Ninety One

# Global Gold

## Market context

Geopolitical uncertainty – not least concern about the prospect of US tariffs – inflationary concerns and strong central-bank buying continued to support gold in March. The price of the precious metal touched a new record of more than US$3,000 per Troy ounce, ending the month with a rise of about 9%.

The shares of gold-producing companies fared even better, with the NYSE Arca Gold Miners Index rising about 15%, bringing their Q1 gain to about 35%.

Total known holdings of gold by exchange-traded funds, often seen as a gauge of desire to hold the precious metal, increased by almost 3% to about 87.8m oz.

## Performance

The Strategy delivered a positive total return and outperformed the NYSE Arca Gold Miners Index (in US dollars, gross and net of fees)*.

At the stock level, the primary contributors to relative returns included a zero weight in gold major Barrick Gold, which lagged the large benchmark return partly because it also has significant copper operations, and hence is less of a pure-play gold stock than some other index constituents. Not holding royalty and streaming company Franco-Nevada also contributed, again because it is less leveraged to the gold price than some other index constituents – royalty and streaming equities typically have relatively defensive characteristics. Other contributors included an overweight in Gold Fields, which outperformed partly as the development of its Solares Norte operation in Chile has continued to go well.

The top detractors from relative returns included an overweight in Northern Star Resources. There was no particularly notable news regarding the company, but the fact that it has hedged a sizeable proportion of its exposure to the gold price means it is less exposed to a sharply rising gold market. Other detractors included an overweight in Aya Gold & Silver, partly due to delays ramping up production at a mine and as the market reacted cautiously to a change in its mine plan. Finally, not holding Zijin Mining detracted; again there was no particularly notable news regarding the company, which is a fairly large benchmark weight.

*Where performance is gross of fees, returns will be reduced by management fees and other expenses incurred. Net performance is net of highest institutional segregated portfolio management fee.
Not all securities held have been discussed. For further information on how the overall strategy performed during the period covered, please reference the relative performance noted in the Performance review section.

Past performance does not predict future returns; losses may be made.

# Outlook

Gold was a standout performer in 2024, in a year in which – while natural-resource equity returns fell short of the strong performances of 2021 and 2022 – overall commodity-equity sector returns were positive.

Gold continues to benefit from geopolitical uncertainty and inflationary concerns. We expect the price of the precious metal to remain above US$3,000 per Troy ounce and potentially push higher. A bearish scenario for gold would require a combination of strong US economic growth, improved US-China relations, a stronger US dollar and low inflation — an outcome which appears unlikely in the near-term.

Despite a challenged end to 2024, and arguably even more so because of it, gold equities still look promising, in our view, with significant margins and free cashflow now being achieved. The portfolio remains almost entirely invested in gold equities. A large allocation to gold equities is a consistent feature of the portfolio relative to many of our peers.

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