



# SF PETERHOUSE SMALLER COMPANIES GOLD FUND

31 January 2017 Fact Sheet

## Fund Manager



### Amanda van Dyke

Amanda van Dyke is a portfolio manager at Peterhouse Asset Management and mining equity and gold specialist. She has been previously with the mining teams of GMP, Pareto, and Dundee Securities, as an analyst and mining specialist sales person. She is also the Chairman of Women in Mining UK, and a member of the advisory board of Mines and Money London. She has authored numerous research reports as well as articles on the mining sector. She is a professional gemmologist, and holds an MBA and MA in International Economics, from SDA Bocconi and China Europe International Business School.



### Stephen Watson

Stephen Watson is a portfolio manager at Peterhouse Asset Management running international multi-asset and equity portfolios. Previously he ran the 4\* Morningstar rated international equity funds at Northern Trust with Stephen Dowds and was responsible for pan-European and Eurozone accounts at Northern Trust Global Investors. Before that he was a Director at Framlington Investment Management where he was head of European equities. Stephen has a BA Hons degree in Politics from Durham University.

## Strategy and Outlook

### Market Overview

We are bullish on gold going into 2017. Technically gold bottomed in Dec 2015 and although there was an unforeseen correction post the election of Donald Trump, mostly correlated with stock market euphoria known as the "Trump bump" and the US dollar are largely considered to be overdone and expected to correct a theme that has been slowly playing out in January. It is a common theme echoed by Trump himself that the dollar needs to be lower to make America more competitive. The US dollar and real rates of return or the TIPS yield are the two most consistently correlated markets to gold, and the direction of both is expected to move in gold's favour this year. Even with the three interest rate rises guided by the Fed, the spread of negative real rates of return is expected to continue rising. A secular, and cyclical bull market has begun in our view and gold mining equities should perform with the gold price as generalists begin to increase their holdings closer towards a neutral weighting in gold and gold equities from the underweight position they have had for several years.

### Outlook

The gold fund is positioned with approximately 80pc in producers and developers that I believe have significant scope for re-rating, and approximately 20% in higher risk higher reward exploration and development plays. As long as our thesis that 2016 was the beginning of a secular 3-5 year bull market in gold holds, the fund and its holdings should perform well. The Bull case for gold outweighs the bear factors in our opinion, none the less interest rates, bond yield, real yields, the USD, the stock markets, central bank and retail demand all need to be monitored closely, and our positions adjusted for when the situation is more or less attractive for defensive or aggressive higher beta stocks. To pick good gold stocks is a combination of assessing the technical quality of the deposit and plan for extraction, as well as really knowing the management teams capable of delivering. I wish there was a formula for this but it is really just a case of doing your homework and knowing and really knowing the industry, the players, and the myriad of factors that can conspire for success or failure; between exchange rates, commodity prices, grades and extraction techniques, different regimes and mining and tax codes, and miners with more than ample personality, it's a complex puzzle that makes every company unique.

## Portfolio Analysis

### Asset Mix (%)

Canada	49.1	<div style="width: 49.1%;"></div>
UK	42.6	<div style="width: 42.6%;"></div>
Australia	5.0	<div style="width: 5.0%;"></div>
Cash	2.2	<div style="width: 2.2%;"></div>
US	1.1	<div style="width: 1.1%;"></div>

### Top Ten Holdings (%)

Osisko Mining Corp	6.3
Tharisa	6.1
Georgian Mining Corp	4.9
Rye Patch Gold Corp	4.1
Highland Gold Mining	3.9
Hummingbird Resources	3.8
Endeavour Mining	3.5
First Mining	3.4
Centamin	3.3
Caledonia Mining	3.3
<b>Total</b>	<b>42.6</b>
<b>Total Number of Holdings</b>	<b>62</b>

## Fund Aim

It is the Company's policy to seek to invest at least 80% of its core investment portfolio in securities of companies which are predominantly involved in the mining, exploration, development and production of gold. Up to 20% of the Company's core investment portfolio may be invested in the securities of companies predominantly engaged in the mining, exploration, development and production of silver and other precious metals.

## Fund Facts

Structure	UCITS OEIC
Domicile	UK
Dealing	Daily
Launch Date	7 September 2009
Sector	Lipper Global Equities: Equity Sector Gold & Precious Metals
Fund Size	£2.9m

## Fund Price

A Class	45.28
B Class	130.36

## Availability

Wrap Platforms  
Life Office Bonds



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## Near Term Bull and Bear factors for Gold

### Bull

- Consensus inflation expectations in the US have risen to 2.7%. Rate rise consensus is 1.5%-1.75% meaning real rates remain negative, this is very good for gold as the highest correlation to gold is the TIPS (treasury inflation protected securities) rate.
- Physical Demand in India is on track to continue increasing as people buy more gold than average to deal with the ban on large currency bills, making gold serve as more of a savings mechanism on a continued basis.
- Elections in Holland, France and Germany this year are contentious and could lead to uncertainty in both the run up and in the results, leading to considerable weakness for the Euro which is good for gold.
- Seasonally January through May is when gold outperforms the most.

### Bear

- Rising interest rates- three expected this year
- Central bank purchasing looks like it is leveling off and slightly decreasing as the gold price goes up, and many countries re allocate their capital towards growth policies
- The two largest retail gold buying markets in the world are traditionally price sensitive and increasing gold price does slightly dampen demand

## Performance and Activity

### Fund Performance

The fund returned 13.4% in January against the backdrop of gold going from \$1151 to \$1210 up 5.1%. Outstanding performers in January were Hummingbird rebounding 30%, followed by Capital Drilling up 29%, and B2 gold up 24%.

### Fund Activity

We added four new names to the portfolio in January.

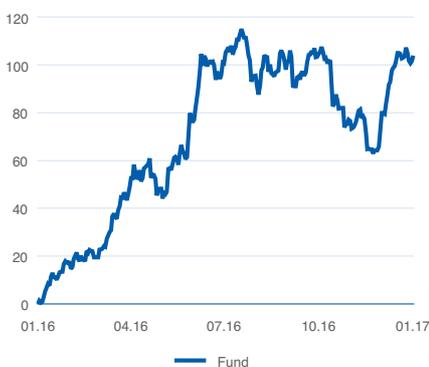
Brio-Brio Gold is a Canadian mining company with significant gold producing, development and exploration stage properties in Brazil. The Company's portfolio includes three operating mines, the Fazenda Brasileiro Mine, the Pilar Operation and the RDM Mine, as well as the Santa Luz Mine, which is a fully-permitted, fully-constructed mine currently on care and maintenance and is expected to be recommissioned in 2018. Brio Gold produced approximately 190,000 ounces of gold in 2016 and is expected to increase to a run-rate production level of 400,000 ounces of gold in 2018.

Torex is an emerging intermediate gold producer based in Canada, engaged in the exploration, development and exploitation of its 100% owned Morelos Gold Property, an area of 29,000 hectares in the highly prospective Guerrero Gold Belt located 180 kilometers southwest of Mexico City. Within this property, Torex has the El Limon-Guajes (ELG) Mine, which started gold production in December of 2015, and the Media Luna Project, at an advanced stage of exploration, with a positive PEA completed in July of 2015. The property remains 75% unexplored. In January they discovered a high grade sill under El Limon very prospective.

PGM Platinum Group Metals Ltd. is a mining company focused on the production of platinum and palladium. Its projects are located in the Bushveld Complex in South Africa, surrounded by 70% of the world's platinum production.

Galantas Gold Corporation is a public company, dual listed on the TSX Venture Exchange, located in Toronto and London's AIM market. Galantas owns and recently operated a producing open pit gold mine near Omagh, County Tyrone, Northern Ireland. The mine also produces by-product silver and lead. A metals concentrate is produced by safe, low-toxicity processing and sold under contract to Xstrata Corporation. **The mine has now received planning permits to continue to mine underground.** The mine has completed part of a drilling exploration program with a significant increase in resources discovered and intends to continue that program.

### Twelve Month Performance (%)



### Cumulative Performance (%)

	YTD	1m	3m	6m	1y	3y	5y
Fund	13.4	13.4	-0.3	1.6	103.9	25.7	-69.8

### Discrete 12 Month Performance (%)

	31.12.15	31.12.14	31.12.13	31.12.12	30.12.11
Fund	87.7	-28.6	-26.1	-49.3	-43.0

Source: Lipper, total return, mid to mid, excluding the effect of initial charge, income reinvested gross of UK tax, in GBP, to 31.01.17. Copyright 2017 © Lipper, a Thomson Reuters company. All rights reserved.

### Important Information

Please remember if your investment falls in value you can lose money. Past performance is not a reliable indicator of future returns. If you are in any doubt as to the suitability of the investment, you should seek financial advice.

### Literature

[www.peterhouseam.com](http://www.peterhouseam.com)

### Investment Manager

Peterhouse Asset Management Limited

### ACD

Sharefunds Limited

### Codes

A Class

### ISIN

GB00B3YQ8554

### SEDOL

B3YQ855

B Class

### ISIN

GB00BNGMZG14

### SEDOL

BNGMZG1

### Issued by

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