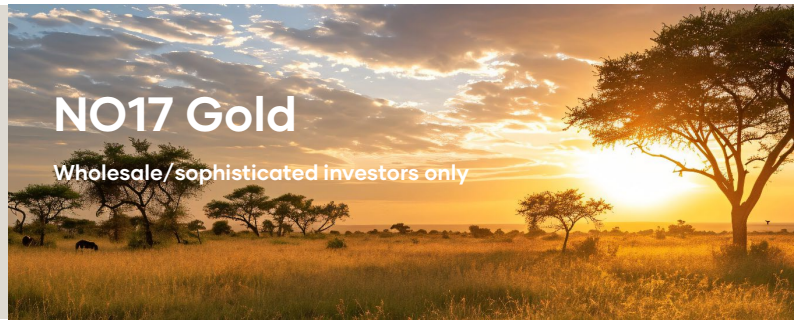


## Opportunity in the world's most strategic asset class

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](#)



### 31 May 2025

**Commentary** (all movements in this commentary are expressed in US dollar terms, unless otherwise stated)  
 NO17 Gold finished May up 4.5% (in Australian dollars, unhedged). In US dollar terms, this equated to up 5.0%.

The gold price consolidated during May following its recent strong performance and as broader equity markets continued an extraordinary V-shaped recovery from April's Liberation Day shock. The price of gold bullion finished the month flat at US\$3,289 per ounce and remains in an established uptrend. We have published more detailed commentary on our [website](#).

#### Performance contribution

The key contributors to performance were within the critical by-products (+222 basis points) and emerging mid-caps segments (+183 basis points). This was notwithstanding gold miners exposed to critical by-products (such as silver and copper) performing relatively sluggishly despite the price of silver (+1.1%) and copper (+4.7%) outperforming gold (flat). Coeur Mining (CDE US +45.6%) was the exception following its stronger than expected financial results and a share buy-back. New Gold (NGD US +11.8%) was the best performer within emerging mid-caps also on better than expected results. The key detractor from performance was Pan American Silver (PAAS US -3.1%) which declined following its announcement to acquire MAG Silver Corp. We reflect that an initially negative reaction is typical of such transactions (driven by fears in relation to over-paying and the associated equity dilution) and that the acquisition is a fair valuation for a high quality, long-life silver asset. There is no change to our positive view on the stock. There is also no change to our very positive view on silver as a by-product of gold mining. You will recall that we published a [paper](#) last year elaborating on our investment thesis for silver and this remains relevant.

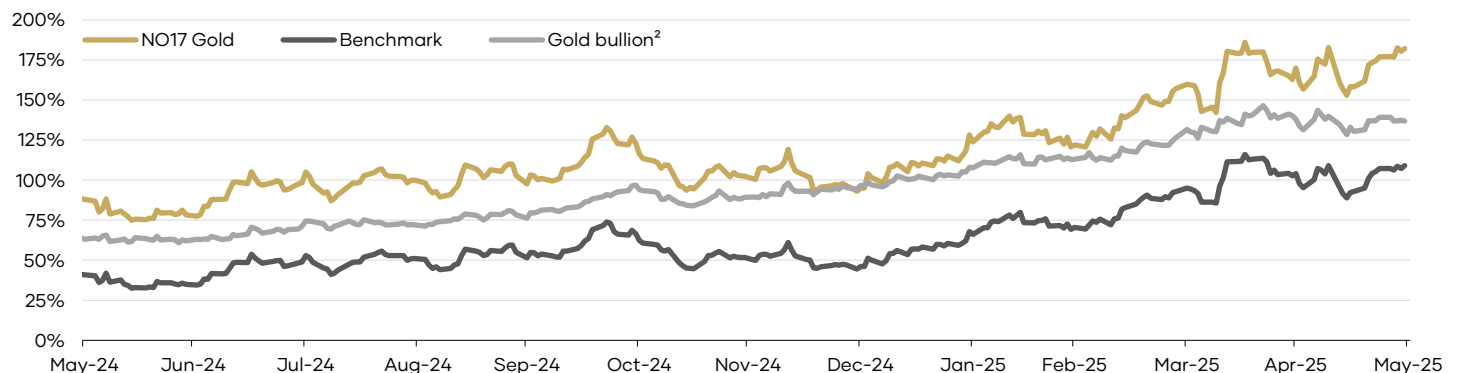
#### Outlook

We continue to observe elevated global demand for gold bullion driven by ETFs (which are in an accumulation cycle) and central banks (acquiring gold in volumes not seen since the 1960s). This elevated demand combined with constrained supply is driving the gold price higher. Our research indicates that the supply side is much tighter than most in the market have appreciated. Gold mining has experienced under-investment for more than a decade (since the end of the last cycle in 2011) and this period of neglect means the industry will be less able to respond quickly to the present demand shock. We anticipate that the supply of gold from gold mining (approximately 75% of total supply) will tighten further in the short-to-medium term, as some producers pursue a 'mine life over value' strategy by lowering cut-off grades (this is a typical cyclical reaction) which is fundamentally supportive of a higher gold price by steepening the cost curve and reducing supply.

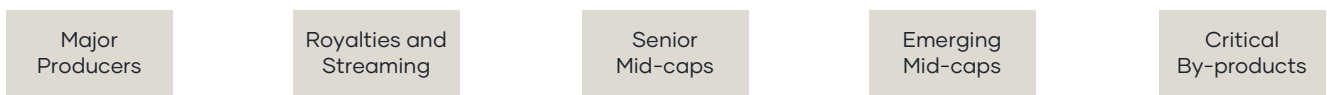
In terms of the outlook for demand, we believe that Liberation Day has lit the fuse on a much larger move for the gold price (by increasing demand from already elevated levels). We see material upside to the gold bullion price (relative to recent all-time highs: intraday US\$3,500 per ounce during April). Add to this backdrop a global trade war (trade wars are inflationary) at a time when inflation is already elevated and proving sticky. We see striking similarities between the present situation and 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.

It is our view that a carefully selected portfolio of gold miners will outperform in this environment driven by their profit margins expanding by more than the movement of the gold price, combined with their valuation multiples normalising (expanding) from bottom-of-cycle levels. While miners have outperformed gold bullion so far this year, there remains a material dislocation to be caught up. The margins being made by many gold miners, while the gold price continues to strengthen, is simply not reflected in stock prices. The magnitude of the dislocation is highlighted by the fact that since the peak of the last gold cycle in August 2011, the gold bullion price has appreciated 73.4% while the gold miners index has actually declined by 23.3%. We believe this has occurred because it has been easy to ignore the sector for the last 10-12 years, following the end of the last cycle and a run of disappointments. Gold miners have remained off the radar for the majority of investors on the basis that they are immaterial within global equity indices, technically complex, deeply cyclical, and have been overshadowed by miners exposed to more exciting metals (such as copper, lithium, rare earths and uranium, etc). The end result is that valuations on gold mining stocks have drifted to what we believe is a 25-year low. We see this dislocation as a significant opportunity which markets are only just beginning to recognise.

#### 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>
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### 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>

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

### Important notice

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### NO17 Gold

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