SEE THE OPPORTUNITY

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.

LEARN MORE

31 January 2026

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

NO17 Gold finished January up 5.7% (in Australian dollars, unhedged). In US dollar terms, this equated to up 10.3%. Gold (+13.3%) surged to all-time highs on safe-haven demand and a speculative squeeze following a series of major geopolitical issues (the Maduro raid on Venezuela, the spike in tensions around Greenland, and civil unrest in Iran, alongside the ongoing conflict in Ukraine). The speculative squeeze ended with a major reversal into month-end (gold fell 17% from its intra-month highs by the beginning of February) and we now expect a period of price consolidation. Reflecting on the extraordinary rally and its abrupt reversal, what surprised us most was the price level at which gold received buying support on the downside. We believe this indicates considerable underlying demand and broadening market conviction in the medium-long-term gold uptrend. This environment remains a tailwind for the profit margins of gold miners and we observe that the fundamentals of gold miners (margins, cash generation, balance sheet health, leverage to higher gold prices) are exceptional and a majority continue to trade on valuations well below fair value and historic norms. This, combined with US equities indices near to all-time highs is likely to motivate increasing equity investor flows into gold miners. We have published more detailed commentary on our website.

Performance contribution

Within our portfolio, the key segment level contributor to performance was senior mid-caps (+402 basis points). At stock level, the largest contributor was Gold Fields (GFI US, +14.8%). The stock price of Lundin Gold (LUG CN, -10.5%) declined modestly and this was most likely due to profit taking following a period of very strong price performance. There is no change to our positive fundamental thesis for the stock.

Outlook

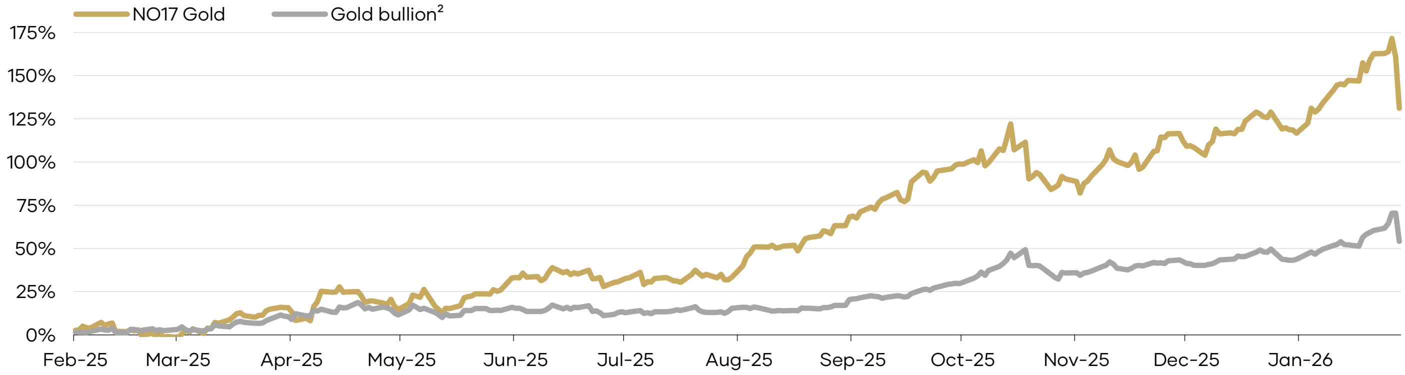
We see material upside to the gold bullion price driven by elevated demand from ETFs (which are in an accumulation cycle) and central banks (acquiring gold in volumes not seen since the 1960s). It is critical to appreciate that we haven't seen this situation on the demand side ever before – the last major uptrend from 2001-2011 was driven by ETFs accumulating gold while central banks were actually selling. 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, are 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 157.9% while the gold miners index has only risen 48.7%. 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 are rebounding from what we believe was a 25-year low. We see this dislocation as a significant opportunity which markets are only just beginning to recognise.

Performance (A$, last 12 months)

Return: 131.3%



NO17 Gold's key 'building blocks'

Major Producers	Senior Mid-caps	Emerging Mid-caps	Critical By-products	Royalties and Streaming

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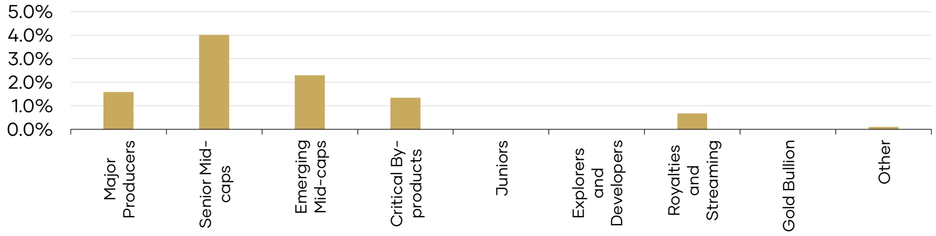
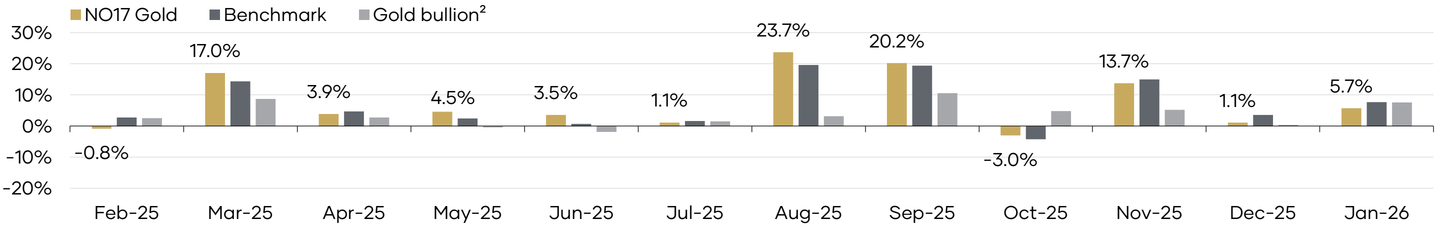
Monthly contribution by 'building block' (US$)



Key stock contribution (bps, last month)

Company	'Building block'	
Top-3		
Redacted	Senior Mid-caps	+196
Redacted	Emerging Mid-caps	+138
Redacted	Senior Mid-caps	+107
Bottom-3		
Redacted	Emerging Mid-caps	-6
Redacted	Emerging Mid-caps	-5
Redacted	Royalties and Streaming	+3

Monthly performance (A$, last 12 months)



Monthly performance (A$, since inception)

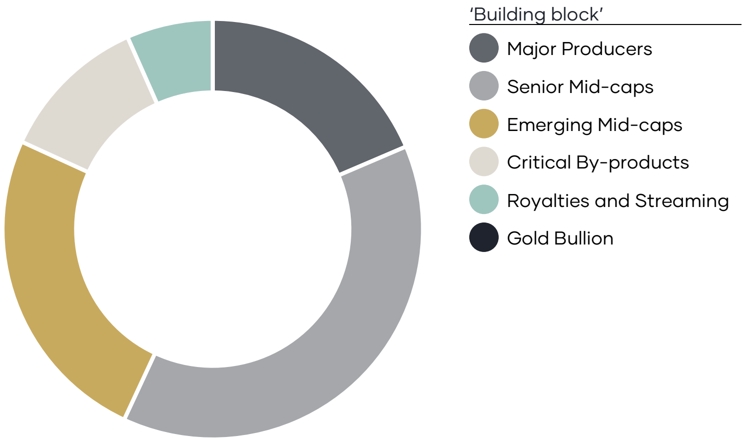
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Benchmark	Gold bullion[2]
2019								17.7%	-11.5%	8.4%	1.3%	6.1%	21.3%	7.8%	4.9%
2020	4.4%	2.9%	-12.0%	30.9%	3.6%	3.7%	12.4%	-3.8%	-1.9%	2.2%	-11.4%	5.8%	35.1%	12.4%	13.2%
2021	-2.1%	-6.2%	4.1%	3.0%	16.3%	-11.2%	4.2%	-7.6%	-7.3%	0.5%	4.4%	-1.3%	-6.0%	-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%	3.9%	4.5%	3.5%	1.2%	23.7%	20.2%	-3.0%	13.8%	1.1%	151.1%	137.9%	51.2%
2026	5.7%												5.7%	7.6%	7.6%

Performance and risk metrics (A$)

Returns	Portfolio	Benchmark	Gold bullion[2]
1 month	5.7%	7.6%	7.6%
Year to date	5.7%	7.6%	7.6%
3 months	21.5%	28.1%	13.5%
6 months	75.3%	75.1%	35.6%
1 year	131.3%	125.5%	54.1%
3 years	223.7%	214.0%	148.4%
5 years	222.6%	219.0%	176.7%
Since inception	417.7%	274.2%	219.9%
Annualised	28.8%	22.5%	19.6%

Risk metrics (90 days)	Portfolio	Benchmark	Gold bullion[2]
Volatility	39%	43%	26%
Sharpe ratio	2.9	3.9	2.4
Gold correlation	0.8	0.8	1.0
Gold beta	1.2	1.3	1.0
Equity correlation[3]	0.2	0.1	0.0
Equity beta[3]	0.7	0.6	-0.1
Gold up-capture	134%	148%	100%
Gold down-capture	122%	139%	100%
Up/down ratio	1.1	1.1	1.0

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



Top holdings (by contribution to risk)

Company	'Building block'	Risk weight
Redacted	Senior Mid-caps	17.9%
Redacted	Senior Mid-caps	14.7%
Redacted	Emerging Mid-caps	12.6%
Redacted	Major Producers	6.9%
Redacted	Critical By-products	6.1%

Portfolio characteristics

	Portfolio	Benchmark	Gold bullion[2]
Earnings growth rate *(Forecast 3-year CAGR)*	81%	29%	n/a
1-year est. P/E *(Median forecast)*	21	17	n/a
Dividend yield *(Median, trailing 12 months)*	0.8%	0.8%	n/a
1-year leverage ratio *(Forecast Net Debt/EBITDA)*	-0.2	-0.2	n/a
Market cap *(Median)*	US$39B	US$54B	n/a
Number of holdings	20	57	n/a

Company research and engagement (year to date)

Company meetings (one-on-one)

Redacted

Shareholder meetings (ballots cast)

Redacted

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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.

Fund details

APIR	*TRI4725KY*
Distributions	*Annual*
Trustee	*Hawksford*
Custodian	*JPMorgan*
Administrator	*Apex*
Auditor	*EY*
Management Fees	*1.25%*
Benchmark	*Gold Miners Index*[1]

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
Portfolio management


Tonya Payne
Portfolio management


Christopher Hayes
Portfolio management


Hedley Widdup
Investment Committee


Robin Widdup
Investment Committee


Selva Freigedo
Research


Alvin Zhou
Research

Advisory Board


Leigh Clifford AC
Engineering and infrastructure


Liza Maimone
Sustainability

Industry technical advisers


Alex Zadnik
Engineering

[1] NYSE Arca Gold Miners Index [2] Gold bullion as tracked by the SPDR Gold Shares [3] Relative to Global Equities

Important notice

This material has been prepared by NO17 Gold 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 NO17 Gold 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.
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.

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