

## 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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31 July 2024

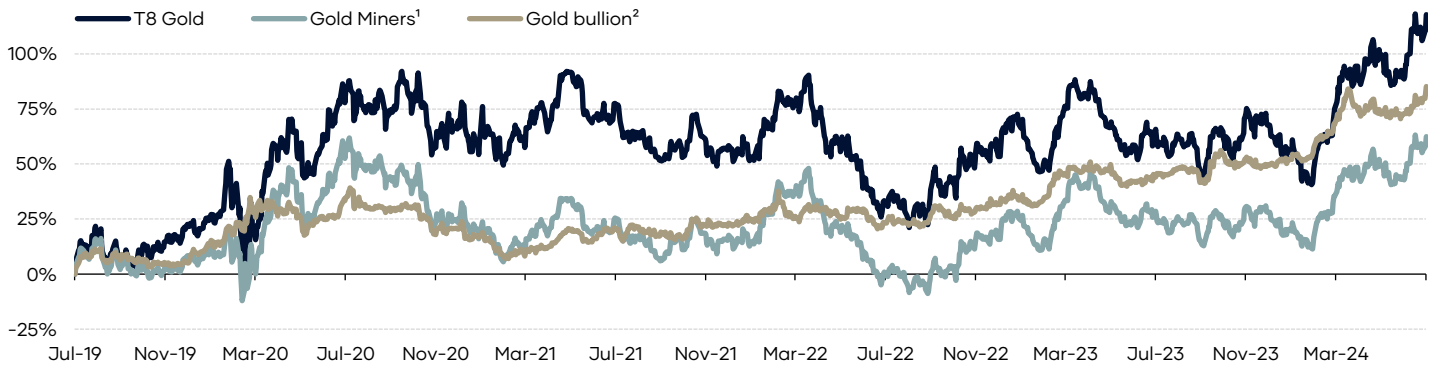
Commentary (all movements in this commentary are expressed in US dollar terms, unless otherwise stated)

T8 Gold finished July up 14.9% (in Australian dollars, or up 12.5% in US dollars), outperforming its benchmark, the Gold Miners Index (+10.9%), and global equities (+3.8%). All building blocks contributed to performance, however the most notable contributor (and driver of outperformance relative to the benchmark) was the Senior Mid-caps (+381 basis points) building block. Gold bullion (+5.2%) continued its upward move during July, driven by its two key macroeconomic drivers (the yield on long-dated US Treasury notes in real terms and the US dollar). Key economic data which was interpreted as increasing the likelihood of interest rate cuts before the end of the year (inflation decreased and unemployment increased) contributed to the US dollar weakening (the trade weighted US dollar index -1.7%) and Treasury yields in real terms (the nominal yield minus expected inflation) moving lower (the nominal yield on 10-year US Treasury notes fell by 37 basis points, driving the implied real yield 23 basis points lower). With interest rate cuts in the United States coming into focus, we believe gold ETFs have already entered a new accumulation cycle, which stands to be a powerful upward catalyst for the gold price. During July, exchange traded funds (ETFs) added to their gold holdings for the third consecutive month, posting the strongest monthly inflow since March 2022. 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 accumulate gold in the volumes 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 approximately US\$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

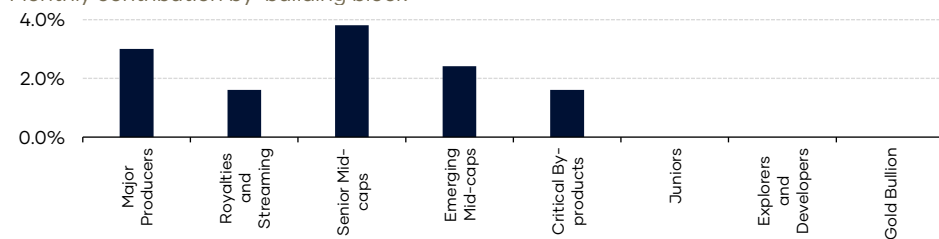
Royalties and Streaming

Senior Mid-caps

Emerging Mid-caps

Critical By-products

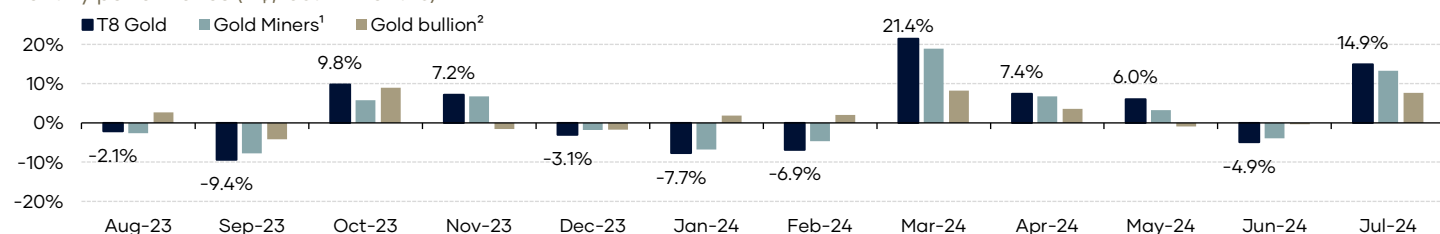
### Monthly contribution by 'building block'



### Key stock contribution (bps, last month)

Company	'Building block'	Contribution
<b>Top-3</b>		
NEM US	Major Producers	+224
AEM US	Senior Mid-caps	+142
PAAS US	Critical By-products	+126
<b>Bottom-3</b>		
AG US	Critical By-products	+35
PRU AU	Emerging Mid-caps	+38
KGC US	Senior Mid-caps	+68

### Monthly performance (A\$, last 12 months)



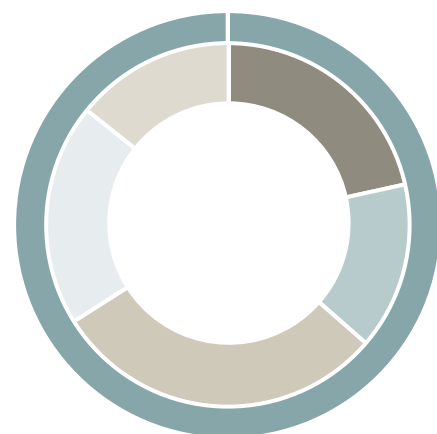
### Monthly performance (A\$, since inception)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Gold Miners <sup>1</sup>	Gold Bullion <sup>2</sup>
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%	6.0%	-4.9%	14.9%						29.9%	26.7%	23.9%

### Performance and risk metrics (A\$)

Returns	Benchmarks			Risk metrics (12 months)	Benchmarks		
	T8 Gold	Gold Miners <sup>1</sup>	Gold Bullion <sup>2</sup>		T8 Gold	Gold Miners <sup>1</sup>	Gold Bullion <sup>2</sup>
1 month	14.9%	13.3%	7.6%	Volatility	34%	29%	15%
3 months	15.9%	12.4%	6.4%	Sharpe Ratio	0.9	0.9	1.9
6 months	40.7%	36.0%	21.7%	Gold Correlation	0.7	0.7	1.0
12 months	31.5%	26.3%	28.5%	Gold Beta	1.6	1.3	1.0
Year to Date	29.9%	26.7%	23.9%	Up-capture	105%	88%	100%
Since Inception	117.9%	62.4%	85.2%	Down-capture	47%	39%	100%
Annualised	16.9%	10.2%	13.1%	Up/Down Ratio	2.2	2.2	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
PAAS US	Critical By-products	12.8%
NEM US	Major Producers	12.8%
NGD US	Emerging Mid-caps	10.5%
AG US	Critical By-products	8.2%
AEM US	Senior Mid-caps	8.1%
KGC US	Senior Mid-caps	8.1%
FNV US	Royalties and Streaming	7.2%
GOLD US	Major Producers	6.9%
AU US	Senior Mid-caps	6.9%
GFI US	Senior Mid-caps	6.7%

### Portfolio characteristics

	Portfolio	Benchmarks	
		Gold Miners <sup>1</sup>	Gold Bullion <sup>2</sup>
Earnings growth rate (Forecast 3-year CAGR)	35%	30%	n/a
1-year est. P/E (Median forecast)	16	16	n/a
Dividend yield (Median, trailing 12 months)	1.5%	1.5%	n/a
1-year leverage ratio (Forecast Net Debt/EBITDA)	0.2	0.0	n/a
Market cap (Median)	US\$21B	US\$22B	n/a
Number of holdings	13	50	n/a

### ESG dashboard (last 12 months)

<b>Company meetings (one-on-one)</b>	
HBM CN, PAAS US, ERO CN, EGO US, PRU AU, EDV CN, FNV US, OGC CN, KGC US, GROU US, KNT CN, NEM US, VZLA CN, TFPM CN, NGEX CN, KGC US	
<b>Shareholder meetings (ballots cast)</b>	
PRU AU, NEM US, AEM US, GOLD US, FNV US, KGC US, PAAS US, WPM US, NGD US	
<b>ESG assessments (new or updated)</b>	
RGLD US, TFPM CN, FIL CN, LUN CN, KNT CN, NEM US, NGEX CN, KGC US	
<b>Direct company engagement</b>	

## 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 Index<sup>1</sup></i>

<sup>1</sup>NYSE Arca Gold Miners Net Total Return Index <sup>2</sup> 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](mailto:info@t8cap.com) for more information.