

Monthly report

October 2018 -3.74% YTD -24.49%

Commodity
Discovery
Fund

With a negative result (-3.74%), the Commodity Discovery Fund returned to the lowly levels of August. Fortunately, we saw a recovery in the first days of October, so that the NAV at the time of writing is back up to 70. The decline was mild compared to the Canadian stock market index CDNX, our most important benchmark, which decreased by almost 10% during this capitulation phase. Since our weighting in exploration companies is currently very large, we fell slightly more than our peers who are more heavily invested in the producing companies (HUI +1%). Over the past few months we have invested a relatively large amount of money in a number of new exploration companies, responsible for significant discoveries in the north of Canada. A number of these showed impressive results. October was of course also the month in which the broad stock markets performed poorly. The AEX and Dow Jones both declined 5%, while again gold played its role as a safe haven (+1.5%). In euros the rise was even more pronounced: +4.5%.

Gross return* (%)

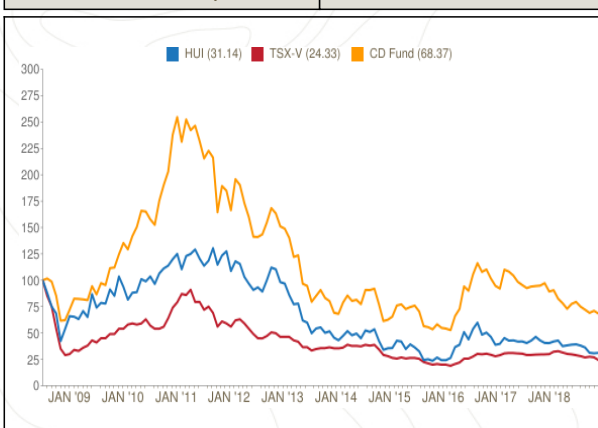
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	year	cum.
2008	-	-	-	-	-	-	1.60	-3.00	-13.50	-27.80	-0.90	15.80	-27.98	-27.98
2009	14.50	-0.30	-0.50	-0.90	16.40	-8.28	12.37	-1.90	16.82	0.54	11.11	8.67	+87.85	+35.31
2010	-4.46	9.68	6.15	10.19	-0.45	-4.50	-3.29	14.90	8.61	6.67	17.25	6.97	+88.15	+154.59
2011	-9.16	9.14	-4.02	1.76	-5.93	-7.10	3.37	-2.86	-23.98	15.13	-2.38	-10.00	-34.66	+66.35
2012	17.71	-2.81	-9.06	-7.74	-11.53	-0.18	1.73	7.88	8.83	-2.99	-7.52	-1.49	-10.52	+48.85
2013	-5.81	-12.90	1.20	-21.73	-2.09	-16.00	7.06	6.55	-8.32	-3.64	-13.71	-1.50	-54.21	-31.85
2014	15.60	8.56	-5.99	1.31	-5.10	17.43	-0.11	1.43	-15.80	-20.80	2.04	4.68	-3.87	-34.49
2015	16.04	1.47	-5.76	2.60	1.82	-7.32	-19.75	-1.64	-3.76	8.90	-5.83	-1.28	-17.37	-45.87
2016	-2.64	25.39	10.09	29.43	-4.44	17.17	10.24	-7.19	2.18	-7.85	-6.75	-2.78	+70.10	-20.44
2017	19.46	-1.64	-3.41	-5.78	-3.07	-3.07	1.61	0.55	0.43	2.45	-8.15	1.36	-1.67	-21.77
2018	-8.91	-5.14	-6.79	6.32	2.52	-5.66	-3.84	-4.19	2.82	-3.74			-24.49	-40.93

Investments

The most important development last month was SolGold, our biggest position and responsible for a large copper discovery in Ecuador. Copper producer BHP announced early October that it had significantly increased its stake in Solgold. Having taken a first position of 6% in September, this was expanded to 11% in October. BHP, after Newcrest, is the second big producer aiming for a controlling stake in SolGold. Unfortunately, shares of SolGold increased due to profit taking last month. The first bulk sample results from the Pilbara (Novo/Artemis) unfortunately did not meet expectations, causing NVO to drop sharply. Yet, given the reported gold values, averaging 3-4 grams of gold per tonne, this still makes for very profitable gold production. Despite a rise in the uranium price, uranium stocks declined the past month by almost 9.6%. This is indicative of a lingering bad sentiment about raw materials. A number of our positions are currently valued at half of their book value.

Fund statistics October 31, 2018

Price (euro)	68.37
Monthly return	-3.74%
Gross annual return*	-24.49%
Gross return (cumulative)*	-31.63%
Net return (cumulative)	-40.93%
CAGR** since inception*	-3.61%



* before correction performance fee ** Compound Annual Growth Rate since 2008-07-01

Willem Middelkoop:

The growing international focus on uranium, as fuel for the virtually CO2-neutral nuclear power plants, creates increasing interest from investors in the uranium market. As a result, the uranium price has risen almost 50% this year. With the publication of the very positive pre-feasibility study by NexGen Energy, our second largest position, it has become clear that the acquisition of this company is only a matter of time.

Terence van der Hout:

Although not all metals have found their way up, vanadium is experiencing a strong increase due to the input of the metal into large batteries for the storage of grid-scale electricity. We took our first positions in vanadium a few months ago, and we expect that the metal will attain a more prominent position in the portfolio.



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