Schroder ISF* Global Gold

Fund update: October 2025

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Fund performance

The fund posted a return of -1.18% for October. This compared to the FTSE Gold Mines UCITS Capped Net Tax Index benchmark return of -3.90%.

I shares gross

US$ %	Oct 2025	YTD	Annualised performance				Cumulative Since Inception
			1 Yr	3 Yr	5 Yr	Since inception[1]	
Fund	**-1.18**	**140.73**	**103.55**	**60.97**	**20.15**	**15.60**	**287.14**
Benchmark[2]	-3.90	138.93	102.19	54.83	17.80	13.46	225.23

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%.

Risk Considerations:

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Schroders

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Current strategy and portfolio activity

Through October, the fund further increased exposure to Barrick Mining, making it our biggest position amongst the large caps. Relative valuation, the potential for market sentiment to re-anchor around the world class Fourmile (Nevada) asset, as well as the increased strategic optionality that the departure of CEO Mark Bristow brings, have all contributed to the positioning change.

Elsewhere we have continued to diversify our pre-production basket by increasing our positions in Montage Gold, Founders and initiating a new position in Miata Metals. A mixture of development stage and exploration stage companies that will benefit both from a broadening participation in the precious metal bull market as well as increased producer led M&A activity.

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 producer valuations and buoyant producer margin environment.

Gold market outlook

Spot gold ended October at US$4,002/oz, up 3.7% month over month but down 8% from the all-time high of $4,356/oz reached in mid-October.

Recent conversations with market participants across Asia and at the LBMA conference in Kyoto have if anything strengthened our conviction that we are witnessing a generational monetary demand shock for gold.

That shock started in late 2022 as emerging market central banks responded to the freezing of >US$300bn of Russian FX reserves by more than doubling their own gold purchases as a long-cycle strategic hedge against dollar weaponisation and a shifting world order.

For 2023 and most of 2024 this was a lopsided monetary/investment bid. Strong central bank buying was met with consistent investor selling as surging increases in nominal and real interest rates had their “normal” negative effect on gold investment demand.

In 2025, while central bank demand has remained elevated, investors have returned to rapid accumulation, driven by both cyclical factors (a Fed rate cutting cycle) and secular (US/China stress, eroding US fiscal and institutional credibility) factors. Trump’s MAGA White House has been a clear accelerator, but it is symptom not cause of those long-cycle factors.

The picture of a market straining to absorb monetary/investment demand via higher prices and crushed jewellery demand was confirmed by the recent World Gold Council Q3 demand report:

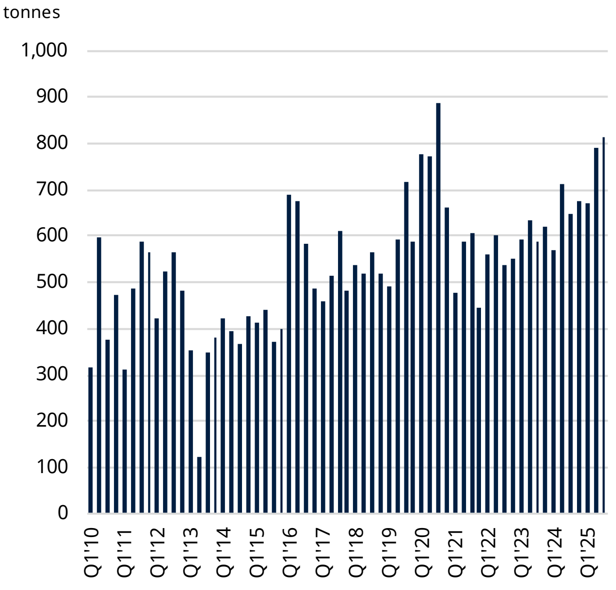
1) Total gold demand, including OTC (over the counter), grew 3% y/y to 1,313t, the highest quarterly total in the series.

2) The breadth of the monetary bid was highlighted by a 222t jump in ETF holdings, significant bar and coin demand (which we suspect is being under counted) of above 300t and central bank buying of 220t, 28% up on the prior quarter despite very strong prices (chart 1).

3) Jewellery consumption in Q3 posted a double-digit YoY decline to 371t, as high prices / lower affordability eroded marginal demand in volume terms. The China Gold association reported local jewellery demand down 32% for the YTD.

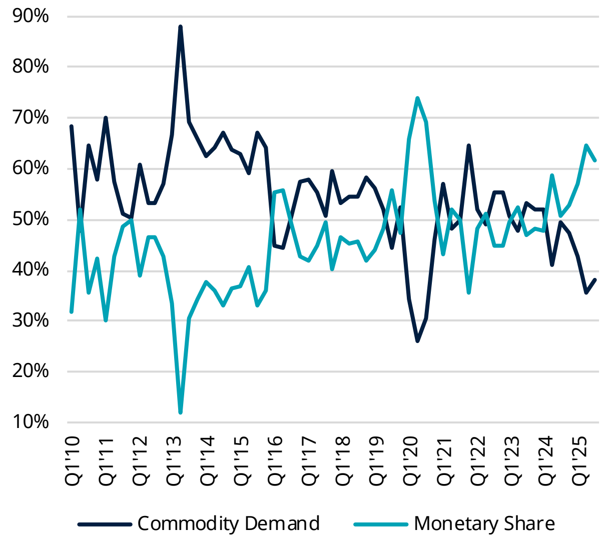
4) On aggregate, using our broad monetary vs. commodity demand categorisation, 62% of demand was “monetary” and 38% was “commodity” (chart 2), still close to the highest level since 2020 covid lockdowns.

Chart 1: Quarterly “monetary” gold demand (Bar & Coin, ETF, Central Bank and OTC)



Source: WGC, Schroders.

Chart 2: Share of demand categorised as “monetary” vs. “commodity” (%)



Source: WGC, Schroders

These are big numbers, and we think chart 1 almost certainty understates the true scale of the monetary demand shock. With a backwards looking view it is very tempting to call a cycle demand high. The forward-looking reality is that for as long as secular fiscal and geopolitical factors remain unresolved the runway for elevated monetary demand remains long and demand is unsaturated. We view neither investors nor central banks as close to being exhausted buyers.

The advice of “macro gurus” (see comments from Jeffrey Gundlach, Ray Dalio or Michael Hartnett in recent months) to move to >20% portfolio gold allocations remain wholly infeasible from a volume perspective.

We recently estimated, in response to a client question, that at US$4,000 gold investors would need to buy c.19 years (the midpoint of a wide and assumption dependant range) of annual gold supply to move to a 20% holding from current 1-2% aggregate allocations. (see figure 1 below).

The reality remains that if investors were to attempt to simultaneously move into gold in response to fiscal / geopolitical stressors the route to higher percentage portfolio allocations is likely via much higher prices, not much higher purchased volumes.

Figure 1: Rough estimates of incremental investor gold demand in the event investors follow “macro guru” advice towards 20% portfolio allocations

Allocation size (%)	18%
Average Gold Price (US$/Oz)	4,000
Annual Mined Gold Production (Moz)	118
Gold above ground (Moz)	6,953

At current gold prices of US$3,950/Oz a 20% allocation using “low end” 5tn AUM estimate would require allocators to purchase c.1.8 years of total annual gold mined volume. On a mid estimate (50tn) a 20% allocation would require allocators to buy c.18 years of mined supply, on a maximalist estimate (140tn) they would need to buy c.90% of all the gold that has ever been mined cumulatively throughout history. **Put bluntly: if investors were to move simultaneously into gold in response to fiscal / geopolitical stressors the route to higher allocations is via much higher prices, not much higher purchased volumes.**

AUM in "60/40"	US$bn	Gold allocation (US$bn)	Gold allocation (Moz)	Years of annual production (flow)	% of gold above ground (stock)
Low Estimate	5,000	900	225	1.9	3.2%
Mid Estimate	50,000	9,000	2,250	19.1	32%
Maximum (Global Insitutional AUM)	140,000	25,200	6,300	53.3	91%

Source: Schroders, WGC, Bloomberg,

If anything, the breadth and depth of potential monetary demand is broadening. Chinese insurance companies and the “cryptoverse” are two examples of sizeable pools of capital entering the gold market. The recent departure of HSBC gold executives to Tether (a stablecoin issuer with balance sheet gold holdings) only underline that trend.

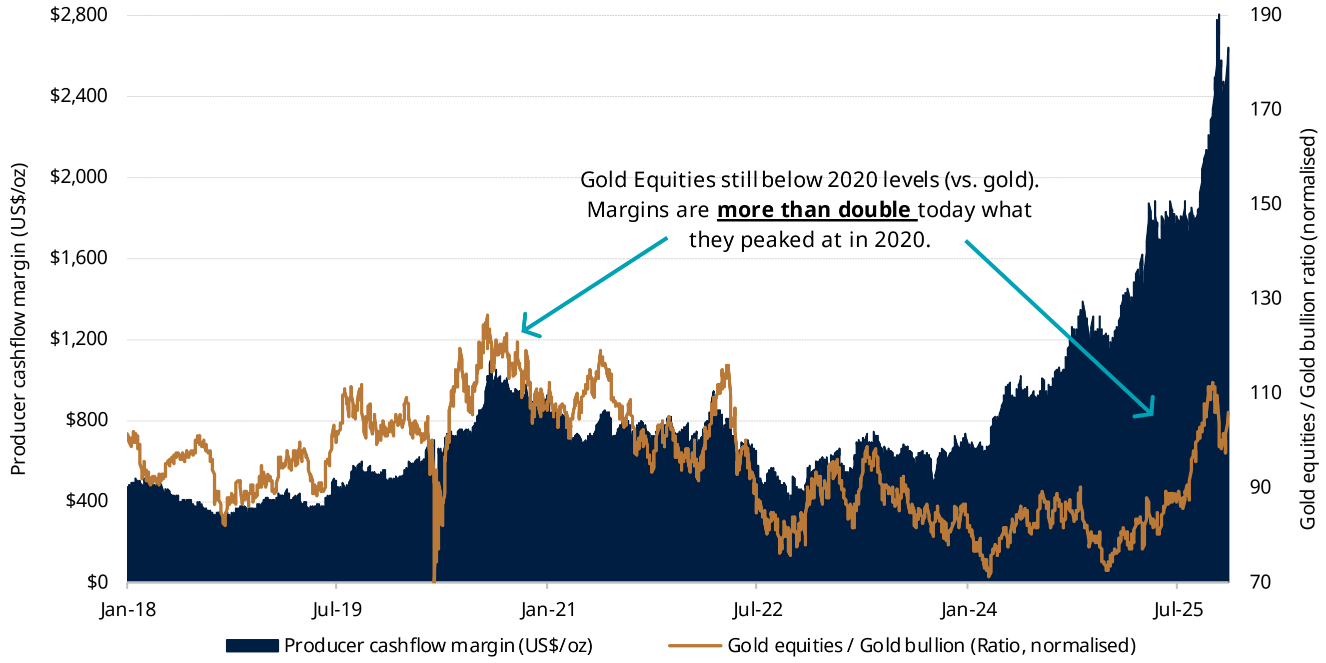
Gold equity outlook

Gold equities ended October between 3-6% lower, depending on the index, and saw a large intra-month peak-to-trough drawdown of ~17%. Taking a step back this left major gold equity benchmarks up between 101% (Phil gold and silver) and 122% (FTSE Gold miners) for the YTD at end October.

Has the bullish picture for the gold miners we have been highlighting changed? In our opinion, not at all. We believe the gold bull market is very much intact and this consolidation phase opens interesting opportunities for the equities.

Despite the recent correction in gold prices, current margins are still well above US$2,000/oz on all-in-sustaining cost basis (chart 3) and as we highlight below, this continues to be reflected in record financial results. On a forward-looking basis another record quarterly average price in the fourth quarter already looks highly likely (unless prices fall 25% from current levels and remain at that level – we would need a 2008 GFC moment) while forward consensus price forecasts remain below spot.

Chart 3: Gold producer cashflow margin (dark blue) vs. relative performance of gold equities vs. gold bullion (gold line)

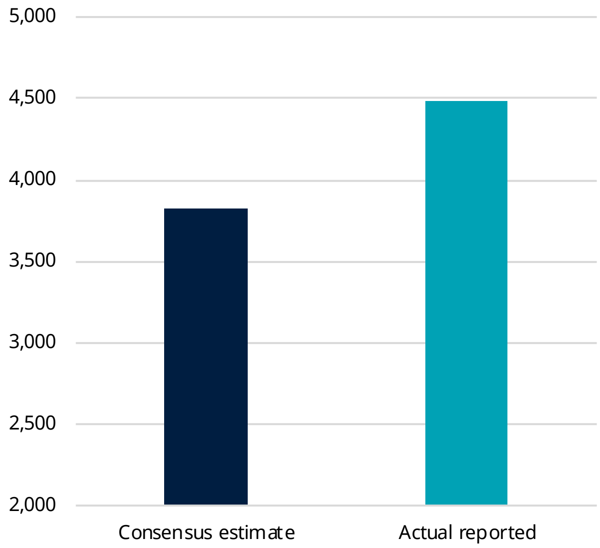


Source: Schroders. Bloomberg, Cormark, Company reports.

We are not yet through all third quarter earnings but producers that have reported so far have painted a clear picture of continued margin expansion, strong free cash flow generation and beats to consensus estimates across financial metrics.

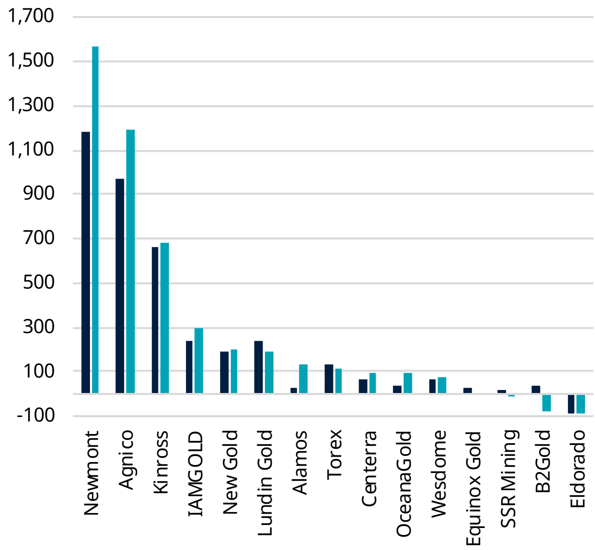
Focusing on free cash flow for the cohort of North American producers that have reported to date, shows free cash generation of US$4.5bn for the third quarter, 17% higher than the US$3.8bn which Bloomberg consensus expected (chart 4 and 5).

Chart 4: Consensus estimates vs. actual reported Q3 free-cash-flow (aggregate North American producers total US$mn) show 17% more FCF than forecast.



Source: Bloomberg, Company reports.

Chart 5: Consensus estimates vs. actual reported Q3 free-cash-flow (North American producers breakdown US$mn)



Source: Bloomberg, Company reports.

With balance sheets already net cash on an aggregate industry basis incremental cash generation continues to support strong capital returns to shareholders. A few standout examples from the quarter are Kinross increasing its buyback target by 20% and quarterly dividend by 17%, OceanaGold increasing its share buyback programme by 75% and Torex implementing an inaugural dividend post-Media Luna ramp up in Mexico.

For the most part we continue to see producers as being disciplined and focused on prioritising margins, balance sheet deleveraging and capital returns. If anything, we think more capital should be going to exploration and quality measured growth initiatives.

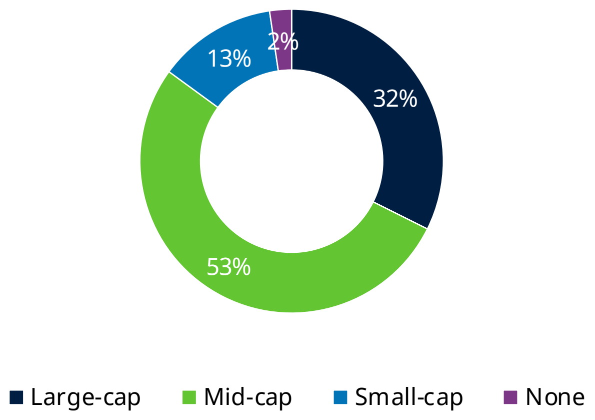
Is Coeur Mining's recently announced acquisition of New Gold a sign of a return to the "bad old days" of gold miner capital misallocation? No. The deal appears driven more by a focus on scale and creating a North American focused senior precious metals producer rather than any logical synergies. It also risks diluting Coeur's "silver" valuation. However, the 100% equity transaction does clearly create a financially less risky and more diversified company, while also lowering Coeur's group wide cash costs.

Elsewhere the proposed merger of Robex and Predictive Discovery is a much more logical combination. With Robex' Kiniero asset due to pour first gold by year end, the focus can then shift to Predictive's higher quality Bankan asset (just 30km away) with funding de-risked by leveraging Kiniero cash flows. We remain a holder of Robex and believe in the compelling value surfacing / free cash flow inflection opportunity on offer to shareholders.

Performance attribution

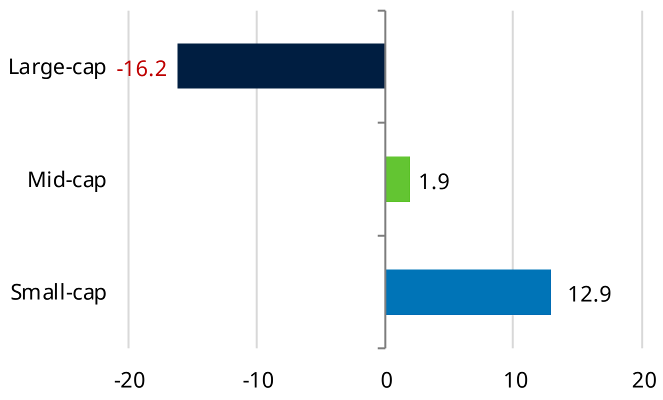
Fund performance in October was -1.18% vs. -3.90% for the benchmark. Our positions in Robex (FCF inflection/value surfacing) and Westgold (value surfacing) continued to provide positive attribution. Hycroft, a recent addition to our pre-production basket, was another strong positive contributor. This helped to offset negative attribution from Lundin Gold, with the stock retracing much of the underperformance it saw in the prior month. We continue to hold zero weight and believe the valuation is too extreme to warrant a position.

Market cap %



Source: Schroders, Bloomberg – October 2025.

Market cap over/underweight %



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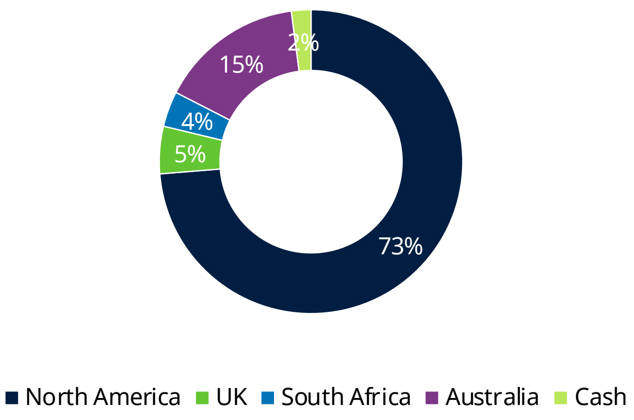
Regional (%)



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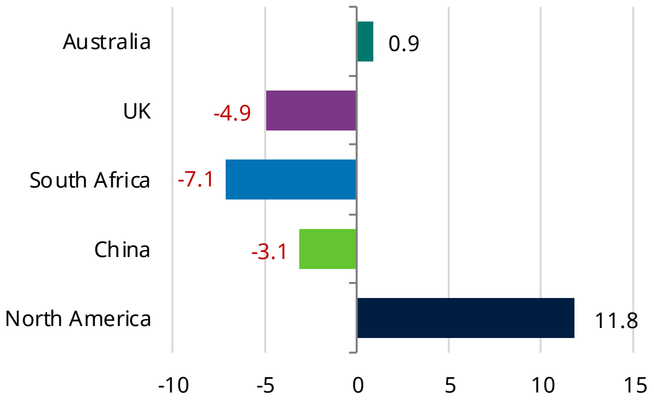

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