

Exponential Opportunities Equity Metals Fund



Market Review

The price of gold was \$1'720 at the end of the month, 3.5% less than the closing price in July. Gold experienced its fifth consecutive month of declines, a streak that hadn't occurred since 2018.

In the market review from last month, we talked about whether the price rebound from the lows could signal the beginning of a fresh, long-term bull market or merely another bear market rally in a generally still negative market environment. With the drop in August, the likelihood is shifting more and more in favor of the latter. Strong support can be found at \$1'675.

Even worse the picture in silver, which lost 11.5% to a monthly closing price of \$17.88. Silver price is now within the large bottoming range of \$14 - \$18.40 which has been built out between 2015 - 2020. To get any meaningful momentum to the upside, it needs to take out the resistance levels at \$18.40 and \$22.50.

Performance Data as of August 31st, 2022

Unit Class	NAV	Monthly Performance	QTD Performance	YTD Performance	Since Inception*
Class A USD	53.40	-9.86%	-2.63%	-40.62%	-46.60%
Class A CHF	55.92	-7.63%	-0.74%	-36.39%	-44.08%
Class B USD	45.55	-9.94%	-2.79%	-41.01%	-54.45%
Class B CHF	53.29	-7.71%	-0.90%	-36.90%	-46.71%

* 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 August, the fund is down -9.86% for the A-USD class and -7.63% for the A-CHF class while the B-USD class is down -9.94% and the B-CHF class -7.71%.

The relief bounce we had in July continued into August, but by the second week, the market had lost its momentum. J. Powell made it clear in his Jackson Hole speech that the FED's priority is combating inflation and that they will keep raising rates to do so. The FED now appears eager to try anything to lower inflation after being too low for too long. In our view, the market in general has not discounted enough the FED's determination in that regard.

We made the decision to lower the overall portfolio exposure in light of the aforementioned analysis and the obvious lack of any FED pivot over the upcoming few weeks. The exposure has been cut to 60% as of this writing with plans to cut it even more if the chance presents itself.

The outlook for precious metals remains very positive in the long term. As soon as central banks pull back from their interest rate hike cycle, the precious metals sector will deliver outstanding returns.

Based on performance and subscriptions/redemptions, assets under management decreased by -9.9% from \$4.51m to \$4.07m during the month of August.

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