

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 2025

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

NO17 Gold finished April up 3.9% (in Australian dollars, unhedged). In US dollar terms, this equated to up 5.9%.

Gold was one of the biggest beneficiaries of President Trump's 'Liberation Day' policy shock, strengthening amid the flight to safety as other defensive assets such as US Treasuries and the US dollar came under pressure against the uncertainty in relation to tariffs and the outlook for the US economy. Our view is that Liberation Day has lit the fuse on a much bigger upward move in the gold market as capital is allocated away from US assets (especially US Treasuries).

Within the physical gold market, the surge in demand from gold bullion-backed ETFs is continuing. April saw net inflows of 115.0 tonnes, exceeding February's multi-year high level (the strongest month since Russia invaded Ukraine). Noteworthy, was the fact the spike in flows was driven by ETFs in Asia which recorded their largest ever month for inflows by an order of magnitude. At 69.3 tonnes, it was roughly 3 times greater than previous spikes. Based on data reported so far (central bank gold purchases are not always reported completely, or on time, or in some cases ever), central banks reported 17 tonnes of net purchases during the month of March. Poland adding 16 tonnes was the largest buyer. While the volume purchased was slightly below the prior month's 24 tonnes, reports have been circulating suggesting that China's officially reported net purchase of 5 tonnes in February was closer 50 tonnes. The price of gold bullion finished April at US\$3,289 per ounce (+5.3%) continuing its established uptrend with considerable momentum. We have published more detailed commentary on our [website](#).

Performance contribution

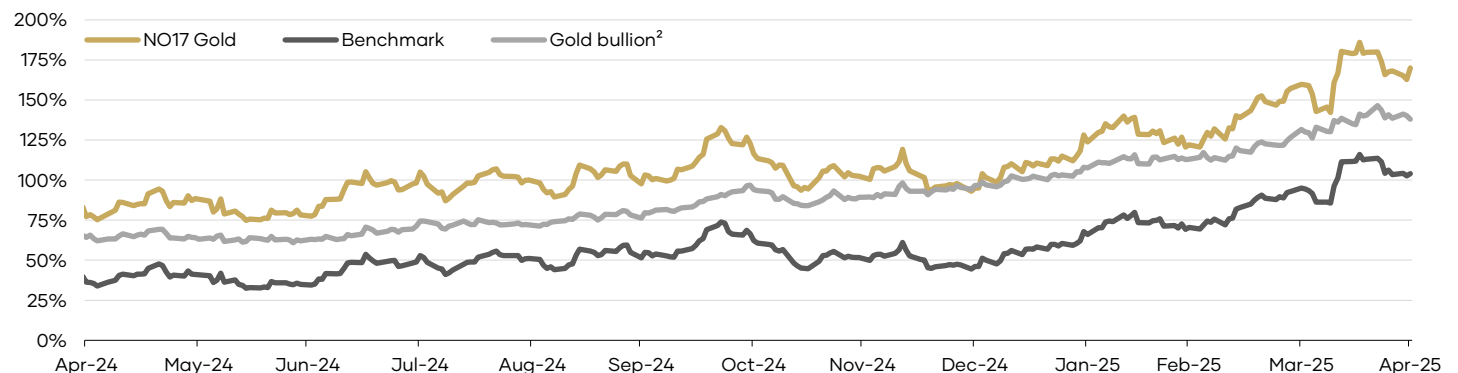
Within our portfolio, the key contributors to performance were within the senior mid-caps segment (+366 basis points), driven by Kinross Gold (KGC US +17.0%) and AngloGold Ashanti (AU US +13.6%). The critical by-products segment (-88 basis points) detracted from performance as a result of the weaker silver price (-4.3%) which negatively impacted positions such as First Majestic Silver (AG US -6.4%), Coeur Mining (CDE US -6.3%) and Pan American Silver (PAAS US -2.5%). There is no change to our positive outlook for these positions which are exposed to silver as a by-product of gold mining. Last year we published a [paper](#) elaborating on our investment thesis for silver which remains relevant.

Outlook

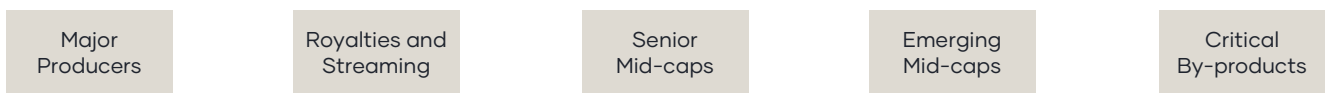
There is no change to our belief that gold bullion ETFs are in an accumulation cycle at the same time as central banks are buying gold in volumes not seen since the 1960s. We believe that Liberation Day will have significant long-term consequences, lighting the fuse on a much larger move for the gold price. We now see material upside to the gold bullion price relative to recent all-time highs (intraday US\$3,500 per ounce). 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.

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 73.3% while the gold miners index has actually declined 22.0%. 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'



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

- Our process is built on fully independent research, overseen by our Advisory Board which also provides deep industry insights.
- 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.

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>
 Alvin Zhou <i>Research</i>	 Lachie Moen <i>Research intern</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>

Fund details

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

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

Important notice

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