

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 March 2025

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

NO17 Gold finished March up 17.0% (in Australian dollars, unhedged). In US dollar terms, this equated to up 17.7%. Gold strengthened as a result of its safe haven status against uncertainty in relation to tariffs and the slowing US economy.

From a fundamental perspective, the surge in demand from gold bullion-backed ETFs is continuing. March saw net inflows of 92 tonnes, more or less matching February's elevated level (which had been the strongest month since Russia invaded Ukraine). At this level of demand, we estimate ETFs are likely to be accounting for approximately 25% of total demand, which is comparable to other periods of elevated financial market demand (such as the beginning of the COVID-19 pandemic in 2020 – during 2020, ETFs averaged 20% of total gold demand for the entire year and peaked at 42% during the second quarter of that year). The price of gold bullion finished March at US\$3,124 per ounce (+9.3%) and silver at US\$34 per ounce (+9.4%). Both metals remain in established uptrends. At the end of February, we forecast that should the current level of gold demand from ETFs be sustained (or accelerate), coincident with central banks continuing to buy at historically significant volumes (which appears to be the case), we would expect to see a powerful upward move in the gold price over a relatively short timeframe (i.e. US\$400-500/oz over three to six months), all else being equal. We believe this is playing out and we therefore see further upside to the gold bullion price relative to present levels. We have published more detailed commentary on our [website](#). Within our portfolio, at segment level the key contributors to performance were senior mid-caps, emerging mid-caps and critical by-products. At stock level, Gold Fields (GFI US +24.7%), AngloGold Ashanti (AU US +28.3%) and New Gold (NGD US +36.4%) were the main contributors. New Gold rebounded following a market update in the prior month which had been slightly softer than market expectations. Ramelius (RMS AU) was the only detractor for the month after it published a revised mine plan (reducing near term production and increasing capital expenditure) and announced a low-premium takeover of Spartan Resources (SPR AU). We see these developments as net positive on the basis that the acquisition has the potential to offset the production decline foreshadowed by the new mine plan. We also speculate that it may enable a construction capital cost synergy for Ramelius' Rebecca-Roe growth project (via the relocation of a mill owned by Spartan). These developments have increased our medium to long term conviction in the stock.

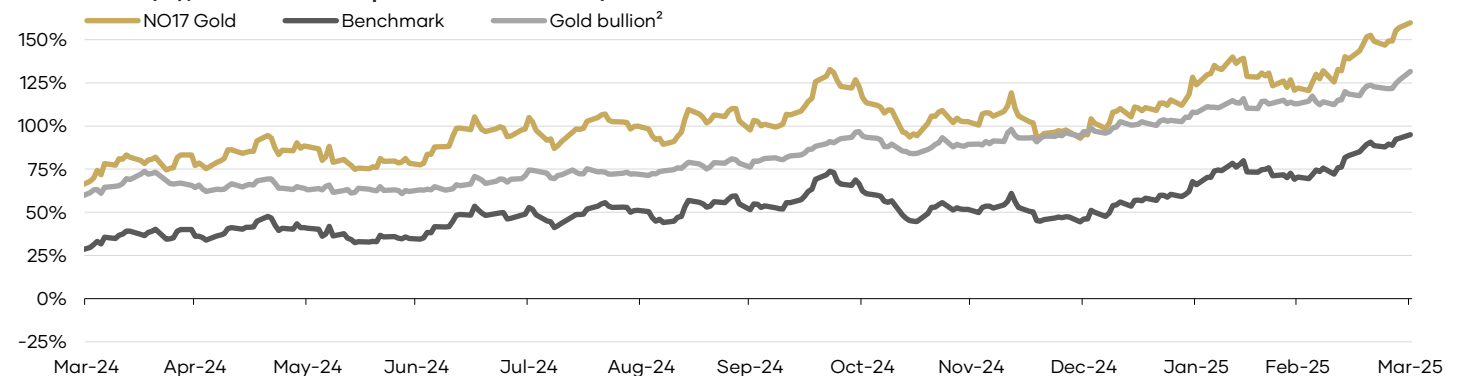
Outlook

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 1960s. Add to this the potential for a global trade war (trade wars are inflationary) at a time when inflation is already elevated and proving sticky. President Trump declaring an 'energy emergency', makes the backdrop sound eerily like the late 1970s when an energy crisis (an oil shock following the Iranian revolution) and a second inflation shock resulted in the gold price spiking by 179% in the 12 months following January 1979. All bets are off in the event of a genuine inflation shock.

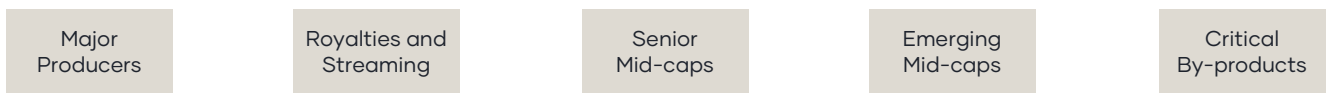
Our base case forecast is for the gold bullion price to strengthen by 15% on a 12-month view. While gold is already near to all-time-high prices in nominal terms, valuing gold in nominal terms overlooks structural inflation to the cost of gold production over time. Adjusting for structural inflation factors, we estimate the all-time-high gold price at closer to US\$3,500/oz.

The recent strengthening of the gold price and coincident expansion of profit margins has not been reflected in stock prices in the gold mining sector. For example, during 2024, the gold price strengthened by 26.7%, whereas the index of gold mining stocks appreciated by only 9.2%. Going further back to the peak of the last gold cycle in August 2011, the gold bullion price has appreciated 67.0% while the gold miners index has actually declined 30.2%. This has resulted in valuations on gold mining stocks sitting 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 markets haven't yet recognised. We believe a normalisation is inevitable driven by gold sector momentum becoming impossible for equity investors to ignore and mergers and acquisitions chasing gold mining equities' strong fundamentals and compelling valuations (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).

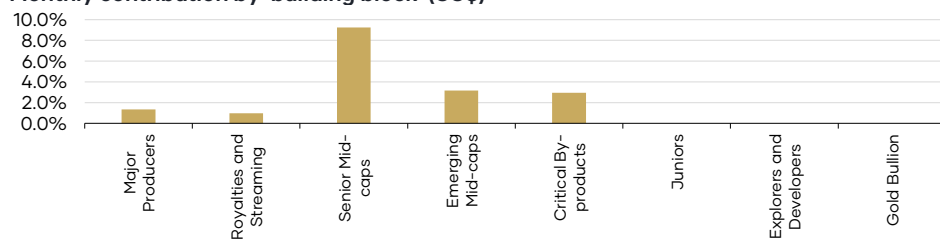
Performance (A\$, return since inception – last 12 months)



NO17 Gold's key 'building blocks'



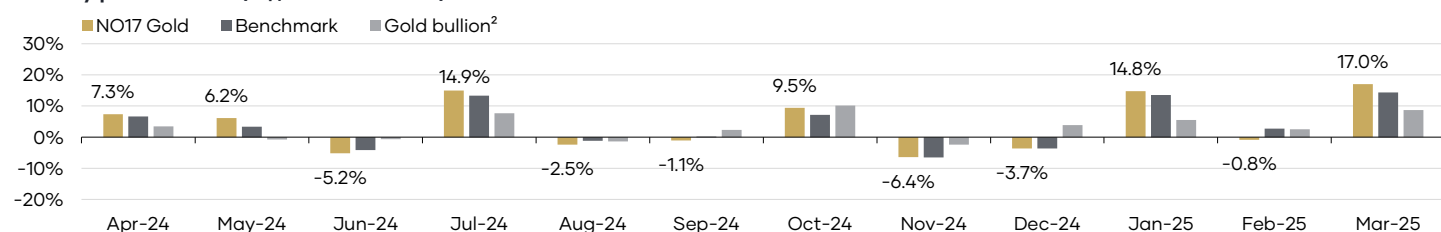
Monthly contribution by 'building block' (US\$)



Key stock contribution (bps, last month)

Company	'Building block'	Contribution
Top-3		
GFI US	Senior Mid-caps	+353
AU US	Senior Mid-caps	+313
NGD US	Emerging Mid-caps	+280
Bottom-3		
RMS AU	Emerging Mid-caps	-58
FNV US	Royalties and Streaming	+46
TFPM US	Royalties and Streaming	+52

Monthly performance (A\$, last 12 months)



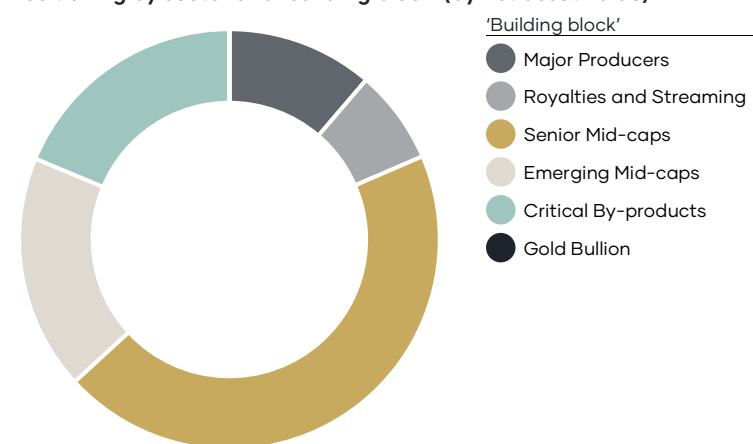
Monthly performance (A\$, since inception)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Benchmark	Gold bullion²
2019								17.7%	-11.5%	8.4%	1.3%	6.1%	21.3%	7.8%	4.9%
2020	4.4%	2.9%	-12.0%	30.9%	3.6%	3.7%	12.4%	-3.8%	-1.9%	2.2%	-11.4%	5.8%	35.1%	12.4%	13.2%
2021	-2.1%	-6.2%	4.1%	3.0%	16.3%	-11.2%	4.2%	-7.6%	-7.3%	0.5%	4.4%	-1.3%	-6.0%	-5.5%	1.0%
2022	-3.3%	7.9%	6.7%	-2.2%	-10.1%	-10.9%	-4.0%	-7.5%	11.1%	2.0%	10.4%	-1.9%	-4.8%	-3.4%	5.1%
2023	9.1%	-12.4%	19.1%	3.6%	-7.9%	-5.5%	4.4%	-2.2%	-9.5%	9.8%	7.1%	-3.5%	7.6%	9.1%	11.8%
2024	-7.4%	-6.9%	21.4%	7.3%	6.2%	-5.2%	14.9%	-2.5%	-1.1%	9.5%	-6.4%	-3.7%	23.6%	21.1%	39.7%
2025	14.8%	-0.8%	17.0%										33.2%	33.4%	17.7%

Performance and risk metrics (A\$)

Returns	Portfolio	Benchmark	Gold bullion²	Risk metrics (12 months)	Portfolio	Benchmark	Gold bullion²
1 month	17.0%	14.4%	8.7%	Volatility	29%	25%	15%
3 months	33.2%	33.4%	17.7%	Sharpe Ratio	2.0	2.1	3.0
6 months	31.4%	28.7%	31.4%	Gold Correlation	0.7	0.7	1.0
12 months	57.4%	52.6%	45.8%	Gold Beta	1.3	1.1	1.0
Year to Date	33.2%	33.4%	17.7%	Up-capture	125%	109%	100%
Since Inception	159.8%	95.0%	131.6%	Down-capture	124%	105%	100%
Annualised	18.3%	12.5%	16.0%	Up/Down Ratio	1.0	1.0	1.0

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



Top holdings (by contribution to risk)

Company	'Building block'	Risk weight
GFI US	Senior Mid-caps	14.0%
AU US	Senior Mid-caps	13.2%
NGD US	Emerging Mid-caps	13.0%
CDE US	Critical By-products	10.4%
KGC US	Senior Mid-caps	9.4%
PAAS US	Critical By-products	9.1%
AG US	Critical By-products	7.0%
AEM US	Senior Mid-caps	6.5%
EGO US	Emerging Mid-caps	5.0%
GOLD US	Major Producers	4.3%

Portfolio characteristics

	Portfolio	Benchmark	Gold bullion²
Earnings growth rate (Forecast 3-year CAGR)	11%	19%	n/a
1-year est. P/E (Median forecast)	12	11	n/a
Dividend yield (Median, trailing 12 months)	1.7%	0.9%	n/a
1-year leverage ratio (Forecast Net Debt/EBITDA)	0.0	-0.1	n/a
Market cap (Median)	US\$17B	US\$15B	n/a
Number of holdings	14	57	n/a

Company research and engagement dashboard (last 12 months)

Company meetings (one-on-one)
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, CDE US, HBM US, CDE US, RMS AU, EQX AU, KGC US, TFPM CN, EDV CN
Shareholder meetings (ballots cast)
NEM US, AEM US, GOLD US, FNV US, KGC US, PAAS US, WPM US, NGD US, AU US, GFI US, PRU AU, CDE US

NO17 Gold

Fund overview

- Global equities fund focused on gold miners with a priority for responsible gold miners.
- 10-20 bottom-up best ideas actively managed based on deep in-house research and direct company engagement.
- 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. This is an achievement we expect it to repeat over the next 10 to 20-years.
- Gold's appeal as a long-term investment relates to the vital role it plays in our financial system as an 'always liquid' asset with genuine intrinsic value (i.e. its value is not predicated on future cashflows and is supported by a replacement cost which increases with inflation).
- NO17 Gold is designed to deliver 1.5-2.5 leverage to gold bullion (i.e. if the gold bullion price moves by one unit, we would expect NO17 Gold to move by two units) via the profit margins and reserve ounces of gold miners.
- We believe prioritising responsible gold miners will result in better risk adjusted returns over time.


About NO17 Gold

- NO17 Gold believes that responsible gold mining has the potential to create net socio-economic benefits for host countries and associated local communities through job creation, tax revenue and community investment. We believe that these benefits can be achieved without sacrificing investment returns.
- Our process is built on fully independent research, overseen by our Advisory Board which also provides deep industry insights.


Investment

 Roscoe Widdup <i>Portfolio management</i>	 Tonya Payne <i>Portfolio management</i>	 Christopher Hayes <i>Portfolio management</i>
 Hedley Widdup <i>Investment Committee</i>	 Robin Widdup <i>Investment Committee</i>	 Selva Freigedo <i>Research</i>
 Timothy McIntyre <i>Research</i>	 Alvin Zhou <i>Research</i>	






Advisory Board

 Leigh Clifford AC <i>Engineering and infrastructure</i>	 Jim Askew <i>Gold mining</i>	 Liza Maimone <i>Sustainability</i>
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Industry technical analysts

 Alex Zadnik <i>Engineering</i>

Administration and operations

 Georgia Widdup <i>Co-Managing Director</i>	 Martine Fraser <i>Financial controller</i>	 Nicki Zehntner <i>Investor relations</i>
 Maddison Stewart-Rice <i>Accounting</i>	 Ian Brown <i>AI Process Innovation</i>	 Lisa Hayes <i>Operations</i>

Distribution

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

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

Important notice

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