Fund Factsheet December 2024

# Precious Metals Securities

3-year Fund Volatility
25.2
Very High
Lipper Analytics
30 Nov 2024

## Fund Overview

**Investment Objective**

Precious Metals Securities (the "Fund") aims to achieve capital appreciation by investing in a portfolio of global Shariah-compliant equity and Shariah-compliant equity-related securities (including, without limitation, Islamic depository receipts, but excluding Shariah-compliant preferred shares and sukuk), of companies engaged in activities (exploration, mining and processing) related to gold, silver, platinum or other precious metals or minerals.

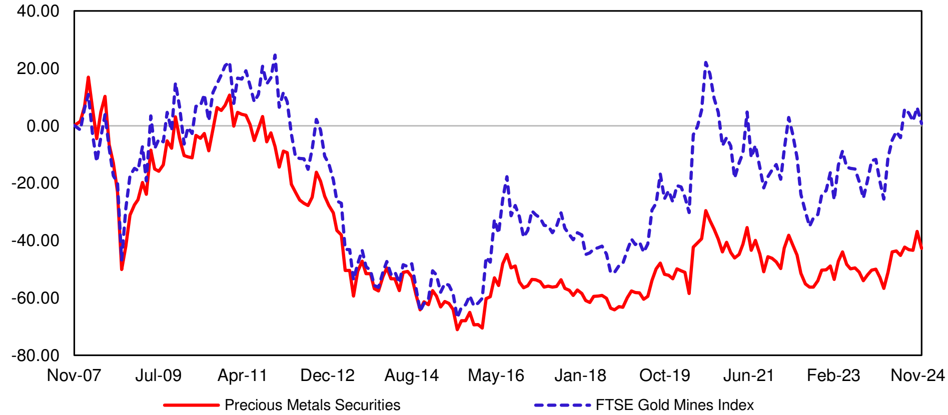
**The Fund is suitable for investors:**

- seeking global investment strategy that conforms to Shariah principles.
- seeking potential medium to long-term* capital appreciation.
- willing to invest in gold, silver, platinum and other precious metals equities, and their related equities.

Note: *Medium to long-term refers to a period of at least three (3) years.
Any material change to the investment objective of the Fund would require Unit Holders' approval.

## Fund Performance (as at 30 November 2024)

**Cumulative performance over the period (%)**




Past performance is not necessarily indicative of future performance. Unit prices and investment returns may go down as well as up.
Source: AmFunds Management Berhad

## Performance Table (as at 30 November 2024)

| Cumulative Return (%) | YTD | 1 Month | 6 Months | 1 Year | 3 Years | 5 Years |
|---|---|---|---|---|---|---|
| Fund | 14.32 | -9.41 | 1.45 | 15.29 | 6.42 | 22.73 |
| *Benchmark | 14.18 | -5.23 | 2.81 | 14.75 | 19.19 | 37.19 |

| Annualised Return (%) | 3 Years | 5 Years | 10 Years | Since Inception |
|---|---|---|---|---|
| Fund | 2.09 | 4.18 | 4.01 | -3.23 |
| *Benchmark | 6.02 | 6.52 | 10.20 | 0.03 |

| Calendar Year Return (%) | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|
| Fund | 0.63 | -5.45 | -11.45 | 18.45 | 25.22 |
| *Benchmark | 13.97 | -10.46 | -9.73 | 21.11 | 39.73 |

*FTSE Gold Mines Index
Source Benchmark: *AmFunds Management Berhad
Source Fund Return : Novagni Analytics and Advisory Sdn. Bhd.
Past performance is not necessarily indicative of future performance. The performance is calculated based on NAV-to-NAV using Time Weighted Rate of Return ("TWRR") method.

## Fund Facts

**Fund Category / Type**
Feeder (Global Islamic equity) / Growth
**Base Currency**
MYR
**Investment Manager**
AmIslamic Funds Management Sdn Bhd
**Launch Date**
15 November 2007
**Initial Offer Price**
MYR 1.0000
**Minimum Initial Investment**
MYR 1,000
**Minimum Additional Investment**
MYR 500
**Annual Management Fee**
Up to 1.80% p.a. of the NAV of the Fund
**Annual Trustee Fee**
Up to 0.08% p.a. of the NAV of the Fund
**Entry Charge**
Up to 5.00% of NAV per unit of the Fund
**Exit Fee**
Nil
**Redemption Payment Period**
Within ten (10) Business Days of receiving the redemption request.
**Income Distribution**
Income distribution (if any) will be reinvested

***Data as at (as at 30 November 2024)***

| | |
|---|---|
| **NAV Per Unit*** | MYR 0.5324 |
| **Fund Size*** | MYR 172.31 million |
| **Unit in Circulation*** | 323.65 million |
| **1- Year NAV High*** | MYR 0.6027 (23 Oct 2024) |
| **1- Year NAV Low*** | MYR 0.4032 (29 Feb 2024) |

Source: AmFunds Management Berhad
The above fees and charges may be subject to any applicable taxes and/or duties (imposed by the Government of Malaysia which are payable by the unit holder(s) and/or the Fund (as the case may be) at the prevailing rate.

## Income Distribution History

| Year | Total Payout per unit (Sen) | Yield (%) |
|---|---|---|
| 2024 | N/A | N/A |
| 2023 | N/A | N/A |
| 2022 | N/A | N/A |
| 2021 | N/A | N/A |
| 2020 | N/A | N/A |

Source: AmFunds Management Berhad
Historical income distribution is not indicative of future income distribution payout. The income could be in the form of units or cash. Unit prices and income distribution, if any, may rise or fall. Where an income distribution is declared, investors are advised that following the distribution the net asset value per unit will be reduced from cum-distribution NAV to ex-distribution NAV.

## Asset Allocation (as at 30 November 2024)

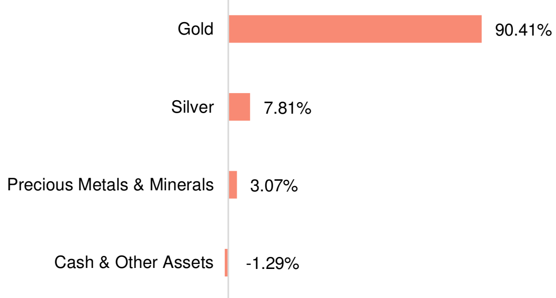

Source: AmFunds Management Berhad

## Target Fund's Top 5 Holdings (as at 30 November 2024)

| | |
|---|---|
| Franco-Nevada Corp. | 9.31% |
| Agnico Eagle Mines Ltd. | 9.19% |
| Newmont Corp. | 8.46% |
| Barrick Gold Corp. | 8.08% |
| Gold Fields Ltd. | 4.64% |

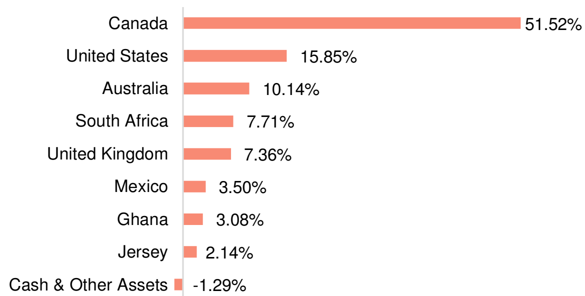
Source: DWS

## Target Fund's Sector Allocation* (as at 30 November 2024)




Source: DWS

## Target Fund's Country Allocation* (as at 30 November 2024)




Source: DWS

*As percentage of NAV. Please note that asset exposure for the Target Fund is subject to frequent change on a daily basis.

## Target Fund Manager's Commentary (as at 30 November 2024)

Market Review

•During the month of November, Palladium, Silver, Platinum, and Gold each had negative returns of -12.21%, -6.24%, -4.49%, and -3.67%, respectively.
•Gold and precious metals equities, as measured by the S&P BMI Gold and Precious Metals Index (non-Sharia compliant), lost -7.04% during the period.
•Gold ETFs had net outflows of -0.86mm oz, or about -1.0% of total known gold ETFs.

Current Gold & Precious Metals Themes

Precious Metals declined in November, with Palladium falling the furthest, followed by Silver, Platinum, and Gold. During the month, hedge funds boosted their net bearish Palladium bets to a six-week high in part on higher Russian production. Silver remained in physical supply deficit during the month, but performance was negative as its price trades sensitive to the price of gold. The U.S. dollar strengthened and the recent U.S. rhetoric regarding tariffs for Canadian and Mexican imports raised concerns over the potential impact on inflation. The U.S. dollar (per the DXY Index) strengthened, rising 1.7%, to end the month at 105.7. Gold prices retraced down by -$101 to $2,643, falling -3.7%, suggesting the market is not as worried about U.S. credit risk stemming from fiscal deficits and diminishing central bank independence. Strong U.S. economic data may also lead to slower than expected rate cuts from the Fed. With low probability of new Chinese fiscal policy going into year end, the market has turned its attention to the potential impact on the U.S. dollar exchange rate and U.S. treasury yields. Precious metal prices will likely remain range bound as market participants adjust to potential policy changes in the upcoming Trump administration. Despite weakness in Europe, car sales volume remained robust for both China and U.S. markets, which provided fundamental support for PGM demand.

Physical demand moderated for gold; since the end of October, ETF holdings of gold have declined be over 400,000 oz. Year to date central bank purchases have fallen to 500 tons vs. 700 tons in 2022 and 2023. The big difference has been the PBOC stopping their purchases since May of this year. Total purchases from central banks remain supportive for the gold price floor. Same period purchase for 2021 was 50 tons vs 700 and 500 tons since then. Global gold trading volumes rose for the past three months in a row, averaging US$290bn in November, based on higher ETF activities, while over-the-counter gold trading saw a fall of 8% for the month. Near-term, the perception of the new U.S. administration favoring cryptocurrencies could favor them over gold. However, longer-term this is expected to be a marginal consideration and not a full replacement for physical gold.

In central bank activity, the U.S. Federal Reserve's FOMC cut its target rate by 25bps to 4.75% to ease monetary conditions in support of a softening labor market while inflation remained subdued. The Bank of England also cut by 25bps, to ease monetary conditions, in their last meeting on November 7th. With the U.S. presidential election behind us, markets began to focus on potential policy impacts, political turmoil in Europe, and continued regional conflicts, which have the potential to spread. Policy implications can affect growth dynamics, interest rates, and currency strength, all of which filter through corporate balance sheets and cash statements. Corporate profit growth, and cash flow discount rates (derived risk-free rates and risk spreads), impact stock prices and market valuations.

What does the future hold for gold?
Gold has had a strong run since finding a floor last October, buoyed by central bank buying, path Fed rate cuts, and a de-dollarization wave. We expect central bank gold buying to continue at higher prices, albeit at a slower pace. Retail purchases of gold have also been strong in the Asia Pacific region, both for jewelry purposes and as a store of wealth, especially with declining property values in China. The U.S. dollar has strengthened year-to-date, taking short breathers in May and July as investors considered a second potential cut by the Fed this year. We expect the future direction of the price of gold to be tied to the pace of the Fed easing along with the corresponding movement in the U.S. dollar. A weaker dollar, often a consequence of easing monetary policy, historically acts as a tailwind for gold, boosting its haven appeal and attracting capital away from the greenback. This dollar depreciation, coupled with anticipated Fed cuts later in the year, could propel gold prices to sustained levels above $2,600, with silver also likely to benefit from its industrial applications. Gold continues to be an attractive safe-haven and should see support due to geopolitical risks in Ukraine and the Middle East. We still see interest from central banks to hold gold as an alternative currency reserve, which should limit the downside for gold. Medium-term fundamentals for Silver remain constructive, with expected deficits in 2024 and 2025. While we remain bullish on both gold and silver, strong U.S. economic data and potential increase in U.S. budget deficit may limit upside potential for gold. The PGMs remain tight in the physical markets. We also expect to see some production curtailments due to low metal basket prices. Electric vehicle (EV) adoption has slowed globally, while PGM-using plug-in hybrids and extended-range vehicles have gained traction. We also see incentives for EVs being removed (or new tariffs added), which should lead to greater production of internal combustion engine vehicles or hybrid models, which has led to automakers slowly beginning to review their approach and return to the Palladium forward markets.

Consolidation Fever: Why M&A Could Be Mid-Cap Gold
Despite historical concerns about high debt levels among gold miners, many now have improved balance sheets and exceptionally strong margins thanks to soaring metal prices. However, many haven't invested adequately in finding new gold deposits, potentially jeopardizing future production growth. This opens the door for potential consolidation. With valuations, particularly in mid- and small-cap equities, still lagging their larger counterparts, the stage is set for potential mergers and acquisitions, and we are already seeing the announcement of some deals. Larger miners, flush with cash and facing limited organic growth opportunities, may look to acquire exploration-focused mid-cap companies or consolidate existing assets, propelling a wave of deals across the sector. This presents savvy investors with the chance to unlock significant value, especially in undervalued mid-cap equities poised to be absorbed by bigger players. In a gold market poised for both growth and consolidation, we meticulously select established producers who, unlike many peers, have already invested in securing future production. They now enjoy falling capital expenditures as cash flow and production steadily climb, all while demonstrating exemplary cost control and consistent target-beating. These companies, boasting ample reserves and long mine lives, are prime targets in the predicted mid-cap M&A wave. As larger players seek established growth, these producers stand to be acquired at a premium, unlocking significant value for our investors. While the market might bask in the general upward trend, our focus on proven winners, operational efficiency, and future-proofed reserves positions us to deliver alpha as the gold story unfolds.

The outlook for gold miners has risen alongside gold spot price over the past year. While share prices have risen, they haven't maintained pace with gold price. Gold miners faced pressure from rapid cost expansion in the past 2 years, keeping margins subdued and valuations low. Cost inflation, however, has stabilized while gross margins and free cash flow yields have risen on account of rising gold and silver prices. Current spot prices imply high upside for gold miners at today's valuations, creating a very favorable outlook for the sector. The gold mining sector is still lacking in names that can boast a strong growth profile past the one- to two-year time horizon. A lack of recent investment in growth and discovery may cause companies to face shrinking production as large miners continue to seek growth through M&A of smaller names instead of discovery.

Fund Performance and Contributors
•During the month of November, the Target Fund lost -9.07% in USD.
•The top 3 individual contributors to the Target Fund were OceanaGold Corporation, Coeur Mining, Inc., and Royal Gold, Inc.
•The top 3 detractors were Franco-Nevada Corporation, Barrick Gold Corporation, and Gold Fields Limited.

Source: DWS

## Disclaimer



Based on the Fund's portfolio returns as at 30 November 2024, the Volatility Factor ("VF") for this Fund is 25.2 and is classified as "Very High" (Source: Lipper). "Very High" includes funds with VF that are more than 16.275 (Source: Lipper).The VF means there is a possibility for the Fund in generating an upside return or downside return around this VF. The Volatility Class ("VC") is assigned by Lipper based on quintile ranks of VF for qualified funds. VF is subject to monthly revision and VC will be revised every six months. The Fund's portfolio may have changed since this date and there is no guarantee that the Fund will continue to have the same VF or VC in the future. Presently, only funds launched in the market for at least 36 months will display the VF and its VC.

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