

T8 Gold

30 September 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 gold 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

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

Commentary

T8 Gold finished September down 9.0% (-9.6% in US dollars), tracking the price of gold bullion lower (-4.7%, in US dollars). Within T8 Gold, mid-caps (senior and emerging) were the greatest detractors to performance (-546bps). The gold price experienced its largest monthly retreat since February, falling 4.7% to end September at US\$1,849 per ounce, below its 50, 100 and 200-day moving averages. The negative sentiment toward precious metals saw a continuation of the selling experienced in August. Silver (with industrial and precious metal characteristics), fell 9.3% in September and maintained its considerable underperformance relative to gold on a year-to-date basis (gold +1.4% versus silver -7.6%).

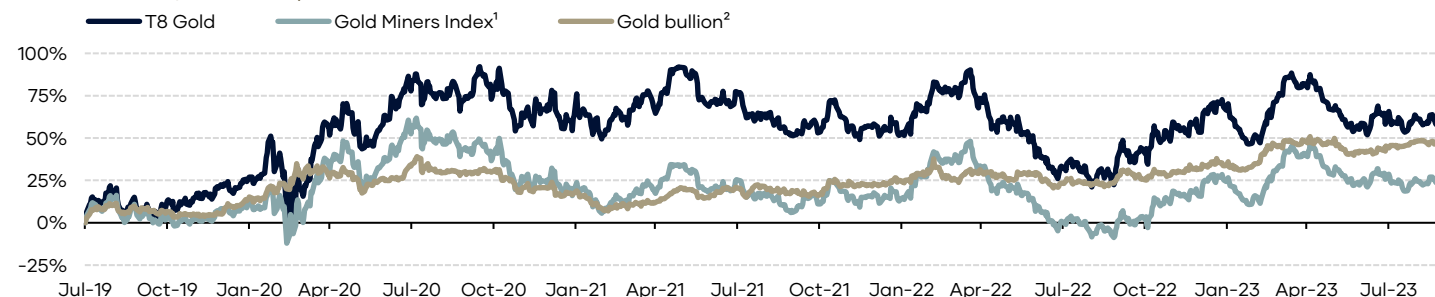
We attribute the challenging month for gold to the rapid upward move in bond yields combined with a strengthening US dollar. We have published more detail on our [website](#).

Gold is a contrarian trade, why should you have exposure?

Persistent inflation (or an inflation shock driven by rising energy prices) following interest rates reaching a peak (which is a credible scenario) would be an extraordinary upward catalyst for gold. 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 4.3%). The US Federal Reserve Bank of New York survey (a key barometer of expectations) has inflation falling to 2.8% over a three-year horizon (modestly below its 5-year average prior to the COVID-19 pandemic).

At the present time, we observe that in addition to gold receiving safe haven support from the various geopolitical flashpoints globally, we see low-risk appetite in equity markets, rising recession risk, elevated inflation and central bank gold buying as supportive factors in the short term. Further, despite interest rates in the United States being at their highest level since mid-2007, the rate cycle is nearing its peak (it is certainly closer to the end than the beginning). The cycle will see rates peak, then pause before ultimately being cut in line with macroeconomic conditions. Lower interest rate expectations under this outlook (which would likely result in lower real and nominal US Treasury yields and place downward pressure on the US dollar) would be a fundamental tailwind for the gold price.

Performance (A\$, since inception)



Investment thesis

- Gold has been the best performing asset class of the last 20 years. It plays a critical role in our financial system as an 'always liquid' asset with true intrinsic value (i.e. its value is not predicated on future cashflows and is supported by a replacement cost which increases with inflation) which makes it an attractive long-term investment through market cycles.
- The world is in an energy and inflation crisis without peer since the oil/inflation shocks of the 1970s when gold experienced powerful upward moves (e.g. +320% between 1972-74 and +160% 1979-80). 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 an 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

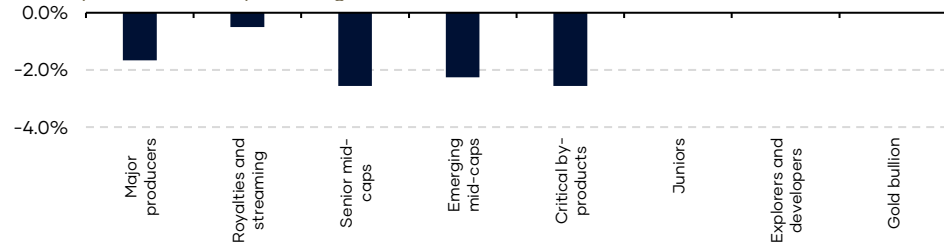
Royalties and Streaming

Senior Mid-caps

Emerging Mid-caps

Critical By-products

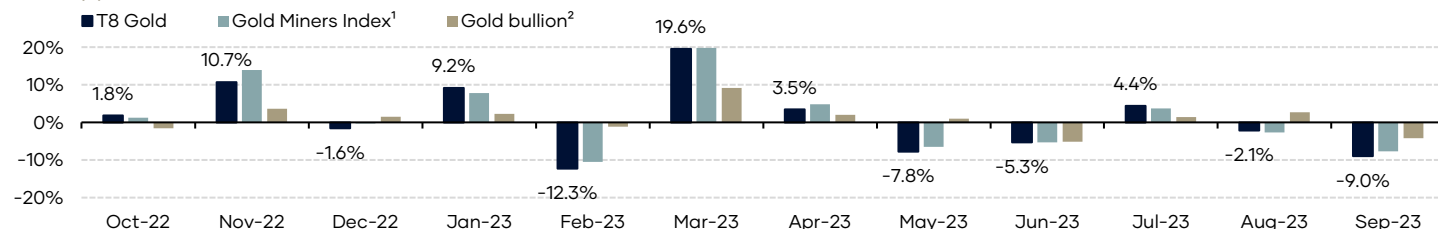
Monthly contribution by 'building block'



Key stock contribution (bps, last month)

Company	'Building block'	Contribution
Top-3		
FNV US	Royalties and streaming	-1
DPM CN	Emerging mid-caps	-15
AU US	Senior mid-caps	-55
SBottom-3		
AG US	Critical by-products	-99
PRU AU	Emerging mid-caps	-98
PAAS US	Critical by-products	-93

Monthly performance (A\$, last 12 months)



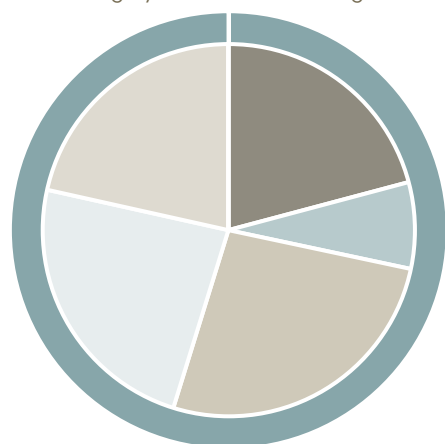
Monthly performance (A\$, since inception)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Gold Miners Index ¹	Gold bullion ²
2019								17.6%	-11.4%	8.5%	1.3%	6.1%	21.5%	8.0%	5.1%
2020	4.5%	2.5%	-11.2%	31.2%	3.3%	4.2%	12.5%	-3.7%	-1.8%	2.1%	-11.2%	5.8%	37.1%	14.1%	14.8%
2021	-2.0%	-5.9%	4.0%	3.0%	16.4%	-11.1%	4.2%	-7.5%	-7.2%	0.5%	4.6%	-1.0%	-4.9%	-4.5%	2.1%
2022	-3.3%	8.0%	6.8%	-1.8%	-10.3%	-10.7%	-4.0%	-7.2%	11.8%	1.8%	10.7%	-1.6%	-3.1%	-1.6%	6.9%
2023	9.2%	-12.3%	19.6%	3.5%	-7.8%	-5.3%	4.4%	-2.1%	-9.0%				-3.8%	-0.2%	7.6%

Performance and risk metrics

Returns (A\$)	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	-9.0%	-7.7%	-4.2%	Volatility	32%	31%	13%
3 months	-6.9%	-6.8%	-0.3%	Sharpe Ratio	0.2	0.5	0.9
6 months	-15.9%	-13.6%	-2.5%	Gold Correlation	0.8	0.8	1.0
12 months	6.7%	14.8%	11.4%	Gold Beta	1.9	2.0	1.0
Year to Date	-3.8%	-0.2%	7.6%	Up-capture	152%	171%	100%
Since Inception	47.7%	15.5%	41.7%	Down-capture	206%	185%	100%
Annualised	9.8%	3.5%	8.7%	Up/Down Ratio	0.7	0.9	1.0

Positioning by sector and 'building block'



Sector	'Building block'
Materials	Major producers
	Royalties and streaming
	Senior mid-caps
	Emerging mid-caps
	Critical by-products
Other	Gold bullion

Top holdings (by contribution to risk)

Company	'Building block'	Risk weight
NEM US	Major producers	10.3%
PAAS US	Critical by-products	9.8%
AG US	Critical by-products	9.5%
KGC US	Senior mid-caps	8.0%
AEM US	Senior mid-caps	7.5%
WPM US	Royalties and streaming	7.3%
GFI US	Senior mid-caps	7.0%
GOLD US	Major producers	6.7%
NGD US	Emerging mid-caps	6.6%
EGO US	Emerging mid-caps	6.5%

Portfolio characteristics

	T8 Gold	Gold Miners Index ¹	Gold bullion ²
Earnings growth rate (3-year est. CAGR)	22%	23%	n/a
1-year est. P/E (Median)	11	16	n/a
Dividend yield (Median, trailing 12 months)	2.7%	2.0%	0%
1-year est. leverage ratio (Net Debt/EBITDA)	0.3	0.2	n/a
Market cap (Weighted average)	US\$10B	US\$13B	n/a
Number of holdings	14	51	n/a

ESG dashboard (year-to-date)

Company meetings (one-on-one)	
GROY US, FCX US, WPM US, FIL CN, LUN CN, TFPN CN, RGLD US, LUG CN, MDI CN, SVM US, PRU AU, PAAS US	
Shareholder meetings (ballots cast)	
PAAS US, AUY US, GOLD US, DPM CN, AU US (x3), NGD US, PAAS US, KGC US, CDE US, AG US, GFI US, EGO US, NEM 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
David Cook – Daruka Capital
Adam Wright – Investor relations and distribution
Rob Tandy – Foundations
Leighton Thomas – International

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) ³FX rate source is Bloomberg BGN taking input from market contributors to reflect a fair market consensus bid/ask rate

Important notice

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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.