

Exponential Opportunities Equity Metals Fund



Market Review

“Going nowhere in an interesting way” would best describe gold’s August performance. While eventually closing flat relative to July levels, it was initially exposed to a flash crash in the first week of the month like there has not been for a long time. Strong NFP figures caused a heavy loss on Friday, August 6th, which apparently triggered margin calls and forced liquidations during late Sunday hours of trading on the Comex. Within 3 days, gold and silver closed around 9% and 15% lower, respectively. While gold recovered over the month, silver but also mining stocks are still struggling to regain the old levels of a month ago.

After its recovery rally, gold is again knocking on the key resistance at \$1830. On the downside, \$1775 must hold to keep the recovery going. Silver, on the other hand, remains in a clearly defined downtrend with the trendline currently at \$24.75 and the last intermediate high at \$26.

Performance Data as of August 31st, 2021

Unit Class	NAV	Monthly Performance	QTD Performance	YTD Performance	Since Inception*
Class A USD	93.61	-12.43%	-14.86%	-6.39%	-6.39%
Class A CHF	91.99	-11.49%	-15.63%	-8.01%	-8.01%
Class B USD	80.68	-12.51%	-15.01%	-19.32%	-19.32%
Class B CHF	88.68	-11.58%	-15.79%	-11.32%	-11.32%

* Class A USD & Class A CHF: 31.03.2021 / Class B CHF: 05.05.2021 / Class B USD: 26.05.2021

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The month of August was brutal for our portfolio. As we increased our exposure from around 40% in the last days of July to 90% in the first days of August, the portfolio was fully exposed to the sell-off in the mining sector, which is traced back to a sharp decline in underlying metals after stronger-than-expected NFP figures. The fund is down -12.43% for the A-USD class and -11.49% for the A-CHF class while the B-USD class is down -12.51% and the B-CHF class -11.58% for August.

We were clearly too early with our positive market outlook at the end of July, when early signs of a recovery were crushed by NFP figures. The metals decline has weighed heavily on sentiment regarding mining stocks. Within the sector, the lower-cap and most junior part was hit hardest. While gold and silver bottomed on August 9th, miner ETFs had their low much later on August 20th – a clear sign of capitulation in investors’ sentiment.

After reassessing the situation, we still expect precious metals markets to trend higher over the next four to eight weeks. Therefore, we are holding on to our almost fully invested portfolio unless evidence suggests otherwise.

Based on the negative performance and some inflows towards the end of the month, assets under management decreased by 10.5% from \$8.11m to \$7.26m during the month of July.

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