

The fund's policy is to invest its core investment portfolio in securities of companies which are predominantly involved in the mining, exploration, development and production of gold.

## Fund Fact Sheet

June 2014

Issue 021

### Fund Objective

It is the Company's policy to seek to invest at least 80% of its core investment portfolio in securities of companies which are predominantly involved in the mining, exploration, development and production of gold. Up to 20% of the Company's core investment portfolio may be invested in the securities of companies predominantly engaged in the mining, exploration, development and production of silver and other precious metals.

### Share Price (monthly change)

As at 30 May 2014

**35.00** (-2.79%)

### Spot Gold Price (US \$/oz)

As at 30 May 2014

**\$1,249** (-2.35%)

### Fund Size

As at 30 May 2014

**£1.92m**

### Number of holdings

As at 30 May 2014

**29**

### Investment Manager

Webb Capital Asset Management

Peter Webb

Chris Herson

### Depository

BNP Paribas Securities Services

### ACD

Sharefunds Limited

### Structure

Open Ended Investment Company  
(OEIC)

UK domiciled UCITS regulated  
Eligible for ISA

**Launch Date** 7 Sep 2009

**SEDOL Code** B3YQ855

### Fees

Initial Charge 0.00%

OCF\* 2.46%

\*Ongoing charge figure inclusive of  
1.5% AMC

## Fund manager's commentary

The unit price of the Fund fell 2.79% in May as gold miners continued to have a torrid time, with limited appetite for the sector from investors. The gold price seems firmly rooted in a narrow trading range and currently stands at \$1250/oz.

We were disappointed with events at Anglo Asian (-32.5%), the gold mining company with operations in Azerbaijan as they issued a profit warning and announced results which were below par; a 64% drop in gross profit, 83% fall in operating profit and a woeful 98% fall in net income; not helped by an effective tax rate of 75% - showing incompetence in all aspects of management. The CEO must have thought things were rosier than they were, however, as he enjoyed a 26% pay increase over the period in question. Somewhat "blinkered" we thought!

On a more positive note, Centamin, the Egyptian gold producer, announced a dividend policy, paying out 15-30% of the net cash flow (after sustaining capex and payments to the Egyptian government). This is a step in the right direction and we can only hope that other companies in the space can follow this example in order to enhance their attractiveness to investors. Unfortunately, the management teams of too few gold companies believe in the merits of dividends and providing investors with some return on investment in an environment where capital gains are almost non-existent. It is therefore, relatively unsurprising that the share prices of these companies are in freefall.

Shanta, the gold producer with operations in East Africa, released 2013 annual results with production slightly ahead of guidance and healthy operating cash flow. The share price was unmoved.

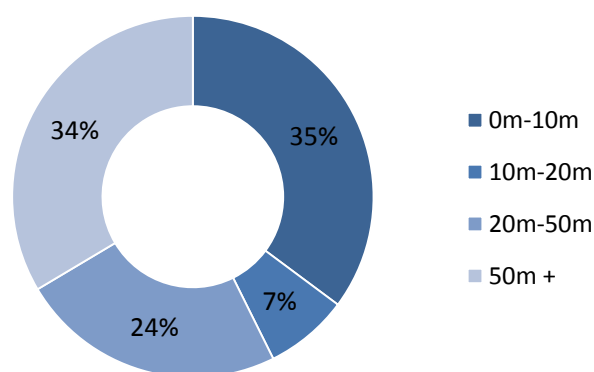
With the majority of the investments in the Fund listed on AIM, the Fund is well placed to benefit should private investors return to the sector and seek to buy stocks for their ISAs. However, there is no sign at all of this happening right now and unit holders may well be in for a long and quiet summer.

As we said many times in recent months, it would appear to us that the gold price is bumping along the bottom. The smaller companies in our portfolio are predominately private investor owned and very much dependent on an improvement in sentiment for their share prices to rise. At some point, there may well be corporate action that lifts hopes and acts as a catalyst for a re-rating of the more focused and strongly run companies that we own. In the meantime, we continue to increase our exposure to production and cash generating assets at the expense of the speculative option of exploration. It might be dangerous to be too negative on the gold miners with barely a "Bull" in sight!

### 10 largest holdings as at 30 May 2014 (Source: Webb Capital)

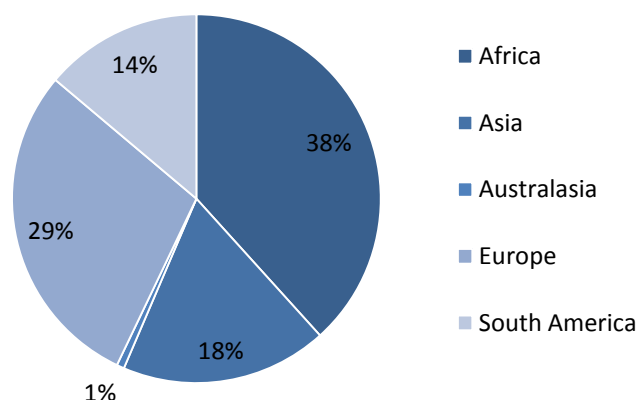
Stock Name	% Fund	Stock Name	% Fund
Mineral & Financial Investments Loan Note	6.97%	Shanta Gold	5.02%
Goldbridges Global Resources	6.71%	Condor Gold	4.97%
Noricum Gold	5.74%	Nord Gold GDR	4.83%
Centamin	5.17%	Ovoca Gold	4.76%
Sula Iron & Gold	5.03%	Finnaust Mining	4.74%

#### Holdings by Market Cap, £ as at 30 May 2014



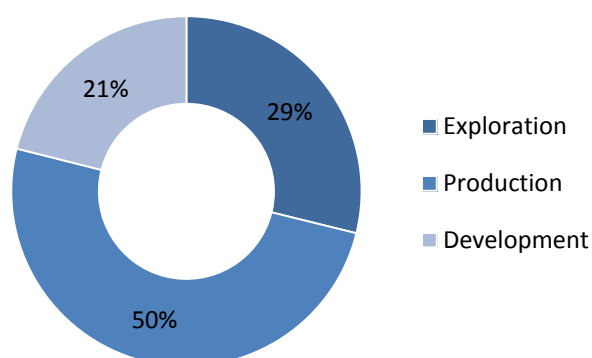
Source: Webb Capital

#### Holdings by region of operations as at 30 May 2014



Source: Webb Capital

#### Holdings by development stage\* as at 30 May 2014



Source: Webb Capital  
\*Excluding non-mining holdings

### **RISK WARNING**

**The value of your investment can go down as well as up and you may not get back a significant proportion of your investment.**

**Past performance is not a reliable indicator of future performance. Forward looking statements in this publication are estimates based on data and market sentiment, and do not constitute forecasts or advice.**

**Webb Capital is not authorised to give advice, if you are in any doubt as to the suitability of an investment, you should seek independent financial advice.**