

# Resources Gold Fund

## Fund Update - September 2024

### Fund Performance (Net) %\*

| 1 Month | 3 Months | FY25 YTD | Since Inception | Since inception (p.a.) |
|---------|----------|----------|-----------------|------------------------|
| 3.4%    | 15.5%    | 15.5%    | 61.2%           | 14.0%                  |

### Fund Overview

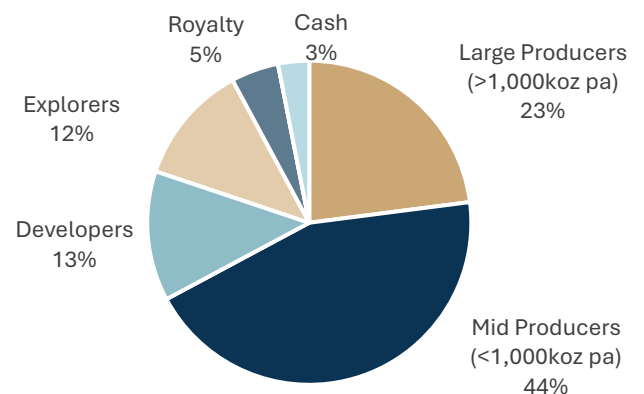
The Victor Smorgon Partners Resources Gold Fund aims to deliver superior returns by offering investors access to a concentrated long/short portfolio of precious metal products. Since inception, the Fund has delivered net returns of 14% p.a.

Victor Smorgon Partners holds the view that a 5-10% allocation of gold in a diversified portfolio of assets will provide superior risk-adjusted returns with lower volatility over time.

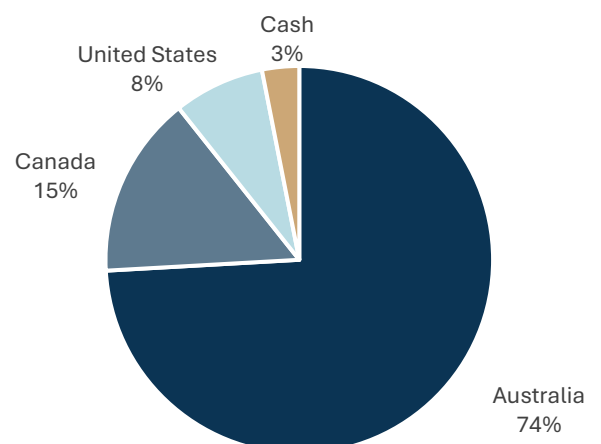
### FYTD Thematic Attribution

|                                |       |
|--------------------------------|-------|
| Large Producers (>1,000koz pa) | 0.4%  |
| Mid Producers (<1,000koz pa)   | -0.9% |
| Developers                     | 1.7%  |
| Explorers                      | 2.3%  |
| Royalty                        | 0.0%  |
| Other                          | 0.0%  |

### Portfolio Allocation by Theme



### Portfolio Allocation by Company Listing



### Key Fund Information

|                      |                                    |
|----------------------|------------------------------------|
| Structure / Currency | Australian Unit Trust / AUD        |
| Investment Manager   | Victor Smorgon Partners            |
| Trustee              | Gannet Capital Pty Ltd AFSL 340799 |
| Fund Administrator   | One Registry Services              |
| Applications         | Monthly                            |
| Redemptions          | Monthly with 30 days' notice       |
| Distributions        | Annual                             |
| Minimum Investment   | A\$100,000                         |
| Investor Eligibility | Wholesale Investors                |
| Inception            | 14 May 2020                        |

#### Fees

|                                 |                |
|---------------------------------|----------------|
| Management Fee                  | 1% p.a. of NAV |
| Hurdle                          | 8% p.a.        |
| Performance Fee (with catch-up) | 20%            |
| High Water Mark                 | Yes            |

\*Fund performance is an estimate based on the inception unit class.

## Portfolio Commentary

### Fund Performance

The Fund's estimated net return in September was +3.4%. Since its inception (14 May 2020) the Fund's estimated net return is +61.2%, outperforming the ASX Gold Equities Index by +46.6%.

Following the decision by the US Federal Reserve (Fed) to cut rates by 50bp (the first rate cut in 4.5 years), the USD gold price set a new record high of US\$2,672/oz, before pulling back slightly to end the month +5.2% higher at US\$2,634/oz. The AUD gold price increased 3.0% to close September at A\$3,811/oz.

Positive sentiment in gold continued to build with Goldman Sachs recently increasing its gold price forecast from US\$2,700/oz to US\$2,900/oz for early 2025. The investment bank reiterated its long gold recommendation highlighting a gradual boost from lower global interest rates, ongoing Central Bank buying, and gold's hedging benefits against geopolitical, financial, and recessionary risks.

The Fund's portfolio weighting in cash at the end of September was 3% (August 2024: 1%).

The leading positive contributor to the Fund's September performance was ASX listed gold developer Back Cat (BC8), contributing approximately +1.3%. BC8 has three 100% owned advanced gold projects in Western Australia, including the Paulsens operation that is expected to start production by the end of 2024. BC8 is targeting annual gold production of 150,000 ounces of gold a year. Comparable companies are valued at >\$1 billion implying approximately 5x upside from BC8's current valuation.

Developers and explorers contributed 4% in total to the Fund's September performance. As highlighted in previous Investor Update reports, developers and explorers remain significantly undervalued versus the producers. This is starting to be recognised by the market as evidenced by the performance of BC8.

### Gold Best Performing Asset Class YTD

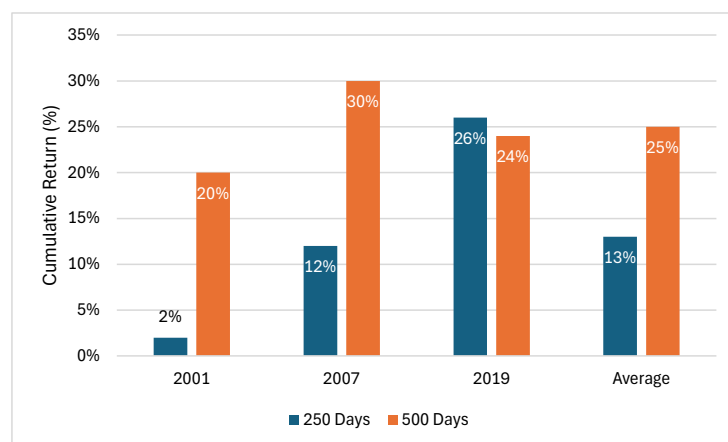
Gold is one of the best performing asset classes year-to-date (+28%), outperforming international equities (+12%) and bonds (+5%), commodities (+0.4%) and other real assets. Gold has increased by 25% or more in approximately 15% of the past 54 years including most recently in 2020 (+25%), 2010 (+30%), and 2007 (+31%).

The Fund would highlight that central bank buying and heightened geopolitical tensions have been key drivers of gold's strong returns in 2024.

More recently, the primary catalyst for higher gold prices has been the Fed's interest rate policy. The Fed has focused on addressing high-interest rates in an attempt to achieve a "soft landing" for the economy following a period of record-high inflation. The Fed's recent 50 basis point reduction in its key interest rate was generally welcomed by gold markets.

Historically, gold has performed well during such rate-cutting cycles, with an average cumulative return of around 25% over 500 trading days following the Fed's first cut (refer chart below). This implies a gold price of approximately US\$3,300/oz by early 2026. Rate cuts tend to weaken the U.S. dollar, further boosting gold's appeal to global investors. In addition, as uncertainty about the broader economy grows, gold benefits from its status as a safe-haven asset.

### Gold Historically Performs Well Following First Fed Rate Cuts



Source: JPMorgan, VanEck. Data as of June 2024

### Fund Net Performance (Fund Commenced 14 May 2020)\*

|        | July  | Aug   | Sept  | Oct   | Nov   | Dec   | Jan   | Feb    | Mar   | Apr   | May   | Jun    | Total  |
|--------|-------|-------|-------|-------|-------|-------|-------|--------|-------|-------|-------|--------|--------|
| FY2020 |       |       |       |       |       |       |       |        |       |       | 6.5%  | 5.0%   | 11.9%  |
| FY2021 | 11.2% | -3.1% | -0.4% | -0.6% | -7.9% | 2.0%  | -4.4% | -10.8% | -3.6% | 12.2% | 5.9%  | -9.4%  | -10.6% |
| FY2022 | 0.8%  | -2.7% | -2.5% | 13.7% | 1.90% | 3.8%  | -8.5% | 11.3%  | 4.1%  | -3.1% | -6.5% | -24.3% | -16.3% |
| FY2023 | 11.8% | -5.3% | -8.4% | -0.4% | 9.9%  | 5.2%  | 8.1%  | -14.7% | 16.1% | 8.2%  | -6.4% | 1.3%   | 22.7%  |
| FY2024 | 0.8%  | 5.0%  | -1.9% | 14.1% | 9.5%  | -0.9% | -4.6% | -3.7%  | 14.7% | 6.5%  | -0.1% | -5.7%  | 35.9%  |
| FY2025 | 6.5%  | 4.8%  | 3.4%  |       |       |       |       |        |       |       |       |        | 15.5%  |

\* Performance figures from May 14, 2020 to August 31, 2024 have been calculated by Unity Fund Services, an affiliate of One Investment Group, who provide portfolio reconciliation and valuation, as well as NAV calculation. Fund performance based on inception unit class.

This Investor Update is prepared and issued by the Manager, Victor Smorgon Partners Pty Ltd (ACN 630 512 739), an authorised representative of Gannet Capital Pty Ltd (ACN 139 264 690) AFSL 340799 (AR no. 1273787) and Gannet Capital Pty Ltd (ACN 139 264 690) in its capacity as trustee of the Victor Smorgon Partners Resources Gold Fund ('the Fund'). This report is distributed for use only by wholesale clients. The report (including any attachments or links to other websites) is intended solely for the named addressee and is confidential. Any use, disclosure, reproduction, distribution or copying of the information in this Investor Update is unauthorised and strictly prohibited. The information contained in this Investor Update is of a general nature only and does not take into account the objectives, financial situation or needs of any particular person and is not to be taken as containing any investment advice or recommendation. Before making an investment decision to acquire shares or to continue to hold shares in the Fund you should consider, with or without the assistance of a financial or other professional adviser, whether an investment is appropriate in light of those matters. You should also obtain a copy of the Information Memorandum and consider the risks and disclosures of the Fund for your circumstances. Subject to law, neither the Fund or the directors, officers or employees of the Manager or Trustee, nor its associates, or any party named in the Information Memorandum guarantees the repayment of capital or the performance of the Fund or gives any representation or warranty as to the reliability or accuracy of the information in this report, nor do they accept any responsibility for any loss to any person incurred as a result of reliance on the information in this report, including any negligent errors or omissions. Past performance is not a reliable indicator of future performance. Past asset allocation and gearing levels may not be reliable indicators of future asset allocation and gearing levels. All fees are exclusive of GST. Please refer to the Information Memorandum for a list of the investors eligible to invest in the Fund and to see further detail of Fund terms.