

IXIOS GOLD: Interview with David Finch: the Man Beating Gold

Since 2022, RJ Management has held a high-conviction view: gold is a vital asset in the face of soaring sovereign debt—particularly in the United States—and the inability of governments to bring it under control. The only foreseeable path forward appears to be monetary creation in its various forms (debt buybacks, yield curve control, political pressure on central banks, etc.).

Our Strategy

While we maintain exposure to physical gold, we have significantly increased our allocation to the gold mining sector. To implement this, we selected the **IXIOS Gold fund**, managed by **David Finch**, and reinforced our position in both 2023 and 2024.

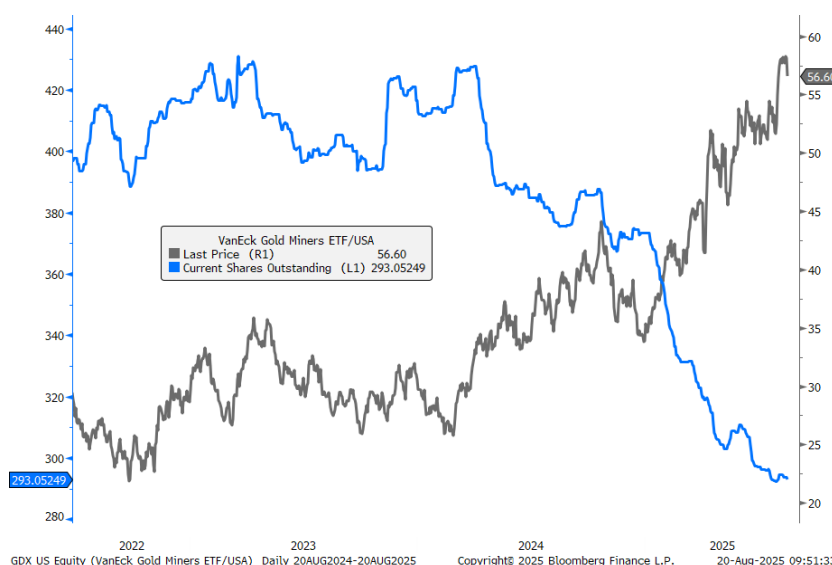
Why the Gold Mining Sector?

Growth potential: Mining companies are pure-play exposures to gold and benefit fully from price increases, making the sector a compelling growth opportunity.

Financial strength: Today, the sector is low in debt and highly profitable.

Attractive valuations: Despite structural improvements, multiples remain low.

Under-owned market: The main ETF representing 63 gold miners has a total market cap of just USD 16.5bn—compared to USD 3.8tn for Microsoft.



Analysis of the Vaneck Gold Miners ETF :
Fewer investors ...

Price
Number of shares outstanding



Manager: David Finch

Management Company: Ixios Asset Management

Assets under management: EUR 450M

Fund name: Ixios Gold

Investment universe: Listed gold mining companies

YTD performance (end of July 2025): +52.35%

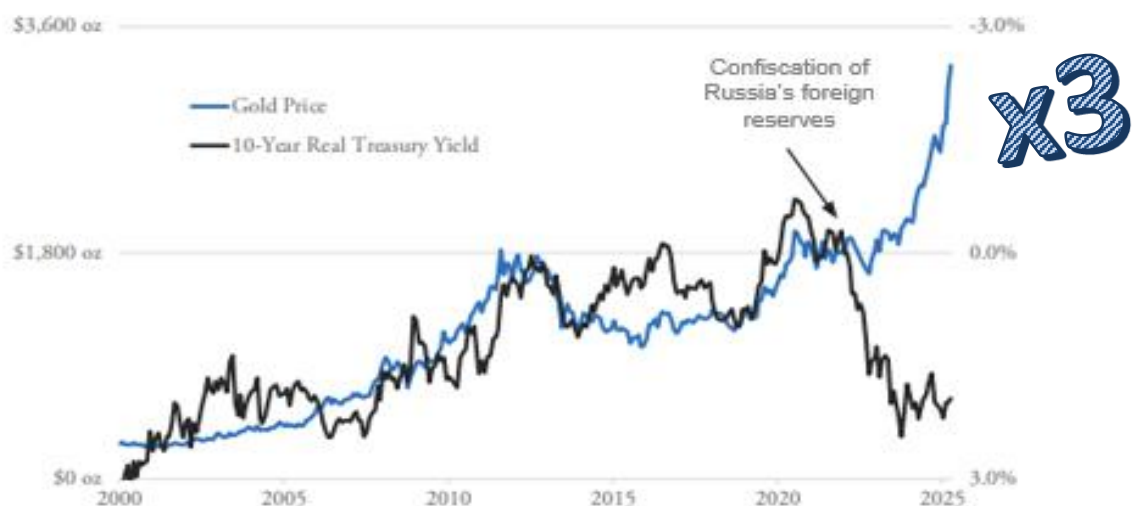
Physical gold YTD performance: +25%

Before going into the details of the fund, could you revisit the evolution of the gold and precious metal's theme over the past 10 to 15 years?

What in your view have been the main changes? In what way do these present an opportunity today?

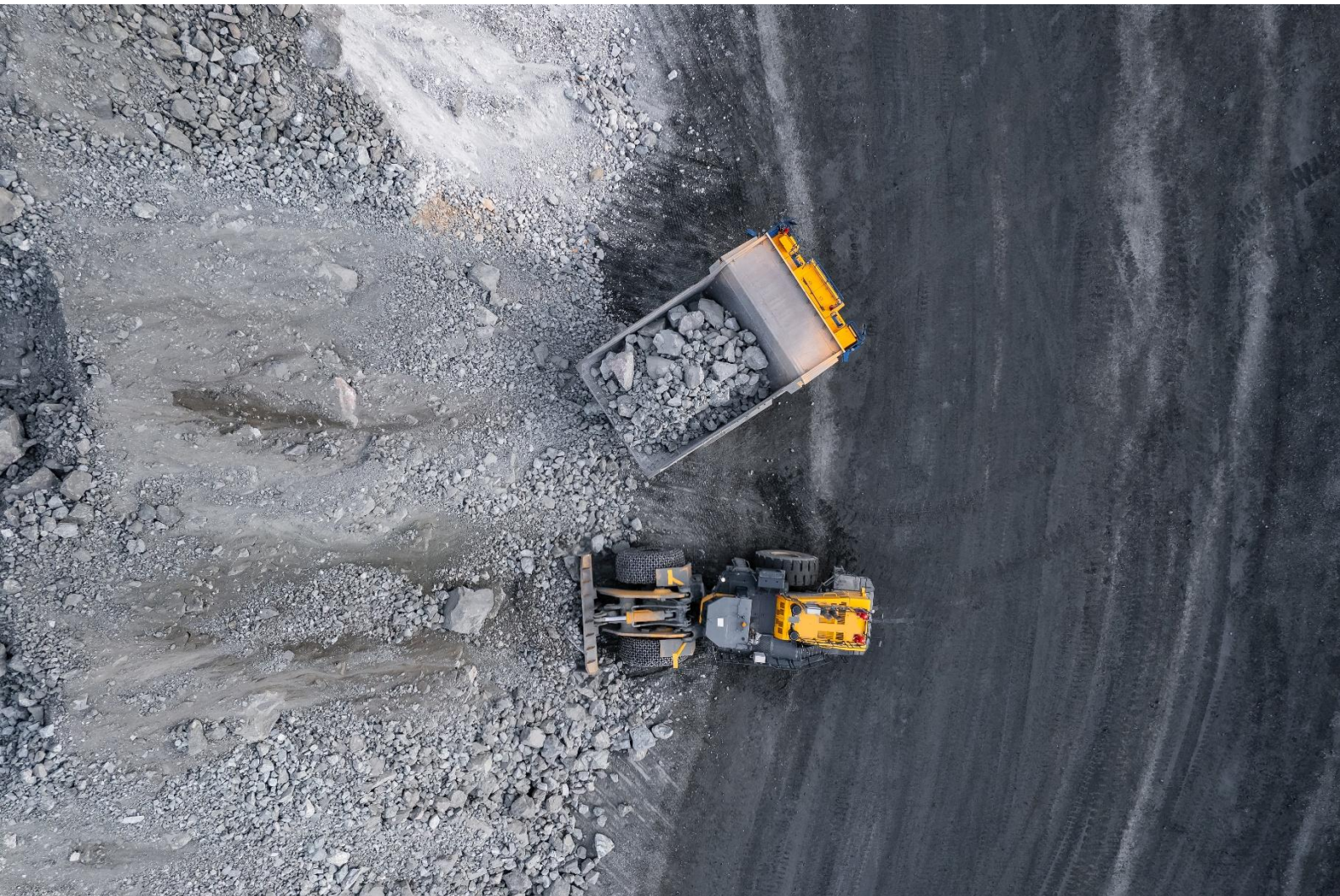
Following the 2008 financial crisis, the nominal price of gold tripled from its lows to the 2011 peak, driven by aggressive monetary expansion by central banks. However, the real price of gold — its purchasing power — increased even more significantly, while other commodities such as oil collapsed. During this period (2009–2011), the stars were aligned: dollar liquidity, the nominal gold price, and the real gold price were all rising simultaneously. Gold prices experienced high volatility, reaching a peak of \$1,825 per ounce in 2011 during the European sovereign debt crisis, before dropping to \$1,050 in 2015 under pressure from a strong US dollar and rising interest rates. Mining companies, which had expanded pro-cyclically during the bull trend, were severely penalized.

Gold Price and US 10 year real yield since 2000

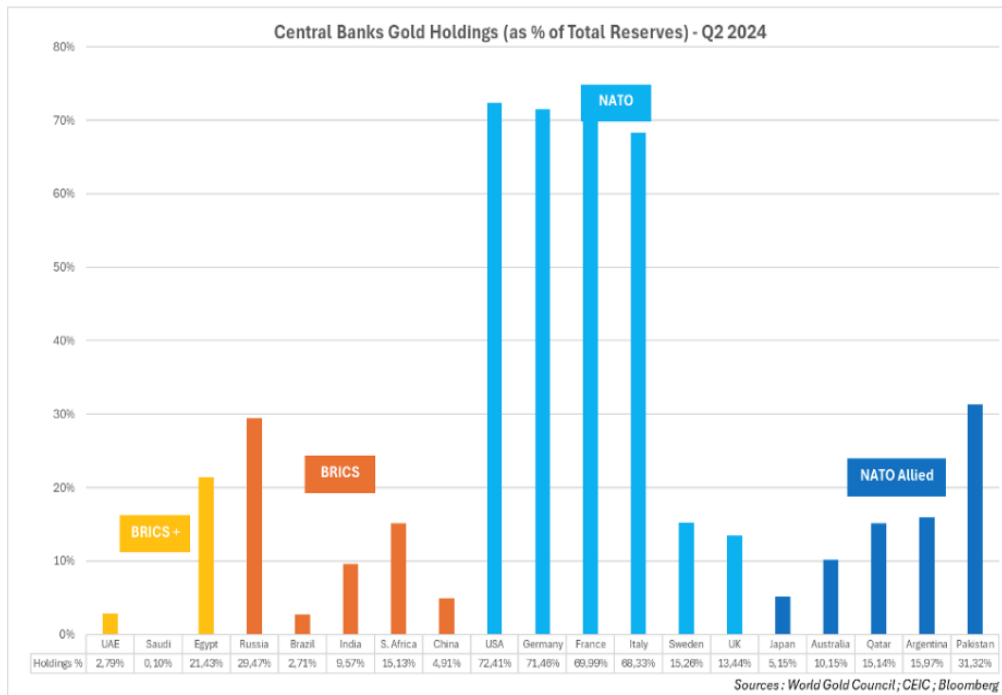


Starting in 2016, gold entered a structural bull market, fueled by persistent geopolitical tensions, massive purchases by central banks and inflationary pressures. As the Fed adopted a dovish stance again in 2018–2019, gold prices began to recover. Powell’s monetary easing shock linked to the COVID crisis led in the summer of 2020 to a renewal of the favorable momentum seen in 2009: liquidity, the nominal gold price and the real gold price all rose together. Gold mining companies saw a strong increase, similar to 2011.

From 2022 onward, we witnessed a regime shift and a re-rating of real assets. The confiscation of Russia’s dollar reserves in 2022 marked a geopolitical turning point. This act undermined global confidence in dollar reserves and triggered a structural shift towards gold as a neutral reserve asset. The long-term relationship between real interest rates and the gold price abruptly came to an end. Gold began to decouple from its traditional correlations – particularly with U.S. real rates.



Central Banks Gold Holdings (as % of Total Reserves) - Q2 2024



From the beginning of 2025 to June, the S&P 500 is down 15.5% in real terms relative to gold, highlighting the appeal of physical gold in preserving capital.

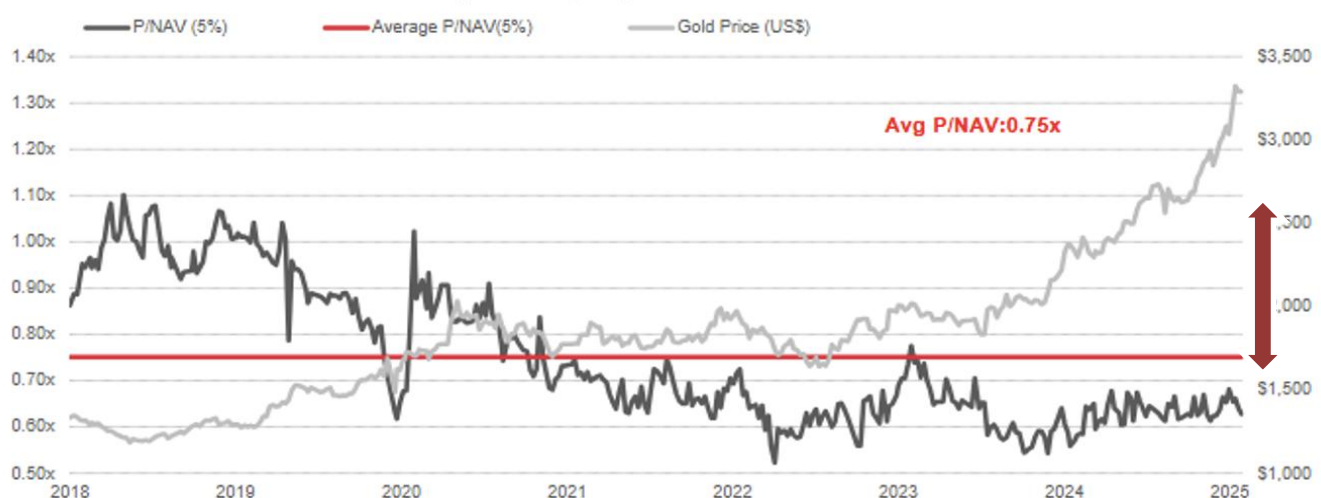
We are entering a new structural regime. With central banks increasingly using foreign exchange reserves as a weapon of monetary sovereignty, the role of gold as a neutral and liquid reserve asset is being reassessed.

Mining companies offer significant convexity to this transition – “particularly as valuations remain low and cost-discipline in production continues. However, unlike in previous cycles, the growing awareness among investors of the erosion of real purchasing power provides a window of opportunity for allocations to this sector.”

Graph of Mines valuation (NAV) and Gold Price: Very cheap!

Price to Net Asset Value^{5%}

GBM Intermediate Gold Producer Coverage Universe (TTM)

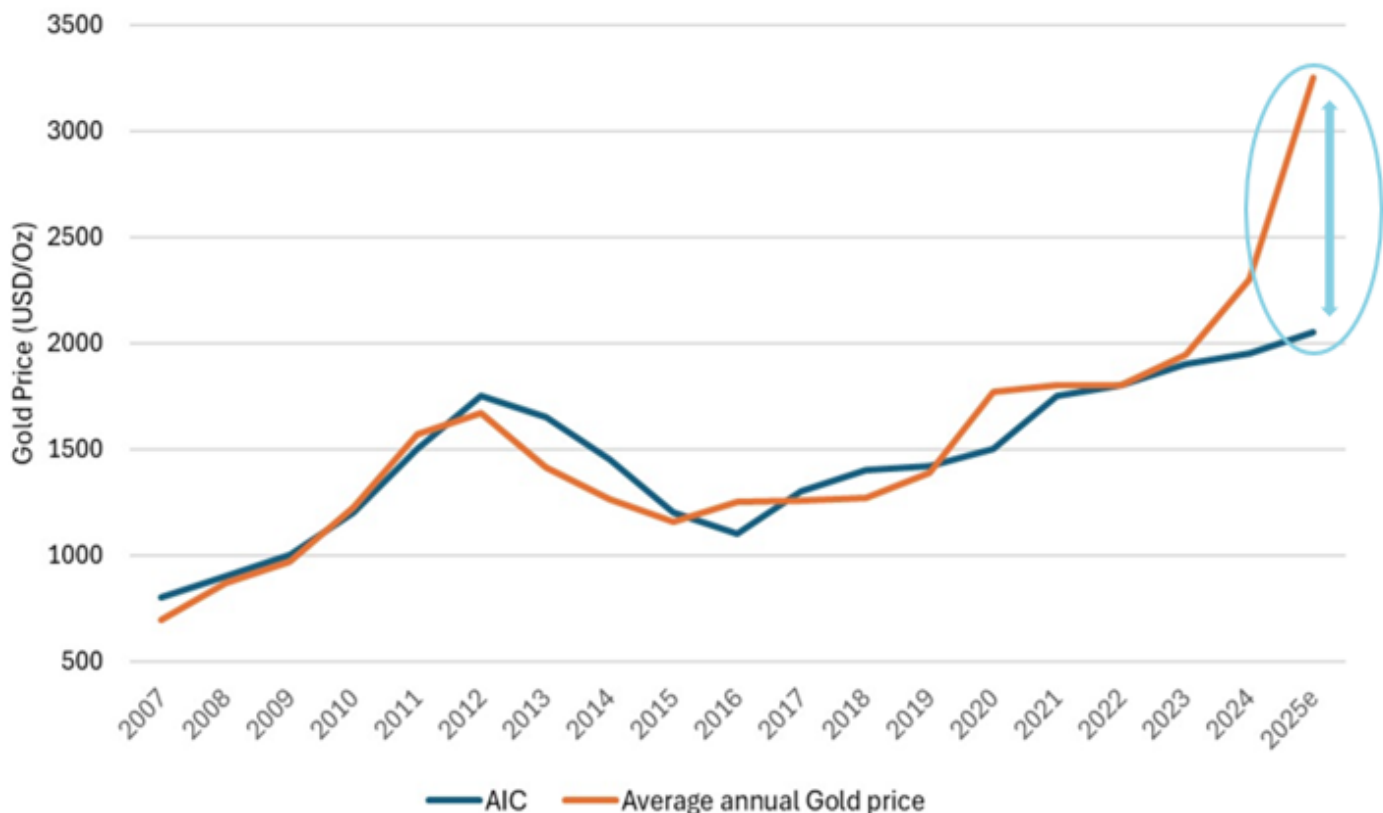


Source: FactSet; Scotiabank GBM

Ixios Gold follows a focused approach on gold mining companies and has again delivered excellent performance in 2025 with +55% as of the end of June. What are your strong convictions behind this positioning, and how does it differ from a simple exposure to physical gold (YTD +25%)? Can mining companies be considered a leveraged play on the gold price, or is this correlation more nuanced in practice?

Our performance is based on a targeted approach to selecting mining companies that favors strict criteria: a solid balance sheet, controlled production costs, mines located in stable jurisdictions (such as Australia, Canada or the United States), long mine life, and shareholder-oriented management. This strategy limits risks related to excessive debt, high costs or geopolitically risky areas, while capturing growth opportunities through free cash flow (FCF) generated at low gold production prices.

Total cost of gold production (AIC) from the gold miners sector vs Gold Price: a lot of FCF!



Sources : Bloomberg - Scotia Bank

Compared to an exposure to physical gold, this approach stands out for its leverage potential. Indeed, mining stocks can amplify increases in the gold price thanks to operational leverage and operational improvements or reserve discoveries. However, this correlation is nuanced: mining companies are also sensitive to costs (energy, labor) and geopolitical risks, which can desynchronize their performance from physical gold.

In a shifting macroeconomic environment – inflation, real interest rates, a strong/weak dollar – how do gold, and more specifically gold mining companies, fit into a diversified portfolio?

In an uncertain macroeconomic environment marked by persistent inflation, volatile real interest rates and a questioning of the international role of the dollar, gold mining companies represent a strategic investment opportunity. Unlike physical gold, which acts primarily as a store of value, mining companies offer direct operational leverage to the metal price. When the gold price increases in real terms, these companies often see their margins grow faster than their costs, thereby creating a stronger profitability dynamic.



However, this sensitivity can also increase volatility, which makes rigorous selection of gold mining companies essential. Exposure to gold miners through active management is therefore a relevant response when building a diversified portfolio. Stock picking plays a crucial role in this sector, given the wide dispersion in performance — as illustrated by the GDX ETF index, up 174%, compared with 253% for our Ixios Gold fund since its launch.





The management of a mining fund requires financial, geological and geopolitical analysis. Could you explain how you evaluate and select your positions?

Yes — the management of a mining fund requires a multidisciplinary approach that incorporates financial, geological and geopolitical analysis. We evaluate and select our positions on the basis of several key criteria:

- Gold price sensitivity:** We focus on companies that are able to generate free cash flow (FCF) at low gold production prices, which protects value for investors if the gold price declines.
- Balance sheet quality:** We favour companies with a solid balance sheet and avoid those with excessive debt or frequent share issuances that dilute shareholder value.
- Political/geopolitical risk:** We avoid mines located in high-risk jurisdictions and prefer stable countries such as Australia, Canada and the United States.
- ESG factors:** We closely examine the company's handling of environmental, social and governance issues, with a particular focus on safety and internal governance.
- Mine life and reserve replacement:** We select companies with long-life mines and the ability to replace reserves through adjacent exploration.
- Management quality:** We prefer management teams that are shareholder-oriented, generate FCF and invest prudently in new projects in order to maximise returns.

We spend a large part of the year meeting with the management teams of these companies — in fact, we conduct more than 500 meetings a year, including mine site visits.

In our portfolio, we adjust the weighting between producers and junior explorers/developers depending on the stage of the metals cycle, while ensuring both geographic and operational diversification.

Finally, what are currently the pockets of value or most neglected segments in the gold sector in your view? Are there specific geographies or categories (mid/small caps) that the market is clearly underestimating?

Since 2022, gold explorers — focused on the discovery of new deposits — have underperformed relative to established producers, which have been favoured by investors. However, explorers remain undervalued relative to their net asset value, making them attractive targets for producers looking to extend the life of their mines. In response to this potential value creation, we have increased the share of explorers in our portfolio to 15%, in order to take advantage of the opportunities offered by their promising projects.

