

Exponential Opportunities Equity Metals Fund



**Market Review**

With neither inflation data nor the war in Ukraine showing any signs of easing, precious metals continue their upward trend.

The price of gold nearly reached a new all-time high in the first week of the month when it pushed up to \$2'078 in a rush to safe haven assets as the Russian attack on Ukraine escalated further. The price then pulled back for a healthy consolidation around \$1'900 and closed the month at \$1'954, up 2.8% month-on-month. Silver is in tow with gold, and rises 3.1% to \$25.14.

While we interpret the gold price movement of the last two months as the first inning of a new long-term bull market, another move down into the \$1'870 area cannot be ruled out. Depending on the USDRUB exchange rate, this would also be the price zone of the implied minimum price set by the Russian central bank through its gold purchase program (see commentary on the right).

**Performance Data as of March 31<sup>st</sup>, 2022**

| Unit Class  | NAV   | Monthly Performance | QTD Performance | YTD Performance | Since Inception* |
|-------------|-------|---------------------|-----------------|-----------------|------------------|
| Class A USD | 93.87 | 7.29%               | 4.39%           | 4.39%           | -6.13%           |
| Class A CHF | 92.68 | 7.62%               | 5.44%           | 5.44%           | -7.32%           |
| Class B USD | 80.40 | 7.20%               | 4.13%           | 4.13%           | -19.60%          |
| Class B CHF | 88.75 | 7.50%               | 5.10%           | 5.10%           | -11.25%          |

\* 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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In March, the fund is up 7.29% for the A-USD class and 7.62% for the A-CHF class while the B-USD class is up 7.20% and the B-CHF class 7.50%.

The most interesting development for gold recently was the decision of the Russian central bank to buy gold for the next three months at a fixed price of RUB 5'000 per gram of gold or 155'500 RUB per troy ounce. With USDRUB trading above 100, as it did in the first weeks of March, this price is not very attractive (\$1'555). However, with Russia requiring “unfriendly states” to pay for oil and gas in RUB rather than EUR or USD, the RUB experienced unexpected demand that pushed USDRUB back to the lower 80s. The current USDRUB rate of 83.00 translates into a floor price of \$1'874, which is only 4% below the current market price. As long as the RUB can hold this level, we have an implicit floor for the price of gold. If the RUB were to appreciate even below the 80 level against the USD, we would end up in a situation where the Russian central bank pays higher prices for gold than the Western markets. Through arbitrage, this would put buying pressure on gold globally, with the potential to drive gold to new all-time highs.

Based on performance and subscriptions/redemptions, assets under management increased by 4.9% from \$7.1m to \$7.45m during the month of March.

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