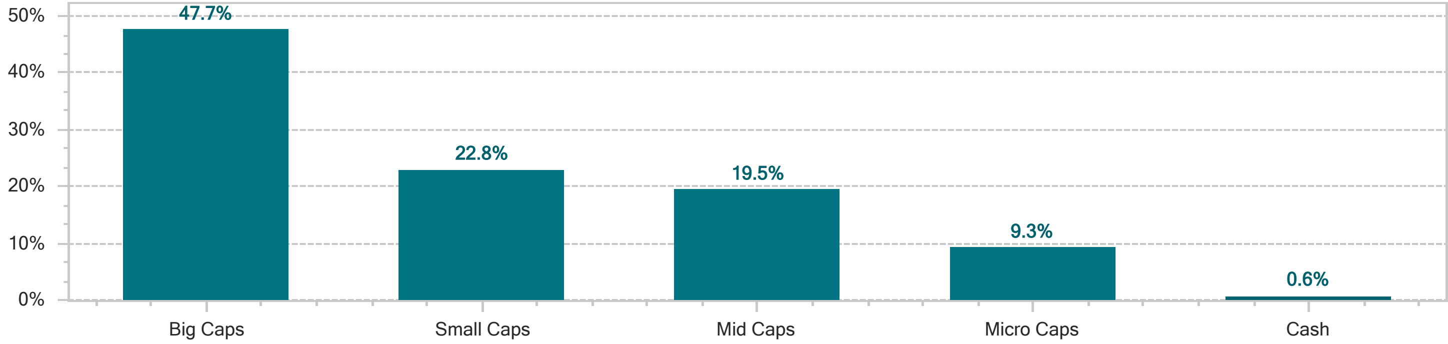
Performance Fees:
15% over benchmark

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.

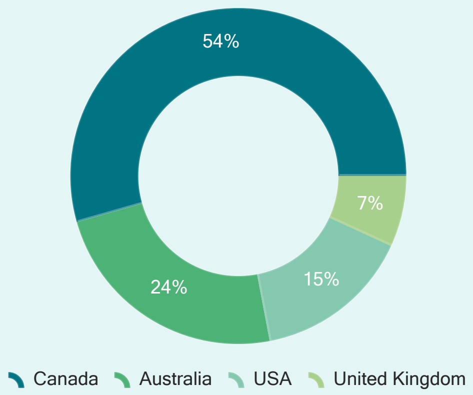
HISTORICAL PERFORMANCE

MARKET CAP BREAKDOWN

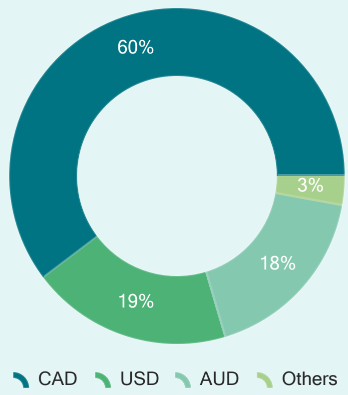


Micro Caps < $100M <= Small Caps < $500M <= Mid Caps < $1B <= Large Caps

COUNTRY BREAKDOWN



CURRENCY BREAKDOWN



TOP 5 EQUITY HOLDINGS

Company Name	Country	Weight
COEUR MINING INC	USA	7.06%
WESTGOLD RESOURCES LTD	Australia	6.60%
OCEANAGOLD CORP	Australia	5.98%
TOREX GOLD RESOURCES INC	Canada	5.01%
ELDORADO GOLD CORP	Canada	4.81%
Total		**29.46%**

RISKS INDICATORS

Risk Indicators	1 Year	Since inception
Volatility I - USD	27.21%	34.05%
Volatility - Benchmark	25.72%	32.90%
Tracking Error	10.06%	
Information Ratio	0.84	

ESG factors are fully integrated into the investment process of Ixios Gold fund. ESG reporting is available on our website for more information.

ESG Indicators	Fund		Universe	
	Score	Coverage Ratio	Score	Coverage Ratio
Board Independence (%)*	**74%**	**97%**	**54%**	**98%**
Female Executives (%)*	**20%**	**93%**	**15%**	**95%**
Code of Business Ethics (Y/N)	89%	97%	58%	73%
Carbon Intensity (tCO2 / M$ sales)	157	39%	364	17%
UN Global Compact Signatories (#)	7	97%	34	94%

* Indicator with Engagement

Source: Ixios AM

David FINCH,
Lead Fund Manager

Renaud TEMFACK,
Assistant Fund Manager
& ESG Specialist

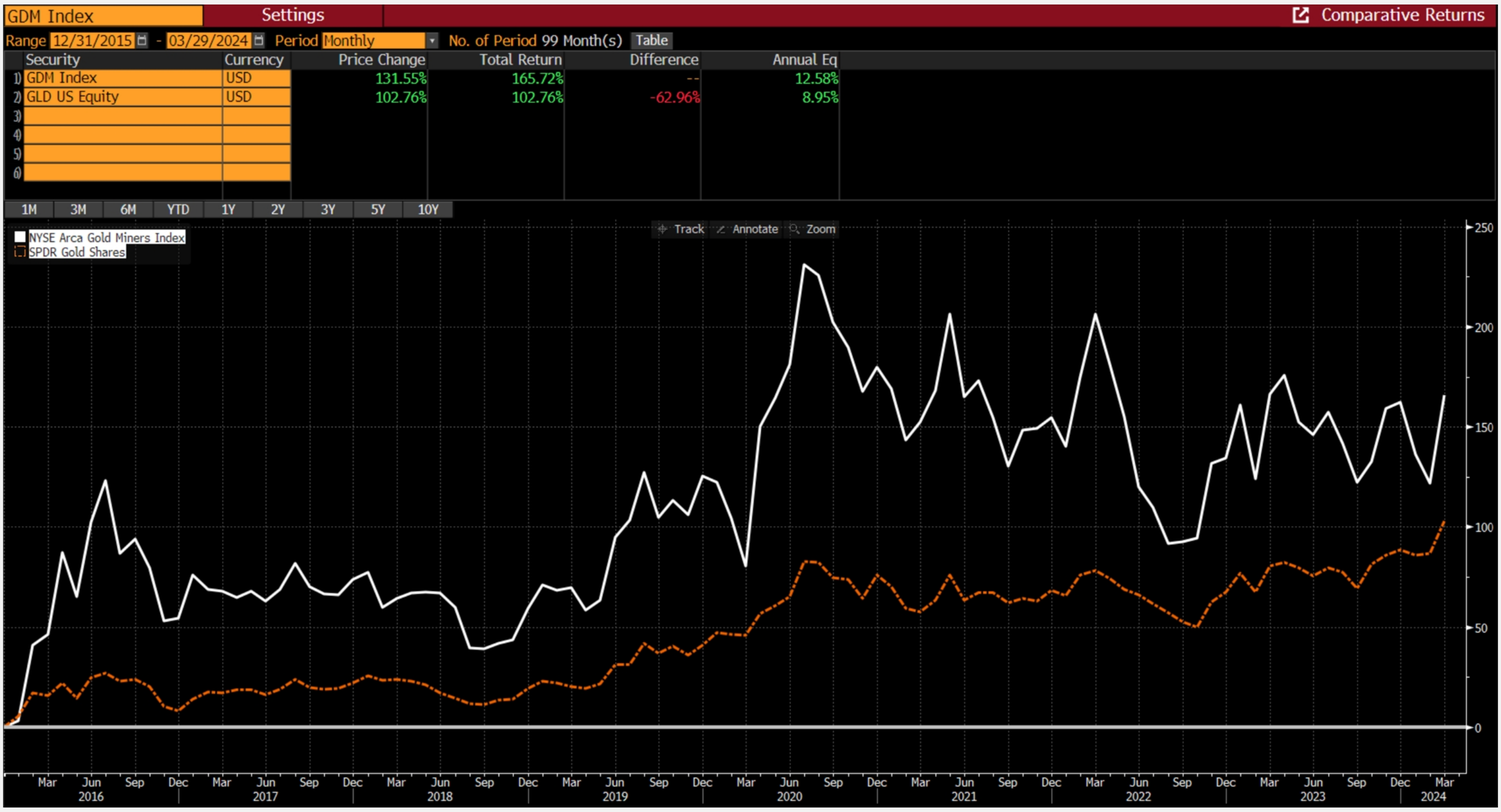
MANAGEMENT TEAM COMMENTARY (1/4)

In March your fund rose by 25.5%. Our benchmark rose by 19.5% and physical gold by 8.5%.

After such an increase I can see your finger hovering over the “Take Profits” button. After all, selling spikes in the gold price has been a good tactic over the past four years, provided that you remembered to buy back on weakness, which most investors didn’t.

Investors, conditioned by the past three years have the impression that gold mining equities underperform gold on a structural basis. This is not true. The chart below shows the performance of gold mining equities – represented by the GDM Index – from the low point in gold at the end of 2015.

Miners have delivered a total return, dividends included, of 165% vs gold at 103%



Source: Bloomberg

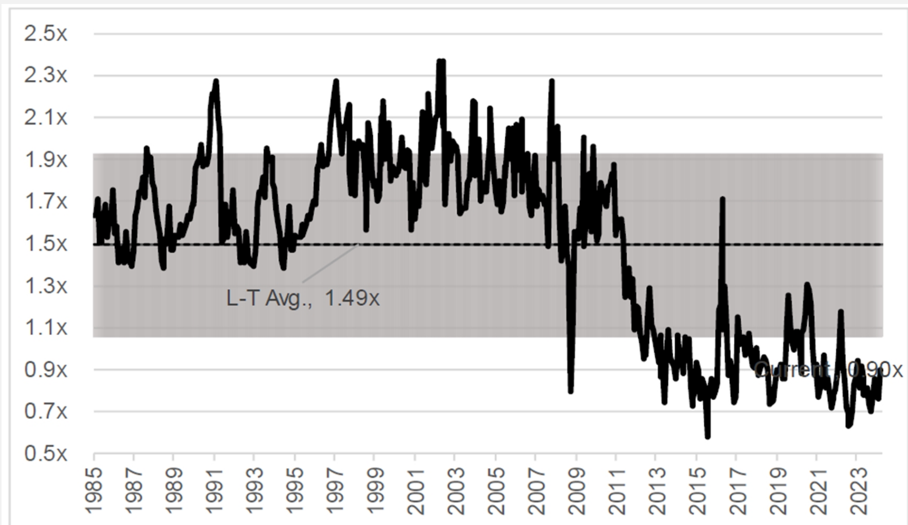
Miners are of course cyclical and their profits depend on the level of costs as well as the gold price. The Covid years have been difficult for our sector. In 2021 and 2022 miners faced a declining gold price and rising costs. They were impacted by inflation in raw material costs and covid related impacts on their supply chain and labour force. Some managed these challenges better than others but in general the sector saw a severe margin compression that resulted in a dramatic underperformance of a declining gold price.

MANAGEMENT TEAM COMMENTARY (2/4)

If we look at the performance of the sector since the low in the gold price at the end of October 2022 we can see that miners have had a tough time winning back investor confidence. They have performed simply in line with gold – a poor compensation for the extra volatility which characterizes the mining sector.

Source: Bloomberg

This has left gold mining stocks on very cheap multiples today. They are trading around 90% of the discounted value of future cash flows using a USD1900 gold price.

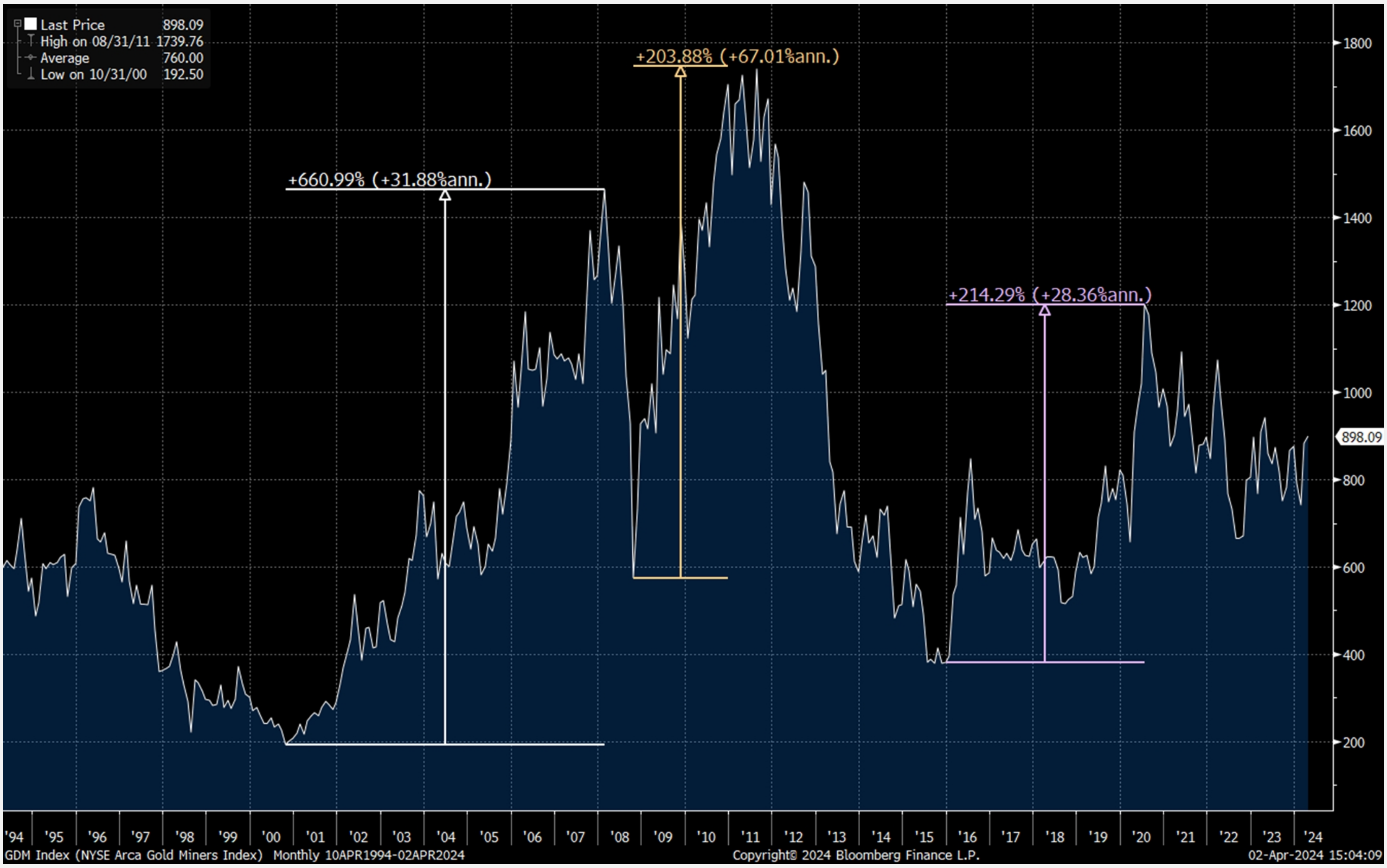


Source: Bloomberg

Reversing the equation and solving for the gold price we can see that the sector is pricing a USD1850 gold price in perpetuity. That's the biggest discount to spot we have ever seen.

MANAGEMENT TEAM COMMENTARY (3/4)

The sector today is up by 35% from its lows. Time to take profits? That is not what history would suggest. Bull markets in the sector tend to be lengthy affairs and if you remain bullish on gold the sector offers some very discounted valuations vs history - points from which we have seen impressive returns in the past.



Source: Bloomberg

We now have annual guidance from most of the sector and we see 2024 costs being broadly flat on 2023. Most analysts are still using 1900 gold (last year's average) in their estimates and use a long term gold price post 2025 of 1600 for the purpose of calculating Net Present Values (NPV) of future cash flows. As we come into the Q1 results season these estimates will need to be updated for something closer to reality. With All In Costs (AIC) for the sector -that's extraction costs and sustaining capital + reserve replacement and growth capex- of around USD 1600/oz. With gold at 2300 Q1 should be a bonanza quarter in terms of free cash flow generation. Our hope is that these results will go some way to restoring confidence in the sector and trigger a much overdue re-rating.

MANAGEMENT TEAM COMMENTARY (4/4)

Finally – a word on your fund. The gold sector is complex and some of its largest and best known companies have been poor custodians of investor capital. Our fund does not own Newmont, Barrick, Agnico Eagle, Franco-Nevada or Wheaton PM – the five largest constituents of our benchmark. These five are the most expensive stocks in the sector as they benefit from a liquidity premium in an illiquid sector and they are not in many cases the best managed companies.

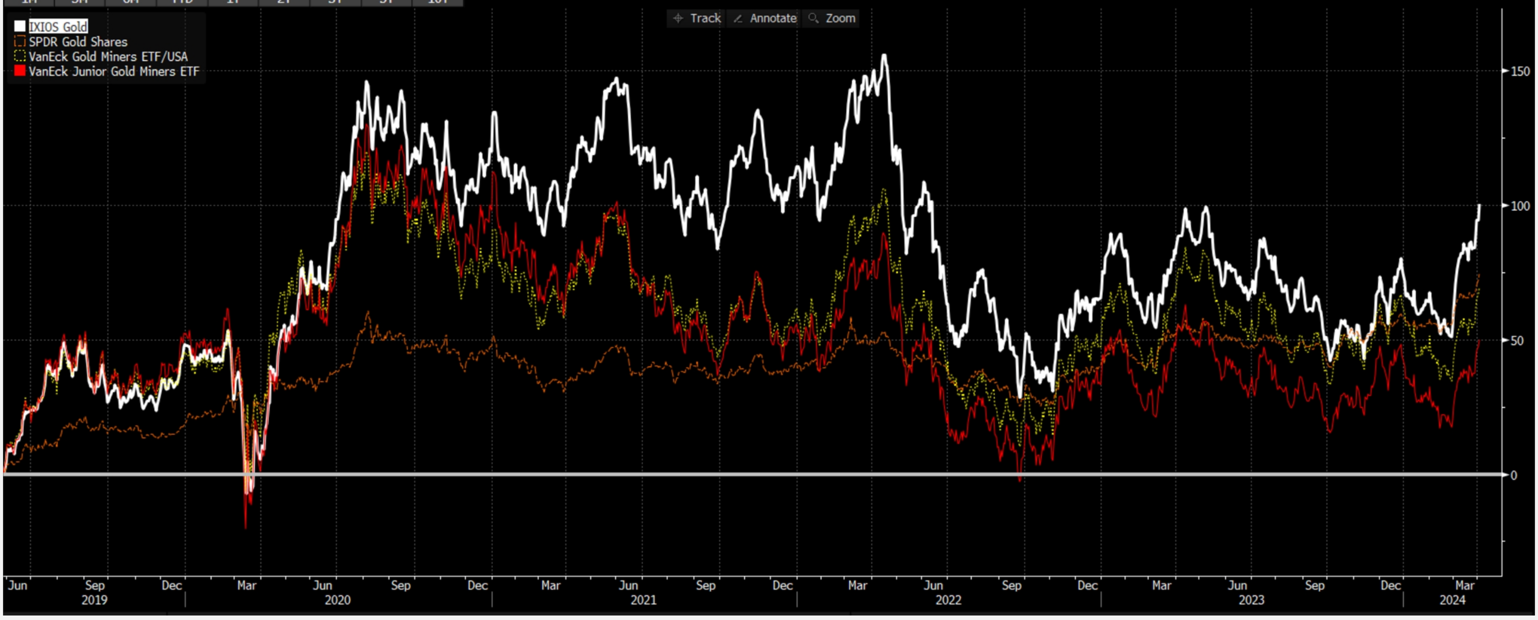
We prefer to stock pick in the second and third divisions of the sector where valuations are cheaper, often absurdly so, and operations are simpler and less costly to manage. This has penalized us in bear markets in part due to liquidity factors but benefited us in bull markets. But our strategy has paid off over the cycle and delivered good performance vs its benchmark and vs physical gold. It has outperformed the GDX by 30%, the GDXJ by 50% and the gold by 25% since inception.

IXGLDIU FP Equity | Settings | Comparative Returns

Range 05/29/2019 - 04/02/2024 Period Daily No. of Period 1770 Day(s) Table

	Security	Currency	Price Change	Total Return	Difference	Annual Eq
1)	IXGLDIU FP Equity	USD	100.26%	100.26%	--	15.40%
2)	GLD US Equity	USD	74.48%	74.48%	-25.78%	12.16%
3)	GDX US Equity	USD	58.86%	69.13%	-31.13%	11.44%
4)	GDXJ US Equity	USD	42.49%	49.93%	-50.32%	8.71%
5)						
6)						

1M 3M 6M YTD 1Y 2Y 3Y 5Y 10Y



Source: Bloomberg

For those of you who have held on through the difficult years we thank you for your support and patience. We look forward to a long and profitable up cycle in gold and gold miners and we will continue to work hard to select the best managed and most cash generative gold miners for your fund.