

Opportunity in the world's most strategic asset class

Gold's 'store of wealth' characteristics have made it the best performing asset class of the last 20 years. This is a feat we expect it to repeat. Gold producers are naturally leveraged via their operating margin and reserve ounces.

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30 April 2024

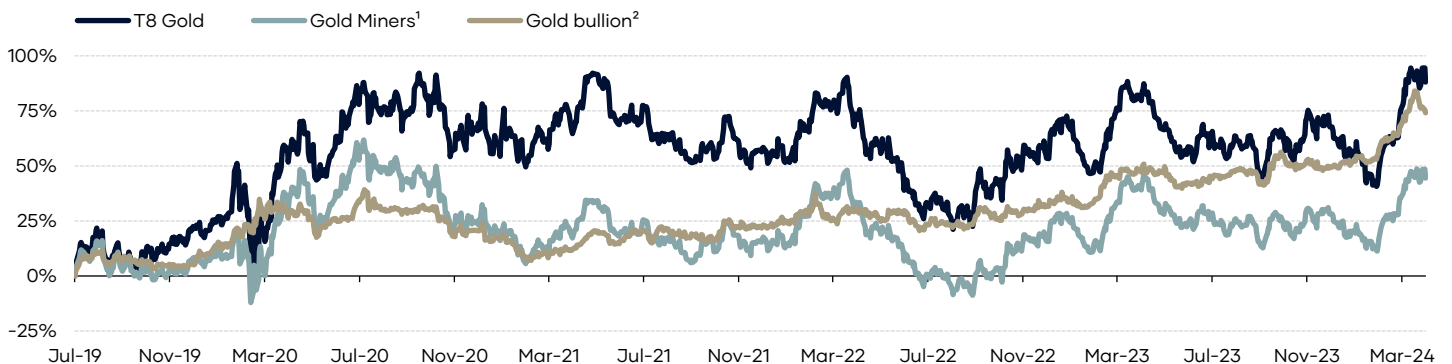
Commentary (all movements in this commentary are expressed in US dollar terms, unless otherwise stated)

T8 Gold finished April up 7.4% (in Australian dollars, or up 6.7% in US dollars), outperforming its benchmark, the Gold Miners Index (+6.1%), and global equities (-3.7%). All building blocks contributed to performance, however the most notable contributor (and driver of outperformance relative to the benchmark) was the Critical By-products building block (+243 basis points). Its contribution was driven by its leverage to the silver price (+5.3%). Gold bullion (+2.5%) continued its upward move during April, notwithstanding its two key macroeconomic drivers moving in a direction, and by a magnitude which would ordinarily have resulted in a major headwind for the gold market. The US dollar strengthened (US dollar index +1.7%) and Treasury yields in real terms moved sharply higher (the implied real yield on 10-year US Treasury notes increased by 40 basis points) following higher than expected inflation readings which pushed out expectations for rate cuts. We believe the gold price is being driven by central bank gold buying, which you will recall we have been writing about since it first showed up in official statistics in the third quarter of 2022. The true impact of this change in central bank behaviour continues to be masked by financial market participants (gold-backed exchange traded funds) liquidating bullion positions. Bullion outflows from exchange traded funds (ETFs) continued during April, marking the eleventh consecutive month of net outflows. We believe the likelihood of this trend (which we have written about [previously](#)) reversing is increasing and this would be a very positive catalyst for the gold market. We have published more detailed commentary on our [website](#).

Outlook

We believe ETF outflows have masked a structural upward shift in central bank gold buying (we have previously reported about this on our [website](#)). Central banks have accounted for 24% of gold demand since the Russia/Ukraine conflict began, more than double the post-financial crisis average of around 10%. This indicates a level of demand from central banks not seen since the 1960's. Under a scenario where financial market investors buy gold at the levels experienced between 2008 and 2011 (1,645 tonnes added to physical-backed gold ETFs), while central banks continue to increase their gold holdings, the gold price would be likely to strengthen materially (all else being equal). The index of gold mining stocks remains at what we believe is roughly 25-year lows in terms of valuation (discount to gold bullion based on the spread between the spot bullion price and the gold price implied by the market price of the equities). Further, financial market investors remain under-allocated to gold (according to Bank of America, 75% of investment advisors have less than 1% exposure to gold). This backdrop, combined with the abovementioned strong fundamentals and what appears to be limited downside (driven by safe haven support from elevated geopolitical tension) would appear to indicate significantly more upside than downside to both gold and gold mining equities. While the gold price has achieved new all-time highs in nominal terms, it remains well off its all-time highs in real terms (achieved in January 1980). We note that economists attempt to adjust for structural inflation factors (inflation not captured in government inflation data). Adjusting for these factors would imply the all-time high gold price in today's terms would be US\$3,000-3,500 per ounce.

Performance (A\$, since inception)



T8 Gold's target attributes

Responsible Production



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

Socio-economic Benefits



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

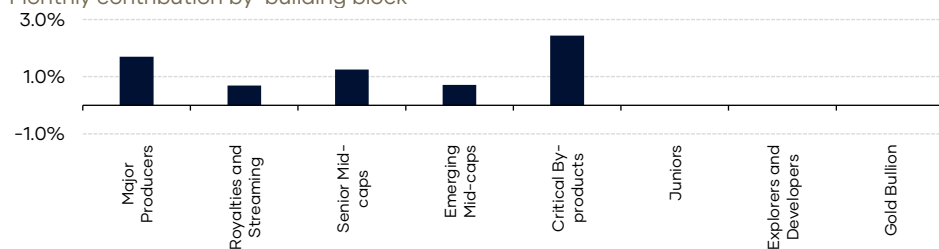
Royalties and Streaming

Senior Mid-caps

Emerging Mid-caps

Critical By-products

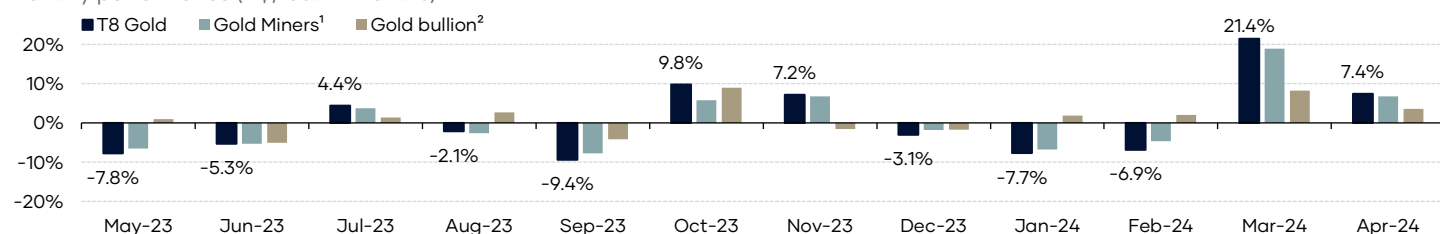
Monthly contribution by 'building block'



Key stock contribution (bps, last month)

Company	'Building block'	Contribution
Top-3		
NEM US	Major Producers	+168
PAAS US	Critical By-products	+143
AG US	Critical By-products	+101
Bottom-3		
GOLD US	Major Producers	+2
EGO US	Emerging Mid-caps	+9
FNV US	Royalties and Streaming	+12

Monthly performance (A\$, last 12 months)



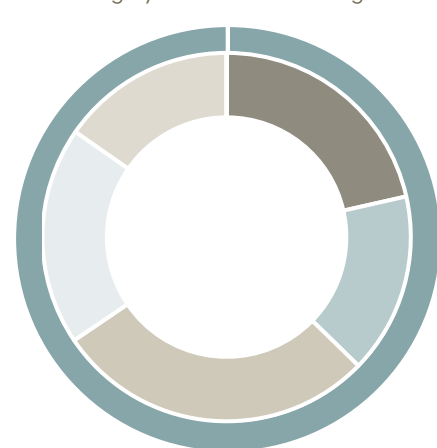
Monthly performance (A\$, since inception)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Gold Miners 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%	-9.4%	9.8%	7.2%	-3.1%	9.4%	10.8%	13.5%
2024	-7.7%	-6.9%	21.4%	7.4%									12.1%	12.7%	16.5%

Performance and risk metrics (A\$)

Returns	Benchmarks			Risk metrics (12 months)	Benchmarks		
	T8 Gold	Gold Miners ¹	Gold Bullion ²		T8 Gold	Gold Miners ¹	Gold Bullion ²
1 month	7.4%	6.7%	3.6%	Volatility	33%	28%	15%
3 months	21.5%	20.9%	14.4%	Sharpe Ratio	0.1	0.1	1.2
6 months	16.5%	18.2%	12.8%	Gold Correlation	0.7	0.6	1.0
12 months	3.5%	3.1%	17.4%	Gold Beta	1.5	1.2	1.0
Year to Date	12.1%	12.7%	16.5%	Up-capture	62%	49%	100%
Since Inception	88.0%	44.5%	74.1%	Down-capture	84%	64%	100%
Annualised	14.2%	8.1%	12.4%	Up/Down Ratio	0.7	0.8	1.0

Positioning by sector and 'building block' (by net asset value)



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	15.1%
AG US	Critical By-products	10.8%
GFI US	Senior Mid-caps	9.8%
PAAS US	Critical By-products	9.3%
NGD US	Emerging Mid-caps	8.5%
AU US	Senior Mid-caps	8.2%
KGC US	Senior Mid-caps	6.8%
GOLD US	Major Producers	6.7%
AEM US	Senior Mid-caps	6.5%
FNV US	Royalties and Streaming	6.0%

Portfolio characteristics

	Portfolio	Benchmarks	
		Gold Miners ¹	Gold Bullion ²
Earnings growth rate (Forecast 3-year CAGR)	25%	23%	n/a
1-year est. P/E (Median forecast)	16	18	n/a
Dividend yield (Median, trailing 12 months)	1.5%	1.5%	n/a
1-year leverage ratio (Forecast Net Debt/EBITDA)	0.2	0.1	n/a
Market cap (Median)	US\$19B	US\$18B	n/a
Number of holdings	13	50	n/a

ESG dashboard (last 12 months)

<u>Company meetings (one-on-one)</u>	
TFPM CN, RGLD US, LUG CN, MDI CN, SVM US, PRU AU, HBM CN, PAAS US, ERO CN, EGO US, PRU AU, EDV CN, FNV US, OGC CN, KGC US, GROU US, KNT CN	
<u>Shareholder meetings (ballots cast)</u>	
AG US, GFI US, EGO US, PRU AU, NEM US, AEM US, GOLD US	
<u>ESG assessments (new or updated)</u>	
OGC CN, FNV US, ERO CN, HBM CN, SVM US, MDI CN, PRU AU, RGLD US, TFPM CN, FIL CN, LUN CN, KNT CN	
<u>Direct company engagement</u>	
FCX US	

About T8 Gold

Fund overview

- Global equities fund focused on 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).

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.

About T8

- Triple Eight Capital (T8) is dedicated to responsible investment. We believe that positive environmental and social benefits can be achieved without sacrificing investment returns. T8's responsible investment policy is available on our [website](#).
- Our process combines fully-independent research of fundamental, ESG (environmental, social and governance) and macroeconomic factors. Our Advisory Board oversees our research process and investment decisions and provides deep industry insights.

Executive team



Roscoe Widdup
Portfolio management



Christopher Hayes
Portfolio management



Tonya Payne
Research



Timothy McIntyre
Research



Georgia Widdup
Co-Managing Director

Industry technical analysts



Alex Zadnik
Engineering

Advisory Board



Jim Askew
Gold mining and critical minerals



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

Fund details

Distributions	<i>Annual</i>
Trustee	<i>Paradigm</i>
Custodian	<i>JPMorgan</i>
Administrator	<i>Apex</i>
Auditor	<i>EY</i>
Management Fees	<i>1.25%</i>
Benchmark	<i>Gold Miners Index¹</i>

¹NYSE Arca Gold Miners Net Total Return Index ² Gold bullion as tracked by the SPDR Gold Shares

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.