

Exponential Opportunities Equity Metals Fund



Market Review

Summer doldrum has taken hold in the markets, especially in gold. Gold had a so-called inside month, which means that the high price in July was below the high price in June, while the low price was above the low price in June. On a closing price basis, gold closed at \$2,009, up 2% (adjusted for changes in front-month futures contracts from August to December).

Silver was again a high-beta play to gold, gaining \$2 (adjusted) to close at \$24.97. Another \$2 up is needed to properly break out of the downward channel that has defined the movement of silver prices move for almost 3 years.

We are confident that it is only a matter of time before both precious metals can leave their consolidation phase behind and a new upward trend can be established.

Performance Data as of July 31, 2023

Unit Class	NAV	Monthly Performance	QTD Performance	YTD Performance	Since Inception*
Class A USD	47.27	-2.80%	-2.80%	-3.18%	-52.73%
Class A CHF	43.99	-5.83%	-5.83%	-9.28%	-56.01%
Class B USD	39.99	-2.83%	-2.83%	-3.66%	-60.01%
Class B CHF	41.43	-5.81%	-5.81%	-9.70%	-58.57%
Class B EUR	91.81	-3.85%	-3.85%	-8.19%	-8.19%

* Class A USD & Class A CHF: 31.03.2021 / Class B CHF: 05.05.2021 / Class B USD: 26.05.2021 / Class B EUR: 22.03.2023

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In July, the fund is down -2.8% for the A-USD class, down -5.83% for the A-CHF class, down -2.83% for the B-USD, while the the B-CHF class is down -5.81% and the B-EUR class is down -3.85%.

The month of July was challenging for our investment portfolio. Although the losses previously suffered by gold and silver recovered, the fund's overall performance remained in negative territory. This seemingly paradoxical situation can be attributed to the fund's investment strategy, which is mainly focused on exploration companies.

These exploration companies, by their very nature, have negative cash flows, but hold immense potential for significant value growth. The dynamics of such investments can be compared to a long call option: In a strong uptrend, they offer significant leverage, while a stagnant market phase gradually erodes part of their time value.

Surprisingly, current market prices for gold and silver have not yet returned to the levels of three years ago. This stagnation has effectively locked us into a prolonged period of sideways market movement. Consequently, most exploration and mining companies have generated negative returns during this period. As soon as gold breaks out, this will also be seen in the performance of the fund.

Based on performance and subscriptions / redemptions, assets under management decreased by -2.8% from \$3.29m to \$3.2m during the month of July.

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