Australian Gold Fund
Performance Report
For Quarter Ending 30th June, 30th September and 31st December 2025

Executive Summary

2025 June Quarter – Liberation Day Shock, Middle East Tensions and a Strategic Rotation into Developers

2025 June Fund Performance Statistics				
	Australian Gold Fund	ASX Gold Index (XGD)	Van Eck GDX	Van Eck GDXJ
Quarter Performance	7.55%	5.28%	13.25%	18.17%
Quarter Volatility (%)	32.82%	31.87%	43.87%	48.36%
12 Month Performance	62.34%	59.59%	55.22%	64.58%
12 Month Volatility (%)	27.10%	32.97%	33.42%	38.21%
Performance Since Inception	79.66%	65.12%	95.38%	83.94%
Volatility Since Inception (%)	30.60%	34.40%	38.34%	45.50%
Quarter % Days Outperform XGD	46.97%	[redacted]	[redacted]	[redacted]
12 Month % Days Outperform	48.47%	[redacted]	[redacted]	[redacted]
% Days Outperform Since Inception	49.31%	[redacted]	[redacted]	[redacted]

The June 2025 quarter was defined by a series of powerful, and at times jarring, macro events that tested both markets and investor conviction. The Trump administration's "Liberation Day" measures, implemented in early April, unleashed a steep yet short-lived negative shock across global markets as investors scrambled to interpret the implications of a rapid reset in tariffs, regulation and trade flows. Risk assets sold off in unison, and even traditional safe havens were not spared in the initial liquidation as liquidity became the overriding concern.

Precious metals were caught up in this first wave of selling, with gold and silver prices pulling back sharply in early April as investors raised cash. However, once the immediate panic subsided and markets began to digest the details of Liberation Day, gold quickly reasserted its role as monetary insurance. Prices recovered by mid-April as it became clear that the new tariff framework, while disruptive, would not trigger the kind of uncontrolled collapse some commentators had feared. As volatility in tariff headlines eased, economic confidence staged a tentative bounce, underpinned by the perception that the US was forcing a painful but necessary reset of global trade relationships rather than courting outright chaos.

Gold's path over the rest of the quarter was anything but linear. After recovering from the April shock, the metal climbed to a fresh peak on 22nd April before correcting into mid-May as markets briefly reverted to a "risk-on" stance. That optimism was short-lived. The quarter's second major macro shock arrived in the form of escalated tensions in the Middle East, following rocket fire between Israel and Iran and the subsequent bombing of Iranian nuclear facilities by the US. As the risk of a broader regional conflict rose, gold regained its bid and recovered into mid-June, reflecting renewed demand for safe havens and insurance against geopolitical miscalculation.

Our portfolio fluctuated in response to these rapid shifts in sentiment and macro risk, but the volatility also created opportunities. We used the initial rebound in precious metals and gold equities in April to crystallise profits in several producers that had already enjoyed substantial re-ratings, continuing the process of reducing our exposure to major and large producers that began in earlier quarters. Throughout the June quarter – including during the May correction and into the end of June – we rotated capital methodically from producers into high-conviction developers as we believe they are more attractive at this stage of the cycle. We picked the companies to include based on valuation and their leverage to a sustained bull market in gold..

In parallel, we made a modest allocation to precious metals ETFs to park part of the profits realised from producer sales. This allowed us to retain upside exposure to the underlying metals while reducing single-stock risk and freeing capital to redeploy into explorers and developers as opportunities emerged.

Taken together, these shifts reinforced our core strategic stance: to use short, sharp macro shocks and bouts of volatility to upgrade the portfolio. We leaned further into the parts of the sector that could offer the greatest potential for outsized value creation as this gold cycle matures.

2025 September quarter – Rate Cut Delayed, Then Delivered, and the Best Quarter in the Fund's History

2025 September Fund Performance Statistics				
	Australian Gold Fund	ASX Gold Index (XGD)	Van Eck GDX	Van Eck GDXJ
Quarter Performance	52.49%	40.25%	46.76%	46.52%
Quarter Volatility (%)	26.43%	31.87%	28.11%	30.36%
12 Month Performance	126.28%	90.24%	92.80%	107.37%
12 Month Volatility (%)	27.79%	32.97%	33.27%	37.02%
Performance Since Inception	173.97%	131.59%	186.72%	169.51%
Volatility Since Inception (%)	30.60%	34.40%	37.99%	45.00%
Quarter % Days Outperform XGD	49.25%			
12 Month % Days Outperform	50.00%			
% Days Outperform Since Inception	49.34%			

The September 2025 quarter unfolded in two distinct acts, both driven by shifting expectations around US monetary policy and their ripple effects across global markets. In early July, a stronger-than-expected US jobs report persuaded the US Federal Reserve to postpone the long-anticipated interest rate cut, reinforcing the message that policy would stay tight for longer. This decision extended the pullback in gold and gold stocks that had begun in mid-June, as markets briefly embraced the idea that the US economy could absorb higher rates without immediate damage to growth.

Gold prices fell only moderately in response, but gold stocks reacted far more sharply. They always do when the market tests the sector's conviction, and because they are inherently riskier assets. Producers and leveraged gold equities bore the brunt of this adjustment, with valuations compressing more than the underlying metal price would suggest. For long-term investors, such episodes provide a useful reminder: when the debate shifts from "when will the Fed cut?" to "do they really need to cut at all?", the path to the next policy move is rarely smooth. In our assessment, the Fed's decision to delay the cut did little to resolve the structural imbalances that brought us here – it simply bought time.

The second act began on 1st August, when the correction in gold and gold stocks finally ran its course. As the market digested clearer guidance that a US rate cut was likely at the September meeting – a move that ultimately materialised – investors began to reposition pre-emptively. This shift in expectations sparked a powerful 10-week rally that continued into mid-October, echoing past cycles where the first cut in a new easing phase re-rated both gold and gold equities. Against this backdrop, the Australian Gold Fund delivered a remarkably strong result. On our internal metrics, it was the best quarter since the fund's inception in 2019, underscoring the benefit of staying positioned for the turning point rather than trying to trade every twist in the narrative.

Within the portfolio, this environment called for active, disciplined profit-taking rather than indiscriminate buying. As prices surged, we realised gains in several producers and in early-stage developers that had been among the first to respond to improving sentiment, including Barton Gold Holdings, Meeka Metals and Strickland Metals. These companies had already enjoyed substantial re-ratings, reflecting both strong project progress and the market's appetite for near-term growth. We redeployed much of this capital into speculative gold stocks that were only just beginning to move, where we see the potential for substantial growth as the cycle matures.

In effect, we used the best quarter in the fund's history not simply to celebrate performance, but to further tilt the portfolio towards the parts of the market where the next leg of value creation is most likely to emerge.

2025 December Quarter – Precious Metals Mania, Volatile Equities, and a Disciplined Reset into 2026

2025 December Fund Performance Statistics				
	Australian Gold Fund	ASX Gold Index (XGD)	Van Eck GDX	Van Eck GDXJ
Quarter Performance	13.51%	17.11%	13.05%	17.43%
Quarter Volatility (%)	36.90%	39.04%	44.61%	48.81%
12 Month Performance	153.52%	126.95%	154.70%	172.04%
12 Month Volatility (%)	30.51%	35.36%	36.86%	40.87%
Performance Since Inception	210.97%	171.21%	224.15%	216.48%
Volatility Since Inception (%)	30.60%	34.40%	38.28%	45.16%
Quarter % Days Outperform XGD	44.78%			
12 Month % Days Outperform	47.33%			
% Days Outperform Since Inception	49.19%			

The December 2025 quarter extended the powerful trends unleashed by the first US Federal Reserve rate cut in mid-September. Amidst that, precious metals did not carry its upward momentum for the entire quarter, reminding investors that late-cycle moves rarely travel in a straight line.

While momentum in gold and gold stocks carried over from the September decision, the markets began to price in weaker economic conditions into year-end and an accelerated sequence of rate cuts in 2026. Expectations of a softer macro backdrop and easier policy fuelled further demand for monetary hedges. It initially helped gold push to new highs, helping gold equities re-rate on the back of expanding margins and renewed retail participation.

The euphoria, however, had a clear endpoint. Gold and gold stocks peaked on 17th and 20th October respectively, effectively marking the conclusion of the 10-week rally that had started in early August. What followed was a sharp and unforgiving correction lasting roughly five weeks, which stripped around 10% from the gold price and closer to 17% from silver and gold stocks. As is often the case, the equities magnified the downside, with leveraged producers and higher-beta names bearing the brunt of the adjustment. For investors who arrived late to the trade, this phase felt like whiplash. For those prepared for it, it was the necessary purge of speculative excess that sets the stage for the next leg of the cycle.

By December, the precious metals complex again made the headlines, even ending the year with the strongest surge we have witnessed. Gold recovered from its November lows, but its rebound was overshadowed by a phenomenal run in silver and the platinum group elements, particularly in the final two weeks of the year.

Rumours of physical shortages of precious metals in Western markets – fuelled by a widening price differential between the US and London commodities exchanges on one side and Shanghai on the other – triggered a scramble for exposure to metals with tighter, more fragile supply dynamics. Silver, in particular, became the focal point for fears that years of under-investment had left the market vulnerable to any sustained squeeze.

In this environment, gold stocks did not rise as dramatically into year-end as the metals themselves, reflecting a combination of profit-taking in equities and the reality that share prices had already captured much of the earlier improvement in fundamentals.

For the Australian Gold Fund, the December quarter was a tale of two halves. The period began with strong gains as the post-cut rally extended into October, but the correction that followed in November was savage, testing both patience and discipline. Even so, the fund finished the quarter with a moderate gain and, more importantly, an exceptionally strong full-year result: a return of 154% for 2025, versus 127% for the ASX Gold Index. This outcome is not simply a reflection of leverage to rising metals, but of the deliberate choice to lean into the parts of the sector with the greatest convexity when conditions warranted – and to take risk off the table when the tape became crowded.

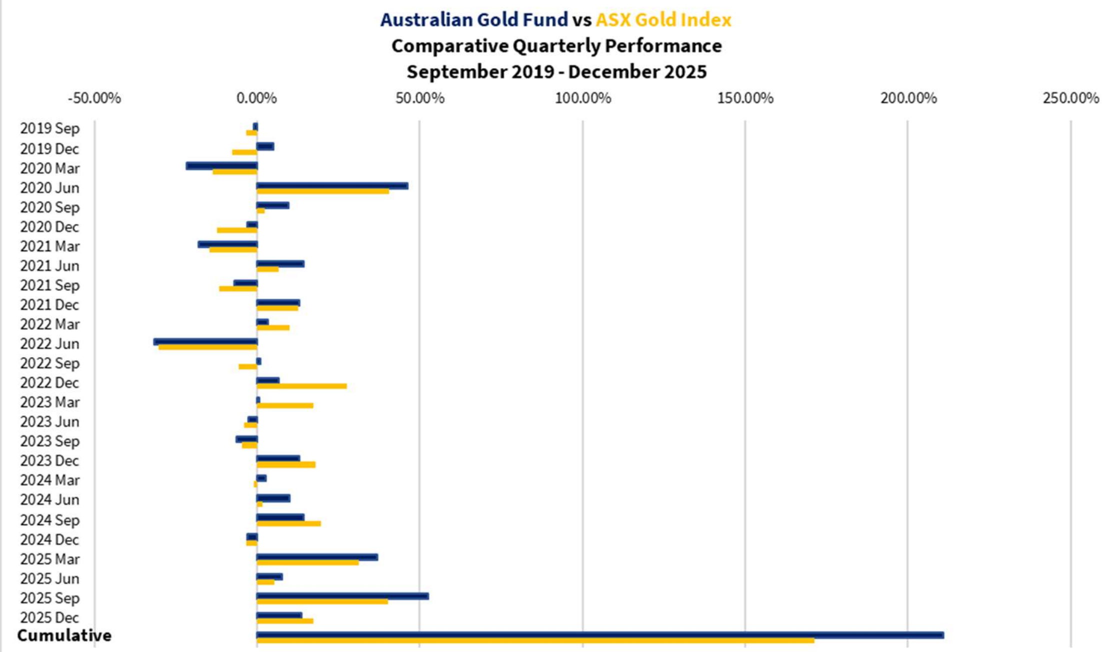
Portfolio activity during the quarter reflected this disciplined approach. Leading into the October peak, we took further profits in a range of producers, continuing a process that began earlier in the year, and built up a meaningful buffer of cash and bullion-backed ETFs. This cash and low-risk metal exposure provided the dry powder needed to rotate back into producers and early-stage developers during the November sell-off, on terms far more attractive than those offered at the peak.

At the same time, the explosive move in silver created unexpected opportunities in parts of the speculative end of the market. We even began realising gains in previously lagging explorers such as Investigator Resources, Marmota and Maronan Metals as the surge in silver prices dragged a subset of speculative gold and polymetallic stories sharply higher.

In effect, the quarter allowed us to crystallise a portion of the year's extraordinary gains, reset risk at more conservative levels, and reposition the portfolio for a 2026 environment in which policy, currency and physical market stresses are likely to keep precious metals at the centre of the global investment debate.

Bonanza returns helped by record gold price and well-timed execution

We present our historical quarterly performance below:



Source: Australian Gold Fund

The Australian Gold Fund's performance across the June, September and December 2025 quarters was defined by three distinct macro episodes and a portfolio strategy that systematically harvested gains in crowded names and rotated into earlier-stage opportunities before the broader market caught on.

The June quarter saw gold consolidate its extraordinary March breakout, rising from around US$3,125 at quarter-end into mid-April as Liberation Day tariffs triggered a sharp yet short-lived shock to global markets and precious metals. Precious metals were caught up in the initial liquidation, but gold recovered quickly once the panic subsided and markets digested the tariff details, understanding that while disruptive, the new regime would not trigger uncontrolled collapse. Gold climbed steadily into mid-April before correcting into mid-May, then recovered into mid-June as Middle East tensions resurfaced and geopolitical risk returned to investors' minds.

Throughout this quarter, our portfolio took deliberate action. We crystallised profits in a range of producers that had already enjoyed substantial re-ratings, including several names that had surged in late 2024 and early 2025. Capital from these sales was redeployed into late-stage developers and high-conviction explorers – names with genuine pathways to production but which had not yet captured investor imagination. We also made a modest allocation to precious metals ETFs, parking some of our profits in a lower-risk vehicle while retaining full upside to gold and silver prices, and preserving dry powder for the inevitable correction.

The September quarter delivered the Australian Gold Fund's best quarter since inception, underpinned by a powerful confluence of macro factors and disciplined portfolio positioning. In early July, a stronger-than-expected US jobs report convinced the Federal Reserve to delay the long-anticipated first rate cut, causing gold and gold stocks to extend their pullback from mid-June as markets briefly embraced the notion that tighter policy could persist longer than expected. Gold prices fell only moderately, but gold equities reacted far more sharply, as they always do when sector conviction is tested.

The correction ended decisively on 1 August when clearer Fed guidance signalled that a rate cut was likely at the September meeting – which duly occurred – sparking a 10-week rally that would extend into mid-October and ultimately prove to be one of the most powerful moves in the gold-stock cycle.

Within this environment, our portfolio took profits into strength once again.

We realised gains in several producers and in early-stage developers that had been among the first to respond to improving sentiment, including Barton Gold Holdings, Meeka Metals and Strickland Metals, which had already enjoyed substantial re-ratings and were attracting more mainstream capital inflows. We redirected our funds into speculative gold stocks that were only just beginning to move – names with the greatest potential for outsized gains as this cycle matured and as institutional capital eventually rotated further down the risk spectrum.

The December quarter began with exceptional momentum, as gold and gold stocks pushed to new highs supported by expectations of weaker economic conditions into year-end and an accelerated easing path for 2026.

Our fund surged strongly in the early weeks of October, riding the continuation of the September rally as the ASX Gold Index approached then breached 10,000 points for the first time, helping several developers gain the momentum they needed to move decisively higher. Barton Gold Holdings, Black Cat Syndicate, Cavalier Resources, Horizon Minerals, Meeka Gold, Patronus Resources, Rox Resources and Spartan Resources all rallied forcefully as investors recognised that these companies were now within striking distance of production and would be the primary beneficiaries of a sustained bull market in the metals.

A handful of explorers such as Maximus Resources and Southern Cross Consolidated also performed well as the rising tide lifted all boats. However, this euphoria proved unsustainable. Gold and gold stocks peaked on 17 and 20 October respectively, marking the end of the 10-week run that had begun in early August. What followed was a brutal five-week correction that shaved roughly 10% from gold and closer to 17% from silver and gold stocks, as over-extended positions were forced to adjust and retail enthusiasm curdled into panic selling.

Leading into these October peaks, our portfolio had taken substantial additional profits in several producers that delivered outstanding results – Catalyst Metals, Genesis Minerals, Perseus Mining and West African Resources – names that had already re-rated substantially and where further upside looked limited.

We also increased our holdings of select producers that had pulled back during the quarter – Alkane Resources, Ramelius Resources and Westgold Resources – recognising that their valuations had become more attractive after the weakness. These cash proceeds and the bullion-ETF buffers we had accumulated earlier in the year proved invaluable during the November correction. It allowed us to rotate back into developers that were gaining momentum, such as Horizon Minerals, Patronus Resources and Strickland Metals, on far more attractive terms than those offered at the peak.

By December, leadership within the precious metals complex had shifted decisively. Gold recovered from its November lows, but was eclipsed by a phenomenal run in silver and the platinum-group elements, particularly in the final two weeks of the year. Rumours of physical shortages of precious metals in Western markets – fuelled by a widening price differential between US and London exchanges on one hand and Shanghai on the other – triggered a scramble for exposure to metals with tighter and more fragile supply dynamics. Silver became the focal point for fears that years of under-investment had left the market vulnerable to sustained tightness. In this environment, even lagging explorers – names that had underperformed for much of the year – were dragged sharply higher, including Investigator Resources, Marmota and Maronan Metals. This allowed us to finally realise profits in these names as well, further de-risking the portfolio after an extraordinary year. Gold equities themselves did not match the magnitude of the metals move into year-end, reflecting prior re-ratings and investor preference for direct metal exposure in what was increasingly resembling a squeeze in physical markets.

Across all three quarters, the portfolio's outperformed the ASX Gold Index, culminating into approximately 154% for the full year versus 127% for the benchmark. Our performance came from our belief that there was diminishing upside potential for gold producers compared to other gold stocks, even as gold continued to set new records and the gold-oil ratio rose to levels last seen in 2020.

We observed many investors buying gold stocks in the past year, focusing predominantly on gold producers as their operating margins improved and they rallied significantly. Therefore, we saw these companies become generously valued.

Meanwhile, explorers and developers – particularly late-stage developers and those with funding and clear pathways to production – remained relatively unloved at the start of the period, with only a few exceptions capturing investor interest. Sentiment for these companies gradually improved during these three quarters, which we expected excitement especially when the price of silver decisively broke the critical US$35 level. This likely to attracted a new wave of capital, causing many to begin enjoying some buying momentum and delivering us some positive returns.

In effect, the three quarters of 2025 allowed us to systematically sell euphoria in producers, rotate capital into developers and explorers. It allowed us to position our portfolio for 2026 in which policy, currency and physical market stresses are likely to keep precious metals, and the companies that mine and explore for them, at the centre of global capital flows and investor attention.

Precious metals set record for best annual performance

Precious metals delivered their best annual performance since 1979 as 2025 was the year the existing monetary and geopolitical regime finally lost credibility on several fronts at once.

Central banks – having insisted through 2021-24 that inflation was under control – were forced by 2025 to acknowledge that the slower growth in the global economy arose from massive debt and persistent geopolitical fragmentation. This forced a recalibration: as the "higher for longer" monetary policy stance shifted to a clear admission that cuts were necessary as economic forecasts pointed to weakening conditions.

Investors who understood ahead of time that repeated monetary stimulus boosted nominal asset values and diminished currency purchasing power were able to position ahead the crowd in buying gold, silver and platinum-group metals, which naturally hedge against debasement.

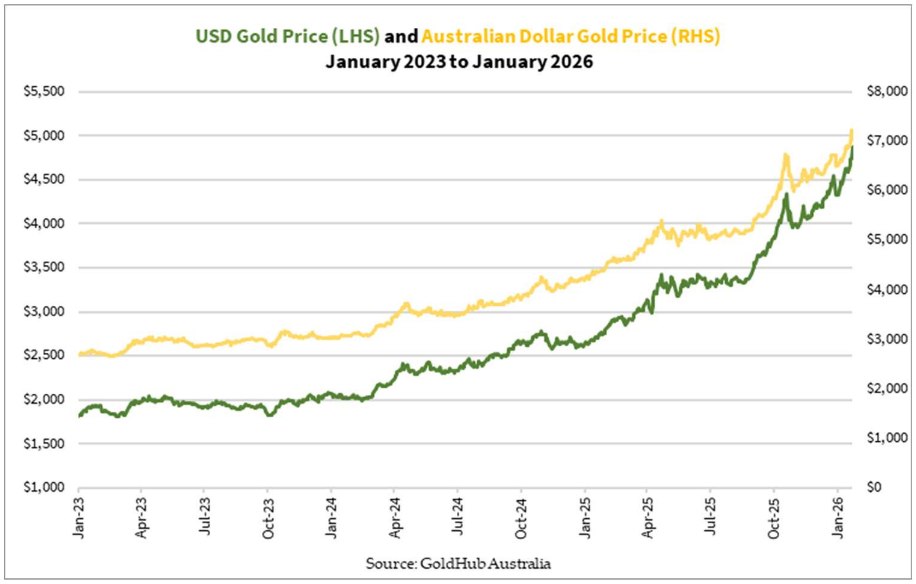
Layered on top of this monetary capitulation was a visible fraying of the post-Cold-War geopolitical order. The European Union remained a drain on Western resources, especially in their funding of Ukraine in the Russia-Ukraine conflict that has lasted for almost four years. Meanwhile, the Middle East offered successive escalatory moments, which fortunately did not eventuate. In Asia, China leveraged its economic influence amidst a weakening domestic economy, while broadcasting threats of invading Taiwan and encroaching upon territories in the South China Sea created genuine flashpoints.

The third pillar was the deliberate weakening of the US dollar as the Trump administration pursued its "America First" trade strategy. Tariffs forced trading partners to absorb currency adjustment, signalling that the world's reserve currency could no longer be assumed to appreciate in crisis. As the dollar slid, central banks and investors alike increased precious-metals allocation to hedge currency risk and reposition for a more multipolar financial system.

All this is showing that investors are seeing the writing on the wall about the remaining life of the fiat currency system. Long-dated government bonds – once the default safe haven – now looked like claims on increasingly stretched fiscal systems. Gold, by contrast sits outside everyone's political system and carries no issuer risk. Western vaults drew its gold reserves down to multi-decade lows while Eastern central banks and private buyers increasingly insisted on taking physical delivery rather than holding paper claims. This caused paper and physical precious-metals markets to decouple from the broader markets. Shanghai premiums for physical metal widened dramatically relative to Western futures, a divergence that reflected deeper fragmentation in global capital markets. Into December, this dynamic produced a run on the system as each marginal buyer scrambled to secure actual metal rather than rolling over paper claims to the next period, driving record moves in silver and PGMs.

Taken together – monetary debasement, geopolitical fragmentation and the visible decoupling of paper from physical metal – these forces created a perfect storm in which precious metals re-priced structurally in 2025. The result is not an excess to be sold into but the opening of a new regime in which real assets and physical metals occupy a permanently larger share of forward-looking portfolios.

Here is how gold moved in US and Australian dollar terms:



Gold delivered exceptional returns in both US and Australian dollar terms throughout 2025, but the divergence between the two currencies – and the forces driving that divergence – reveals much about how tariff wars, currency policy and safe-haven flows interacted across the year.

In US dollar terms, gold's trajectory reflected the classic late-cycle pattern: consolidation through early 2025 as Trump's election victory and the initial tariff announcements in April created uncertainty around the durability of the Fed's easing cycle; a sharp sell-off into the mid-year as markets briefly priced in a longer delay to rate cuts; then a powerful and sustained rally from August through December as the Fed's September cut sparked fresh demand for monetary insurance and as the repeated disappointments in US growth and labour data pushed expectations toward a faster easing path. By year-end, gold in USD had risen roughly 65% from its December 2024 close, representing the strongest annual performance in the modern era.

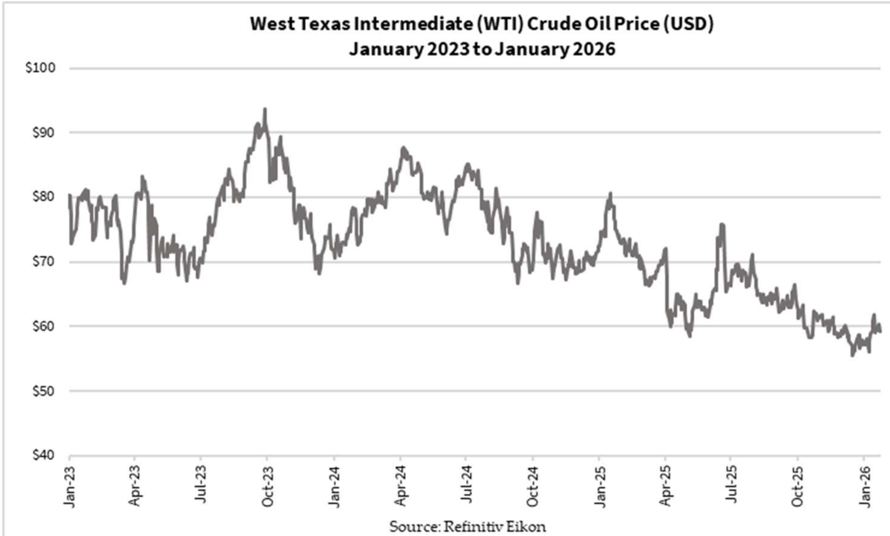
In Australian dollars, gold provided a similarly remarkable result, but on a different path. The yellow line in your chart sits visibly above the green throughout 2025, owing to our scaling. The vertical distance between them widened noticeably in the first half of the year – precisely when Liberation Day tariffs in April and Trump's aggressive trade posture created acute concern about Chinese growth, Australian commodity demand, and the durability of the resources-exposed AUD.

The Australian dollar, caught between tariff fears and expectations that the Reserve Bank of Australia would trail the Fed in any easing cycle, depreciated sharply against the greenback in the April–July window, extending a weakness that had already been evident in late 2024. This meant that Australian investors enjoyed not only the structural rise in the global gold price but an additional currency tailwind: each 1% move higher in gold USD translated into something closer to 1.5–2% in AUD terms during this period, as the exchange rate itself worked in gold's favour.

This asymmetry began to reverse once the US Dollar Index fell decisively below the 100 level in mid-year. The Trump administration's active tolerance – and at times explicit encouragement – of a weaker dollar to improve export competitiveness became clear to markets, especially after softer US data and the Fed's September cut shifted expectations about the path of policy. As the greenback weakened in real terms, reflecting both US policy acceptance and a broadening reassessment of American exceptionalism amid tariff uncertainty and fiscal strains, the AUD stabilised and eventually recovered modestly from its lows. By the final quarter of 2025, as shown in your chart, the divergence between gold USD and gold AUD narrowed: both lines converged as the currency effect that had amplified Australian returns in the first half of the year began to fade.

Gold in AUD terms finished 2025 at or near record levels, having gained roughly 55% over the full year – a figure that represents not just the global gold rally but also the windfall from holding a commodity priced in dollars at precisely the moment when the dollar itself was being actively devalued by the administration whose policy created the tariff shock in the first place. This dynamic – where Australian gold miners and explorers, priced in AUD but selling into a USD-denominated global market at higher AUD prices, enjoyed a structural uplift – contributed materially to the extraordinary returns delivered by Australian gold equities in 2025 and underscored why gold and gold stocks were not merely performing well but performing exceptionally well for domestic investors who had the foresight to be positioned before the tariff wars began in earnest.

Oil entering the 'GOLDilocks' phase



Crude oil did not perform as exceptionally as gold, silver and platinum group elements. Rather, it settled into a US$65–80 range for much of the year, a band that reflected structural oversupply against weakening demand – and proved exceptionally favourable to gold producers.

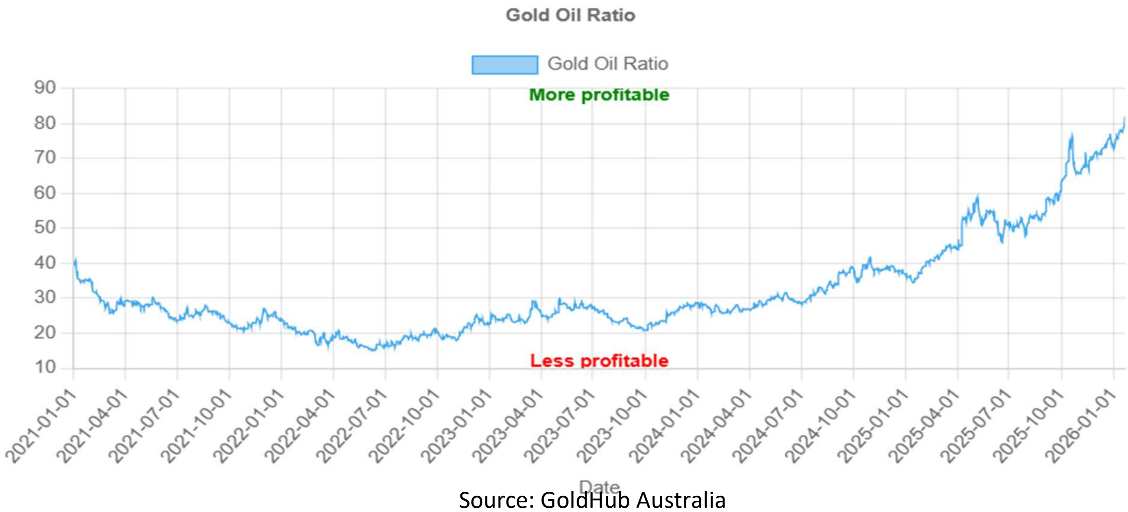
The Trump administration's explicit rollback of environmental restrictions and encouragement of aggressive drilling created the expectation that crude would remain anchored in the US$60–90 range as new US supply came online and OPEC members competed for market share by increasing output. Geopolitical risks – the fall of Assad in Syria, US engagement with Houthi rebels, and persistent Iran–Israel tensions – moved oil only briefly. The US and key Gulf nations (Saudi Arabia, the UAE and Qatar) worked to contain escalation, signalling that even regional conflict no longer commands meaningful oil premiums.

The result was striking: two modest rallies in January and June briefly pushed oil to nearly US$75 and just above US$80 before prices retreated sharply each time, revealing that structural oversupply had become the binding constraint. This pattern – where geopolitical shocks fail to durably elevate prices – signals markets see fundamental excess that only demand destruction or supply discipline can fix.

For gold producers, this stubbornly low oil environment was transformative. At US$60–90 a barrel, energy costs remained suppressed relative to gold prices, delivering the best gold-oil ratio since 2020 and record operating margins. Yet this durability also revealed a problem: the setup was cyclical, not structural. As demand remained weak and supply grew, the risk was oil breaking lower and compressing margins that looked too good to last.

This likely explains gold equities' late-year underperformance relative to precious metals. Investors recognised that record margins, while real, were vulnerable to normalisation of the gold-oil spread. In December's rumoured frenetic scramble for physical metals, direct ownership of gold and silver offered better risk-reward than equity claims priced for perfection and exposed to inevitable margin compression.

Gold-Oil Ratio Peaks at Historic Levels



Source: GoldHub Australia

The gold-oil ratio's extraordinary performance through the June, September and December 2025 quarters delivered the strongest and most sustained profitability backdrop for gold producers since at least 2020, with the ratio rising steadily from elevated levels through to nearly 80 by year-end – a move that reflected not just cyclical tailwinds but structural shifts in both the precious metals and energy markets.

For the June quarter, the average gold-oil ratio stepped up meaningfully from the March level as gold pushed higher on Liberation Day tariff shocks and renewed Middle East tensions while oil remained capped in the US$60–70 range by structural oversupply and demand weakness. This divergence – gold rising on safe-haven flows while oil foundered on supply excess – expanded operating margins further from the already-record 46.2% industry average recorded in the 2024 December quarter, setting the stage for another exceptional result when June half-year earnings are fully reported.

The message was clear: the Fed's monetary accommodation and tariff uncertainty were lifting gold while the collapse in global growth expectations and the Trump administration's pro-drilling stance were keeping energy trapped in a low-price equilibrium.

By the September quarter, the ratio had climbed again as gold rallied decisively into and through the Fed's first rate cut in September while oil failed to break meaningfully above US$80, despite occasional geopolitical flares in the Middle East. This locked in what appears to be the longest period of "more profitable" readings on your chart since 2020 – a sustained window in which mining economics improved not marginally but transformatively. Our best quarter since inception reflected precisely this combination: exceptionally high margins driving producer cash generation, combined with the portfolio's strategic positioning in developers and explorers that would benefit when capital became abundant.

Into the December 2025 quarter, the ratio moved into uncharted territory. Gold surged on renewed safe-haven demand, physical-market tightness in the West and the scramble for direct metal exposure as paper markets showed signs of stress, while WTI oscillated within a constrained US$65–80 band, capped by the structural realities of oversupply competing with weakening demand.

The ratio pushed to fresh highs near 80 by year-end, implying that industry average operating margins had almost certainly surpassed the 2020 December and 2024 December records, even if reported figures have yet to catch up.

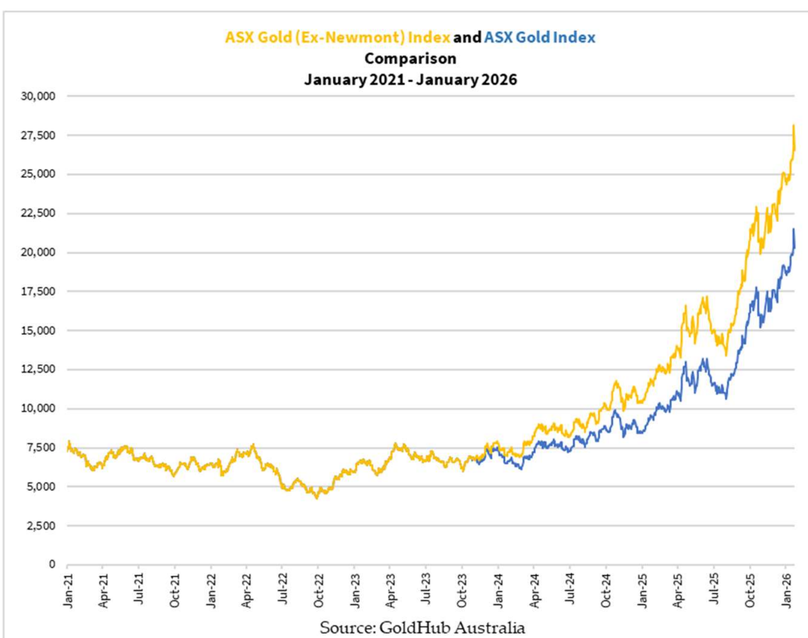
For a macro economist, this represented something noteworthy: a sustained period in which one of the world's most capital-intensive industries was generating extraordinary cash returns precisely as global growth rolled over, central banks were easing and geopolitical fragmentation was accelerating – conditions typically hostile to long-dated productive assets, yet paradoxically golden for gold miners and other commodity producers alike.

Yet the market has begun to price in the cyclicality of this gift. Producer share prices, already substantially re-rated on margin expansion through the first three quarters of 2025, did not participate as fully as bullion or especially silver in the December surge. This suggested that sophisticated investors recognise such extreme gold-oil ratios are cyclical windfalls rather than structural new normals. The ratios near 80 assume continued structural oversupply in oil and continued demand for gold as monetary insurance – assumptions that are likely to hold in the near term. However, mean reversion looms as either oil production rationalises or gold's safe-haven bid eventually normalises, which weighs on experienced investors.

In our assessment, the June, September and December quarters of 2025 collectively mark the most favourable sustained cost-to-price environment gold producers have enjoyed in this cycle – a period that will likely prove historically generous when viewed in hindsight. Taken together, they represent the point at which many of these companies moved decisively from attractively priced to fully, even generously, valued. Therefore, we decided to gradually tilt our portfolio away from producers and toward developers and explorers whose valuations have not yet captured what a sustained gold bull market might deliver to their assets.

Gold producers – A stellar record-setting performance

The ASX Gold Stock Index had a phenomenal 2025, with the second half of the year being particularly noteworthy as you can see below:



The ASX Gold Index delivered one of its most spectacular six-month runs on record to close 2025. It broke through critical barriers and established new highs with remarkable consistency. The index started 2025 having already broken the 2020 record of 9,518 points, consolidating in the June quarter at around the 10,000–13,000 point level before embarking on a sustained ascent through September and into October.

By early October 2025, the index traded at nearly 18,000 points before a sharp correction of around 15–17% in November pared back earlier gains. The index built a base in late November and December before resuming its ascent. The final weeks of 2025 saw the precious metals mania extended into the opening of the new decade, allowing the index to breach 20,000 points by late-January 2026.

This extraordinary move – from 9,500 points at the start of 2025 to over 20,000 points by January 2026 – was underpinned not only by gold and silver price strength but by a wave of corporate consolidation that reflected both the improved operating environment and the strategic repositioning of a sector confident in the durability of the bull market. The period saw several major mergers and acquisitions reshape Australia's gold landscape.

In April 2025, Alkane Resources and Mandalay Resources announced a merger to create a combined mid-tier producer with diversified geographic exposure and a strengthened balance sheet. Weeks later, in May 2025, Genesis Minerals stepped up by acquiring the Laverton operations from Focus Minerals, adding a producing asset to its portfolio and accelerating its journey toward becoming a consistent gold producer.

These early-year moves signalled that as operating margins expanded, mid-tier and junior producers were not content to stay on the sidelines; they were making the bold moves necessary to build scale and resilience.

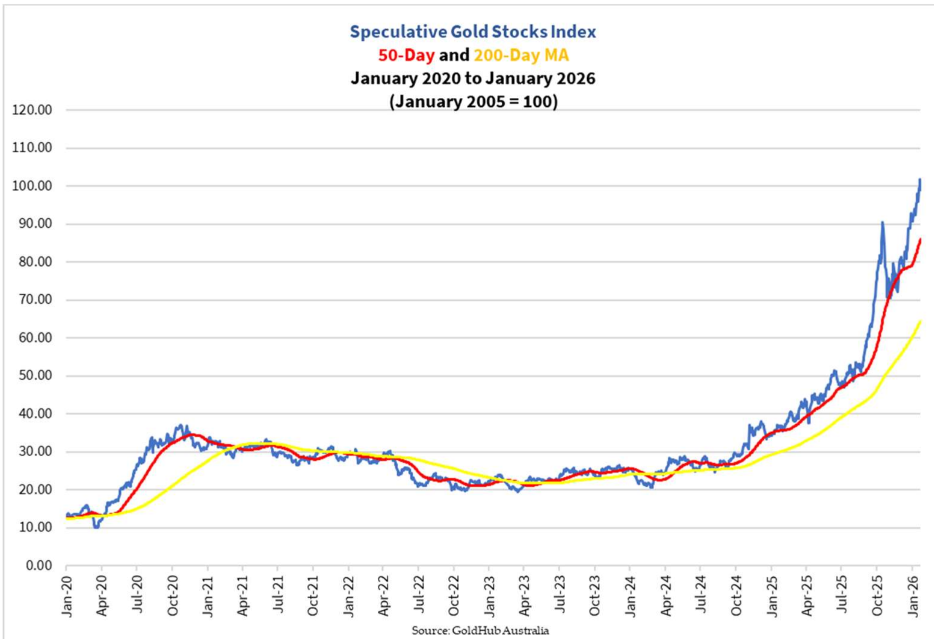
By August 2025, MGX Resources secured a transformative partnership, buying a 50% stake in the Central Tanami Gold Project from Tanami Gold, effectively converting itself from an explorer into a co-owner of a credible production asset. This move illustrated how developers and explorers were capitalising on sentiment shifts to partner with or acquire into producing or near-producing assets, positioning themselves for the next phase of the cycle.

The most contested and ultimately transformative transaction was one that lasted several months, culminating in a dramatic revolt from retail shareholders. This was the takeover offer by Capricorn Metals of Warriedar Resources which began in late-July. The Capricorn–Warriedar merger aimed to create a multi-faceted gold and antimony producer with a pipeline of high-quality assets in Western Australia. This deal, more than any other in the period, symbolised the market's readiness to reward scale and demonstrated how the improving fundamentals – driven by record gold-oil ratios and exceptional operating margins – motivated boards of gold mining companies to flex their balance sheets to acquire smaller companies to expand.

In short, companies were not merely riding the gold and silver price rally; they sought opportunities to reshape themselves for long-term growth. As investor sentiment remained buoyant and operating margins reached record levels, gold stocks – both the consolidators and the growing companies they acquired – captured the full benefit of a precious metals complex that had moved to the centre of global capital flows.

Gold explorers and developers – Silver surge provides tailwinds to outperform producers

The speculative end of the gold market delivered record performance in 2025, with the Australian Gold Fund's in-house Speculative Gold Stocks Index posting a staggering 165% annual return – exceeding even the exceptional 143% recorded in 2020 and marking the strongest year in the fund's history for this cohort. The index, which tracks explorers and early-stage developers, went parabolic from February 2025 onward, driven by the confluence of record gold-oil ratios, exceptional operating margins filtering down the sector, and late-cycle investor demand for leverage to precious metals prices



The index was on a rising trend since mid-2024, rising steadily during the year. By April, it traded above 40 points and then 50 points by the mid-year, as it sought to close the gap on the more established players in this space. But it saved its best run from the start of September, jumping from 50 to over 90 in six weeks off the late-cycle investor demand for these speculative companies. They were not spared the sharp November correction, retreating significantly, though the index bounced back quickly alongside silver and platinum-group metals to set new highs in January 2026.

Several transformative transactions accelerated the transition of explorers and developers toward production. In May 2025, Kaiser Reef Gold acquired the Henty operation from Catalyst Metals. This added immediate production and to fill the gap made up by the A1 mine that had depleted. Around that time, Kingston Resources sold its Misima Gold Project for $95 million, recycling capital into new opportunities. Meanwhile, Meeka Metals, a leading portfolio holding, delivered first gold in the June quarter and moved into operating surplus, validating its rapid transition to producer status.

Black Cat Syndicate strengthened its position in July 2025 by acquiring Westgold's Lakewood processing plant for $70 million, accelerating production at Kal East and exemplifying the consolidation wave underway. Meanwhile, Brightstar Resources made its fifth acquisition in 30 months when it offered for Aurumin Resources in July, which it closed by the end of the year.

Black Bear Minerals (formerly James Bay Minerals) acquired the Shafter Silver operation in Texas for $35 million in October, positioning itself from a gold and lithium explorer to a near-term silver producer. This proved to be a prescient move ahead of silver's explosive year-end surge.

The 165% return for explorers and early-stage explorers for the year beat the gains for gold and the more established producers represented by the ASX Gold Index. These stocks caught up late into 2025 and clinched the top position, confirming that within a precious metals bull market underpinned by debasement, geopolitical fracture and supply constraints, investors eventually chase these speculative companies. However, not all the constituents of the Speculative Gold Stocks Index enjoyed these impressive gains. The winners were those with near-term production potential, strong balance sheets and aggressive management willing to consolidate at the right time in the cycle, creating value that investors eventually saw and pursued.

Our foray into speculative gold stocks continues

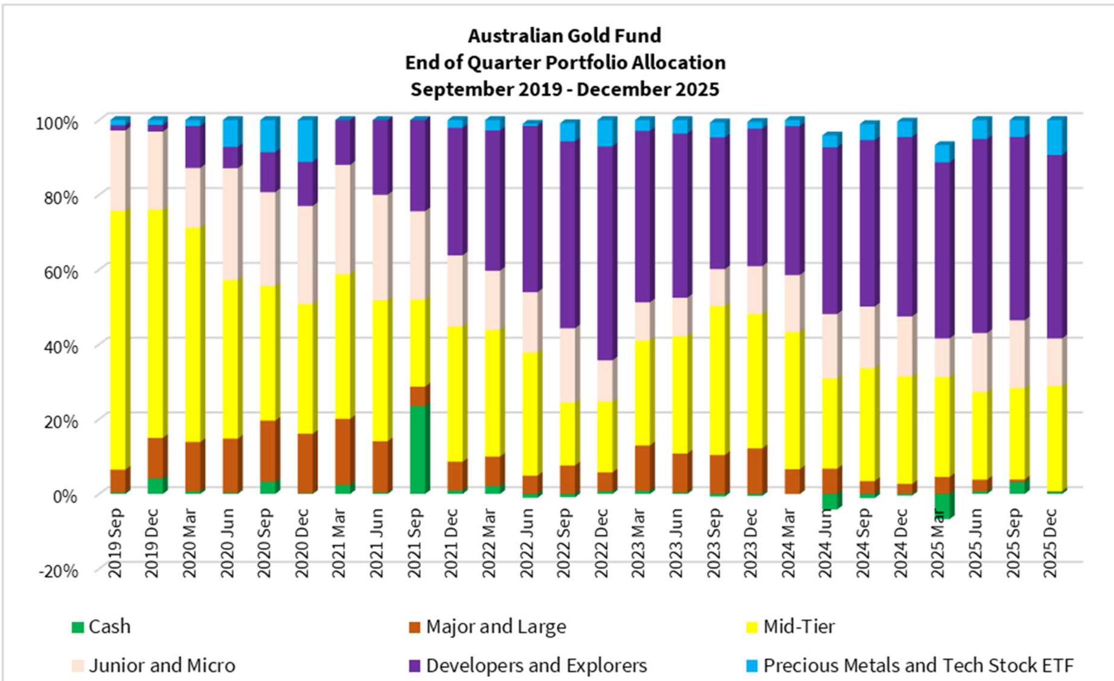
The following tables outline the Australian Gold Fund's portfolio composition as at 30th June 2025, 30th September 2025, and 31st December 2025:

30th June 2025	% Portfolio by Market Value	Range
Cash	1.0%	2-10%
Major and Large Producers	1.1%	0-20%
Mid-Tier Producers	31.4%	0-60%
Junior and Micro Producers	16.8%	0-60%
Developers and Explorers	44.6%	0-25%
Precious Metals and Tech ETF	5.2%	0-30%

30th September 2025	% Portfolio by Market Value	Range
Cash	3.5%	2-10%
Major and Large Producers	0.5%	0-20%
Mid-Tier Producers	24.5%	0-60%
Junior and Micro Producers	14.5%	0-60%
Developers and Explorers	51.9%	0-25%
Precious Metals and Tech ETF	5.1%	0-30%

	% Portfolio by Market Value	Range
Cash	3.2%	2-10%
Major and Large Producers	0.2%	0-20%
Mid-Tier Producers	26.7%	0-60%
Junior and Micro Producers	12.3%	0-60%
Developers and Explorers	47.4%	0-25%
Precious Metals and Tech ETF	10.2%	0-30%

We also provide our historical allocation below:



Source: Australian Gold Fund

Over the past six months, the portfolio has tilted even further away from producers as exposure to developers and explorers has risen to just over half of total assets at its peak. At the same time, the allocation to the Precious Metals and Tech ETFs has increased, signifying our preference for holding more of our assets in less volatile assets in the precious metals space. This is consistent with our view that many gold producers are now **generously** valued after a remarkable run.

At 30 June 2025, developers and explorers made up 44.6% of the portfolio by market value, rising to 51.9% at 30 September before settling at 49.1% by year end. Our combined producer exposure (major, large, mid-tier, junior and micro) declined over the period, while ETF exposure moved from 5.2% in June to 5.1% in September and then to 9.3% in December, funded mainly from trimming producer holdings and recycling some profits from speculative names.

This reflects a deliberate strategy: allow the bull market in speculative gold stocks to mature, then progressively secure gains and redeploy the bulk of those profits into the Precious Metals and Tech ETFs. We continue to sell some mid-tier and junior producers during the expected manic phase in gold stocks, with the aim of emerging from the cycle with only a modest position in high-quality producers, developers and explorers that can keep building or consolidating projects through the next bear phase in the gold price.

Top 5 Holdings

Our Top 5 holdings as at 30th June 2025, 30th September 2025, and 31st December 2025 are given below:

Top 5 Holdings 30th June 2025
Warriedar Resources
Black Cat Syndicate
Spartan Resources
Alkane Resources
Meeka Metals

Top 5 Holdings 30th September 2025
Warriedar Resources
Cavalier Resources
Black Cat Syndicate
Ramelius Resources
Alkane Resources

Top 5 Holdings 31st December 2025
Capricorn Metals
Cavalier Resources
Horizon Minerals
Ramelius Resources
Alkane Resources

Of our top 5 holdings over the three quarters, Capricorn Metals/Warriedar Resources and Alkane Resources appeared in all three snapshots, reflecting our conviction in their medium-term prospects and their share price resilience that allowed it to remain our largest holdings as we take profits in them.

Black Cat Syndicate held a top 3 position through September but it fell out of the top 5 holdings list at the end of 2025. This is not a loss of conviction or to the company's discredit but rather disciplined profit-taking. The company appreciated sharply following its transformational acquisition of the Lakewood processing plant in July, which accelerated its path to mid-tier producer status. We sold some of our holdings in Black Cat as it appreciated and its market value closed the gap on its intrinsic value according to our analysis.

Spartan Resources, our third-largest holding in June, exited the top 5 by September as it merged with Ramelius Resources. This resulted in the combined entity emerging once more as a top 5 holding—reflecting our continued support for the company that has been one of the top value creators since we began our journey.

Meeka Metals, a significant June holding, outperformed dramatically after delivering its first gold pour and moving into operating surplus in the June quarter. Despite selling some holdings as it appreciated, Meeka remained a material exposure, validating our thesis that quality developers transitioning to cash-generative producers can handsomely reward its shareholders.

By December, our top 5 had tilted more heavily toward late-stage developers. Capricorn Metals emerged as our largest holding from our Warriedar Resources holdings is an exception. However, Cavalier Resources and Horizon Minerals—which accelerated its path to production through the Poseidon Nickel acquisition—entered or remained in the top 5. This shift reflects our conviction that the next phase of the bull market will be driven by developers successfully transitioning to production and capturing record operating margins.

The rotation from June to December demonstrates the exact unfolding of the bull market we anticipated. Companies with near-term production potential outperformed as investors shifted from large-cap producers to developers offering leverage to the gold cycle. Our discipline to take profits on positions that have run hard while maintaining conviction in developers and explorers positions us to benefit from continued upside while managing late-cycle volatility.

Portfolio Investment Strategy (Updated 4th April 2025)

The Australian Gold Fund manages its investment portfolio by considering the stage of the gold price cycle to determine the level of exposure to different precious metals assets. The portfolio comprises companies selected using a bottom-up approach, considering the quality of their assets, stage of the mining life cycle, geographic exposure, financial position, management quality and relative valuation.

Our quantitative approach considers the macroeconomic conditions and how they affect the operating and financial performance of gold mining companies. We believe the relative price of gold and oil being the **Gold-Oil Ratio**, is an effective predictor of the performance of gold producers in the next one or two quarters. In turn, investors are first interested in gold stocks based on the sentiment for gold, and then on the attractiveness of gold stocks based on their potential to create value.

When selecting companies, we rank gold producers and late-stage developers using the **Valuation to Profit Margin Multiple**, a metric created by our Founder, Brian W.B. Chu, similar to the **Price-Earnings Ratio**. It considers the producer's annual gold production, adjusted by the cost incurred to extract the gold. A higher ratio suggests the market is either overvaluing the company or pricing in factors besides its cost-adjusted production.

With explorers and early-stage developers, we believe these companies are driven more by investor sentiment than their assets. To this end, we pick the company based on its potential to develop its mine assets and whether it has sufficient cash to fund its activities without needing to unduly dilute its shareholdings. We assess the drill results, deposit grade, size, and stage of development. To determine if it is attractively valued or not, we evaluate the company's relative value by comparing its price relative to its level during the gold price cycle, rather than estimating its fundamental value, which is speculative.

Glossary

We define **gold producers** based on their annual gold production and classify them as follows:

Major producer – 1Moz p.a. or more

Large producer – 0.5-1Moz p.a.

Mid-tier producer – 150 000-500 000oz p.a.

Junior producer – 50 000-150 000oz p.a.

Micro producer – less than 50 000oz p.a.

We define **gold developers** as companies with at least one advanced deposit that has confirmed resources, reserves, and there exists a scoping study or feasibility study projecting the costs and operating metrics. We further divide it by early or late-stage based on the amount of permits and approvals secured, whether there is funding for mine construction and the stage of construction. Gold developers with a completed mine operation pouring first gold is still a late-stage developer until the company confirms the mine has reached commercial capacity.

We define **gold explorers** as companies that own mine properties in early stages of exploration and development. It varies from companies surveying the ground for evidence of a mineral deposit (**Pre-discovery**), those that have found mineral veins but not a confirmed deposit, and those with a confirmed deposit but have yet to release a study showing its projected economics.

To value gold mining companies, we use **Enterprise Value**, which is the market value of the company's equity (**Market Capitalisation**) plus the company's **Net Borrowing**s (or less the company's **Net Cash**). Net Cash/Debt is the net amount of cash and bullion the company holds after discharging its borrowings and interest-bearing debt.

In other words, this calculates the market value of the company's deployed capital, net of its cash balance. We compare that against the company's tangible assets, including mine operations, deposits, exploration properties, fixed assets and inventory, to determine whether the company is reasonably valued.

The **All-in Sustaining Cost (AISC)** is a standardised cost measure adopted by the World Gold Council for gold mining companies to allow for meaningful comparison across different jurisdictions. This cost typically includes the **Cash Cost** associated with direct production (extraction, transportation, processing and refining costs, staff salary and wages and relevant corporate costs) plus **Sustaining Expenditure** that may include maintenance of mine equipment and infrastructure, insurance and administration costs over its production life. Companies may still have discretion in apportioning their expenses.

The **Net Cashflow from Operations Excluding Maintenance Capital Expenditure** measures to what extent the company can generate cashflows from its operations after paying for its operating costs as well as Cash Paid for Purchases of Property, Plant and Equipment and the Cash Paid for Development Expenditure in the Investing Cashflows section of the Statement of Cash Flows. It does not include Cash Paid for Exploration and Evaluation, which is assumed to be growth capital expenditure. This is by no means a stable and comparable measure as different companies may have discretionary interpretation of what constitutes as Operating Activities and Investing Activities or Development, Exploration and Evaluation expenditures.

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