



Charteris Treasury Portfolio Managers Ltd

The WS Charteris Gold &
Precious Metals Fund

Fund Presentation

Q4 2021

For Professional investors only. Not for consumer use



Contents

•	Background	3
•	Objective(s)	4
•	Commodity performance	6
•	Irving Fisher	8
•	Merits of Bullion vs. Equities	13
•	Relative value charts	17
•	Silver demand	21
•	Portfolio Breakdown	22



Background – WS Charteris Gold & Precious Metals Fund

■ Manager

Ian Williams Chartered FCSI became a Chartered Wealth Manager in 2013, Lead manager of the **WS Charteris Gold & Precious Metals Fund**. Correctly predicted \$2,000 Gold price in July 2008 Daily Telegraph feature. Awarded Alpha Manager in 2011 for previously managed UK Gilt fund and is currently a Citywire + rated Manager



✉ iw@charteris.co.uk

■ Performance

✓ 2016 Top UK mutual Fund across all sectors calendar year	- up 133.95%	*Source FE
✓ 2019 Top UK mutual Fund across all sectors calendar year	- up 51.96%	*Source FT
✓ 2020 Calendar Year	- up 35.34 %	*Source FE
✓ 5 Year Performance (31 Dec 2015 – 31 Dec 2020)	- up 252.50%	*Source FE

■ Framework

UK UCITS Structure

ACD – Waystone Management (UK) Limited. (formerly *DMS Investment Management Services (UK) Limited*). WS is the worldwide leader in Fund governance with assets under service of \$350bn

Depository & Custodian – Credit Agricole (AAA). CACEIS Bank, UK Branch



Our Fund – WS Charteris Gold & Precious Metals

- The fund mainly invests in gold and silver mining companies with a market capitalisation of more than \$500m.
- The fund does not buy the underlying physical precious metals.
- The fund is long only. It does & will not short or hedge bullion in any way.
- The fund can hold up to 10% in other funds, such as Gold and Silver ETFs (exchange-traded funds) and ETCs (exchange-traded certificates) at manager's discretion but does not hold currently.
- The fund does not invest directly in South domiciled companies.
- The fund does not invest in general miners such as zinc, copper and iron ore, for instance.
- Morningstar 2 Star rating & Triple Crown rating from FE

Fund objective

The Fund seeks to provide capital growth through investment in a diversified portfolio of shares in companies whose core business is involved in the mining, refining, financing, production and marketing of gold and or precious metals.



Actively
managed



Concentrated portfolio



Valuation-based
approach



Conviction led



Long term



Liquid portfolio



Our process

How do we build portfolios?

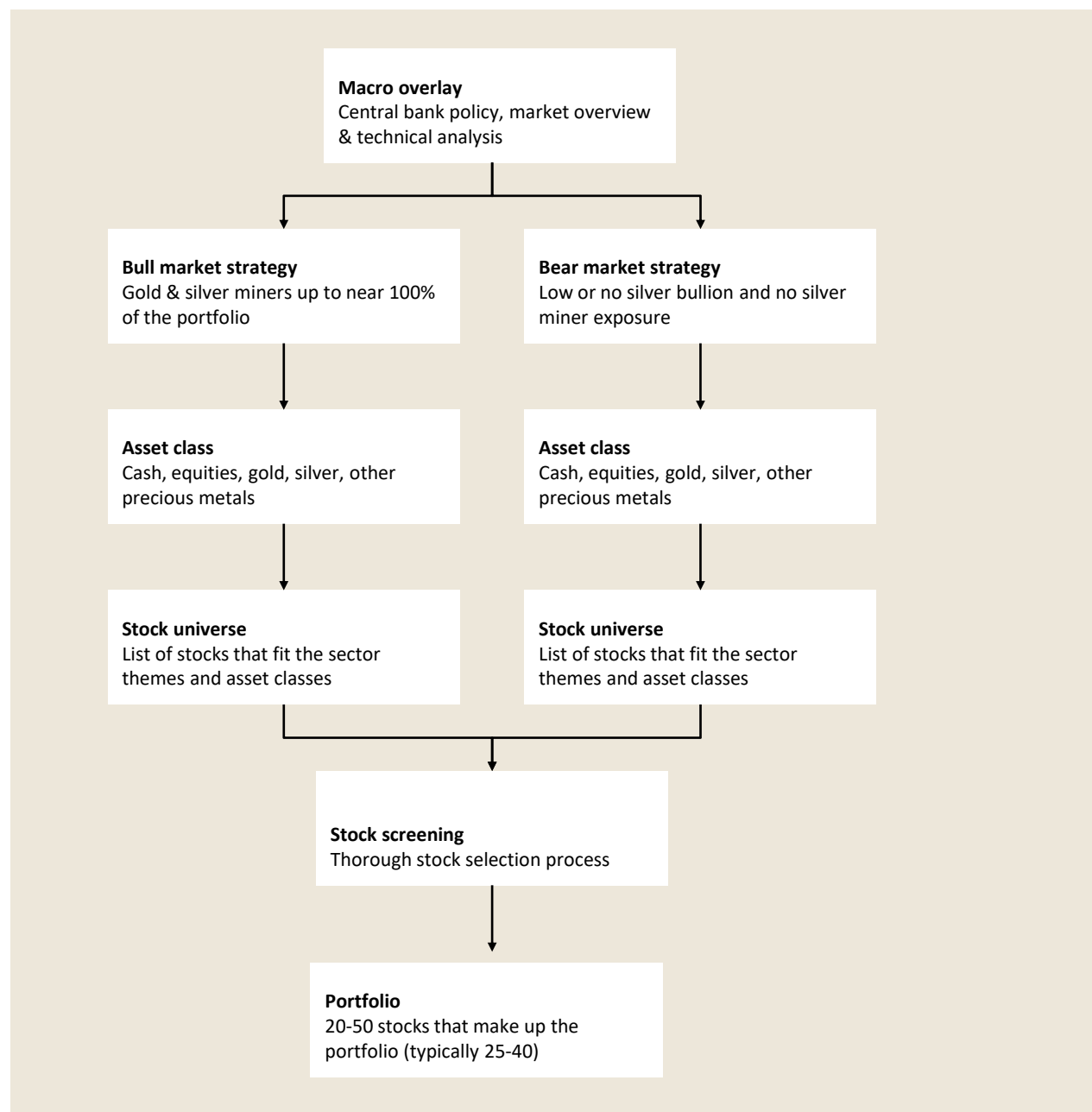
- Top-down macroeconomic view drives our expectations for the underlying precious metals prices.
- Our focused, active management approach dictates bottom-up sector and stock selection decisions based on identifying businesses that are best placed to benefit from the bullish or bearish global macro trends we feel will influence the asset class.

Bull market strategy

1. Overweight silver relative to gold
2. Overweight mid-caps relative to large-caps
3. Overweight gold/silver mining stocks relative to physical gold/silver
4. Approx. 2% cash exposure

Bear market strategy

1. Underweight silver relative to gold (no silver miners or silver metal/bullion)
2. Overweight streaming/royalty companies and larger cap index constituents
3. Maximum 10% cash exposure





Our current macro view Monetarist or Keynesian?

- The vast and rapid expansion in the global monetary base in the face of the Covid-19 pandemic could reinforce the move to higher inflation – something governments and central banks everywhere may welcome.
- Monetary authorities everywhere could tolerate higher inflation and at levels above explicit targets for a period.

Keynesians believe

<p>Quantitative easing (QE) was not inflationary last time...</p>	<p>...and QE won't be inflationary this time</p>	<p>The economy will recover but inflation will stay low</p> Bonds remain a low-return safe haven Growth assets remain highly rated
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Monetarists on the other hand believe...

<p>QE was inflationary but the effects were hidden by opposing deflationary effects</p> No lending as banks rebuild their balance sheets Globalisation driving down costs Ageing populations with retirees continuing to work	<p>QE will lead to inflation this time as deflationary effects have partially reversed</p> Banks well capitalised and encouraged to lend Globalisation may go into reverse to increase self-reliance Populations still ageing and retirees still continue to work	<p>The economy will recover but inflation is the new normal</p> Increase in gold and real asset prices Decrease in bond prices and increase in yields Shift from growth to value stocks
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2008

2020

The future



Gold Price in USD since 2000

- Gold close to an all-time high priced in USD Dollars (again)
- Gold hit \$2,067.15 on 7th August 2020





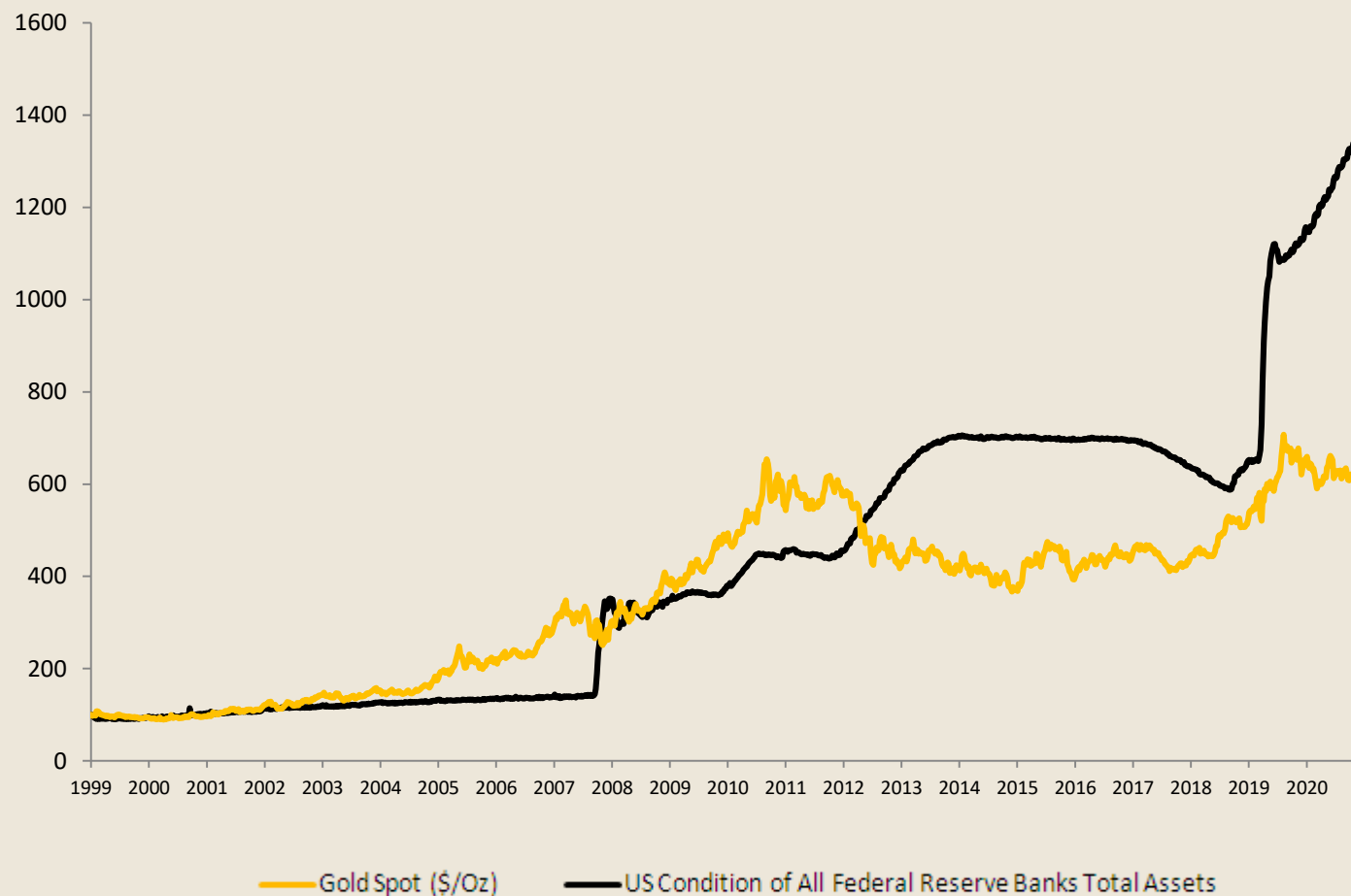
Current Macro View

Precious metals prices performance in an inflationary backdrop

- History suggests that investors, including other central banks buy gold when they see how much the Fed's balance sheet is expanding.
- Covid-19 has resulted in the biggest global fiscal and monetary policy stimulus seen since WW2.
- Under QE 1, 2, and 3 the Fed's balance sheet rose by \$4trn in the six years after Financial Crisis. It has risen a further £2trn in March/April and is on course to rise at least another \$2trn – a rise of 100%.
- The Bank of Russia has been ahead of the pack in switching its US Treasury bonds into gold, taking over a year to undertake the switch due to the size. The Bank still might have a bit more to do. We expect a lot of other central banks to follow suit.

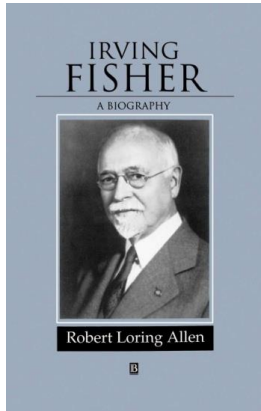
Gold price in tandem with the Fed's balance sheet

Source: Charteris, Bloomberg (as at 31 Dec 2021)





Irving Fisher :- Quantity of Money Theory



$$M V = P T$$

M is for money

M0, M1, M2, M3, M4?

V is for Velocity

The amount money changes hands

P is for Price

Average Price Level

T is for Total Output

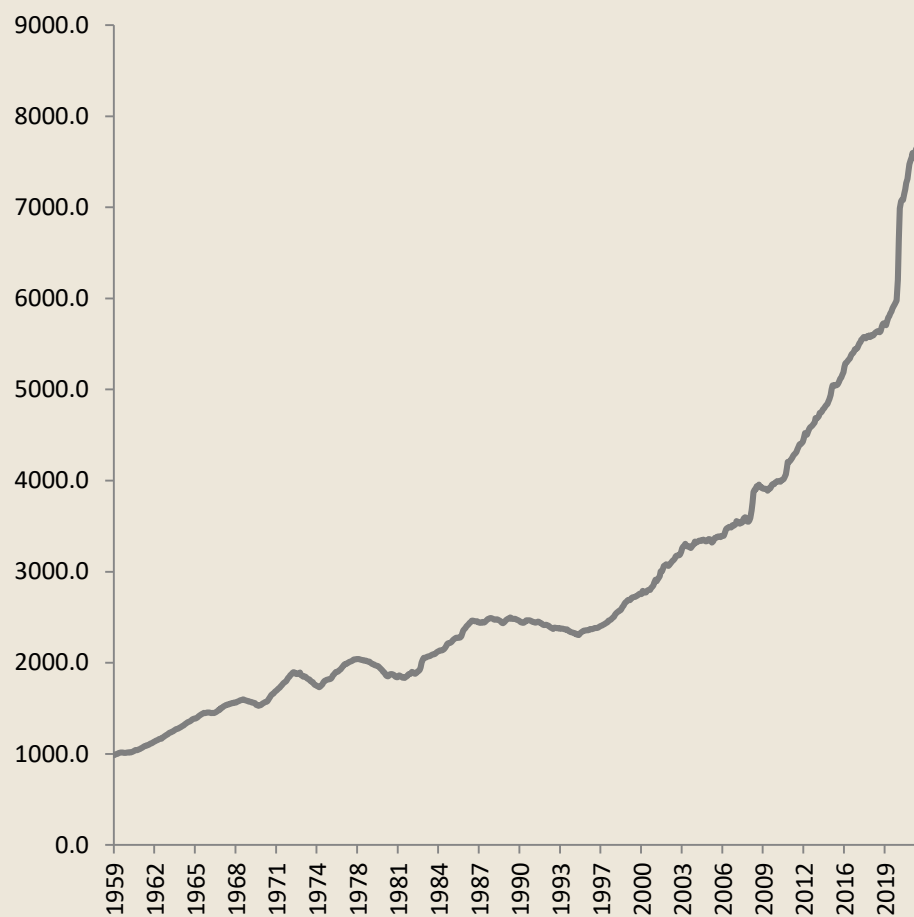
Volume of transactions for Goods & Services



M2 Money & Monetary Base

Real M2 Money Stock

Source: Federal Reserve Bank of St Louis (01 Jan 1959 - 01 Dec 2021)



Monetary base; Total

Source: Federal Reserve Bank of St Louis (01 Jan 1959 - 01 Dec 2021)

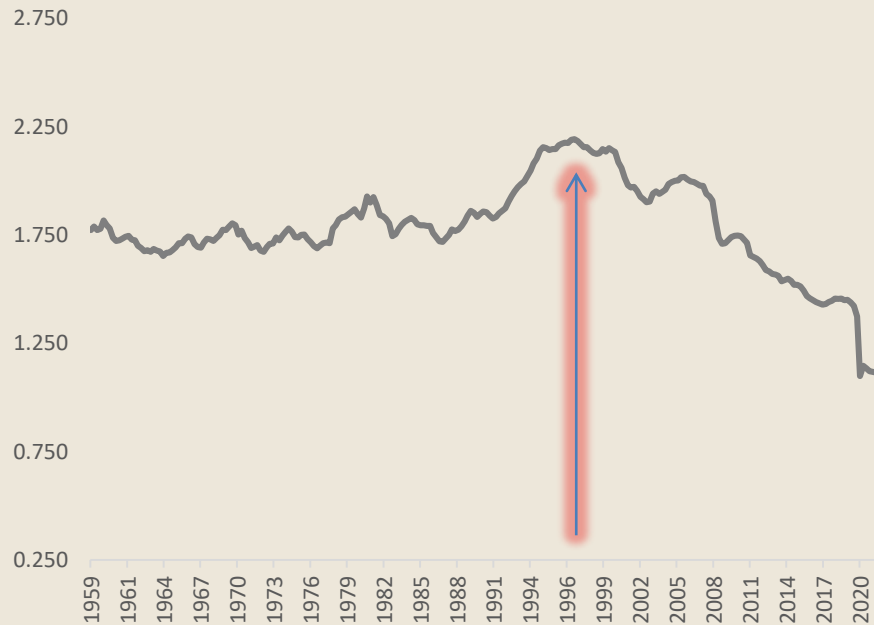




M2 Velocity & Labour force participation rate

Velocity of M2 Money Stock

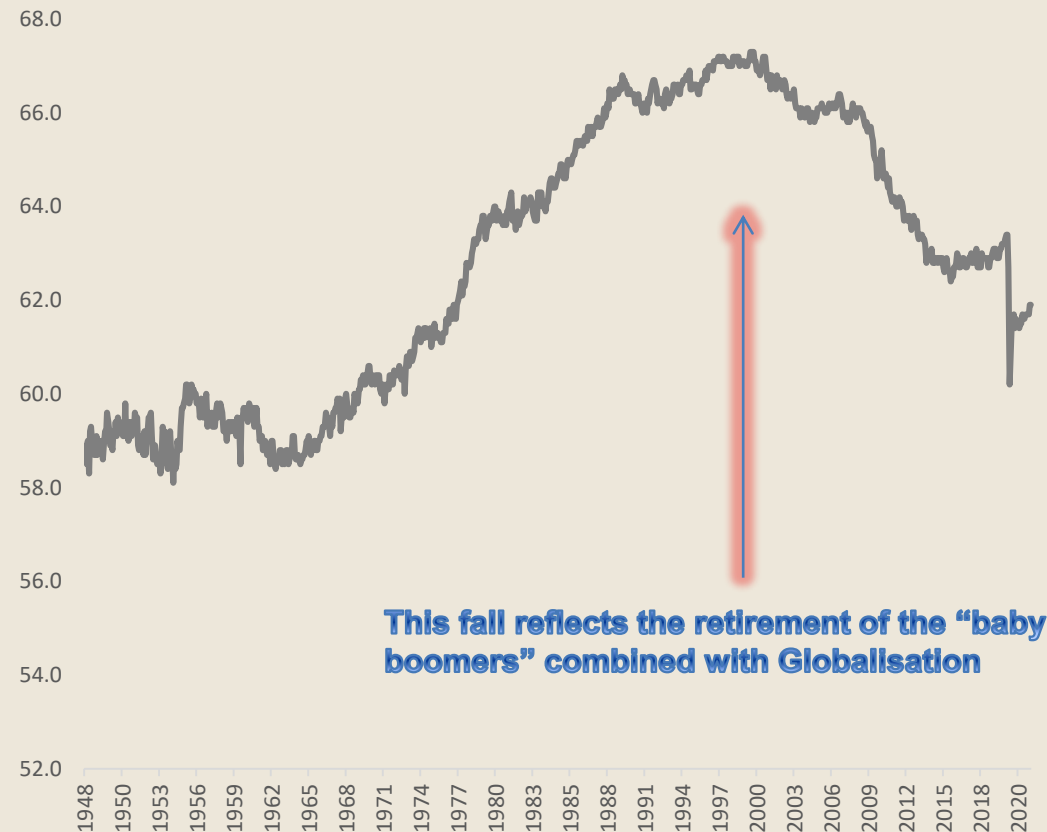
Source: Federal Reserve Bank of St Louis (01 Jan 1959 - 1 Oct 2020)



This fall reflects the retirement bulge of the “baby boomers” combined with Globalisation due to Internet

Labour Force participation rate

Source: Federal Reserve Bank of St Louis (01 Jan 1948 – 01 Sept 2021)



This fall reflects the retirement of the “baby boomers” combined with Globalisation



Silver Price in USD since 2000

Silver price

Source: Charteris, Bloomberg (as at 31 Dec 2021)

Last Price \$23.3083



– Silver Spot price in USD Dollars

– It has lagged Gold price



Gold / Silver Volatility Comparison since 2000

- Silver Spot price is much more volatile than Gold spot price





Merits of holding Bullion equities vs. Physical Bullion

Positives

- Listed securities traditionally outperform Bullion in a Bull Market due to the operational gearing (i.e. Fixed or semi-fixed costs vs. rising revenue stream)
- Listed securities have the ability to pay dividends to investors
- Listed equities have capability to make fresh discoveries due to their exploration activities (Cap-Ex)
- Listed equities can be subject to take-over activity from larger miners. E.g. Barrick taking Randgold
- Good Managements can enhance shareholder value

Negatives

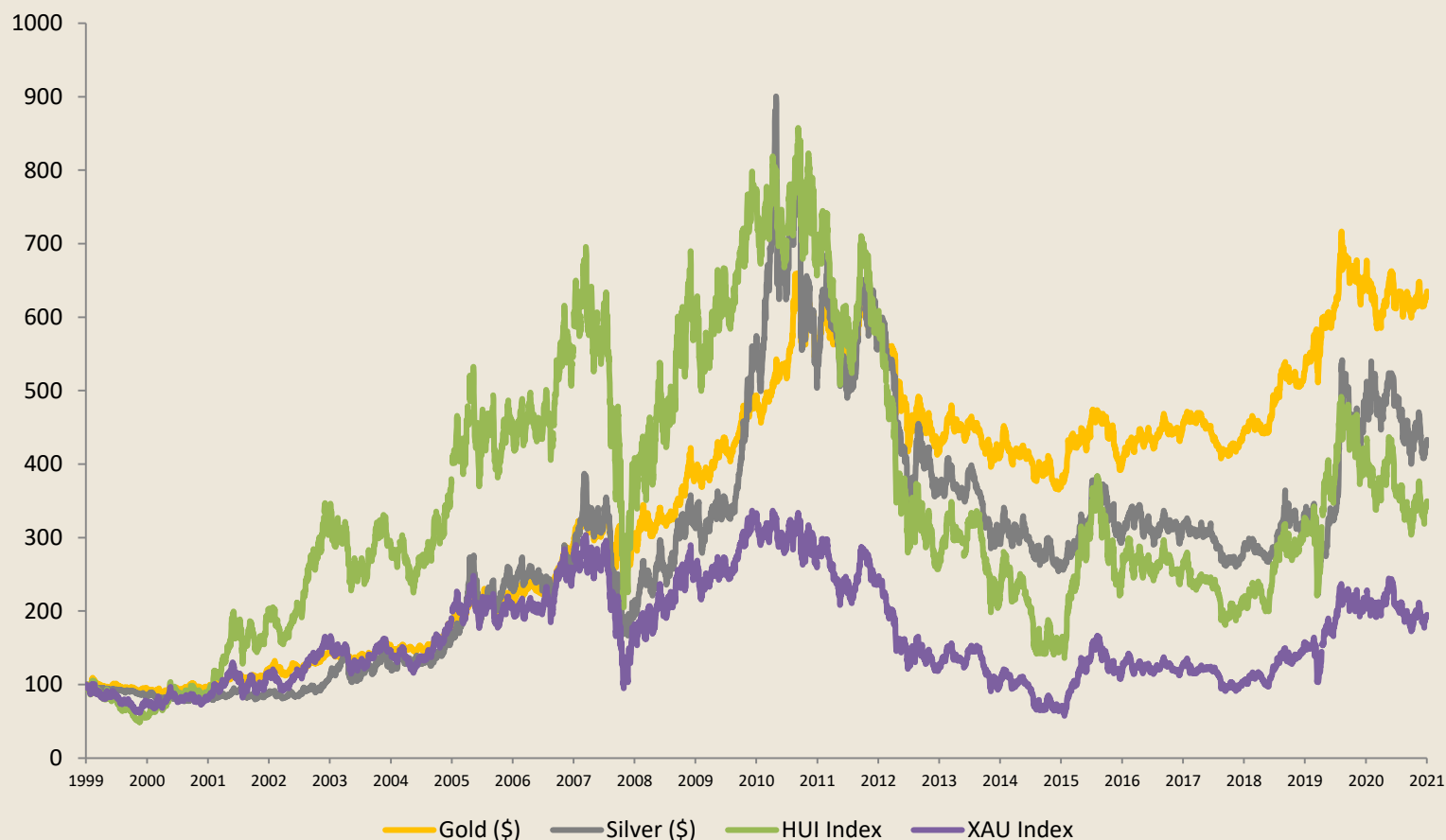
- Gold & Silver Mines eventually run out of Gold/Silver
- Gold & Silver Mines can suffer from Flood, Earthquakes, Politics, theft etc
- Bad management can waste shareholder value



Gold vs. Silver vs. HUI & XAU Gold Share Indices since 2000

Gold vs. Silver vs. HUI Index vs. XAU Index (all in USD) since 2000

Source: Charteris, Bloomberg (as at 31 Dec 2021)





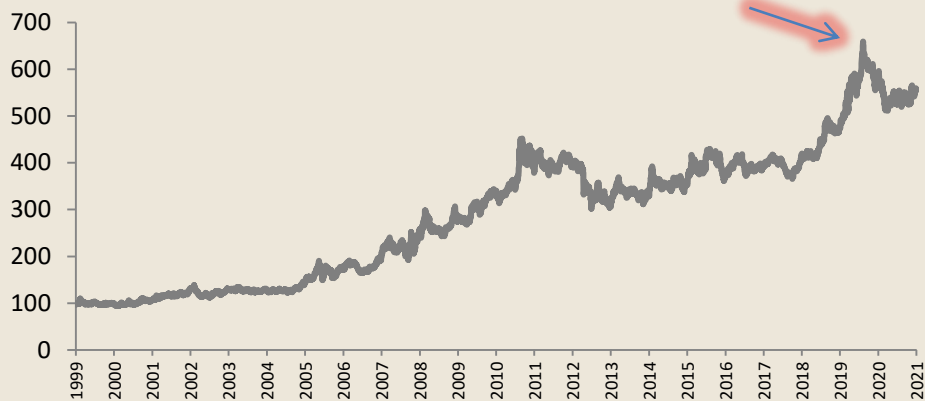
Gold Price hit all-time high in other currencies during 2020

(all as at 31 Dec 21)

Gold in Canadian Dollar C\$

Source: Charteris, Bloomberg

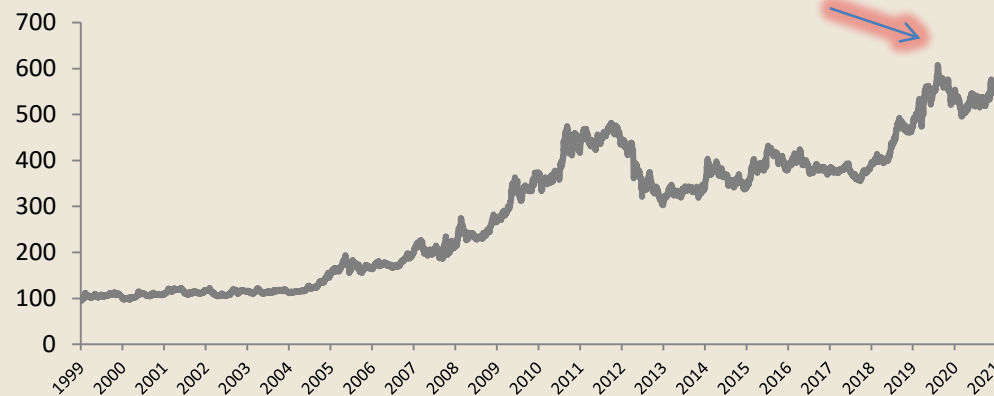
All time high in CAD



Gold in Euro €

Source: Charteris, Bloomberg

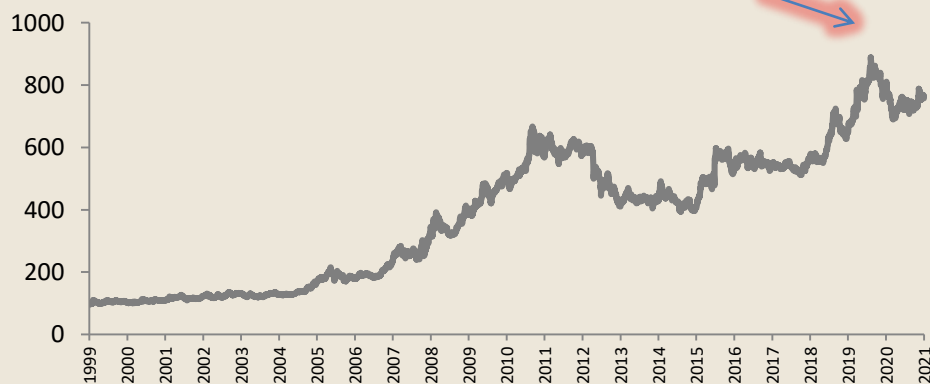
All time high in EUR



Gold in Pound Sterling £

Source: Charteris, Bloomberg

All time high in GBP



Gold in Japanese Yen

Source: Charteris, Bloomberg

All time high in JPY

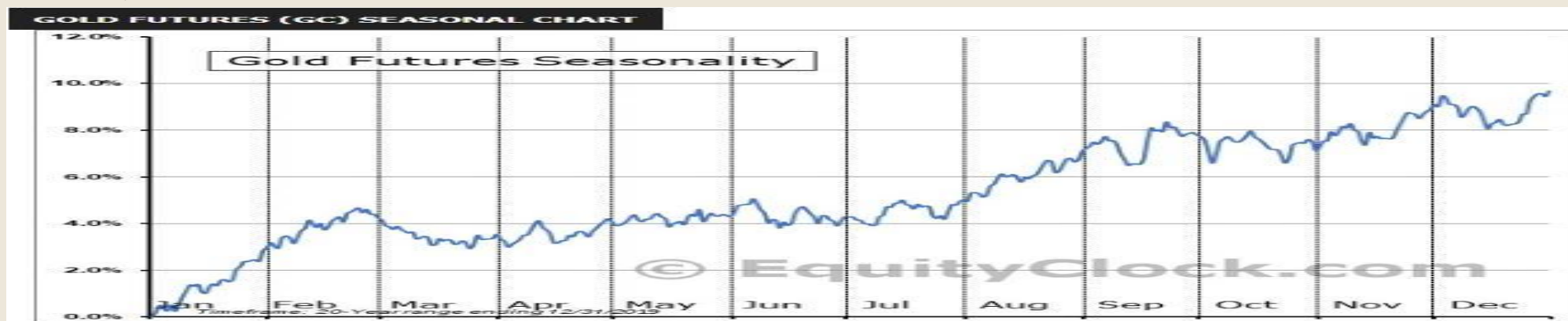




Seasonal Pattern(s)

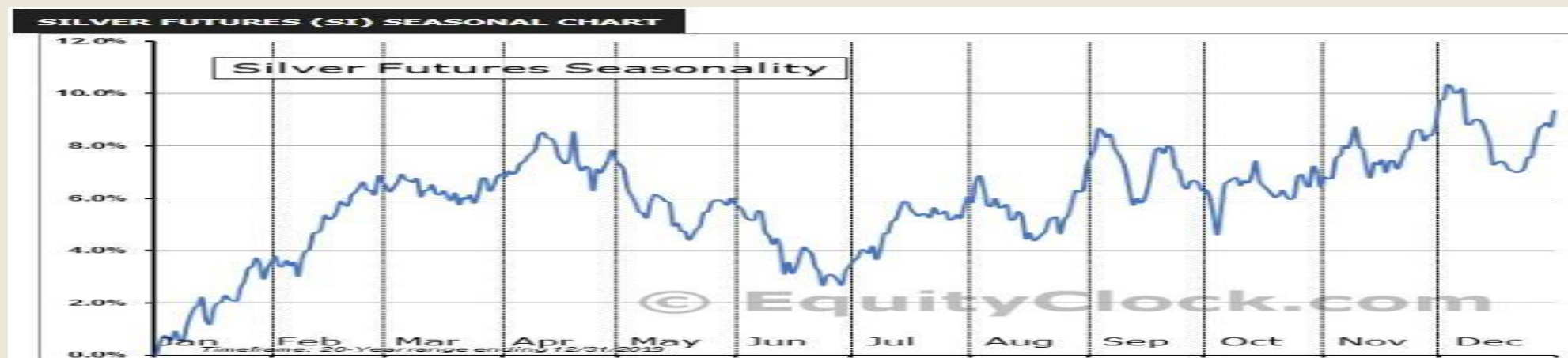
Gold (CMX) 20 year seasonal (1989-2019)

Source: Equityclock



Silver (CMX) 20 year seasonal (1989-2019)

Source: Equityclock





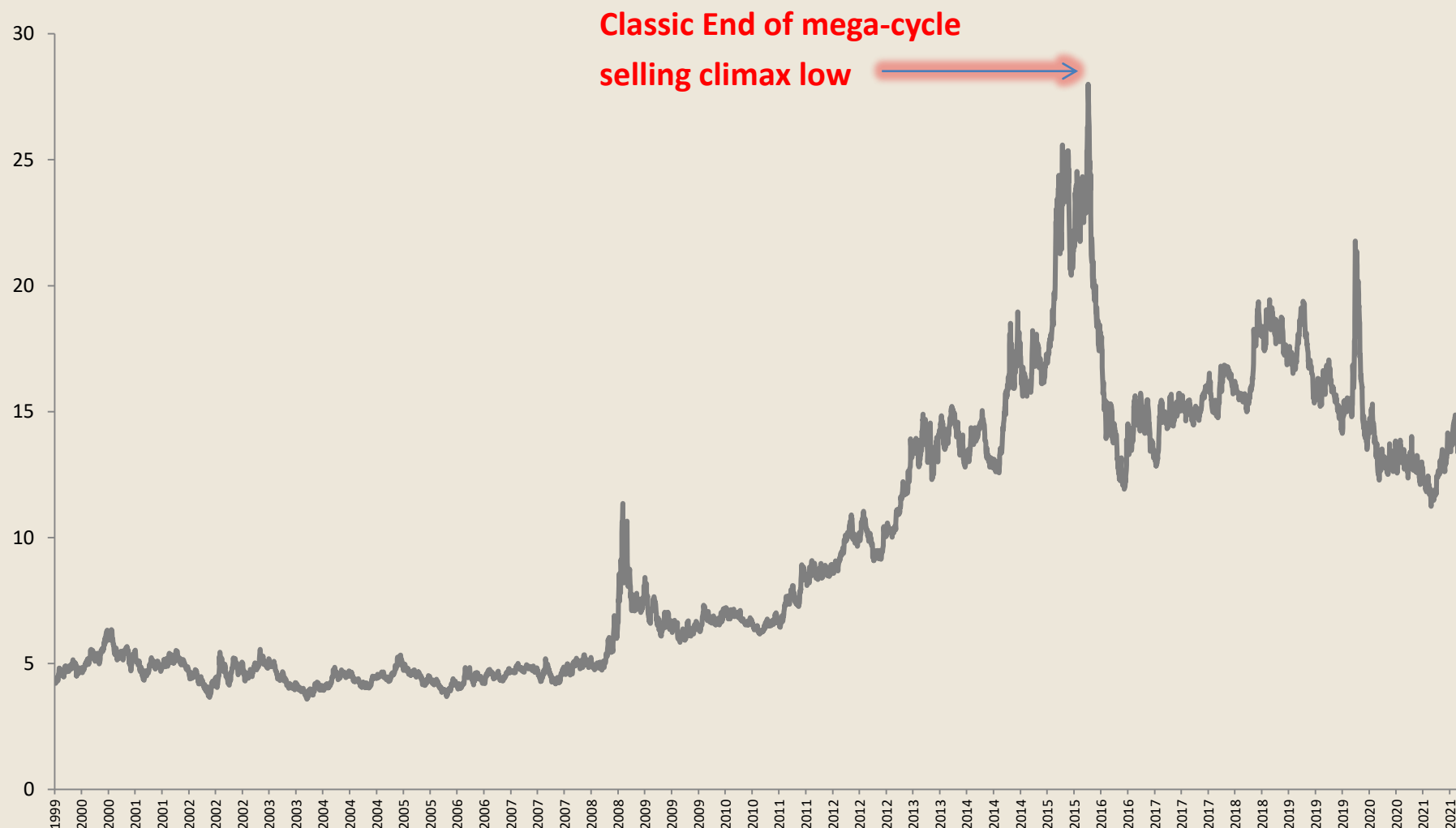
RELATIVE VALUE CHARTS



Gold Price/Gold Shares Ratio 1999-Present

Gold price / Gold Shares Ratio 1999- 31 Dec 2021

Source: Charteris, Bloomberg



Gold equities
Cheap

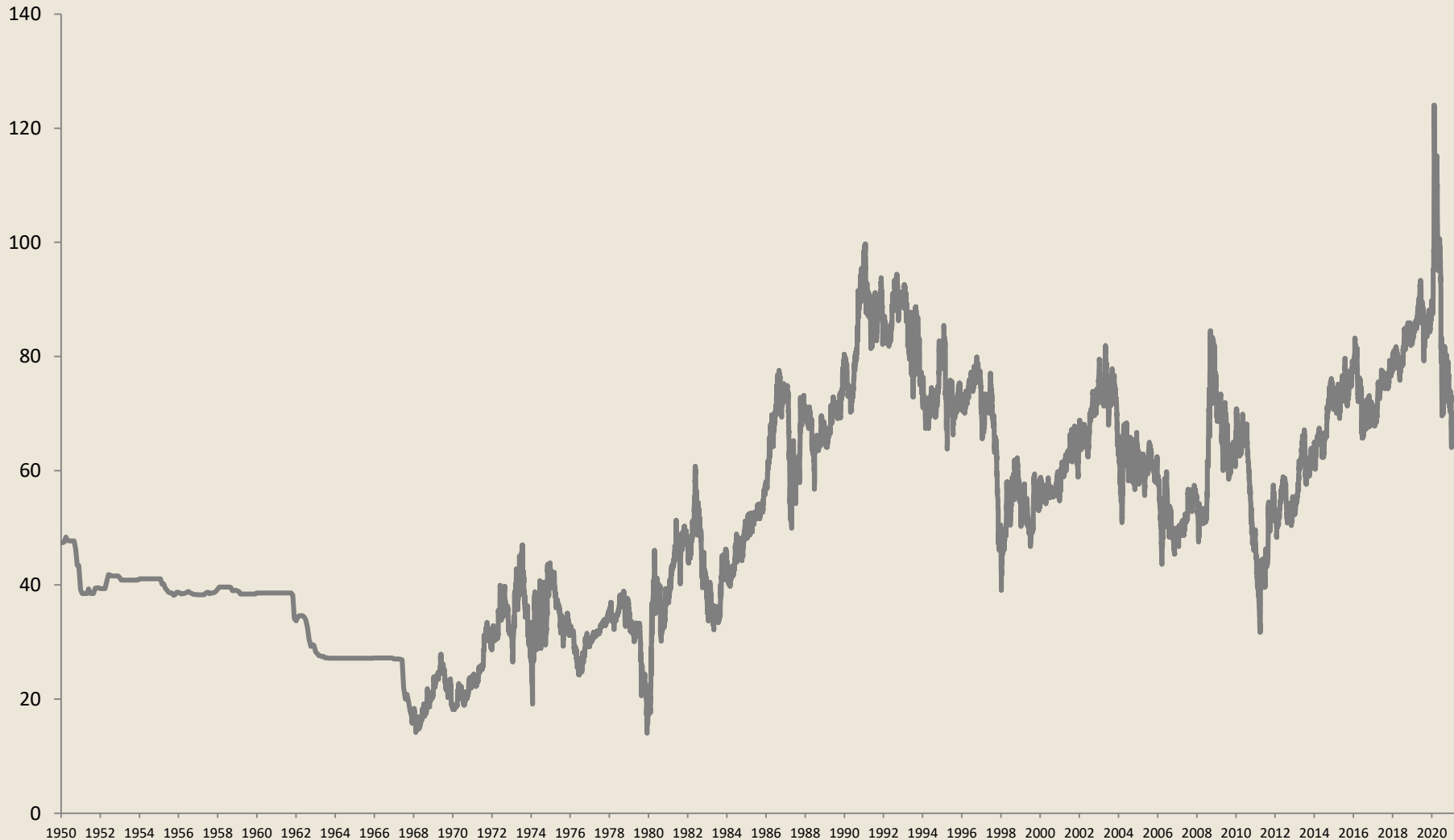
Gold equities
expensive



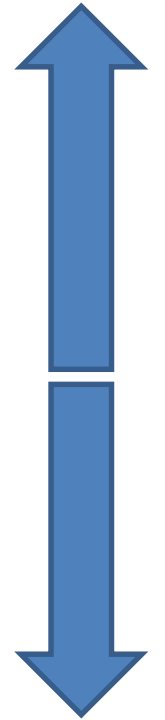
Gold Price/Silver Price Ratio 1949-Present

Gold price / Silver Price Ratio 1949 – 31 Dec 2021

Source: Charteris, Bloomberg



*Silver
Cheap*



*Silver
Expensive*



ESG Approach

- Fundamental equity approach is to ensure that ESG factors are recognised, analysed and embedded within our assessment of intrinsic value

- All companies, particularly mining equities, are given ESG rankings.

E.g. Agnico Eagle is a XXXX rating

ESG Integrated

This Fund considers financially material Environment, Social and Governance factors in investment analysis and investment decisions, with the goal of enhancing long-term, risk-adjusted financial returns



Environmental



Social



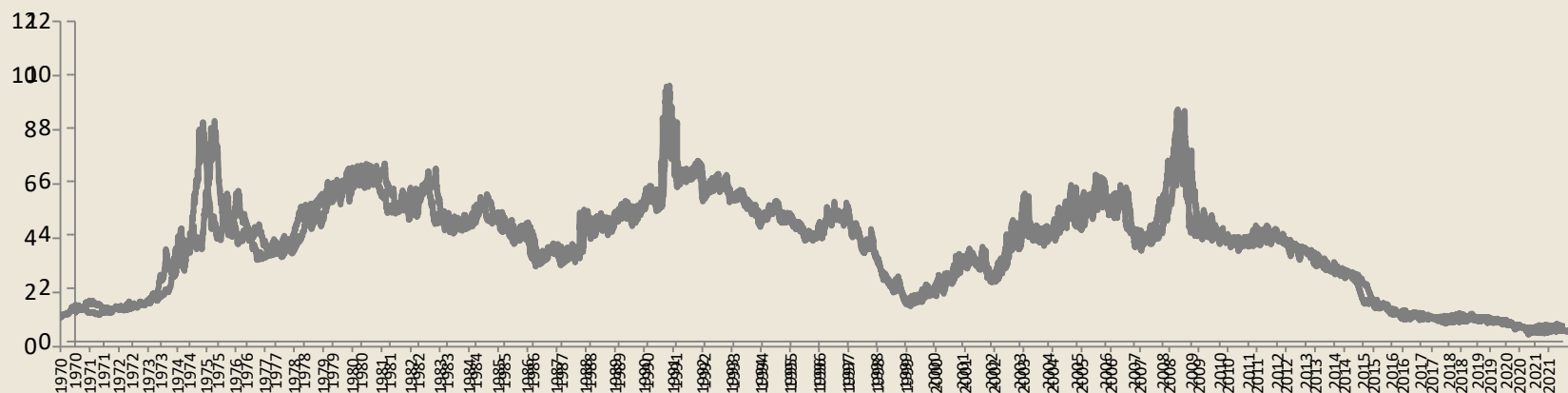
Governance



S&P 500 Ratio charts

GSCI / S&P 500 Ratio 1970 – 31 Dec 2021

Source: Charteris, Bloomberg



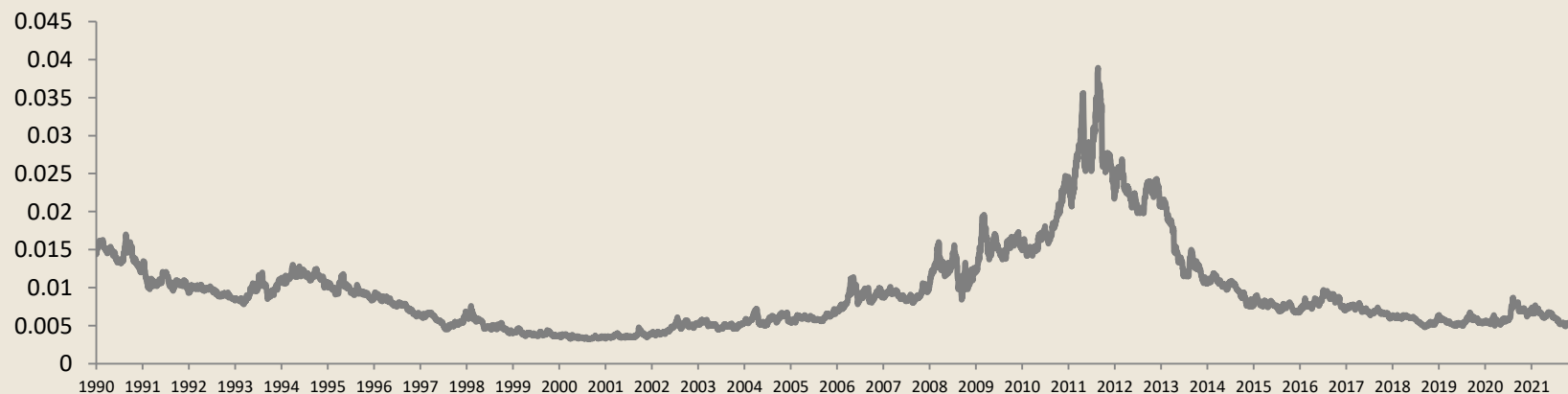
*Commodities
Expensive*



*Commodities
Cheap*

Silver / S&P 500 Ratio 1989 – 31 Dec 2021

Source: Charteris, Bloomberg



*Silver
Expensive*



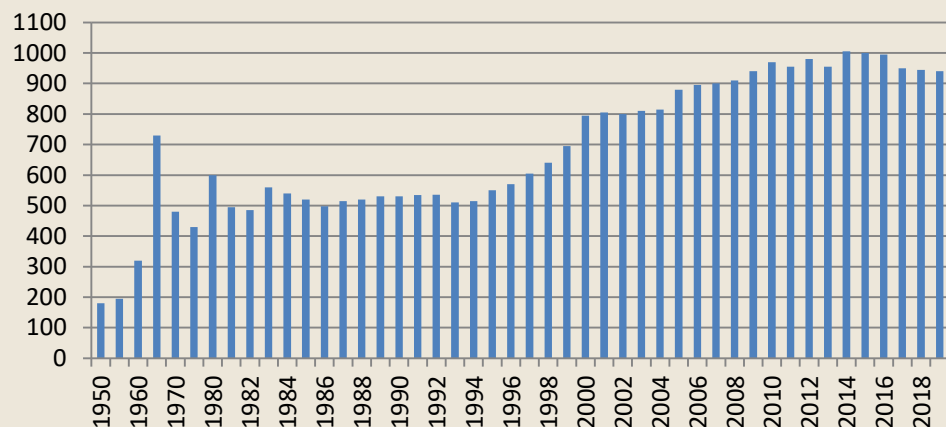
*Silver
Cheap*



Silver Supply Demand / Overview

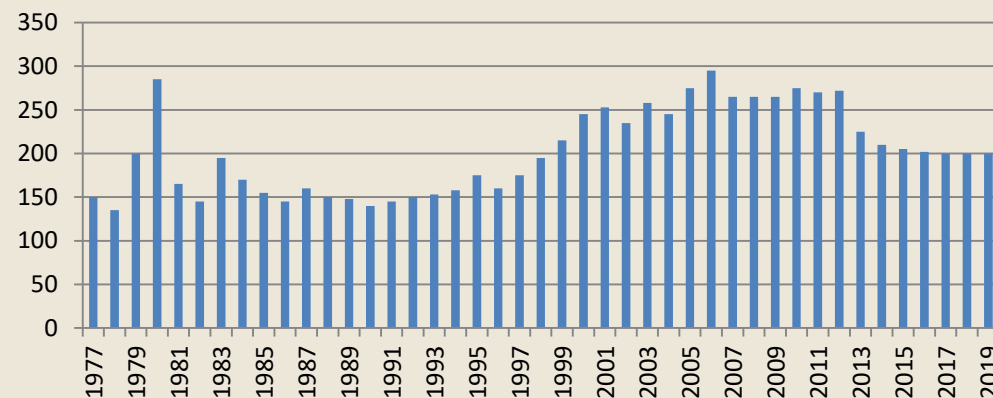
Total annual Global Silver supply in decline

Source: Charteris, Silver Institute



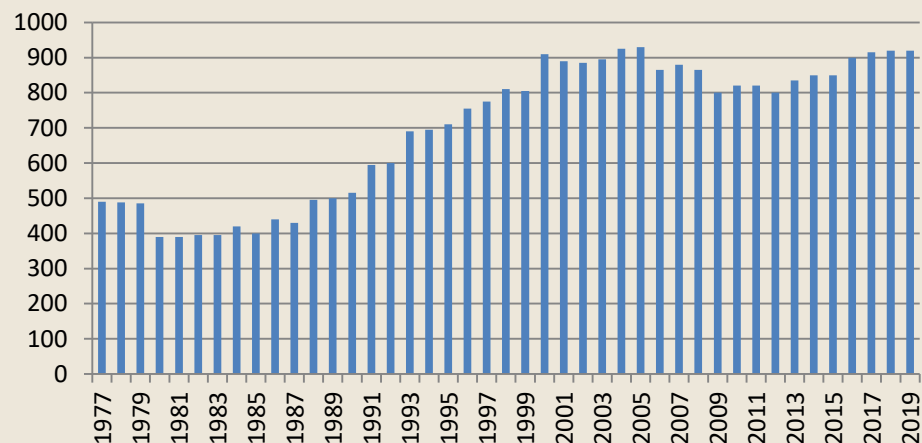
Silver scrap at 20yr lows

Source: Charteris, Silver Institute



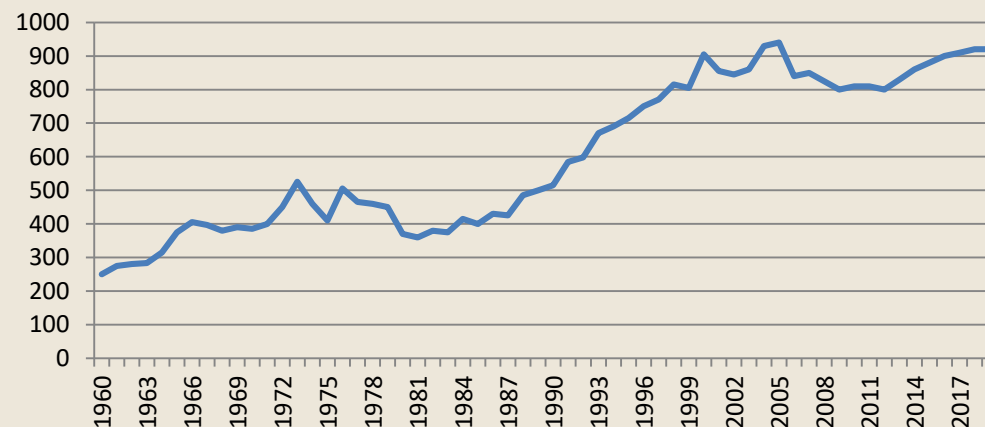
Silver Fabrication demand charging higher

Source: Charteris, Silver Institute



Silver industrial demand near record highs

Source: Charteris, Silver Institute

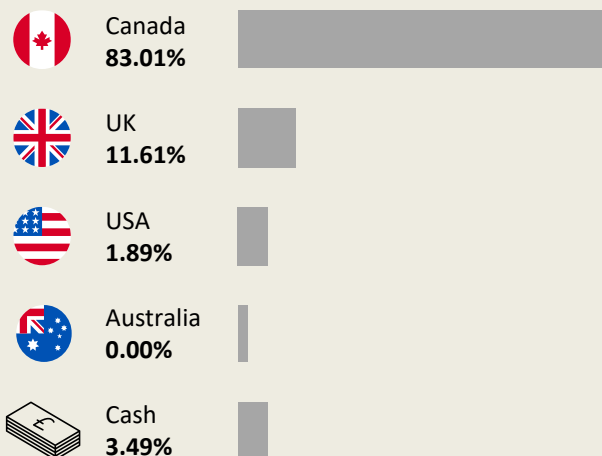




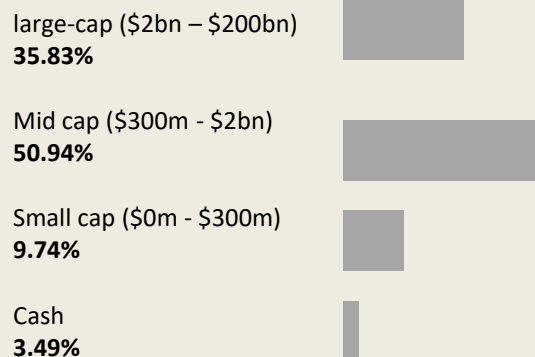
Portfolio Details

(as at 31 Dec 21)

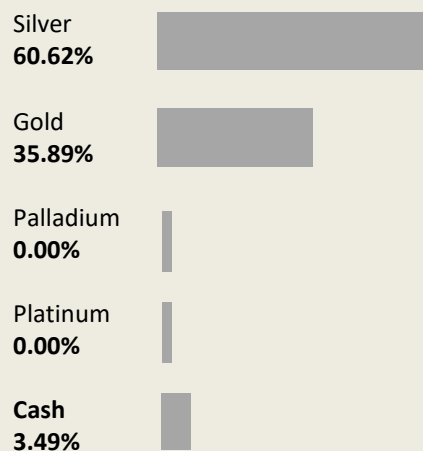
Share domicile holding



Market capitalisation



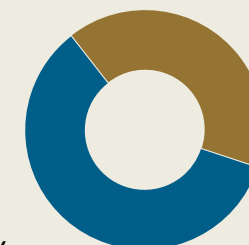
Metal breakdown



Top 10

Stock	Country	Weight
Wheaton Precious	Canada	5.84%
MAG Silver	Canada	5.39%
Pan American Silver	Canada	4.90%
Polymetal	UK	4.10%
Aya Gold & Silver	Canada	3.82%
K92 Mining	Canada	3.58%
Kirkland Lake	Canada	3.42%
Agnico Eagle	Canada	3.39%
First Majestic	Canada	3.13%
Fresnillo	Canada	3.08%

Total of top 10 40.65%



Other holdings **59.35%**



Fund Details

Do's and Don'ts inside the Fund	WS Charteris Gold & Precious Metals Fund
Currency Risk?	YES – Fund Priced in Sterling, assets held in multiple currencies
Any Hedging?	NO
Assets held?	YES – Blue chip UK equities YES – Cash
Assets held?	NO – ETCs – Fund can hold at manager's discretion NO – ETFs – Fund can hold at manager's discretion NO – Bank Loans NO – Convertible Bonds NO – Corporate Bonds NO – Corporate Credit NO – Debt NO – Multi-Currency NO – Gilts / Treasuries
Max Holding of a security?	10%
Max amount of cash held at any one time?	20%
Max percentage towards one security?	10%
Fund Structure	UK ICVC
ISA Eligible	YES
ESG Rating	NO – Investment must have performance as main criteria rather than to meet ESG Standard



OCF & Risk Profile

Fund Size

£28.8m (as at 31 December 2021)

OCF, charges and TER

	Initial Charge	AMC %	OCF / TER*
I Classes	0%	1%	1.26%
A Classes	0%	1.25%	1.51%
B Classes	5.25%	1.75%	2.01%

*as at 31 Aug 2021 (OCF = ongoing charging fee, TER = Total Expense Ratio)

Currently there are no plans to review these charges in the next 12 months. The total expense ratios quoted above are subject to change as the size of the fund fluctuates due to market movement and net inflows / outflows.

Yield and distribution rates

Distribution: Annual - 31st May

Suitable for:

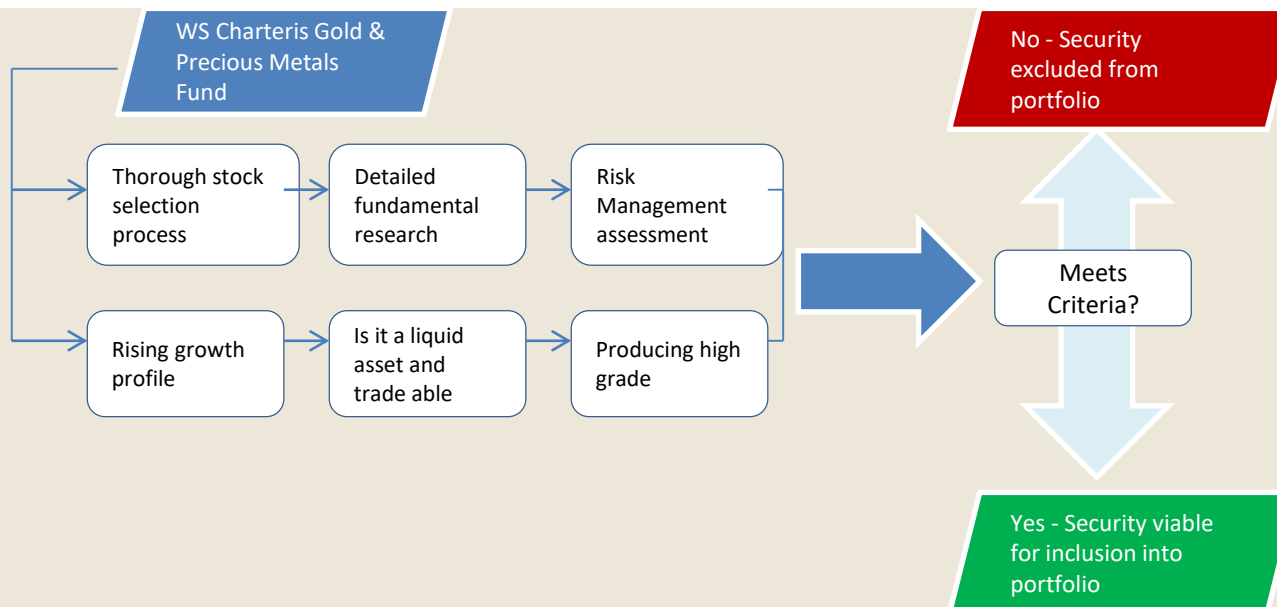
Regular savings, SIPPs, SSAS, ISA's & ISA transfers

Fund Structure

UK regulated OEIC

Valued at midday every day

Priced in Sterling (£)



Risk & Reward Profile

Stock Holdings	Fundamental Research	Qualitative bottom up analysis combined with top down macro overview as well as technical analysis.
Diversification	Sector Position Limit	IA Specialist sector. No stock to be more than 10% of total portfolio.
Methodology	Cash Limit Strategy	10%. Long only. No shorting or hedging of Metal price or shares. No derivatives at all.
Risk Management	Independent verification No Lock-in Period	All positions of Fund are constantly monitored by compliance at Waystone Management (UK) Limited [ACD] as well as compliance team at Credit Agricole [Depositary] Daily dealing & daily valuation of the Fund.



The Company – Charteris Treasury Portfolio Managers



About Charteris Treasury Portfolio Managers

Founded in 1984, Charteris builds upon an investment discipline and culture that its founders understand and passionately believe in. We are grounded in the belief that core principles are fundamental to how we manage money and behave as a business. These principles are underpinned by a common theme – a complete focus on the long-term management of our clients' money.

Our investment philosophy combines macro-economic and value-based stock research with long-term cycle analysis of all major asset classes. We focus on identifying investment opportunities prioritising long-term capital growth, sustainable income and high liquidity. At the heart of our philosophy is our attitude to risk. We believe carefully managed risk is of paramount importance – preserving and growing clients' wealth is our priority.



Portfolio Case Study

Portfolio case study

Agnico Eagle Mines

Canadian-based gold producer with operations in Canada, Finland and Mexico and exploration and development activities extending to the United States. Agnico Eagle has full exposure to higher gold prices consistent with its policy of no-forward gold sales. As of 2017, it has paid a cash dividend every year since 1983.

Key facts

Portfolio weight	3.39%
Metal	Gold
Market capitalisation	Mid Cap (£7.7B)

Revenue by origin

Canada	71.9%
Finland	10.4%
Mexico	17.7%

AEM share price since 1 May 2015

Source: Charteris, Bloomberg





Portfolio Case Study

Portfolio case study Wheaton Precious Metals

Wheaton Precious Metals is a multinational precious metals streaming company. It produces more than 26 million ounces and sells more than 29 million ounces of silver mined by other companies (including Barrick Gold and Goldcorp) as a by-product of its main operations.

Key facts

Portfolio weight	5.84%
Metal	Silver
Market capitalisation	Mid Cap (£9.9B)

Revenue by origin

Peru	66.9%
Mexico	21.6%
Canada	11.4%

WPM share price since 1 May 2015

Source: Charteris, Bloomberg





Long Term Fund Performance

Fund Performance

Top UK fund across all sectors

2016	+133.95%
2019	+51.96%

Source: Financial Express, FT

2020 performance

Source: Bloomberg, I Accumulation share class.

10 Year Performance

Source: Charteris, Bloomberg





Summary – Why buy the fund?

- **Correlation:** gold is inversely correlated to other asset classes (especially bonds) which in the current environment makes it an appropriate option for model portfolios.
- **Valuations:** mining shares are still cheap relative to gold itself, so investors are not paying excessive valuations to increase their exposure to buy the fund for the expected returns ahead.
- **Flows:** many investors are underweight precious metals as an asset class, and investor sentiment can turn quickly,
- **Active management:** we have positioned the portfolio to take advantage of the Mid Cap space
- **Policy:** the Central Bank of Russia has been ahead of the pack in switching its US Treasury bonds into gold, taking over a year to undertake the switch due to the size – and it still might have a bit more to do. Other central banks could follow suit.
- **Macro backdrop:** should Covid-19-driven QE play out, it could be bullish for all real asset inflation hedges including gold and other precious metals.
- **Dividends:** one of the few sectors that may see dividends increase this year as revenue is going up and costs (oil is 30% of an average miner's cost, for instance) are going down. Circa 1.5% yield on the fund covers the annual management charge.
- **Experience:** fund manager and team are experienced in managing the fund through different economic cycles.
- **Proven outperformance:** best-performing fund out of more than 2,500 UK-based funds in 2016 and 2019, according to FE Analytics & Financial Times* Data available on request



WS Charteris Gold & Precious Metals Fund details

Bloomberg Ticker Codes	WCHGEIA LN Equity	(Inst Acc Class)	Thomson Reuters Codes	LP68418916	(Inst Acc Class)
	WCHGEII Equity	(Inst Inc Class)		LP68418917	(Inst Inc Class)
	WGPMERA LN Equity	(A Inc Class)		LP68418912	(A Acc Class)
	WGPMERI LN Equity	(A Acc Class)		LP68418913	(A Inc Class)
	WCHGERA LN Equity	(B Acc Class)		LP68418914	(B Acc Class)
	WCHGERI LN Equity	(B Inc Class)		LP68418915	(B Inc Class)

AMC	1% (Institutional/Clean Classes)	OCF	1.34% (I Classes)	<i>(as at 31 Aug 20)</i>
	1.25% (A Classes)		1.60% (A Classes)	<i>(as at 31 Aug 20)</i>
	1.75% (B Classes)		2.08% (B Classes)	<i>(as at 31 Aug 20)</i>

ISIN Identifiers	GB00BYQ2JY43	(Inst Acc Class)
	GB00BYQ2JZ59	(Inst Inc Class)
	GB00BYQ2JS82	(A Acc Class)
	GB00BYQ2JT99	(A Inc Class)
	GB00BYQ2JW29	(B Acc Class)
	GB00BYQ2JX36)	(B Inc Class)

MEXID	HTMTE	(Inst Acc Class)	Citicode / FE Code	ICC2	(Inst Acc Class)
	HTMTF	(Inst Inc Class)		ICC3	(Inst Inc Class)
	HTMTA	(A Acc Class)		I3RH	(A Acc Class)
	HTMTB	(A Inc Class)		I3RI	(A Inc Class)
	HTMTC	(B Acc Class)		ICC0	(B Acc Class)
	HTMTD	(B Inc Class)		ICC1	(B Inc Class)



Key information and Risk warnings

Past performance should not be used as a guide to future performance. All performance information is based on the Institutional Accumulation share class unless otherwise stated.

The value of this investment and the income from it can go down as well as up, it may be affected by exchange rate variations and you may not get back the amount that you invested.

The outlook expressed in this presentation represents the views of the Investment Manager at the time of preparation and should not be interpreted as investment advice.

The asset splits detailed within this presentation are correct as at the reporting period and are subject to change, whilst operating within the objectives of the Fund.

This presentation should be viewed in conjunction with the Fund's Key Investor Information Document (KIID), which will exclusively form the basis of any application and the Fund's prospectus. A comprehensive list of risk factors is detailed in the KIID and the Principal Prospectus and an investment should not be contemplated until the risk are fully considered and understood.

This presentation is issued by Charteris Treasury Portfolio Managers Ltd. The KIID and Prospectus are available from the ACD, Waystone Management (UK) Ltd at waystone.com or Charteris at charteris.co.uk.

Charteris Treasury Portfolio Managers Ltd is authorised and regulated by the Financial Conduct Authority (company reference number 114952).