

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 25 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 September 2025

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

NO17 Gold finished September up 20.2% (in Australian dollars, unhedged). In US dollar terms, this equated to up 21.5%. Gold's breakout continued in September with the price of gold bullion finishing the month at US\$3,859 per ounce (+11.9%). Supported by strong fundamentals (elevated demand and tight supply), we believe this move is a decisive shift and a catalyst for further upside. Gold equities continued their powerful, broad-based rally across all sub-sectors and regions which strengthens our conviction that the re-rate trade (where the very strong fundamentals of gold miners is recognised, driving valuation multiples upwards towards fair value) that we have been writing about since mid-2024 has finally started. We believe the catalyst was the July-August financial reporting season in which a majority of gold miners demonstrated good cost control (which was counter to the general perception that higher gold prices will be matched by higher production costs). We sense markets are beginning to recognise the margins and cashflow that gold miners are generating (EBITDA margins comparable to Nvidia), with considerable leverage to higher gold prices which are breaking out to new levels. All of this with un-levered balance sheets while trading on valuation multiples below fair value and historic norms. We have published more detailed commentary on our [website](#).

Performance contribution

Consistent with the broad-based strength in gold miners, at segment level the key contributors to performance comprised senior mid-caps (+764 basis points), critical by-products (+630 basis points) and emerging mid-caps (+388 basis points). At stock level, the largest contributors were Coeur Mining (CDE US, +42.7%), Gold Fields (GFI US, +25.3%), AngloGold Ashanti (AU US +24.1%) and New Gold (NGD US, +21.7%) which represent all of the abovementioned segments.

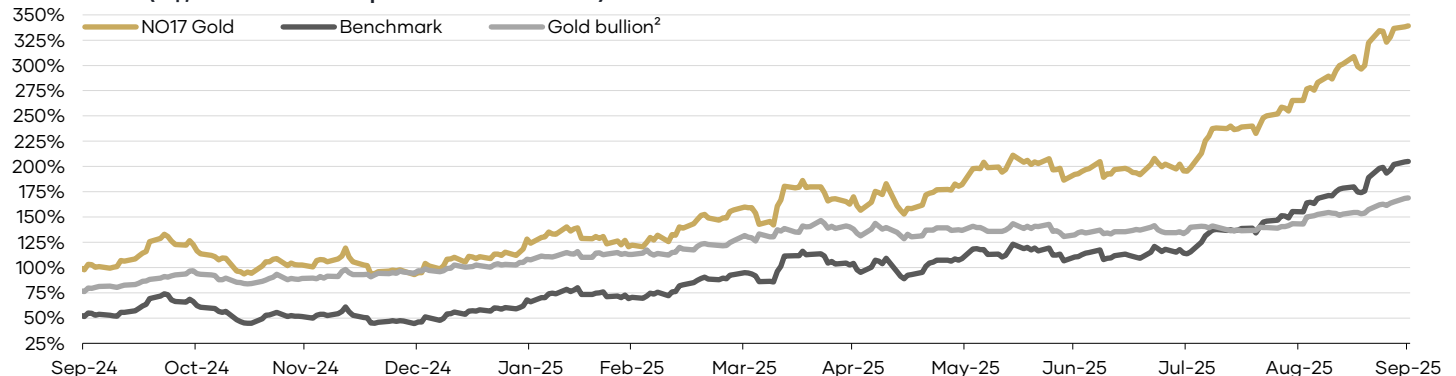
Outlook

We see material upside to the gold bullion price driven by elevated demand from ETFs (which are in an accumulation cycle) and central banks (acquiring gold in volumes not seen since the 1960s). It is critical to appreciate that we haven't seen this situation on the demand side ever before – the last major uptrend from 2001-2011 was driven by ETFs accumulating gold while central banks were actually sellers. Further, 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 demand shocks. 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.

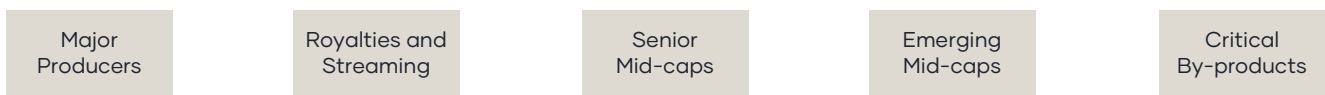
Add to this backdrop a global trade war (trade wars are inflationary) at a time when inflation is already elevated and proving sticky. We see striking similarities between the present situation and the late 1970s when an energy crisis (an oil shock following the Iranian revolution) and a second inflation 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. Notwithstanding the fact that gold miners have outperformed gold bullion so far this year, there still 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 103.4% while the gold miners index has only risen 15.4%. 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>

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

 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 ³Relative to Global Equities

Important notice

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NO17 considers responsible mining to be mining which 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. A number of organisations have defined standards for responsible mining including the World Gold Council's (WGC) 'Responsible Gold Mining Principles', Mining Association of Canada's (MAC) 'Towards Sustainable Mining', the International Council on Mining and Metals' (ICMM) 'Mining Principles' as well as initiatives such as Copper Mark. Similar environmental and social standards specifically for development projects include the Equator Principles and the International Finance Corporation (IFC) Performance Standards. NO17 Gold considers these standards in its assessment methodology and while NO17 has a preference for companies with a commitment to responsible mining standards, companies that have not made a formal commitment may still be included in our portfolio. Companies in which NO17 invests may have legacy and/or ongoing environmental, social or governance challenges. 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. Responsible investment risks and issues that create the greatest concern for us in our portfolio include (but are not limited to): GOLD US – community unrest at Porgera (Papua New Guinea), human rights grievances at Tanzanian operations, and governance risks at Mali operations; FNV US – exposure to and willingness to actively invest in oil and gas production, high fatality rates at certain South African operations that company has royalty/streaming agreements with; PAAS US – concerns regarding impacts on indigenous rights at Guatemalan Project; NEM US – marine disposal of waste materials at Lihir (Papua New Guinea). Please email info@t8cap.com for more information.

Triple Eight Capital trading as NO17 Gold

Level 6, 432 St Kilda Road, Melbourne VIC 3004 AUSTRALIA

w. t8cap.com

e. info@t8cap.com

t. +61 (03) 8820 8388

