IXIOS ENERGY METALS

Monthly report - 28/06/2024

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 Gold & Silver IMI NTR (Net Total Return) 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.

HISTORICAL PERFORMANCE

Cumulative Performance (net of fees)	1 Month	YTD	1 Year	Since inception	Since inception relative
Ixios Energy Metals I - USD	-9.60%	5.13%	-0.34%	15.17%	-0.50%
Benchmark - USD	-5.66%	-4.35%	5.88%	15.67%	-

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

Cumulative Performance (net of fees)	1 Month	YTD	1 Year	Since inception	Since inception relative
Ixios Energy Metals S - USD	-9.57%	5.31%	0.01%	17.11%	-1.46%
Ixios Energy Metals I - USD	-9.60%	5.13%	-0.34%	15.17%	-0.50%
Ixios Energy Metals P - USD	-9.64%	4.79%	-0.98%	13.62%	-5.41%
Ixios Energy Metals I - EUR	-7.99%	8.34%	1.43%	29.90%	-1.07%
Ixios Energy Metals P - EUR	-8.47%	8.01%	0.79%	27.79%	-7.00%
Ixios Energy Metals R - EUR	-8.50%	7.87%	0.56%	-16.31%	-21.66%
Benchmark - EUR	-4.44%	-1.42%	7.78%	30.98%	-
Ixios Energy Metals I - CHF	-9.95%	12.24%	0.10%	-2.61%	-7.55%
Benchmark - CHF	-6.03%	2.12%	6.34%	4.93%	-

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 : 26/02/2021
Recommended investment : > 5 years
Fund domicile : France
Management Company : Ixios AM
Custodian : Société Générale
SFDR Status : Article 8

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

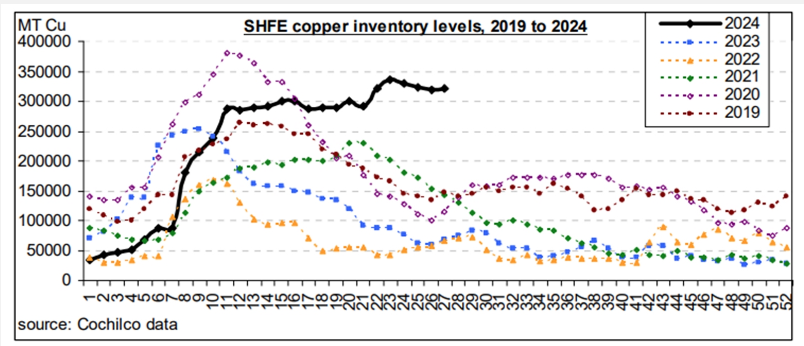
The main risks of the UCITS are:
Discretionary management risk;
Equity risk; Liquidity risk;
Credit risk;
Exchange rate risk;
For more information on the risks, please refer to the prospectus of the UCITS.

David FINCH,
Lead Fund Manager

Renaud TEMFACK,
Assistant Fund Manager
& ESG Specialist

MANAGEMENT TEAM COMMENTARY (1/2)

June saw a significant correction in most base metals after the strong run up in May. Copper fell back by 5%, Nickel by 12% while Tin and Zinc were flat. Uranium continued to consolidate in thin volume while Lithium - which had recovered since March - resumed its plunge falling by 12%. Your fund lost 9.5%. As we write (July12) the fund has recovered most of this loss rising by 9% since the end of June.
Supplies of copper concentrate have remained very tight. With new smelting capacity opening in Indonesia, India and China there is keen competition to acquire material and treatment charges actually went negative earlier this month. On the other hand supplies of physical metal at the Shanghai Metals Exchange remained high in June.

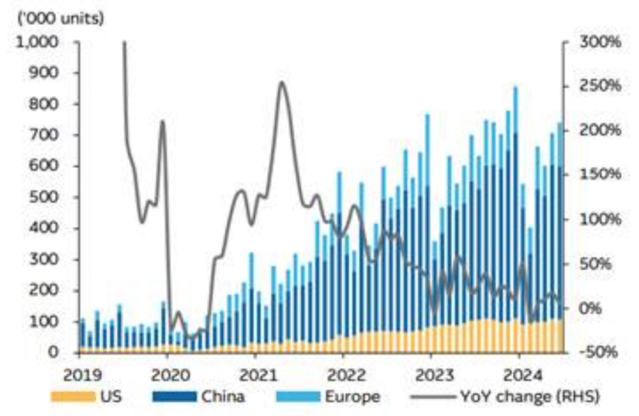


MANAGEMENT TEAM COMMENTARY (2/2)

The market attaches much importance to the level of stocks at exchanges because it is the only data they have. But of course it is only part of the picture. Most industrial end-users of metal carry significant inventory at their manufacturing sites and these are not reported and are difficult to estimate. Imagine that a totalitarian country which used more than 50% of the world's production of a metal wanted to keep the price as low as possible by giving the impression that there was an overabundance of stock. It might instruct industrial users to deliver a part of their private supplies back to the exchange warehouses to create that impression… As Mark Twain said: "There are three kinds of lies: Lies, Damned Lies, and Statistics".

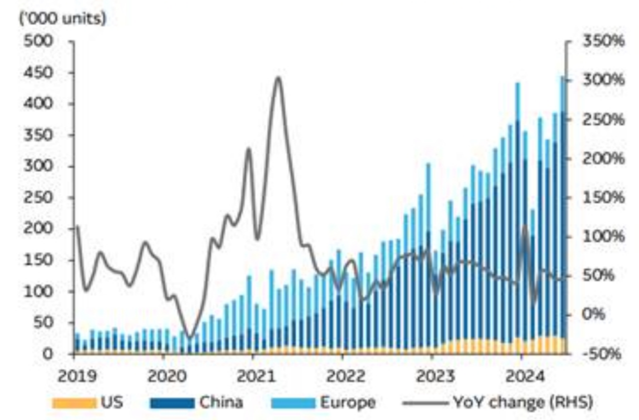
On the demand side for copper there were several reminders of the necessity to increase grid investment worldwide. China's huge installation of solar generation capacity is now causing problems for the grid which does not yet have the capacity to distribute the power produced. While China is well ahead of the rest of the world in grid expansion, significant further investment is necessary as the grid's capacity is falling well behind the breathless pace of the generation sector's growth.
In Houston, Texas last week the passage of Hurricane Beryl left 70% of households without electricity in 40°C heat. 4 days later 50% were still without power. The parlous state of the US grid is highlighted every time there is an extreme weather event. Much of the electricity distribution in the US still relies on small diameter wires strung between wooden poles that were erected in the 1950s. We continue to believe that massive investment is required in the US grid, not to meet new sources of demand such as EVs and AI datacenters but simply to continue to supply households and existing industry with reliable power.
As far as the progress of the energy transition is concerned you will have continued to read press articles talking of a dire decline in EV sales. The numbers look less alarming.

Figure 4 - Monthly BEV sales by geography



Source: Autodata, CPCA, CAAM, KBA, CCFA, OFV, Macquarie Research, July 2024

Figure 5 - Monthly PHEV sales by geography



Source: Autodata, CPCA, CAAM, KBA, CCFA, OFV, Macquarie Research, July 2024

Western publications focus on their own countries – which as you can see from the charts above are quite insignificant contributors to total EV demand. In China where the real energy transition is in full swing, the price of EVs has fallen well below the price of comparable IC vehicles. This, combined with a new trade-in incentive program should drive robust sales for the rest of the year.

As we have mentioned many times China's energy transition is a strategic energy independence imperative, not a climate initiative. As a program it is hugely intensive in metals which China does not have on its own national territory. And yet they need to procure these metals, and as cheaply as possible. Through investment in sources of lithium in countries like Zimbabwe, Uganda and Mali – which are only too happy to accept their money, and ruthlessly driving output from their domestic lepidolite mines – which are largely uneconomic at today's prices - China has successfully driven the lithium price down to today's levels. The same playbook was used to crash the price of cobalt a few years ago and is now also being applied to nickel.
In addition, China is investing furiously in technologies, notably for batteries, that use less expensive and more readily available materials. The rise of the LFP battery – which uses no Cobalt, Nickel or Manganese – being the most obvious case in point. Although there is huge push back from the vested interests in the lithium industry we suspect that over the next decade substitutes will be found for this metal which is volatile, expensive and difficult to process. It strikes us that the best thing that could happen to lithium is that the price stays as low as it is today. This would slow down the race to find a viable substitute and disincentivize investment in new production capacity. Existing producers who lived through the boom years and have paid off their capital costs would continue to make a reasonable return on capital.
So, the challenge for investors looking to play the energy transition through metals is to identify those metals where China cannot control the price and where substitution is a limited issue. The list is a short one – copper, silver, uranium and tin and these four metals will continue to form the core of your fund as we go forward.

These considerations aside, the coming shortage of copper is resulting in a rush to secure both development assets and producing mines. After the failed BHP bid for Anglo American we now have rumours of Rio Tinto approaching Teck – which after the sale of its coal assets to Glencore is a pure copper/zinc company. We have seen speculation around a joint bid for Filo del Sol – the largest undeveloped copper project in the world- from BHP and Lundin mining. On a more concrete note REX Minerals which owns the largest undeveloped copper project in Australia, and which we have held in the portfolio for the past 18 months, has received a firm cash bid from an Indonesian conglomerate at a 65% premium to the last price.
Larger mining companies are now positioning themselves for the super-cycle in copper and we expect to see some frenetic M&A activity in the coming months.

IXIOS ENERGY METALS

Monthly report - 28/06/2024

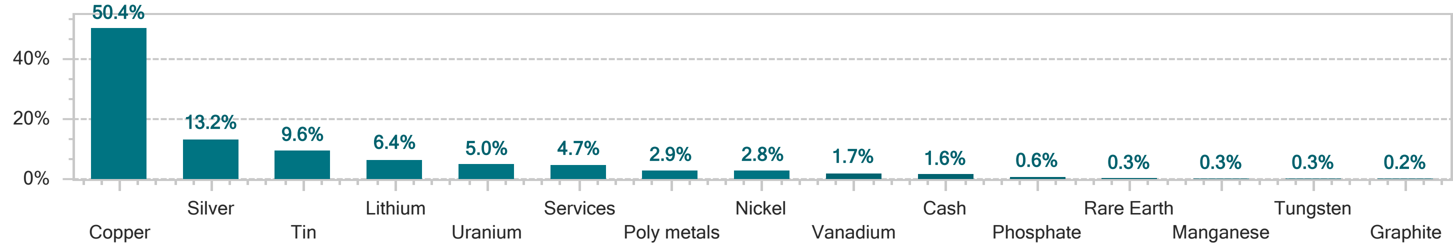
IXIOS Asset Management | Label ISR | Signatory of: PRI Principles for Responsible Investment

Ixios Energy Metals Monthly Performances

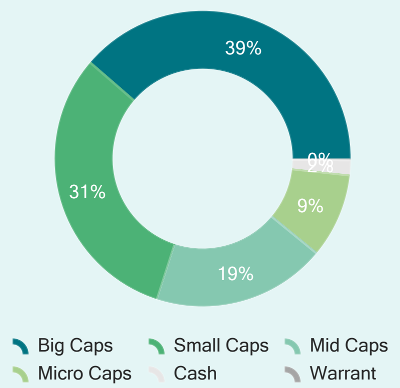
Year	I Class USD	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	ITD
2024	I Class	-5.77%	-3.02%	8.03%	9.93%	7.15%	-9.60%	-	-	-	-	-	-	5.13%	15.17%
	Benchmark*	-5.61%	-3.59%	5.96%	2.41%	2.68%	-5.66%	-	-	-	-	-	-	-4.35%	15.67%
2023	I Class	12.16%	-5.08%	-0.95%	-1.12%	-8.41%	8.96%	4.24%	-8.73%	-4.05%	-8.63%	4.99%	8.25%	-1.36%	9.55%
	Benchmark*	12.90%	-8.07%	0.17%	-3.38%	-8.65%	9.15%	7.78%	-6.85%	-0.88%	-6.51%	8.92%	9.25%	10.88%	20.93%
2022	I Class	-3.32%	10.03%	11.66%	-8.20%	-6.57%	-25.20%	1.83%	-0.15%	-8.52%	2.89%	14.15%	2.96%	-14.29%	11.06%
	Benchmark*	0.00%	12.26%	7.74%	-10.53%	0.56%	-19.58%	2.90%	0.51%	-7.59%	3.45%	20.65%	-1.03%	3.31%	9.06%
2021	I Class	-	-	-3.71%	14.98%	8.72%	-7.59%	3.12%	-1.70%	-3.45%	15.91%	-2.63%	5.46%	29.58%	29.58%
	Benchmark*	-	-	-1.64%	9.20%	4.29%	-4.01%	5.24%	-3.55%	-10.12%	3.04%	-4.12%	8.94%	5.57%	5.57%

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

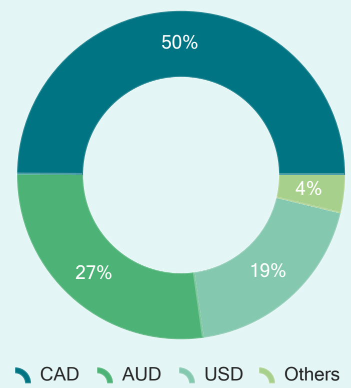
EXPOSURE BY METALS



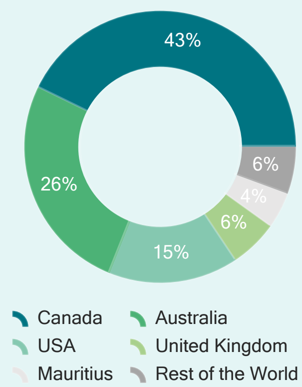
MARKET CAP BREAKDOWN



CURRENCY BREAKDOWN



COUNTRY BREAKDOWN



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

ESG INDICATORS

ESG Indicators	Fund Score	Fund Coverage Ratio	Universe Score	Universe Coverage Ratio
Board Independence (%)*	**59%**	**97%**	**47%**	**98%**
Female Executives (%)*	**15.3%**	**95%**	**13.7%**	**97%**
Code of Business Ethics (Y/N)	91%	97%	53%	60%
Carbon Intensity (tCO2 / M$ sales)	50	12%	274	16%
UN Global Compact Signatories (#)	6	97%	74	71%

* Indicator with Engagement

RISKS INDICATORS

Risk Indicators	1 Year	Since inception
Volatility I - USD	21.61%	27.84%
Volatility - Benchmark	18.01%	23.80%
Tracking Error	12.86%	
Information Ratio	-0.48	

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

Source: Ixios AM