Schroder ISF* Global Gold

Fund update: August 2025

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Fund performance

The fund posted a return of 21.79% for August. This compared to the FTSE Gold Mines UCITS Capped Net Tax Index benchmark return of 25.48%.

I shares gross

US$ %	Aug 2025	YTD	Annualised performance				Cumulative Since Inception
			1 Yr	3 Yr	5 Yr	Since inception[1]	
Fund	**21.79**	**94.42**	**78.07**	**49.03**	**12.22**	**13.23**	**212.67**
Benchmark[2]	25.48	100.65	80.76	45.81	10.77	11.34	168.09

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:

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

The most notable changes in positioning through the month of August have been the increase in our exposure to mid-cap producers, in particular Equinox, Eldorado, SSR and Oceana. This subsector of the market offers some of the most significant free cashflow yields (and free cashflow inflections) across the gold space heading into 2026.

We have also continued to rotate positioning in our developer/explorer basket with the newest addition being Osisko Development. Osisko are developing the Cariboo project in BC, Canada and following recent debt/equity financing, the financing overhang weighing on the stock has been removed. We think the stock can now follow a re-rating path similar to Skeena and Artemis.

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.

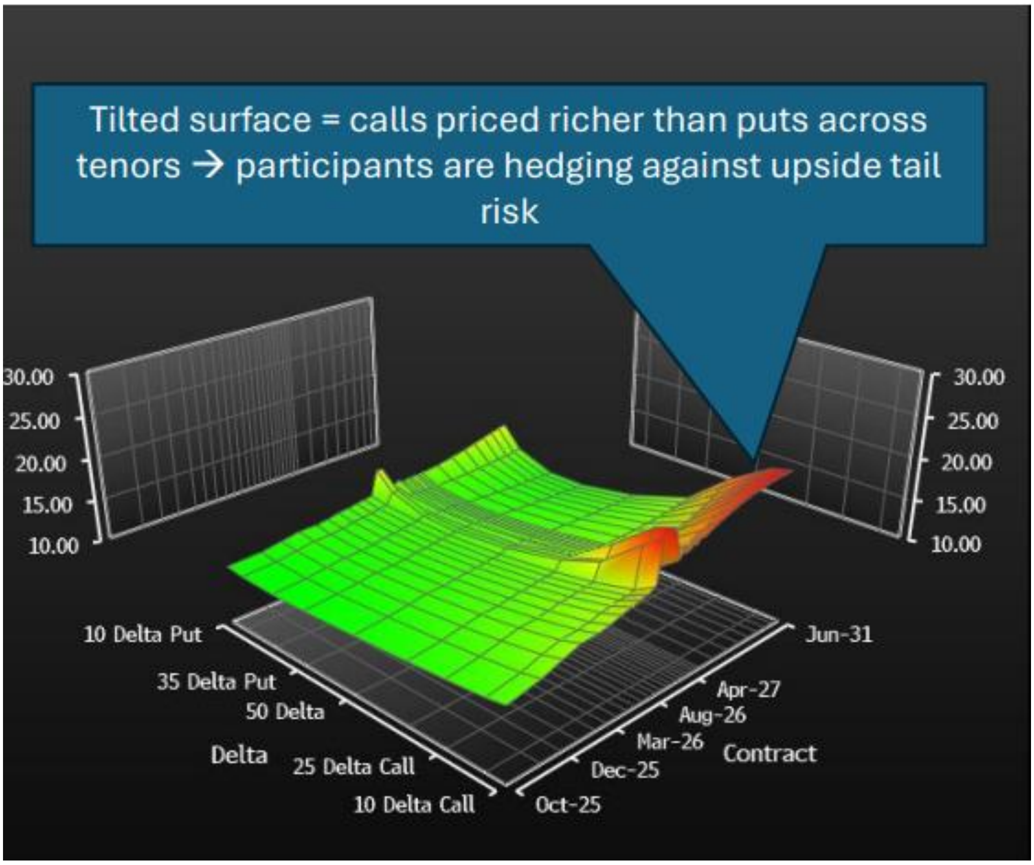
Overall fund strategy remains focused on producers with unjustifiably cheap valuations, clear paths to free cash inflections and/or other value surfacing optionality. The fund holds zero bullion and zero royalty/streamer exposure given current valuations and market environment.

Gold market outlook

Spot gold ended August at US$3,448/Oz and has since broken to fresh all-time highs. The marginal buyer of gold in recent weeks has become western institutional investors, with rapid additions to physical ETF holdings starting to reflect a genuine inflection in investor sentiment. Current holdings are c.95Moz according to Bloomberg. The high in 2020 was 111Moz. Given the secular fiscal and geopolitical trends at work here there is no reason this number could not trend towards 200Moz over coming years. At spot that would represent c.US$380bn of investment into gold bullion – sounds a lot until you consider the tens of trillions of investor capital parked in the sovereign debt markets of developed economies alone, as well as the trillions of issuance which will be needed to finance governments in the years to come.

Skew in options markets is also hinting that major capital is much more worried about upside than downside risk in gold. As demonstrated by Paradigm Capital (Figure 1 below), gold calls currently price meaningfully richer than puts across all tenors. Typically puts are priced more expensively than calls as investors "pay up" to hedge against downside risk (in the S&P 500 for example).

Figure 1: Gold futures volatility surface – options suggest market is much more concerned for an upside squeeze than downside shock



Source: Paradigm Capital.

It is not a co-incidence that sharply increased interest has come alongside rapid deterioration in the US labour market and further escalations in the White House's attacks on Fed independence. Faith in long dated sovereign bond exposure also continues to erode, most noticeably in France and the UK, and is a potent source of potential inflows into gold.

Given it wasn't western demand that took gold prices most of the way to current levels (remember westerners were sellers for much of 2023 and 2024) a key question for the market is whether central bank demand and broader Asian demand now contracts sharply in the face of the latest price surge.

We are quite relaxed.

On the central bank side, we think major purchasers such as the PBOC have multi-year runways to get towards a level of gold holdings that provides any credible hedge against high levels of USD asset exposure in the event of a worsening relationship with the US.

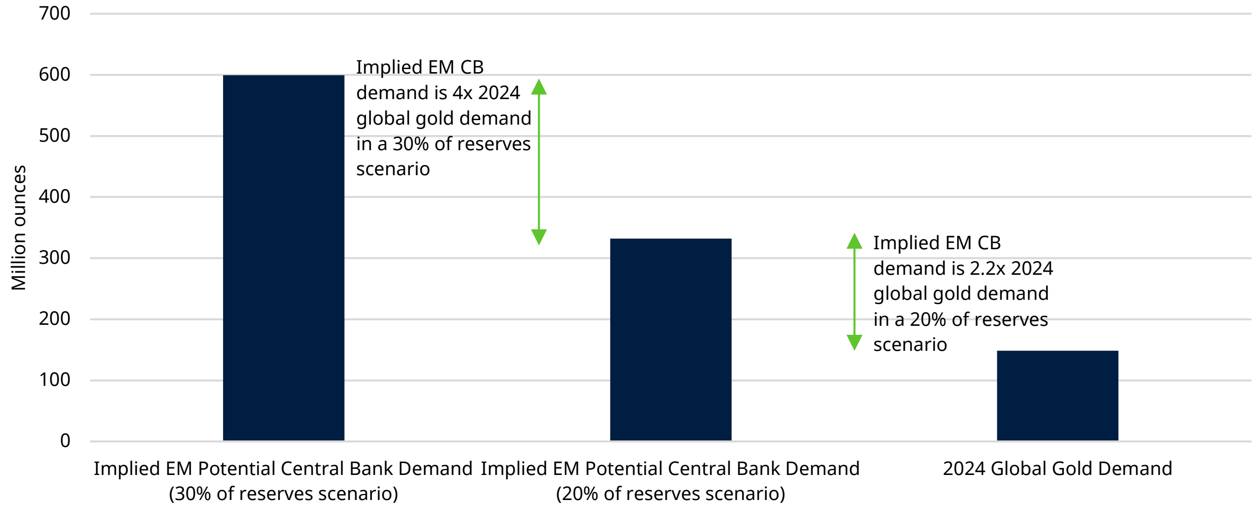
Elsewhere central bank demand seems to be getting broader and deeper. The latest World Gold Council Central Bank Gold Reserves survey suggested record percentage of banks expecting to increase holdings in the following twelve months. In Poland, an early and very significant European buyer, holdings have risen above their initial 20% of total reserves target. The application by Governor Glapinski to increase that cap to 30% opens up much more prolonged purchasing. If we were to apply a 30% cap to all major EM central banks, then Table 1 below illustrates just how much volume that would be. In a 30% reserves scenario, the level of purchasing needed would be 4x total global gold demand in 2024 (chart 1).

Table 1: Table showing potential gold buying for key EM central banks to reach a 30% cap

Country	Total Reserves (US$m)	Total Gold Reserves (Moz)	Total Gold Reserves (US$m)	Current Gold holding % of Reserves	Implied incremental demand if moves to 20% of reserves (Moz)…	Implied incremental demand if moves to 30% of reserves (Moz)…
Qatar	55,081	3.73	12,273	22%	(0.38)	1.29
Poland	247,705	16.57	54,483	22%	(1.50)	6.01
Hungary	55,132	3.54	11,628	21%	(0.18)	1.49
South Africa	68,438	4.03	13,262	19%	0.13	2.20
Argentina	39,999	1.98	6,525	16%	0.45	1.66
India	711,289	28.29	93,009	13%	14.92	36.48
Philippines	105,905	4.17	13,709	13%	2.26	5.47
Thailand	262,261	7.54	24,787	9%	8.38	16.33
Taiwan	620,481	13.63	42,459	7%	24.74	43.54
China	3,627,580	73.90	242,943	7%	146.23	256.16
Saudi Arabia	486,213	10.39	32,356	7%	19.66	34.40
Mexico	249,361	3.86	12,701	5%	11.26	18.82
Indonesia	157,304	2.53	7,869	5%	7.15	11.92
Czech.	161,104	1.99	6,547	4%	7.78	12.66
Brazil	344,431	4.17	13,704	4%	16.72	27.16
UAE	258,588	2.40	7,468	3%	13.41	21.25

Source: Schroders, World Gold Council. Note – implied incremental demand calculated using a $3,300/oz gold price.

Chart 1: Implied EM central bank gold demand relative to 2024 total global gold demand



Source: Schroders. World Gold Council. Note - implied incremental demand calculated using a $3,300/oz gold price.

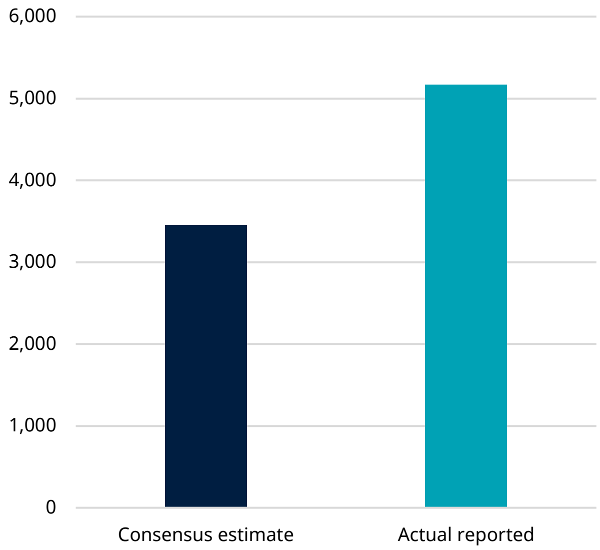
Gold equities

August saw a sharp rally in the gold equity space with indexes moving between 20% and 25% higher. At the time of writing major gold equity benchmarks are up between 93% (Phil gold and silver) and 107% (FTSE gold miners index) for the YTD vs. 40% for gold bullion.

The thesis that margin expansions, resultant strong free cash flow generation and ongoing (aggregate) management discipline would lead to a strong period for gold equities continues to be borne out by financial results and market price action.

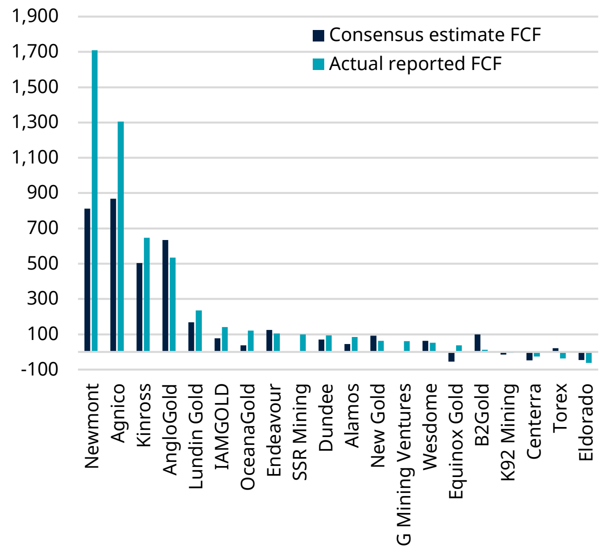
As a reminder 2Q results saw producers generate c.50% more free cash flow than consensus estimates were anticipating just before results got underway (chart 2 and 3).

Chart 2: Consensus estimates vs. actual reported Q2 free-cash-flow (aggregate North American producers total US$mn)



Source: Bloomberg, Company reports.

Chart 3: Consensus estimates vs. actual reported Q2 free-cash-flow (North American producers breakdown US$mn)

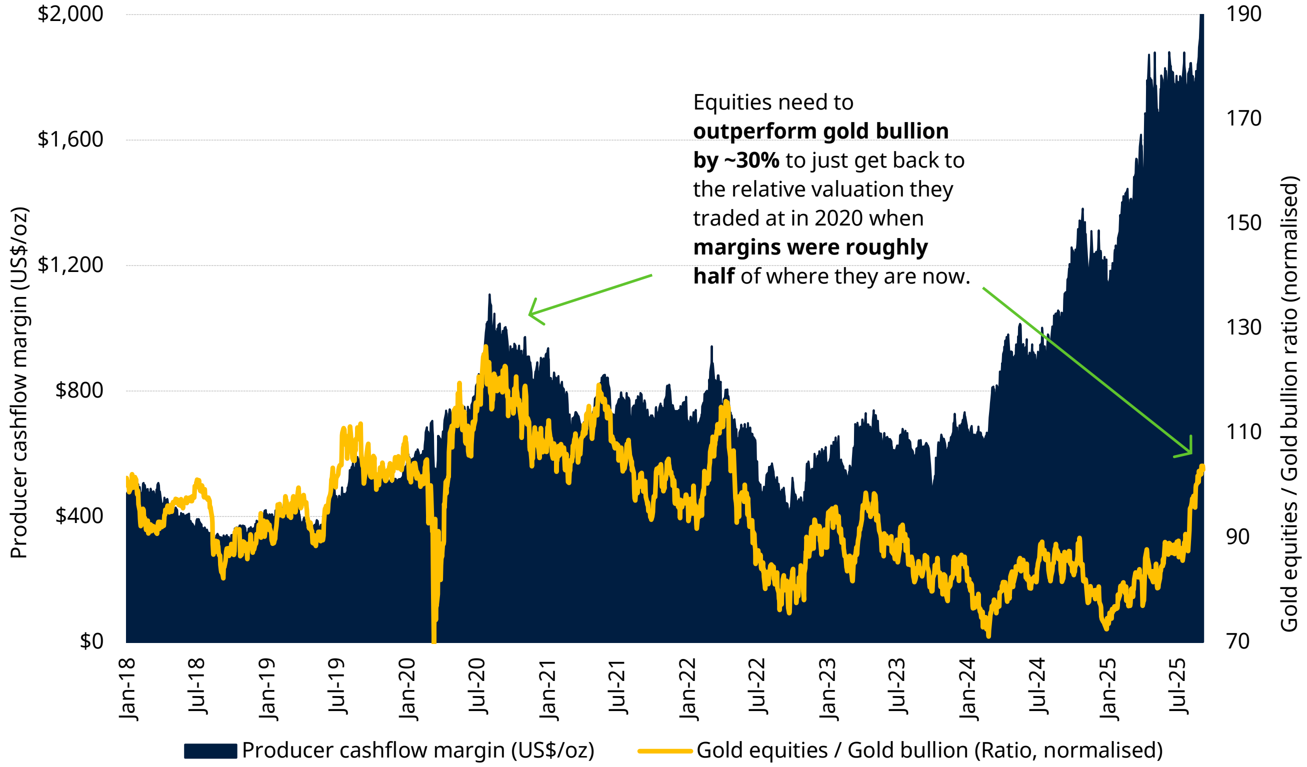


Source: Bloomberg, Company reports.

We are completing a fuller review on gold equities that will circulate shortly, but the clearest conclusion remains that the outperformance of gold equities over gold looks far from done.

Margins continue to expand and are now more than 100% higher than the peak seen in high summer 2020. The implication, as chart 4 makes clear, is that there is a very credible case to be made that the equities would need to double again vs. the gold price to reflect where margins currently sit.

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

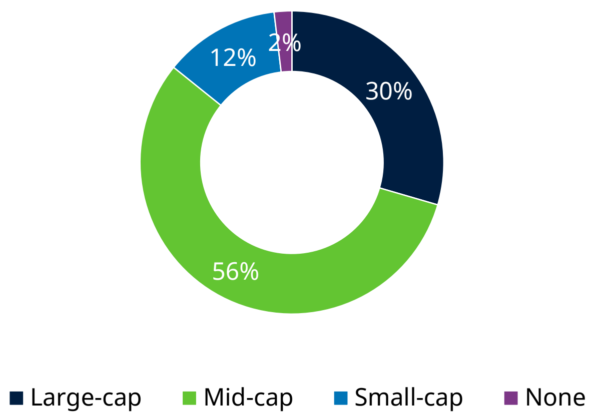


Source: Schroders. Bloomberg, Cormark, Company reports.

Performance attribution

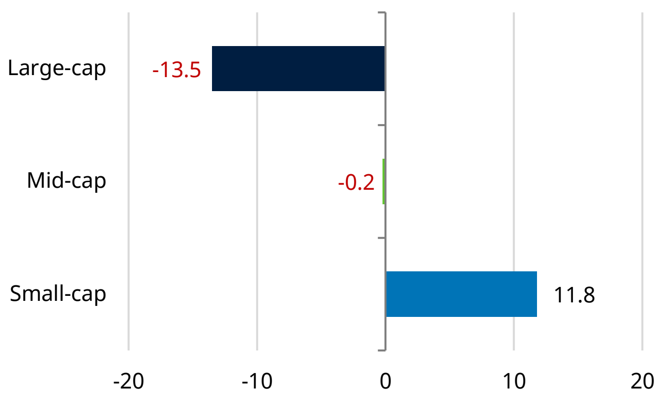
Fund performance in August was +21.70% vs. +25.48% for the benchmark. Other gold indexes moved up between and 21.5% (NYSE Gold Bugs) and 23% (FTSE Gold Miners). Positive attribution came from overweight positions in Coeur Mining and New Gold which part offset negative attribution from positions such as Robex Resources. Robex is a high conviction free cash flow inflection story which, despite dragging on fund performance YTD, we expect to contribute significant alpha over the coming six months.

Market cap %



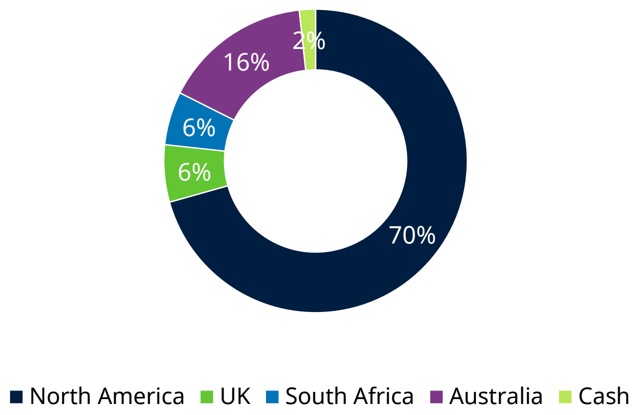
Source: Schroders, Bloomberg – August 2025.

Market cap over/underweight %



Source: Schroders, Bloomberg – August 2025.

Regional (%)



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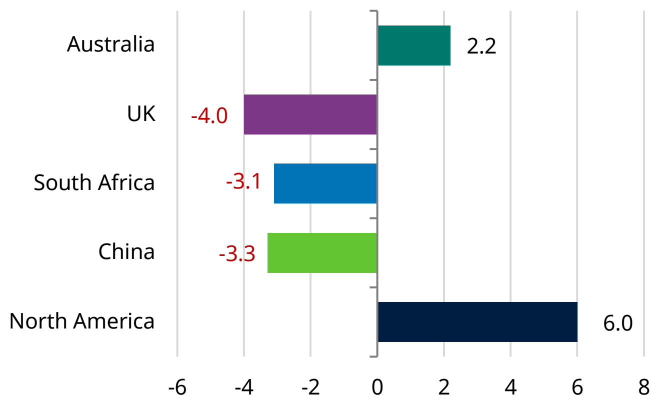
Regional over/underweight %



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High 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.

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