Schroder ISF* Global Gold

Fund update: April 2025

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Past Performance is not a guide to future performance and may not be repeated. The value of investments and the income from them may go down as well as up and investors may not get back the amounts originally invested. Exchange rate changes may cause the value of investments to fall as well as rise.

Fund performance

The fund posted a return of 5.10% for April. This compared to the FTSE Gold Mines UCITS Capped Net Tax Index benchmark return of 8.78%.

I shares gross

US$ %	Apr 2025	YTD	Annualised performance				Cumulative Since Inception
			1 Yr	3 Yr	5 Yr	Since inception[1]	
Fund	**5.19**	**46.01**	**54.08**	**18.51**	**12.44**	**10.14**	**134.81**
Benchmark[2]	8.78	49.90	60.82	14.85	9.51	8.17	100.28

Calendar year performance

US$ %	2015	2016[1]	2017	2018	2019	2020	2021	2022	2023	2024
Fund	-	**-17.6**	**11.3**	**-13.9**	**51.1**	**31.5**	**-17.1**	**-10.5**	**15.5**	**19.0**
Benchmark[2]	-	-23.1	10.2	-10.4	42.7	25.0	-10.4	-12.8	12.4	12.0

Source for performance: Bloomberg I shares gross USD. Performance is on a NAV to NAV basis. [1]Inception 29 June 2016. [2]FTSE Gold Mines UCITS Capped Net Tax Index. The benchmark changed on 15 March 2024. FTSE Gold Mines Index was used prior to this. Typical ongoing charges for I shares are 0.06%.

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Capital risk / distribution policy: As the fund intends to pay dividends regardless of its performance, a dividend may represent a return of part of the amount you invested. **Counterparty risk:** The fund may have contractual agreements with counterparties. If a counterparty is unable to fulfil their obligations, the sum that they owe to the fund may be lost in part or in whole. **Currency risk:** If the fund's investments are denominated in currencies different to the fund's base currency, the fund may lose value as a result of movements in foreign exchange rates, otherwise known as currency rates. If the investor holds a share class in a different currency to the base currency of the fund, investors may be exposed to losses as a result of movements in currency rates. **Currency risk / hedged share class:** The currency hedging of the share class may not be fully effective and residual currency exposure may remain. The cost associated with hedging may impact performance and potential gains may be more limited than for unhedged share classes. **Derivatives risk:** Derivatives, which are financial instruments deriving their value from an underlying asset, may be used to manage the portfolio efficiently. A derivative may not perform as expected, may create losses greater than the cost of the derivative and may result in losses to the fund. **Emerging markets & frontier risk:** Emerging markets, and especially frontier markets, generally carry greater political, legal, counterparty, operational and liquidity risk than developed markets. **Higher volatility risk:** The price of this fund may be more volatile as it may take higher risks in search of higher rewards, meaning the price may go up and down to a greater extent. **Liquidity risk:** In difficult market conditions, the fund may not be able to sell a security for full value or at all. This could affect performance and could cause the fund to defer or suspend redemptions of its shares, meaning investors may not be able to have immediate access to their holdings. **Market risk:** The value of investments can go up and down and an investor may not get back the amount initially invested. **Operational risk:** Operational processes, including those related to the safekeeping of assets, may fail. This may result in losses to the fund. **Performance risk:** Investment objectives express an intended result but there is no guarantee that such a result will be achieved. Depending on market conditions and the macro economic environment, investment objectives may become more difficult to achieve.

Schroders

*Schroders ISF is referred to as SISF throughout.

Current strategy and portfolio activity

Coeur and Endeavour Mining were the two largest fund changes during April. Coeur has lagged badly due to concerns around first quarter results, the ramp-up of Rochester as well as (we think) flowback from the acquisition of Silvercrest last year (i.e. Silvercrest holders selling Coeur shares received via the transaction). We think absolute and relative valuation metrics are standout with 2025 a major FCF inflection year for the company. On our numbers FCF yields are c.12% in 2025 and c.20% in 2026, pretty unprecedented for a silver producer. We added to Endeavour Mining ahead of Q1 results on expectations of stand-out financial performance that would finally force the market to pay attention. The numbers were delivered (inc. US$400m of FCF for the quarter vs. consensus of US$750mn for the full year), we think the market will now engage. We also added to our position in Artemis, which has recently graduated from developer to producer with the declaration of commercial production at its Blackwater project in BC, Canada. FY25 guidance implies year 1 FCF of ~C$400mn (12% yield). US$670-770 AISC makes Blackwater among the lowest cost gold assets globally.

We continue to see compelling valuations in the developer/explorer space and added to our existing position in Southern Cross via a placing. Southern Cross are an Australian exploration company in the process of delineating a large-scale, high-grade deposit in Victoria.

As a reminder, individual developer positions are small as a percentage of fund NAV but offer explosive upside optionality to fund investors unobtainable in passive vehicles.

Overall fund strategy remains focused on producers with unjustifiably cheap valuations, clear paths to free cash inflections and/or other value surfacing optionality. The fund holds zero bullion and zero royalty/streamer exposure given current valuations and market environment.

Gold market outlook

New month, new all-time highs for gold. April saw prices breach US$3,500/oz on Comex futures for the first time.

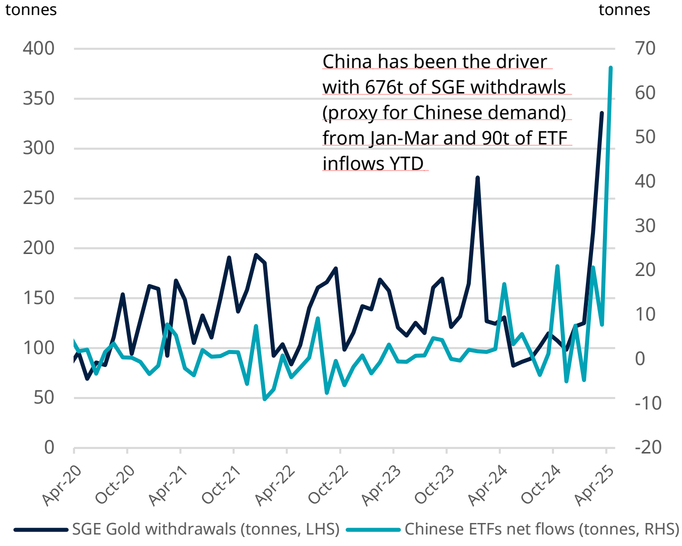
We remain bullish. Gold's secular bull market started in 2022 and has accelerated under Trump as demand for a neutral reserve asset and safe haven picks up globally in the face of generational challenges to the monetary status quo.

Recent price action has been heavily China driven. Central Banks, insurance, investor and retail demand (as well as a large volume of high frequency trading) has all been at play. Compare for example US and European ETF flows and Comex net managed money positioning in Chart 1 with Chinese SGE gold withdrawals in Chart 2. A range of other micro indicators make the same point.

Chart 1: US and EU ETF holdings + Comex net managed money (tonnes)

Source: Bloomberg, Schroders.

Chart 2: Chinese SGE withdrawals and Chinese ETF net flows (monthly, tonnes)



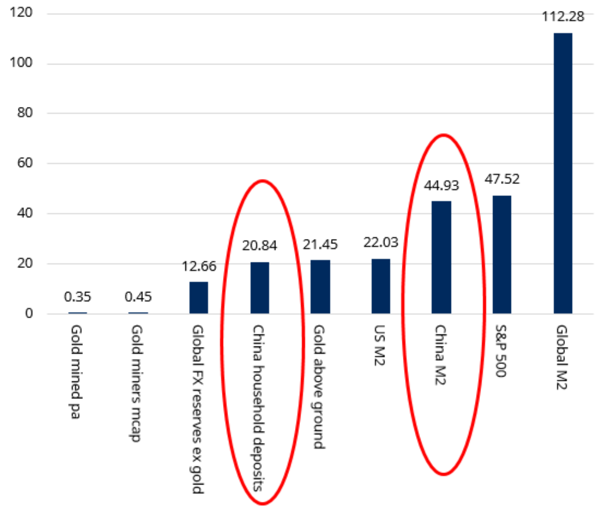
Source: SGE, Bloomberg, Schroders. *Note: SGE data up to March end and ETF data up to April end.*

Indeed, the weight of Chinese money turning its attention to gold is a key differentiating factor in this bull market (Exhibit 1 shows a high-level summary slide on that from a recent webinar we presented). Added to ongoing broader emerging market central bank demand as well as, eventually, full throttle "Western" investor engagement and we will have a genuine global monetary bid for gold that will be difficult to absorb without much higher prices.

Exhibit 1: Weight of China money makes this bull market different

Simultaneous China + DM pull on gold makes this cycle incomparable to prior bulls

Gold vs Monetary aggregates, savings, financial assets (US$tn)



70's bull market. DM central banks were already "full" and China was still a tiny economy being racked by cultural revolution.

2000s bull market. Primarily a commodity bull market when gold rallied with all commodities into 2011 peak.

Post 2022 bull market. Simultaneous bid from EM central banks, China "excess capital" and, eventually, western investors

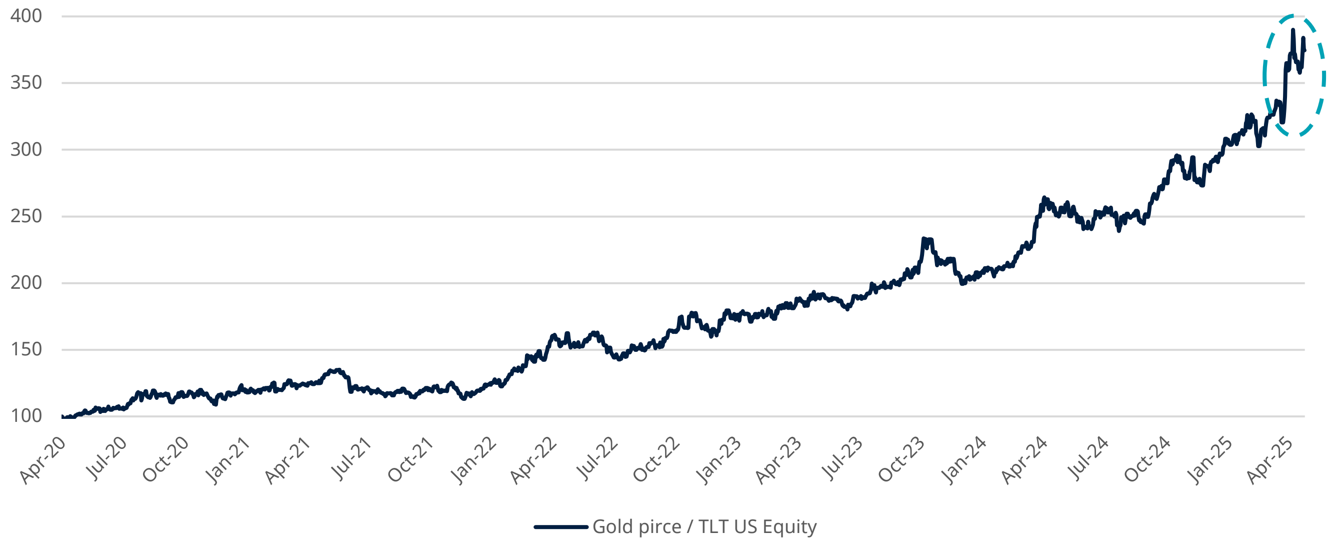
Scale of China bid is still underappreciated in west.

1. Offshore China buying as a result of understated current account surplus + capital flight happening in the shadows.
2. Domestic China households very bullish gold, a secular shift away from property.
3. China a huge holder of USD assets (like Russia in 2013) and must prepare for decoupling (even if doesn't happen)

Source: Schroders; Bloomberg.

Western interest in gold is probably at three out of ten. There is (obviously) more interest than in 2023 or 2024 when Western investors were liquidating gold holdings non-stop. Today flows have turned positive, but they are still muted even when compared to 2020 (COVID) or 2016 (immediately post Fed pivot). They are also muted when you consider that gold has been outperforming long dated treasury bonds on a total return basis since 2016 (Chart 3) and even if we just limit ourselves to cyclical considerations, we are facing a clear stagflationary path in the US.

Chart 3: Ratio of gold prices (US$/oz) to iShares 20+ Year Treasury Bond ETF normalised – outperformance of gold over long dated bonds has accelerated



Source: Schroders; Bloomberg.

What is most intriguing is the extent to which still lukewarm interest levels in gold in the West remain completely at odds to the scale of the changes the MAGA administration wants to bring to the global monetary order. Many at the top of the US administration and in the highest echelons of macro investing see the starkness of what may well be happening.

To quote a few:

"The global economic order is breaking down due to unsustainable debt and deep imbalances between debtor nations like the U.S. and creditor nations like China." - Ray Dalio, April 2025

"We are going to have to have some kind of a global economic reordering. Something along the line of new Bretton Woods, or if you want to go back, something back to the Treaty of Versailles." - Scott Bessant, Treasury Secretary, January 2025

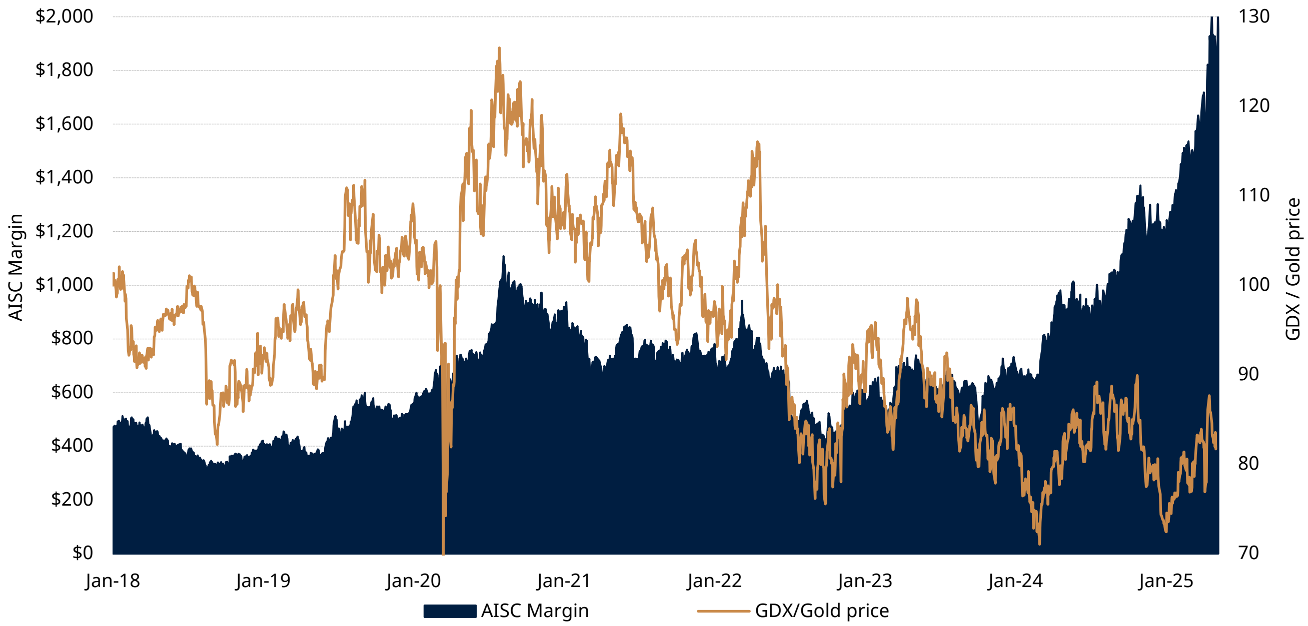
"Such an architecture would mark a shift in global markets as big as Bretton Woods or its end. It would see our trading partners bear an increased share of the burden of financing global security, and the financing means would be via a weaker dollar reallocating aggregate demand to the United States and a reallocation of interest rate risk from U.S. taxpayers to foreign taxpayers" - Steven Miran, Chair of Trump's National Economic Council, writing in late 2025

Gold equities

After weakness early on in the month gold equities rebounded sharply closing April up 8% vs. 5% for gold bullion. The resilient price action of gold equities during a month where broader US equities came under significant pressure was encouraging.

However, equity performance is not even close to reflecting record margin generation (Chart 4).

Chart 4: Gold producer AISC Margin vs. relative performance of gold equities vs. gold bullion

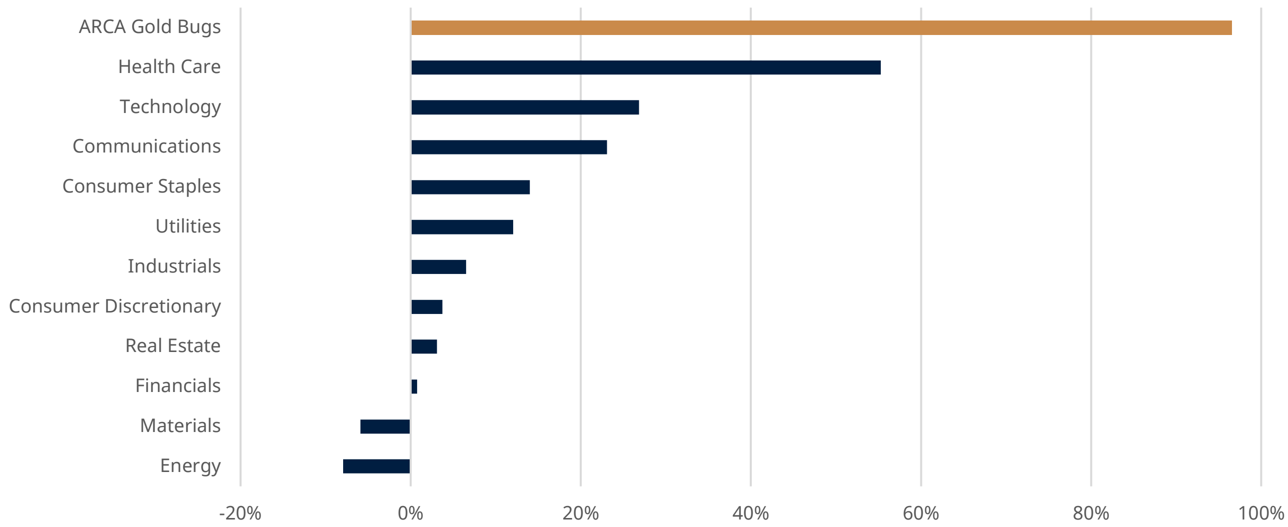


Source: Schroders, Bloomberg, company reports, Cormark.

We have been flagging that record margins will translate into the largest YoY earnings and free cash flow growth of any sector in the broad equity market.

Chart 5 below demonstrates this. Basic EPS growth for the NYSE Arca Gold BUGS Index comes in at 97% YoY for 2025, almost double the next fastest growing S&P 500 sector (Health Care). Metrics for cash flow per share are similar.

Chart 5: Basic EPS 2025 YoY% growth (S&P500 sector breakdown and HUI Index)



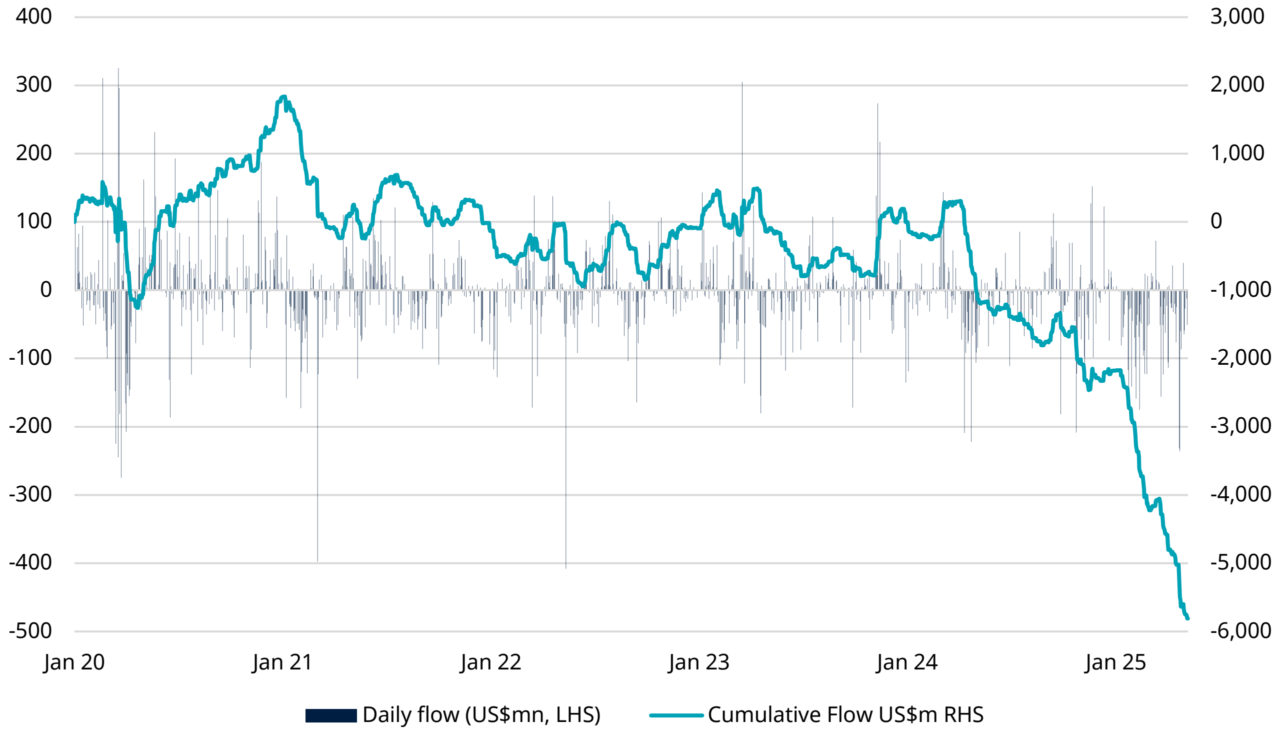
Source: Bloomberg, Schroders.

Or as one member of our team summarised it with the help of an AI engine:

The set up remains, in our eyes at least, remarkable. As we asked (rhetorically) in a recent presentation deck: presumably investors are piling in?

Not at all. Record outflows from passive gold equity vehicles (and only minor inflows into strongly performing active funds such as our own) again re-iterates that western investors remain much more interested in buying the dip in US equities or catching the next surge higher in bitcoin (highly correlated to the NASDAQ) than they are in the gold sector.

Chart 6: Gold producer equity ETFs (Cumulative flows 2020 – Present) - $3.6bn of outflows YTD



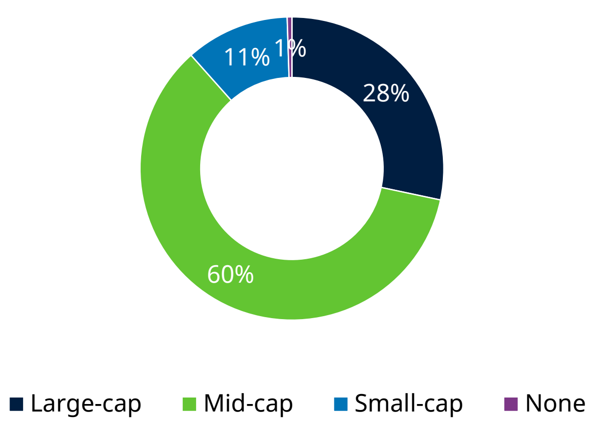
Source: Bloomberg, Schroders.

Quarterly results are still ongoing. Overall results have been showcasing free cash generation and expanded returns programmes. A general trend of beating consensus on earnings and free cash flow, in what has been flagged in multiple cases as the weakest quarter of the year, bodes extremely well. We will provide a fuller review of how this financial prowess is likely to translate into shareholder returns next month.

Performance attribution

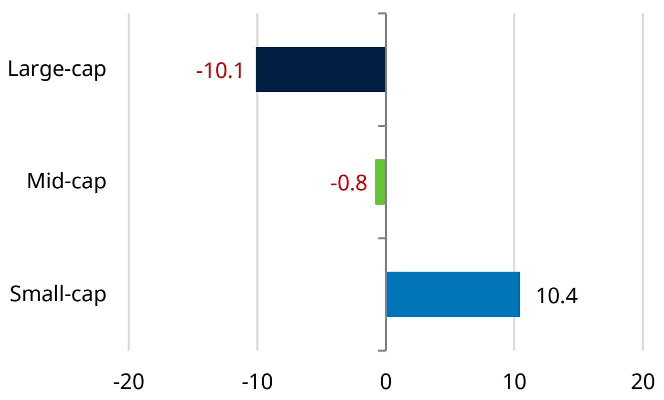
Fund performance in April was 5.19% vs. 8.78% for the benchmark. From an individual stock perspective Lundin gold (zero weighting – heavily overvalued) and Harmony (zero weighting) cost us through the month. We have not changed either position. More broadly performance was affected early in the month by moderately elevated cash positions which we held as a hedge against the risk of the gold equity sector being swept into a much deeper systemic risk-off move. Broader equity market hedges did help buffer attribution in the month.

Market cap %



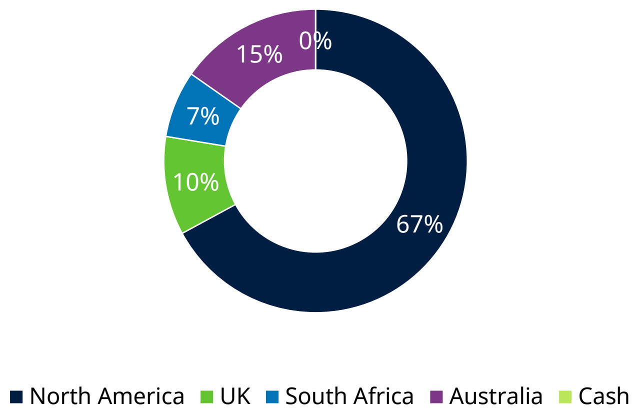
Source: Schroders, Bloomberg – April 2025.

Market cap over/underweight %



Source: Schroders, Bloomberg – April 2025.

Regional (%)



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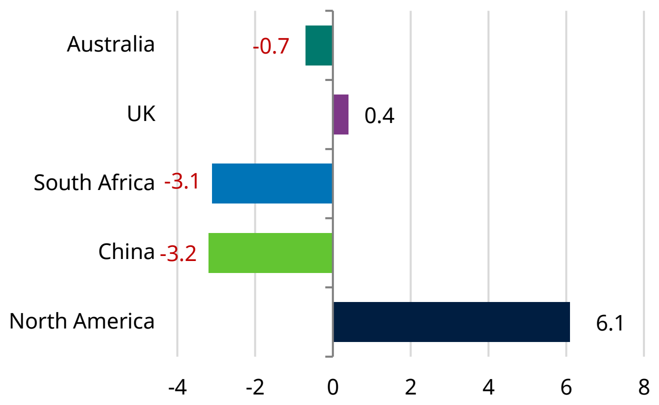

Source: Schroders, Bloomberg – April 2025.

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