

T8 Gold

30 June 2023



Overview

- Global equities fund invested in responsible gold producers (net socio-economic positive)
- Responsible investment focus with in-house ESG due diligence, engagement, and reporting
- Institutional-grade process and risk management with experienced research team
- Target returns of greater than 20%pa over a 3-5-year timeframe (beta of 1.5-2.5 to gold bullion)

Fund details

Strategy	Global equities
Base Currency	US dollars
Structure	Cayman Islands
Minimum Investment	US\$100,000
Trustee	Paradigm
Custodian	JPMorgan
Administrator	Apex
Auditor	EY
Liquidity	Monthly
Management Fees	1%/15%
Hurdle	GDM Index

Portfolio management



Roscoe Widdup

- Fundamental and ESG research, portfolio construction and direct company engagement
- Previously worked at Goldman Sachs and Rio Tinto



Dimitri Tsangalis PhD

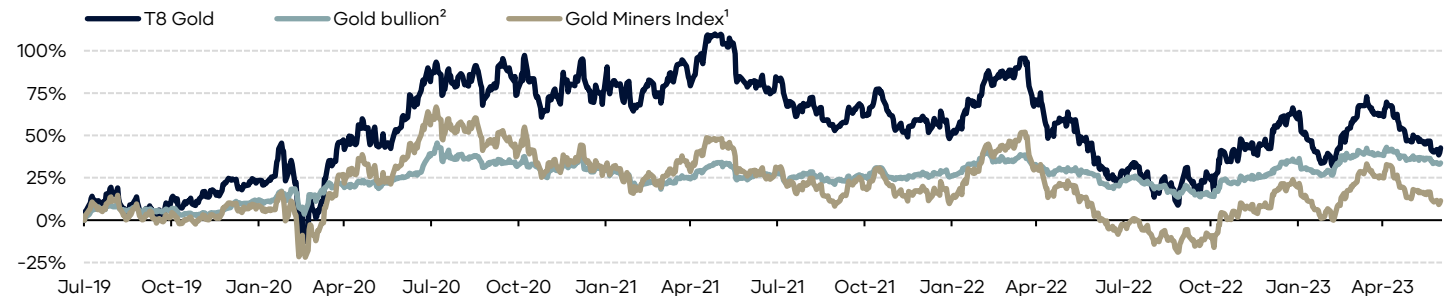
- Quantitative and macro research, portfolio construction and risk management
- Previously worked at JPMorgan based in Europe and Asia

Commentary

T8 Gold finished June down 2.5%, tracking the price of gold bullion lower (-2.2%). The gold price ended the month at US\$1,919 per ounce, falling below its 50-day and 100-day moving average price after retreating 6.4% from its peak of US\$2050 per ounce in early May. Sentiment deteriorated in June, with precious metals coming under pressure (silver also fell by 3.3%) while other metals more sensitive to economic growth rallied (the price of copper rose by 3.1%). As a result, the universe of gold producers fell by 2.5% and those with silver exposure fell 3.6% while producers of industrial metals rallied 14.2%, closing the gap with precious metals on a year-to-date basis. Within T8 Gold, the major producers were the only positive contributors for the month (+75bps) while senior and emerging mid-caps were the greatest detractors (-245bps in aggregate). The main driver behind the moves in metals prices in June was the economic data out of the United States, depicting a resilient economy that looks less likely to experience a recession in the second half of 2023. Consequently, this increased the probability of further interest rate hikes by the US Federal Reserve to slow the US economy and reduce inflationary pressures. Bond markets responded dramatically, with yields on short-dated US Treasury bonds (1- to 3-year maturities) spiking by 44bps in June (ending the month at 5%) while 10-year US Treasury yields moved up by 19bps while the long end of the curve (maturities of 20-years or greater) remained anchored. These yield curve movements were a headwind for the price of gold bullion notwithstanding a weakening US dollar (-1.4% on a trade weighted basis) which typically acts as a tailwind for gold.

In our view, the present time is a great opportunity to initiate (or add to) gold exposure on the basis that we are near to the end of the US Federal Reserve's hiking cycle and we believe that risks around inflation are skewed to the upside on a 12-month view. There appears to be extraordinary complacency in the market's outlook for inflation (consensus assumes that core PCE returns to 2% in the short to medium term from the present reading of 4.6%). The US Federal Reserve Bank of New York survey (a key barometer of expectations) has inflation falling to 2.7% over a three-year horizon (modestly below its 5-year average prior to the COVID-19 pandemic). An upward repricing of inflation expectations over this timeframe would be an extraordinary upward catalyst for gold.

Performance (US\$, since inception)



Investment thesis

- Gold has been the best performing asset class of the last 20 years. It possesses characteristics which make it a very attractive long-term investment through market cycles and it plays a critical role in our financial system as a highly liquid asset with zero-duration and intrinsic value (i.e. its value is not predicated on future cashflows and is materially supported by its replacement cost which increases with inflation).
- The world is in an energy and inflation crisis without peer since the oil/inflation shocks of the 1970s. Gold experienced powerful upward moves during these periods (e.g. +320% between 1972-74 and +160% 1979-80). We see the potential for a similarly significant move. T8 Gold is designed to deliver 1.5-2.5 beta to gold bullion (i.e. if the gold bullion price moves by one unit, we would expect T8 Gold to move by two units) by investing in gold producers which provide natural leverage to the gold bullion price via their operating margin and reserve ounces.
- Gold producers are significant socio-economic contributors to less developed economies and communities endowed with gold resources. We consider responsible gold producers to be those which conduct their gold mining operations with good governance as well as respect for the environment, human rights and the wellbeing of associated communities, employees and contractors.

T8 Gold's key attributes

Responsible Production



Responsible gold production is conducted with respect for governance, the environment, associated communities and workers

Socio-economic Positive



Socio-economic benefits accrue to host countries and communities through job creation, tax revenue and community investment

Inflation Hedge



The gold price is materially supported by its replacement cost which increases with inflation

Leveraged to Bullion



T8 Gold has a 1.5-2.5 beta to gold bullion (i.e. if gold bullion price moves by one unit, we would expect T8 Gold to move by two units)

Gold as Store of Value



Gold bullion has intrinsic value with zero-duration (i.e. its value is not predicated on future cashflows) making it a 'store of value'

T8 Gold's 'building blocks'

Major Producers

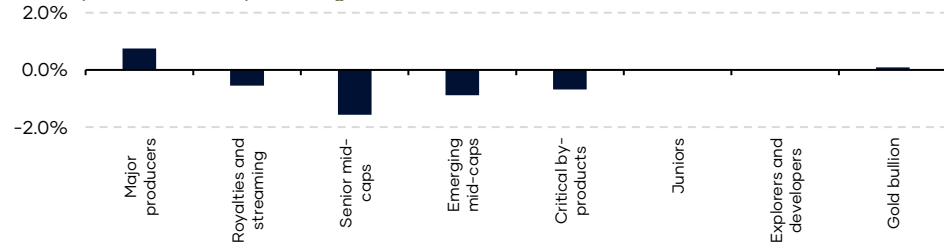
Royalties and Streaming

Senior Mid-caps

Emerging Mid-caps

Critical By-products

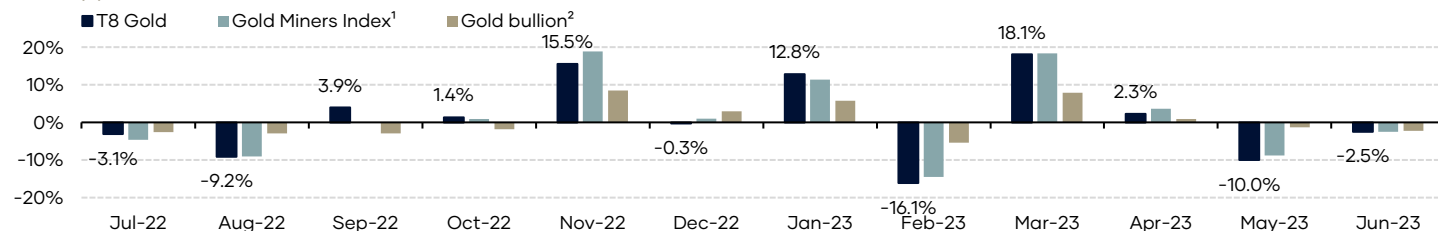
Monthly contribution by 'building block'



Key stock contribution (bps, last month)

Company	'Building block'	Contribution
Top-3		
NEM US	Major producers	+52
EGO US	Emerging mid-caps	+34
NCM AU	Major producers	+18
Bottom-3		
AU US	Senior mid-caps	-88
NGD US	Emerging mid-caps	-70
GFI US	Senior mid-caps	-66

Monthly performance (US\$, last 12 months)



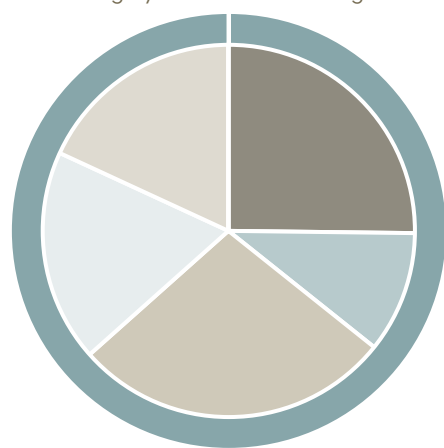
Monthly performance (US\$, since inception)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Gold Miners Index ¹	Gold bullion ²
2019								15.1%	-11.2%	10.8%	-0.5%	10.1%	24.1%	10.2%	7.3%
2020	-0.5%	-0.3%	-17.7%	39.8%	5.6%	7.5%	16.6%	-0.6%	-4.9%	-0.1%	-7.2%	10.6%	46.7%	22.5%	25.1%
2021	-2.8%	-5.3%	2.7%	4.3%	16.7%	-14.1%	2.0%	-8.1%	-8.5%	4.7%	-1.2%	1.1%	-11.4%	-11.1%	-4.1%
2022	-6.2%	10.9%	10.3%	-7.6%	-9.0%	-14.4%	-3.1%	-9.2%	3.9%	1.4%	15.5%	-0.3%	-11.8%	-10.5%	-0.3%
2023	12.8%	-16.1%	18.1%	2.3%	-10.0%	-2.5%							0.3%	3.8%	5.1%

Performance and risk metrics

Returns (US\$)	Benchmarks			Risk metrics (12 months)	Benchmarks		
	T8 Gold	Gold Miners Index ¹	Gold bullion ²		T8 Gold	Gold Miners Index ¹	Gold bullion ²
1 month	-2.5%	-2.5%	-2.2%	Volatility	36%	36%	16%
3 months	-10.2%	-7.9%	-2.7%	Sharpe Ratio	0.2	0.2	0.4
6 months	0.3%	3.8%	5.1%	Gold Correlation	0.9	0.9	1.0
12 months	7.1%	9.0%	5.8%	Gold Beta	2.0	2.1	1.0
Year to Date	0.3%	3.8%	5.1%	Up-capture	186%	205%	100%
Since Inception	42.6%	11.5%	33.8%	Down-capture	186%	202%	100%
Annualised	9.5%	2.8%	7.7%	Up/Down Ratio	1.0	1.0	1.0

Positioning by sector and 'building block'



Sector	'Building block'	Company	'Building block'	Risk weight
Materials	Major producers	NEM US	Major producers	12.1%
	Royalties and streaming	AEM US	Senior mid-caps	10.5%
	Senior mid-caps	GOLD US	Major producers	9.7%
	Emerging mid-caps	KGC US	Senior mid-caps	8.0%
	Critical by-products	PAAS US	Critical by-products	7.4%
Other	Gold bullion	GFI US	Senior mid-caps	6.8%
		SSRM US	Critical by-products	6.2%
		AG US	Critical by-products	6.2%
		NGD US	Emerging mid-caps	6.1%
		EGO US	Emerging mid-caps	5.6%

Portfolio characteristics

	T8 Gold	Gold Miners Index ¹	Gold bullion ²
Earnings growth rate (3-year est. CAGR)	16%	25%	n/a
1-year est. P/E (Median)	17	19	n/a
Dividend yield (Median, trailing 12 months)	2.3%	1.8%	0%
1-year est. leverage ratio (Net Debt/EBITDA)	0.4	0.2	n/a
Market cap (Weighted average)	US\$13B	US\$15B	n/a
Number of holdings	15	56	n/a

ESG dashboard (year-to-date)

Company meetings (one-on-one)
GROY US, FCX US, WPM US, FIL CN, LUN CN, TFPM CN, RGLD US, LUG CN, MDI CN, SVM US
Shareholder meetings (ballots cast)
PAAS US, AUY US, GOLD US, DPM CN, AU US (x2), NGD US, PAAS US, KGC US, CDE US, AG US, GFI US, EGO US
ESG assessments (new or updated)
PAAS US, GROU US
Direct company engagement
FCX US

About T8

Triple Eight Capital (T8) specialises in managing unique investment products. We are dedicated to responsible investment and believe that positive environmental and social benefits can be achieved without sacrificing investment returns. T8's responsible investment policy is available [here](#).

Our process combines fully-independent research of fundamental, ESG (environmental, social and governance) and macro factors. Our Advisory Board oversees our research process and investment decisions and provides deep industry insights.

Investment management



Roscoe Widdup
Portfolio management



Dimitri Tsangalis PhD
Portfolio management



Tonya Payne
Research



Timothy McIntyre
Research



Georgia Widdup
Reporting



Andrew Kellaway
Research intern

Industry technical analysts



Alex Zadnik
Engineering

Advisory Board



Jim Askew
Gold mining



Leigh Clifford AC
Engineering

Distribution

Andrew Aitken – Daruka Capital
Noel Corley – Daruka Capital
Adam Wright – Investor relations and distribution
Rob Tandy – Foundations
Leighton Thomas – International
Hamish McDougall
William Morgan

Operations

Martine Fraser – Accounting
Maddison Stewart-Rice – Accounting

Footnotes

¹NYSE Arca Gold Miners Net Total Return Index (GDM Index) ²Gold bullion as tracked by the SPDR Gold Shares (GLD US)

References to responsible gold production refer to the term as defined by the World Gold Council, whereby responsible gold mining is conducted with good governance as well as respect for the environment, human rights and the wellbeing of employees, contractors and members of associated communities. These issues are addressed using the World Gold Council's Responsible Gold Mining Principles which, together with the Mining Association of Canada's Towards Sustainable Mining standard, set out frameworks and expectations as to what constitutes responsible gold mining. T8 has integrated these standards into its ESG assessment methodology. T8 believes that responsible gold production creates socio-economic benefits for host countries and associated local communities through job creation, tax revenue and community investment. Please email info@t8cap.com for more information.

Important notice

This material has been prepared by Triple Eight Capital Pty Ltd ("T8") (ABN 52 642 108 496, AFSL 527866) to provide general information only. In preparing this material, we did not take into account the investment objectives, financial situation or particular needs of any particular person. It is not intended to take the place of professional advice and you should not take action on specific issues in reliance on this information. Neither T8 nor any of its related parties, their employees or directors, provide and warranty of accuracy or reliability in relation to such information or accepts any liability to any person who relies on it. Past performance should not be taken as an indicator of future performance. You should obtain a copy of the Private Offering Memorandum before making a decision about whether to invest in this product. This material is for distribution only to sophisticated investors, financial institutions, financial services licensees and their advisers. It is not for viewing by retail clients or members of the general public.