CQS

GOLDEN PROSPECT PRECIOUS METALS

June 2021

Golden Prospect Precious Metals Limited

Robert Crayfourd, Keith Watson, Portfolio Managers

SBai Standards Board for Alternative Investments SIGNATORY Jan '20

Signatory of:

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CQS in Numbers

20+
Years

Delivering fundamental, research-driven investment across the entire capital structure

$21.6bn
AUM

Multi-strategy asset management in both traditional (long-only) & hedge fund structures

~210
Employees

Headquartered in London with investment offices in New York & Hong Kong

70+
Investment Professionals

Including specialist research, with sectoral, macro-economic & geopolitical expertise

Source: CQS estimated as at 1 May 2021.

Golden Prospect Precious Metals - Fund Snapshot

£55.8m
Gross assets[1]

65
Holdings[1]

45.6%
Top 10[1]

11.3%
Gearing[1]

- Investment trust – focused on precious metal mining companies
- Small/Mid Cap focus
- Majority of portfolio is fully funded or generating free cash flow
- Closed end structure enables it to invest without the liquidity or market cap restrictions of larger funds or ETFs
- Fund flows have created a wide valuation gap between the smaller and larger market cap
- Benefit of pure value focus - deep understanding of the projects and management teams – stocks do not require a higher gold price

69%
Gold[2]

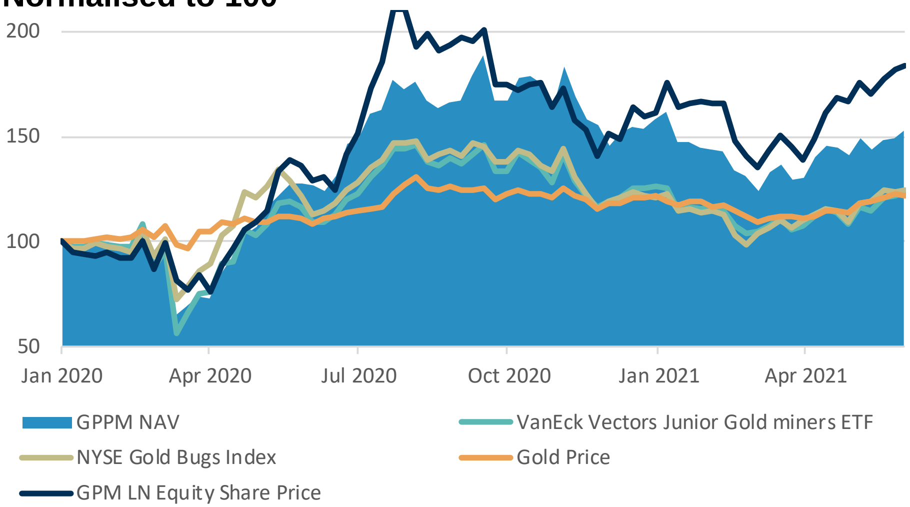
21%
Silver[2]

8%
PGM[2]

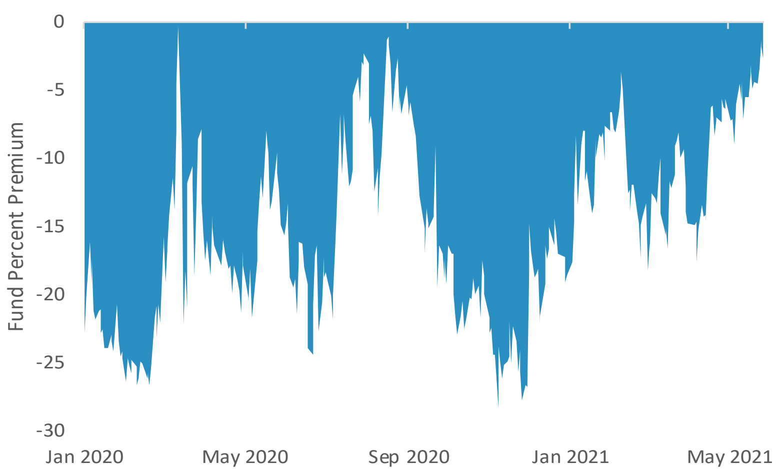
Source:[1]Maitland Administration Services (Guernsey) Limited as of 30 April 2021. [2]CQS, April Fact Sheet

Golden Prospect Precious Metals and Gold's performance

Performance of GPPM vs gold and junior ETF (in GBP) – Normalised to 100[1]



GPPM discount to NAV[2]



Fund Historic Performance[4]

+63.3%

2019 NAV Total Return

+61.8%

2020 NAV Total Return

-5.7%

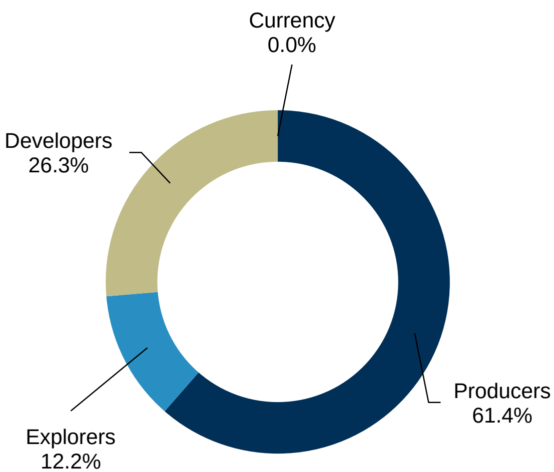
YTD NAV Total Return

Currently at a 1.8% discount to the NAV (share price 61.0, NAV 62.0) as at 27 May 2021.[3]

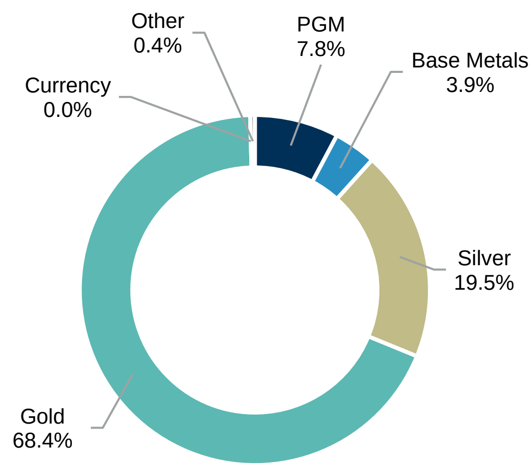
Source: [1]Bloomberg, GPM LN Equity (Golden Prospect Precious Metals Ltd.) GPX vs GDXJ etc. as at May 2021.[2]Bloomberg, as at 28 May 2021. [3]Bloomberg, Golden Prospect Precious Metals Ltd, 27 May 2021. [4]CQS, GPPM Factsheets

Current Portfolio

Breakdown by Asset Class



Breakdown by Holdings



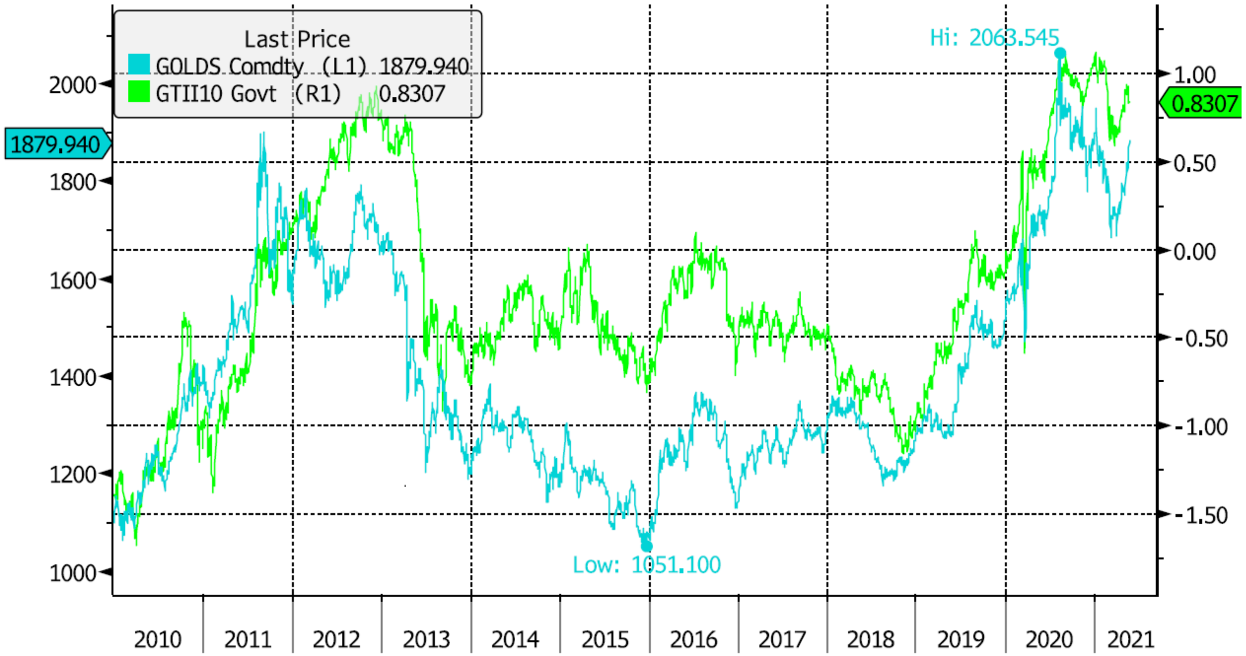
Top 10 Holdings (%)		Gross Assets (%)
1	West African Resources	8.3
2	Roxgold	5.6
3	Calidus Resources	4.8
4	Calibre Mining Corp	4.6
5	Fortuna Silver Mines	4.3
6	Westgold Resources	4.0
7	Silvercrest Metals	3.7
8	Emerald Resources	3.6
9	Americas Silver Corp	3.4
10	Wheaton Precious Metals	3.4
Top 10 holdings represent		**45.60**

Source: [1]Maitland Administration (Guernsey) Limited, as at 30 April 2021. For illustrative purposes only. This is presented solely to show different strategies being pursued and is not intended to show performance of best or worst trades. Allocations are for illustrative purposes only. There is no guarantee that the Fund will invest in these sectors at all or do so in the same manner as set forth in this presentation. All holdings data rounded to one decimal place. Total may differ to some of constituents due to rounding.

Precious Metal Macro

Real yields are currently the primary driver of precious metals

Gold ($/Oz) vs inverse US 10yr TIPS[1]



Summary

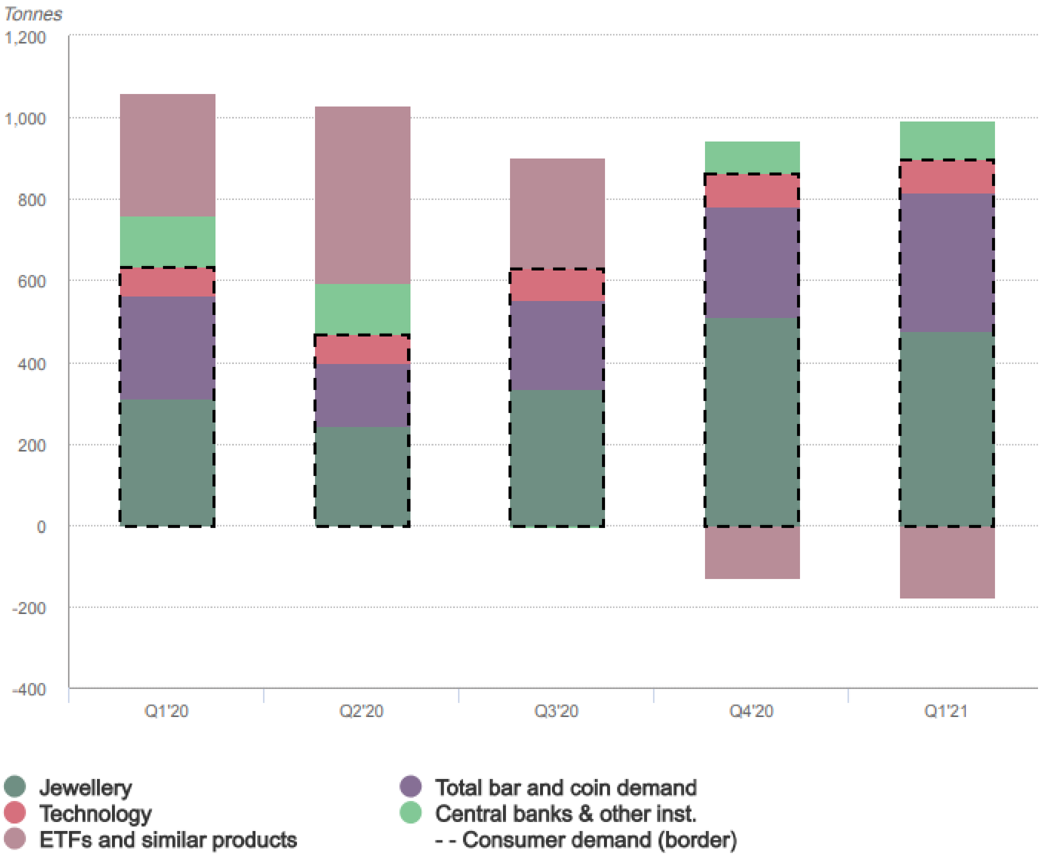
- Covid-19 had driven down global rates – will remain low targeting unemployment
- US stimulus plans are likely to lead to greater bond issuance and therefore, lifted rates
- Real rates have now fallen back and gold strength has lagged – this could suggest gold price upside
- Ballooning government debt elevates systemic risks – how does this end?
- Fiat currency risk – weakening relative to real assets
- Inflation would be supportive, but risk appears negligible

Source: Bloomberg as at May 2021.

ETF Selling Has Disguised Positive Consumer Demand

Gold demand held steady, despite ETF outflows

Quarterly Demand by Sector



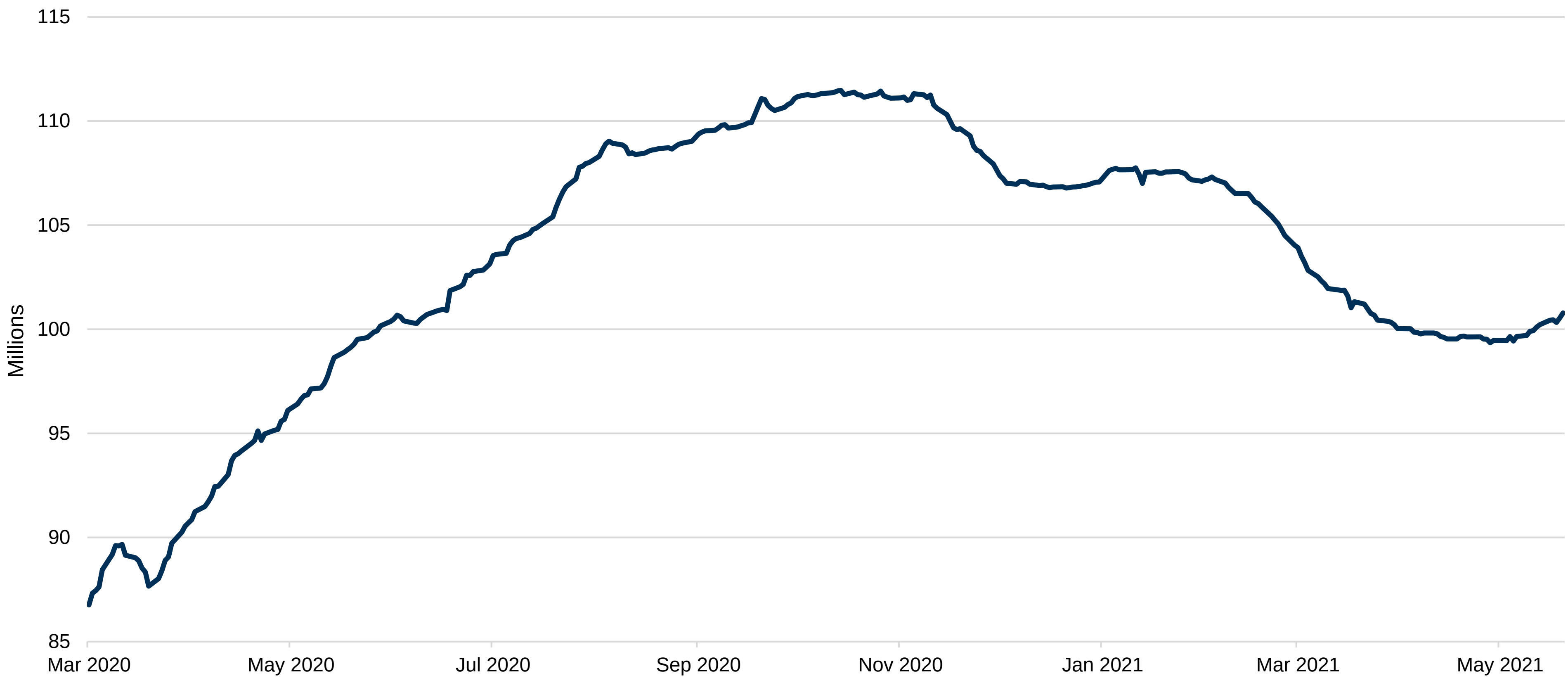
Summary

- ETF flipping to sellers weighed on the gold price – there are reasons to believe this could stabilise or even return to net buying
- Jewellery demand has recovered strongly – driven by China and India – supported by stronger EM currencies and the pull back in pricing
- Central Banks purchasing –trend is for more gold ownership longer term as it stabilises domestic currencies – 3Q20 saw first Central Bank net sales for a decade due to COVID funded programs

Source: [1]Metals Focus, Refinitiv GFMS, World Gold Council, World Gold Council, Gold Demand Trends Q1 HI 2021, as at 31 March 2021.

ETF Holdings Have Stopped Declining and Starting to Pick Up

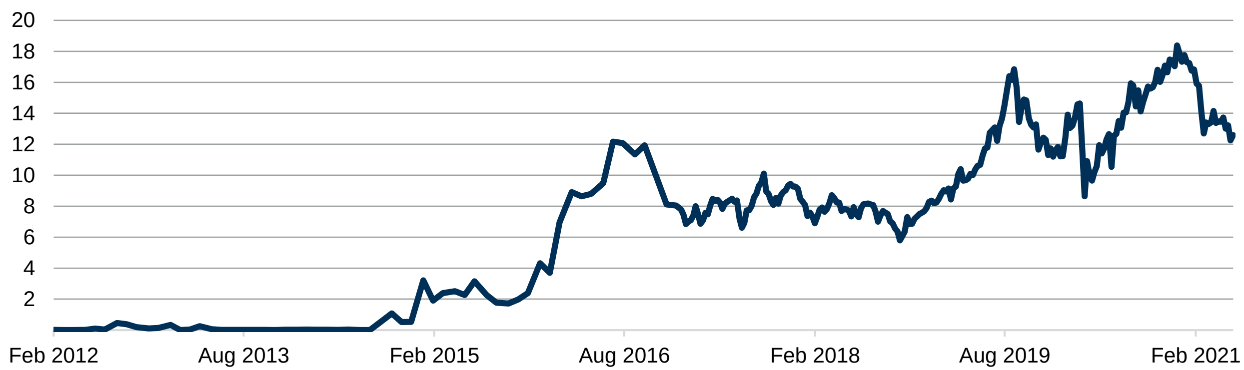
Gold Oz in ETF



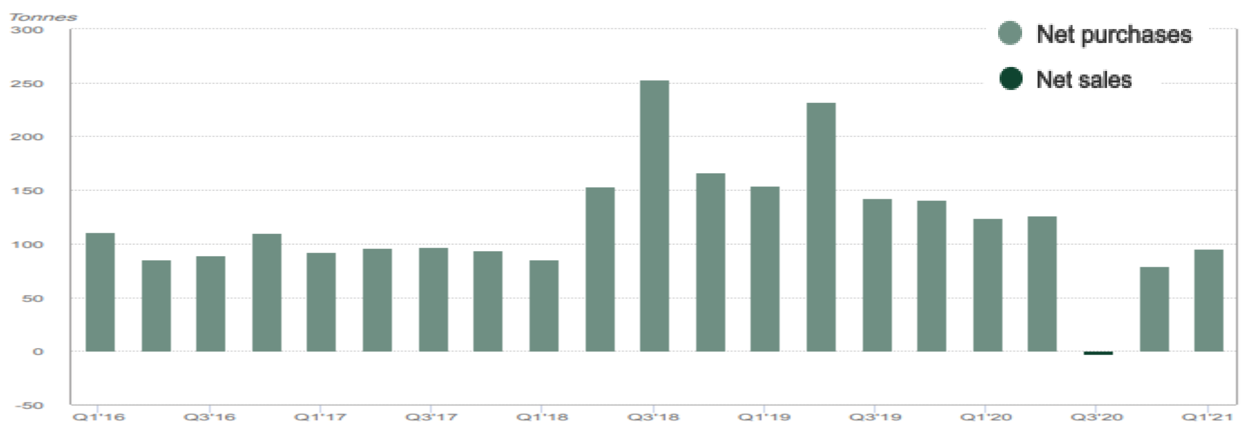
Source: Bloomberg as at 21 May 2021.

Long Term Rationale to Own Gold is Still Valid

Global debt with negative yield ($Tm)[2]



Central Bank first net sales for a decade to fund COVID programs – now returned to net buyers



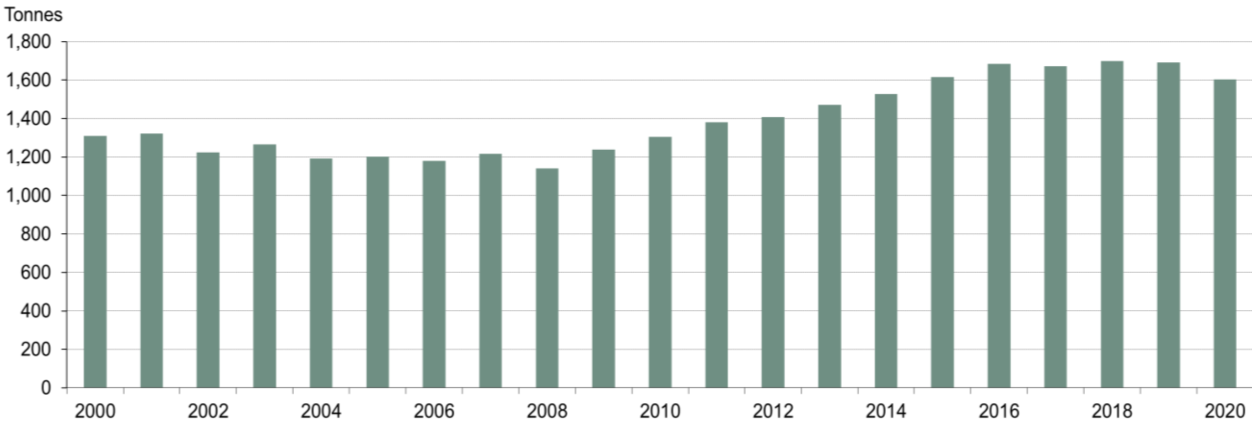
Summary

- Sovereign debt issues not resolved
- Many nations approaching dangerous levels of Debt/GDP by historic standards
- Currency debasement (pace has quickened)
- $13trn. negative yielding debt, no yield disincentive from holding gold[1]
- Central bank buying should recover post COVID as nations diversify from USD and Treasuries
- Central bank buying dominated by Hungary, India, Kazakhstan and Uzbekistan in Q1
- Central Bank selling dominated by Turkey, Philippines, UAE and Russia in Q1

Sources: [1,2]Bloomberg and CQS analysis as at 21 May 2021. [3]Source: Metals Focus, Refinitiv GFMS, World Gold Council; as at 31 March 2021.

Peak Gold May Drive M&A

Gold production has been flat since 2016[1]



Year-on-year mine supply growth (%)[2]

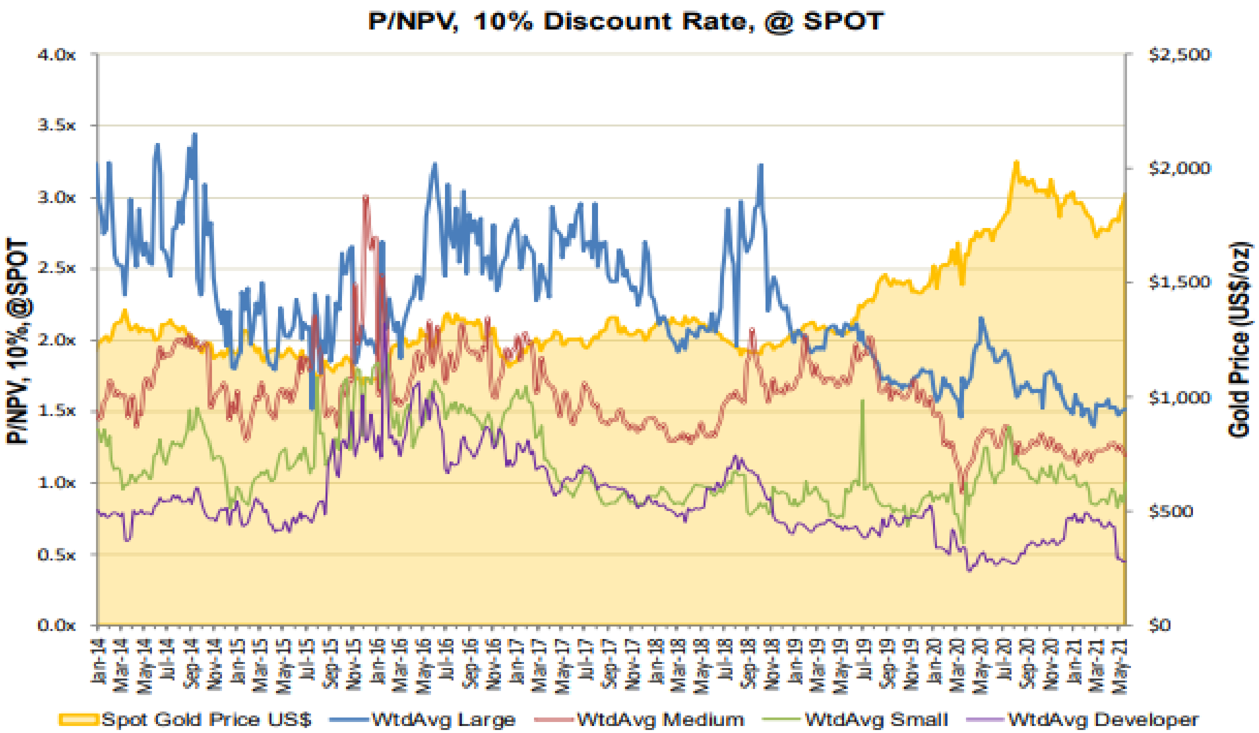
Summary

- Years of underinvestment in exploration and mine construction
- Gold CEOs now Free Cash Flow focused rather than growth focused
- Gold producers will have to look to M&A if they wish to grow or replace reserves near term
- Gold majors using minority stakes in Juniors to explore for new deposits
- M&A has been delayed due to COVID restrictions delaying Due Diligence
- Supply recovering from COVID disruptions but growth remains muted

Source: [1]World Gold Council, Gold Demand Trends Q2 H1 2020, as at 21 October 2020. [2]Metal Focus, World Gold Council, as at 31 March 2021.

The Junior End is at a Discount to the Sector

Valuations have lagged the current Gold Price[1]



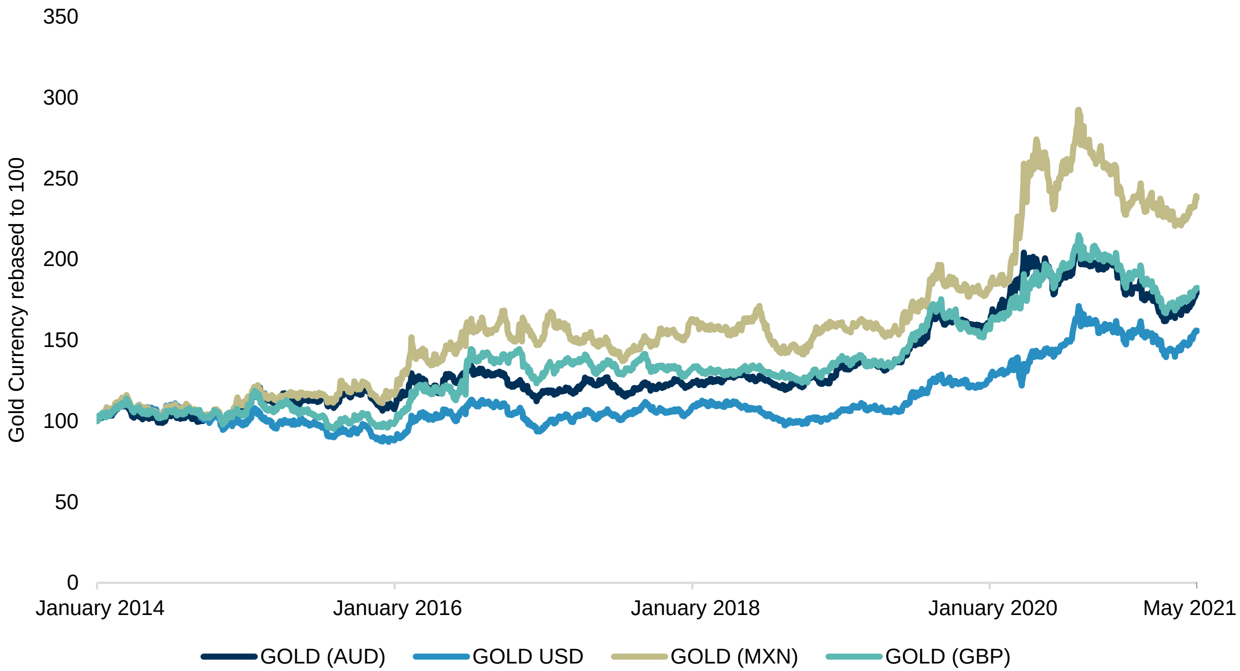
Summary

- The whole sector is trading at a discount to historic multiples at spot
- Many funds cannot own pre production – our heavy weight to developers has benefitted from this and should continue to do so as companies re-rate
- M&A – Larger producers have under spent on exploration and now need to acquire, in order to avoid depleting reserves and grow

Source: [1]BMO Capital Markets, Bloomberg, FactSet 'Materials – Precious Metals & Minerals' as at 26 May 2021.

Gold Has Performed Even Better Outside of USD

Gold production increased during 2020



Summary

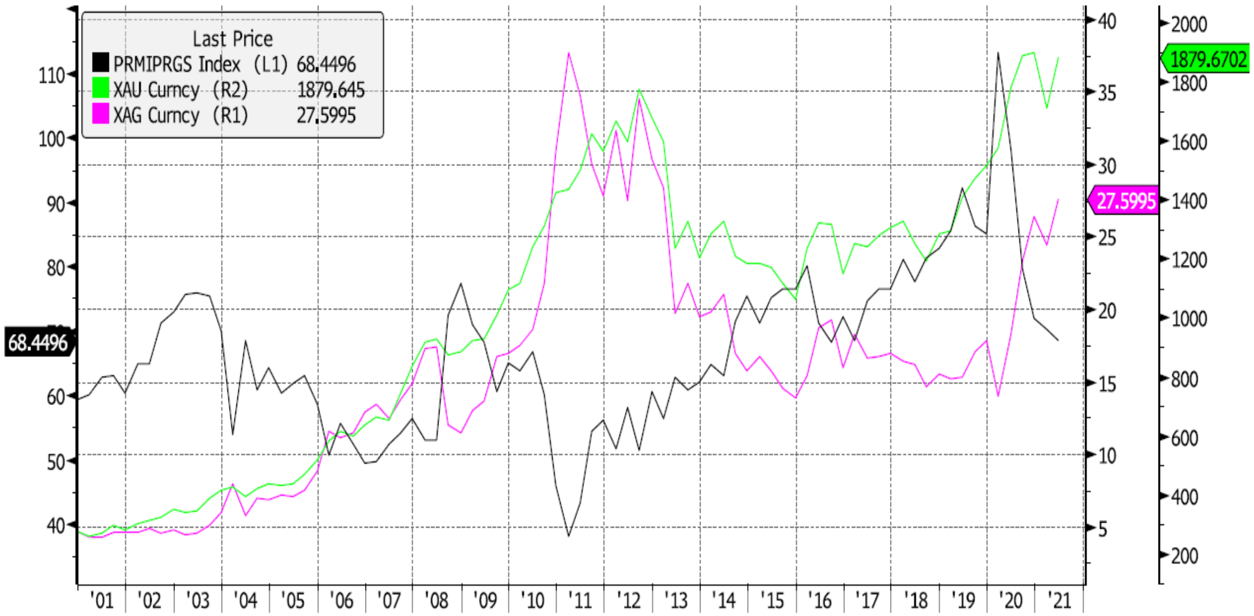
- USD strength has left golds performance under stated
- Producer margins have benefitted from weaker currencies
- Retail demand has been softer in part due to weak EM currencies

Source: Bloomberg, as at 24 May 2021. Past performance is no guarantee of future returns. This slide includes historic returns and past performance is not a reliable indicator of future results. The value of investments can go down as well as up.

Silver: No Longer the Ugly Sister?

20% of the Fund is Silver

Gold, Silver and Gold/Silver Ratio[1]



Gold/Silver Ratio

Gold $/oz

Silver $/oz

Summary[2]

- Silver demand is ~50% industrial
- Silver is the only metal that is more conductive than copper, therefore it is used in high end electronics – where the cost is justified
- Electrification theme (EV's, Renewables, 5G) to drive greater silver demand
- Silver outperforms gold when metals are strong – this is why the gold/silver ratio has declined

Source: [1]Bloomberg as at 24 May 2021. [2]The Silver Institute, Silver News April 2021.

Outlook

The Golden Prospect Precious Metals Fund provides investors with capital growth

- Sector trading at a low P/NAV multiple vs historic at spot
- Small/mid cap producers trade at a further discount
- Cash generation for producers is material at these prices
- Under investment in growth likely to lead to M&A pickup
- Demand outlook improving (ETF’s, Jewellery and CB’s)
- Silver demand increasingly by known growth technologies (EV’s, Renewables, 5G)
- Sector continues to provide protection to market shocks – how does the world exit the MMT low rate environment?

Source: CQS as at June 2021.

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