

SF Peterhouse Smaller Companies Gold Fund

29 April 2016 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

The market has largely accepted that we are in the midst of a new secular bull market in gold. Gold closed April above 1280, a new high for 2016. While we are cognisant that a slight summer correction in prices seasonally occurs in July, the market momentum is firmly positive going into May. The Fed announcement on the 27th was a distinct non-event and it appears that the likely 25 basis point rise has been priced into both the market and gold.

Global economic forecasts are suggesting that May will be a volatile month, with a great deal of uncertainty surrounding both global growth and global geopolitical events, equities indices seem to be going up and down 3% around zero. Uncertainty is good for gold so we believe there will be strength going forward, and it will be unlikely that we will need to "sell in May and go away", although we will be monitoring the general markets closely.

Gold Fields Mineral Services published its Q1 supply and demand update for gold. As expected the build in ETF's of 330t was the defining story of the period with weakness in the main demand areas of jewellery, central banks and bars and coins, although within the bar and coin segment bar demand was only down 5.7% YoY to 184t with coins down 30.7% to 37t. This is likely due to the retail consumer market re-adjusting to the increase in prices. Mine supply was flat YoY but down QoQ reflecting seasonal production patterns and as would be expected scrap supply increased in line with higher prices.

Outlook

Turning to the gold stocks, we can see that they are in breakout mode. Gold Miners index GDXJ is well above \$32-\$33 and has upside to \$43-\$45 and \$50. Gold Miners index GDX closed at \$24.28 (above \$22-\$23) and has upside to \$27-\$28 and \$30.

Portfolio Analysis

Asset Mix (%)

UK	50.9	<div style="width: 50.9%;"></div>
Canada	24.9	<div style="width: 24.9%;"></div>
Cash	7.2	<div style="width: 7.2%;"></div>
US	4.9	<div style="width: 4.9%;"></div>
Ireland	4.3	<div style="width: 4.3%;"></div>
Netherlands	4.1	<div style="width: 4.1%;"></div>
US	3.7	<div style="width: 3.7%;"></div>

Top Ten Holdings (%)

Kinross Gold	7.5
Noricum Gold	6.0
Petropavlovsk	5.2
Centamin	5.2
Condor Gold	5.1
Hecla Mining	4.9
Endeavour Mining	4.9
Hummingbird Resources	4.4
Highland Gold Mining	4.4
Ovoca Gold	4.3
Total	51.9

Total Number of Holdings 26

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	£1.4m

Fund Price

A Class	33.88 pence
B Class	97.23 pence

Availability

Wrap Platforms
Life Office Bonds



Performance and Activity

Fund Performance

Year to date performance in our favourite UK developers is very strong, Hummingbird (102%) Noricum (140%) Condor (164%) and Keras (212%).

Our Canadian Gold stocks Kinross and Yamana have continued to do well making YTD highs of 174% and 140% respectively. We added Endeavor Mining (EDV-TSE) to the portfolio in April. Endeavour is a mid-tier gold producer with five gold operating mines producing greater than 550k ounces per year in Mali, Ghana, Burkina Faso, and Cote D'Ivoire. We believe Endeavour's efforts to make significant operational and cost improvements across its operations, and improve its balance sheet are finally starting to bear fruit and will translate into further valuation gains over the coming months.

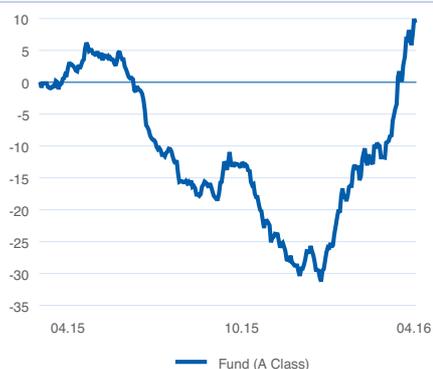
Fund Activity

Petrovavlovsk (POG) released Q1 results on 28 April that include 2 announcements of major strategic developments and are subject to shareholder approval, namely the formation of a joint venture to resume development of the company's POX facility, and the all-share acquisition of Amur Zoloto. The Q1 2016 production update, along with details on the go-ahead for underground development at Pioneer, an investment by the Russian government in local power infrastructure, and commentary on discussions with its banks on debt repayment schedules and the relaxation of banking covenants were also announced. All in all this indicates that the company is likely to increase gold production 30-80% over the next two years without needing to raise additional funds, which is a great result for shareholders.

Theme - Stock Story

The bear market bottom in the gold stocks is strikingly similar to the epic 1942 low in the stock market, which proved to be the best buying opportunity of all time. Then, the stock market's 10-year performance was its worst ever and the market was at the same level as 41 years prior. The market also had endured a long bear market (1937-1942) before that bottom. Over the next 14 years the stock market gained nearly 7-fold and only endured a single bear market of 30%. Gold stocks at their January 2016 low were trading at the same level as 42 years ago. Their 5 and 10-year performance were the worst ever. Furthermore, they were at the end of their worst bear market ever which lasted over 4.5 years. The floor has been put under the bear market and as the pendulum always swings past the mean, the depth of the recent bear market has most market watchers looking for an equally long pendulum swing towards new gold market highs.

Twelve Month Performance (%)



Cumulative Performance (%)

	YTD	1m	3m	6m	1y	3y	5y
Fund	59.1	24.3	52.5	29.0	9.3	-39.5	-83.9

Discrete 12 Month Performance (%)

	31.03.15	31.03.14	29.03.13	30.03.12	31.03.11
Fund	-9.4	-16.8	-44.8	-49.9	-39.1

Source: Lipper, total return, mid to mid, excluding the effect of initial charge, income reinvested gross of UK tax, in GBP, to 29.04.16. Copyright 2016 © 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

Investment Manager

Peterhouse Asset Management Limited

ACD

Sharefunds Limited

Codes

	A Class
ISIN	GB00B3YQ8554
SEDOL	B3YQ855
	B Class
ISIN	GB00BNGMZG14
SEDOL	BNGMZG1

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