

## 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.

LEARN MORE

## T8 Gold

Wholesale/sophisticated investors only

### 30 November 2024

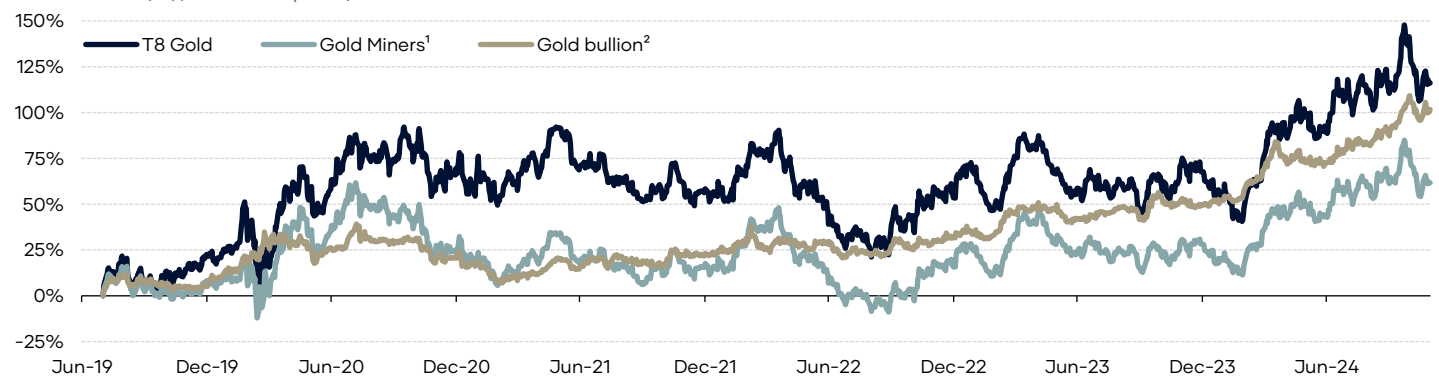
Commentary (all movements in this commentary are expressed in US dollar terms, unless otherwise stated)

T8 Gold finished November down 6.2% (in Australian dollars, or down 7.1% in US dollars). The key factor influencing the gold market during the month was the US election and the much stronger mandate for the Republicans than markets had expected. We believe this stronger policy mandate, in the context of President-elect Trump's relatively extreme rhetoric, rattled markets and drove the powerful intramonth moves in US Treasury yields and the US dollar which was a considerable headwind for gold bullion (-3.7%) in the first half of the month. This resulted in gold bullion-backed ETFs experiencing their first month of net outflows since April this year. In spite of this, outflows stabilising for the remainder of the month and the gold price rebounding would indicate that investors bought the dip, which is an encouraging sign. A blistering rally in Bitcoin (+38.5%) is also likely to have contributed to the downward pressure on the gold price. Offsetting these negatives, central banks continued purchasing gold at elevated levels, reporting their strongest month year-to-date (central banks have accounted for 20% of gold demand so far this year, more than double the post-financial crisis average of around 10%). The most notable buyer was China which made its first purchase since April (China was the largest central bank purchaser of gold during the first quarter of this year and was the top buyer in 2023). We believe China's resumption of gold buying is a very strong signal especially with the gold price near to all-time highs. Further, we believe the higher and higher prices at which central banks have been purchasing gold, has the potential to create a floor under the gold price, or a dynamic akin to a 'central bank put'. Gold mining equities (-6.3% in Australian dollars) weakened in line with the contraction of their profit margins as a result of the weaker gold price and T8 Gold's performance was more or less in line with this benchmark. We have published more detailed commentary on our [website](#).

#### Outlook

The price of gold bullion finished November at US\$2,643 per ounce (-3.7%) and silver at US\$33 per ounce (-6.2%). Both metals remain in established longer-term uptrends despite the recent dip. There is no change to our belief that gold bullion ETFs are in an accumulation cycle at the same time as central banks are buying gold in volumes not seen since the 1960's. Our base case forecast is for the gold bullion price to strengthen by 25% on a 12-month view. While the gold price has achieved new all-time highs in nominal terms, it remains well off its historic all-time highs (achieved in January 1980) in real terms adjusted for structural production cost inflation. We estimate the all-time-high gold price at closer to US\$3500/oz. Valuations on gold mining stocks are at what we believe is a 25-year low (in terms of their discount to gold bullion, based on the spread between the spot gold price and the gold price implied by the market price of the equities). Further, we observe that gold equities have rarely been cheaper than the present time over the last 40 years. We see this dislocation as a significant opportunity which investors haven't yet recognised. We believe a normalisation is inevitable driven by gold sector momentum becoming impossible for equity investors to ignore as well as mergers and acquisitions (we published an insight in relation to this on our [website](#)). History suggests that the normalisation of such a dislocation is likely to be rapid (as opposed to gradual).

#### 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

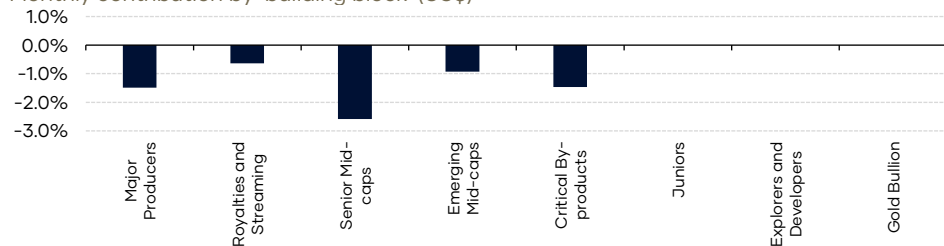
Royalties and Streaming

Senior Mid-caps

Emerging Mid-caps

Critical By-products

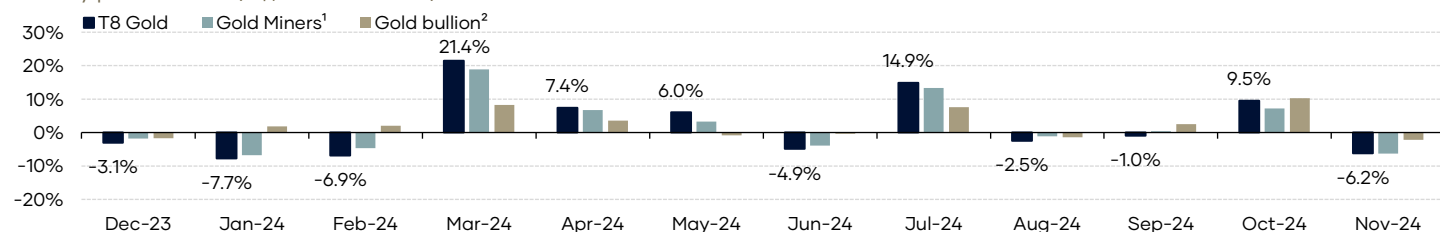
### Monthly contribution by 'building block' (US\$)



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

Company	'Building block'	Contribution
<b>Top-3</b>		
NGD US	Emerging Mid-caps	+5
CDE US	Critical By-products	-6
AEM US	Senior Mid-caps	-21
<b>Bottom-3</b>		
GFI US	Senior Mid-caps	-110
AU US	Senior Mid-caps	-95
AG US	Critical By-products	-94

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



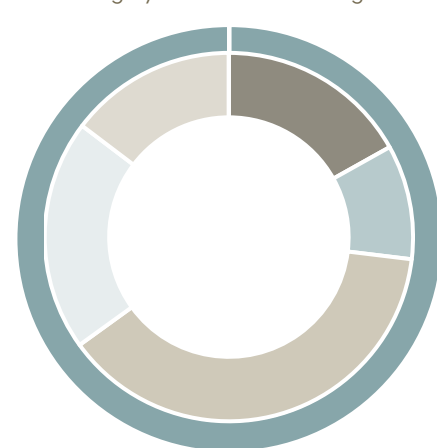
### Monthly performance (A\$, since inception)

	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%	-2.5%	-1.0%	9.4%	-6.2%		28.9%	26.2%	35.0%

### 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	-6.2%	-6.3%	-2.2%	Volatility	28%	25%	14%
3 months	1.7%	0.7%	10.5%	Sharpe Ratio	0.9	1.0	2.4
6 months	8.4%	8.4%	16.9%	Gold Correlation	0.7	0.7	1.0
12 months	24.9%	23.9%	32.7%	Gold Beta	1.4	1.2	1.0
Year to Date	28.9%	26.2%	35.0%	Up-capture	126%	113%	100%
Since Inception	116.1%	61.7%	101.8%	Down-capture	141%	125%	100%
Annualised	15.5%	9.4%	14.1%	Up/Down Ratio	0.9	0.9	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
NGD US	Emerging Mid-caps	12.4%
PAAS US	Critical By-products	11.2%
AEM US	Senior Mid-caps	11.0%
KGC US	Senior Mid-caps	10.8%
AU US	Senior Mid-caps	8.3%
AG US	Critical By-products	8.2%
GOLD US	Major Producers	7.2%
NEM US	Major Producers	6.4%
EGO US	Emerging Mid-caps	6.2%
GFI US	Senior Mid-caps	5.0%

### Portfolio characteristics

	Portfolio	Benchmarks	
		Gold Miners <sup>1</sup>	Gold Bullion <sup>2</sup>
Earnings growth rate (Forecast 3-year CAGR)	37%	30%	n/a
1-year est. P/E (Median forecast)	14	13	n/a
Dividend yield (Median, trailing 12 months)	1.8%	1.5%	n/a
1-year leverage ratio (Forecast Net Debt/EBITDA)	0.0	0.0	n/a
Market cap (Median)	US\$20B	US\$20B	n/a
Number of holdings	14	28	n/a

### ESG dashboard (last 12 months)

Company meetings (one-on-one)
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, ARIS CN, AG US, PAAS US, AG US, GOLD US, EGO US, ERO US, FNV US, CS CN
Shareholder meetings (ballots cast)
AEM US, GOLD US, FNV US, KGC US, PAAS US, WPM US, NGD US, PRU AU
ESG assessments (new or updated)
RGLD US, TFPM CN, FIL CN, LUN CN, KNT CN, NEM US, NGEX CN, KGC US, ARIS CN, CS CN, EGO US, ERO 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*



Selva Freigedo  
*Research*



Georgia Widdup  
*Co-Managing Director*

### Industry technical analysts



Alex Zadnik  
*Engineering*

### Advisory Board



Jim Askew  
*Gold mining*



Leigh Clifford AC  
*Engineering*



Liza Maimone  
*Sustainability*

### Distribution

Adam Wright – Financial advisers  
Andrew Aitken – Financial advisers  
Anna Sayer – Institutional and family office  
Leighton Thomas – International  
Noel Corley – Financial advisers  
Rob Tandy – Philanthropic foundations

### Operations

Martine Fraser  
Maddison Stewart-Rice

### Fund details

Distributions	Annual
Trustee	Paradigm
Custodian	JPMorgan
Administrator	Apex
Auditor	EY
Management Fees	1.25%
Benchmark	Gold Miners Index <sup>1</sup>

<sup>1</sup>NYSE Arca Gold Miners Index <sup>2</sup>Gold bullion as tracked by the SPDR Gold Shares

### Important notice

© Copyright 2024 Triple Eight Capital Pty Ltd (ABN 52 642 108 496, AFSL 527866). All rights reserved.

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.

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.