IXIOS ENERGY METALS

Monthly report - 28/03/2024

IXIOS Asset Management | Label ISR | Signatory of: PRI Principles for Responsible Investment

INVESTMENT OBJECTIVE

IXIOS ENERGY METALS is a sub-fund seeking long-term performance through exposure to shares on diversified non-precious metals & minerals mining companies. The sub-fund's objective is to outperform the MSCI ACWI Select Metals & Mining Producers ex Energy Metals & Silver IMI (net dividends reinvested) over an investment period of 5 years. The sub-fund promotes environmental, social and governance (ESG) characteristics and invests at least 90% of the portfolio in companies based on internal ESG rating.

Cumulative Performance (net of fees)	1 Month	YTD	1 Year	Since inception*	Since inception* relative
Ixios Energy Metals I - USD	8.03%	-1.27%	-3.37%	8.16%	-8.33%
Benchmark - USD	5.85%	-3.67%	6.70%	16.49%	-

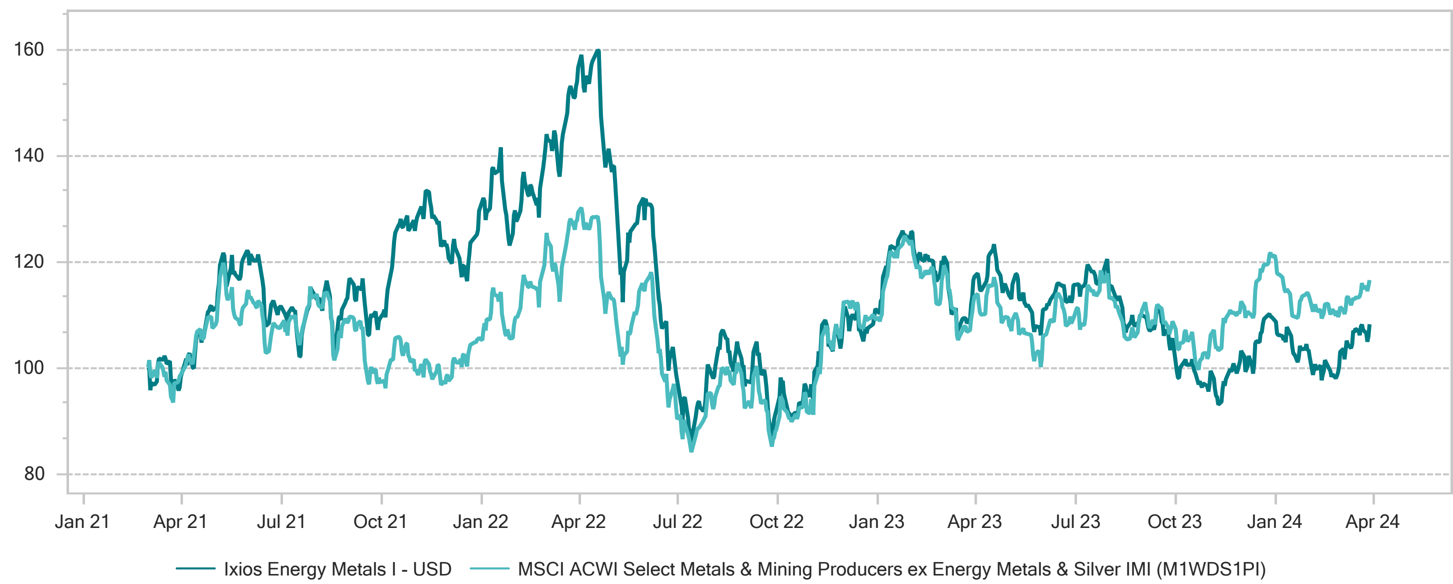
Fund benchmark is MSCI ACWI Select Metals & Mining Producers ex Energy Metals & Silver IMI (M1WDS1PI)

Cumulative Performance (net of fees)	1 Month	YTD	1 Year	Since inception*	Since inception* relative
Ixios Energy Metals S - USD	8.06%	-1.19%	-2.87%	9.88%	-9.53%
Ixios Energy Metals I - USD	8.03%	-1.27%	-3.37%	8.16%	-8.33%
Ixios Energy Metals P - USD	7.98%	-1.43%	-3.83%	6.87%	-13.00%
Ixios Energy Metals I - EUR	8.25%	0.98%	-3.05%	21.08%	-9.82%
Ixios Energy Metals P - EUR	8.20%	0.82%	-3.57%	19.28%	-15.42%
Ixios Energy Metals R - EUR	8.19%	0.78%	-3.75%	-21.81%	-27.10%
Benchmark - EUR	6.06%	-1.48%	7.03%	30.90%	-
Ixios Energy Metals I - CHF	10.50%	5.66%	-5.36%	-8.33%	-14.26%
Benchmark - CHF	8.27%	3.09%	4.36%	5.93%	-

** Share classes have different inception dates*

Past performance is not an indication of future performance. It may vary over time. Reported performance is net of fees.

HISTORICAL PERFORMANCE



RISK PROFILE SRI

Lower Risk Potentially lower return — 1 2 3 4 **5** 6 7 — Higher Risk Potentially higher return

SUB-FUND FACTS

Fund inception date: 26/02/2021
Recommended investment: > 5 years
Fund domicile: France
Management Company: Ixios AM
Custodian: Société Générale

SHARE-CLASSES FACTS

ISIN Codes:
- S Class: FR0014001BS2
- I Class: FR0014001BT0
- I - EUR Class: FR0014001BU8
- I - CHF Class: FR0014002KJ0
- P Class: FR0014001BV6
- P - EUR Class: FR0014001BW4
- R - EUR Class: FR0014001BX2

Minimum Subscription:
- S Class: USD 15,000,000
- I Class: USD 100,000
- I - EUR Class: EUR 100,000
- I - CHF Class: CHF 100,000
- P & P-EUR & R-EUR Classes: 1 share

Fixed Management Fees:
- S Class: 1.00%
- I & I - EUR & I - CHF Classes: 1.35%
- P & P-EUR Classes: 2.00%
- R - EUR Class: 2.30%

Performance Fees:
15% over benchmark

MAIN RISKS

The main risks of the UCITS are:
Discretionary management risk;
Equity risk;
Liquidity risk;
Credit risk;
Exchange rate risk;
For more information on the risks, please refer to the prospectus of the UCITS.

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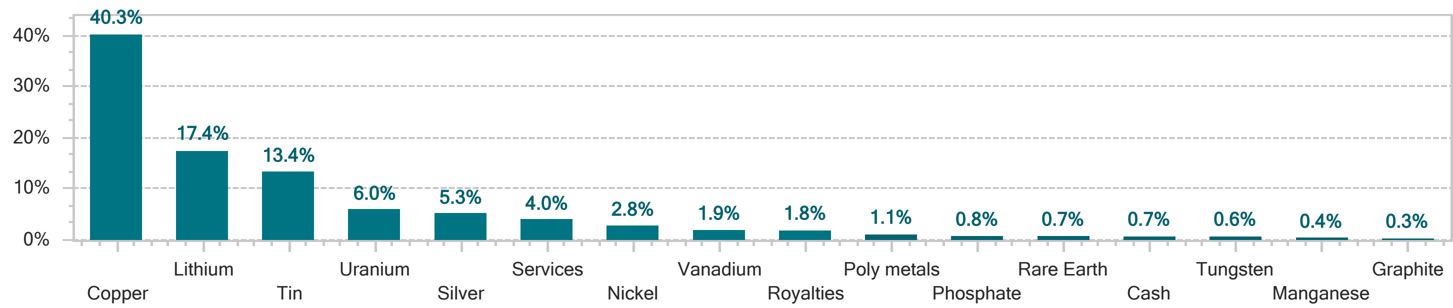
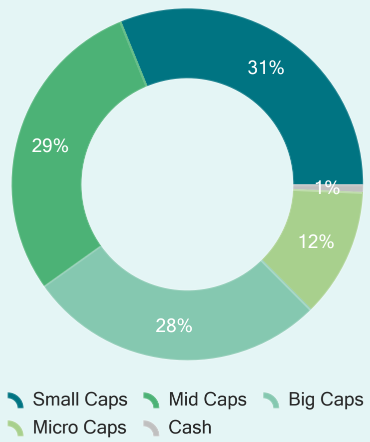
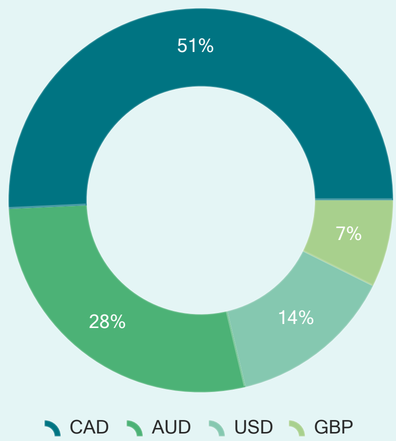
EXPOSURE BY METALS



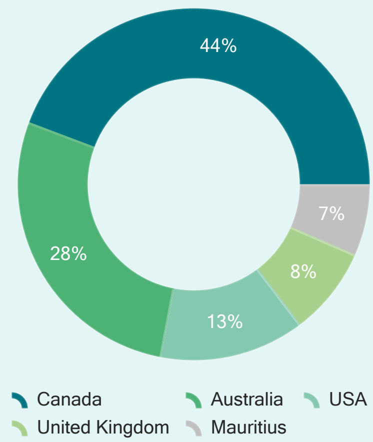
MARKET CAP BREAKDOWN



CURRENCY BREAKDOWN



COUNTRY BREAKDOWN



Micro Caps < $100M <= Small Caps < $500M <= Mid Caps < $1B <= Large Caps

TOP 5 EQUITY HOLDINGS

Company Name	Country	Weight
HUDBAY MINERALS INC	Canada	6.71%
METALS X LTD	Australia	6.66%
ALPHAMIN RESOURCES CORP	Mauritius	6.51%
FILO MINING CORP	Canada	6.51%
LITHIUM AMERICAS ARGENTINA CORP	USA	6.20%
Total		**32.59%**

RISKS INDICATORS

Risk Indicators	1 Year	Since inception
Volatility I - USD	20.69%	28.16%
Volatility - Benchmark	19.43%	24.36%
Tracking Error	11.67%	
Information Ratio	-0.86	

ESG factors are fully integrated into the investment process of Ixios Energy Metals fund. ESG reporting is available on our website for more information.

ESG Indicators	Fund		Universe	
	Score	Coverage Ratio	Score	Coverage Ratio
Board Independence (%)*	**59%**	**93%**	**47%**	**98%**
Female Executives (%)*	**18%**	**98%**	**14%**	**96%**
Code of Business Ethics (Y/N)	88%	96%	50%	59%
Carbon Intensity (tCO2 / M$ sales)	77	15%	288	16%
UN Global Compact Signatories (#)	5	96%	73	70%

* Indicator with Engagement

Source: Ixios AM

David FINCH,
Lead Fund Manager

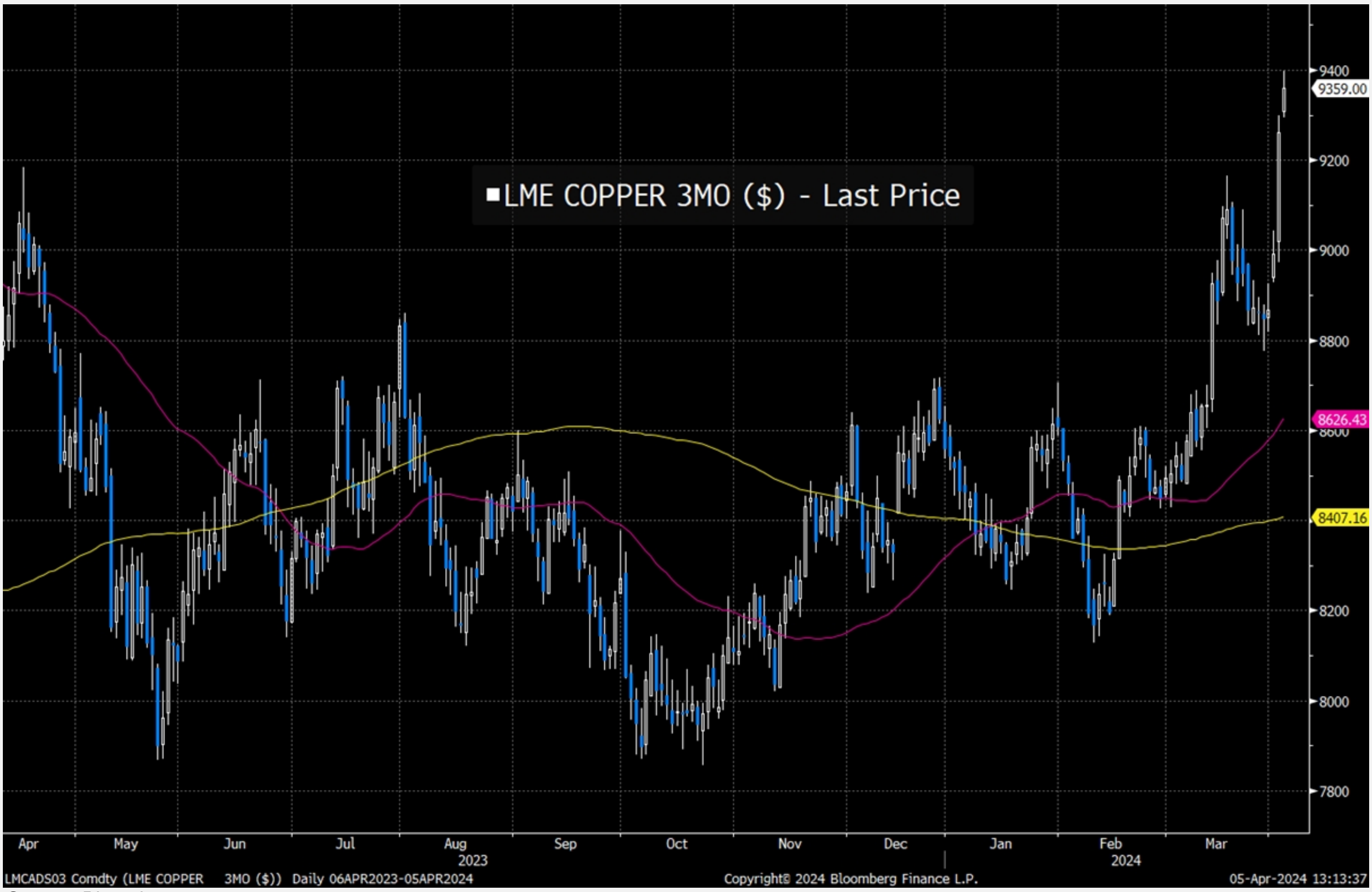
Renaud TEMFACK,
Assistant Fund Manager
& ESG Specialist

MANAGEMENT TEAM COMMENTARY (1/3)

While gold undoubtedly hogged the limelight in March, good things were happening elsewhere in the commodities sector. Your fund rose by 8%. Copper rose by 4.5% and tin by 3.5%. Uranium stabilized after its recent correction while lithium rebounded strongly from recent lows to close up 15% on the month.

The big story of the month was copper, the second largest metal by production value after Iron Ore. We have often laid out the bullish case for copper which simply put calls for higher demand from new applications for the metal combined with a very constrained supply side. Many of you have pushed back with a very good question: " If that is the case, why isn't the copper price higher already?" To which my answer has been, rather unsatisfactorily no doubt: "These things take time."

The balance of the copper market is the tiny difference between to very large numbers. A hedge fund selling a few thousand futures contracts in Chicago, a trader forced to liquidate a few tonnes of physical stock because his financing cost has just gone up, a producer who needs sell some cathode before the end of the week to make his quarterly numbers - these small transactions have an outsized effect on short term price formation. But over time fundamental imbalances are reflected in price. Copper has now risen 20% from the October low but the journey has been far from linear.



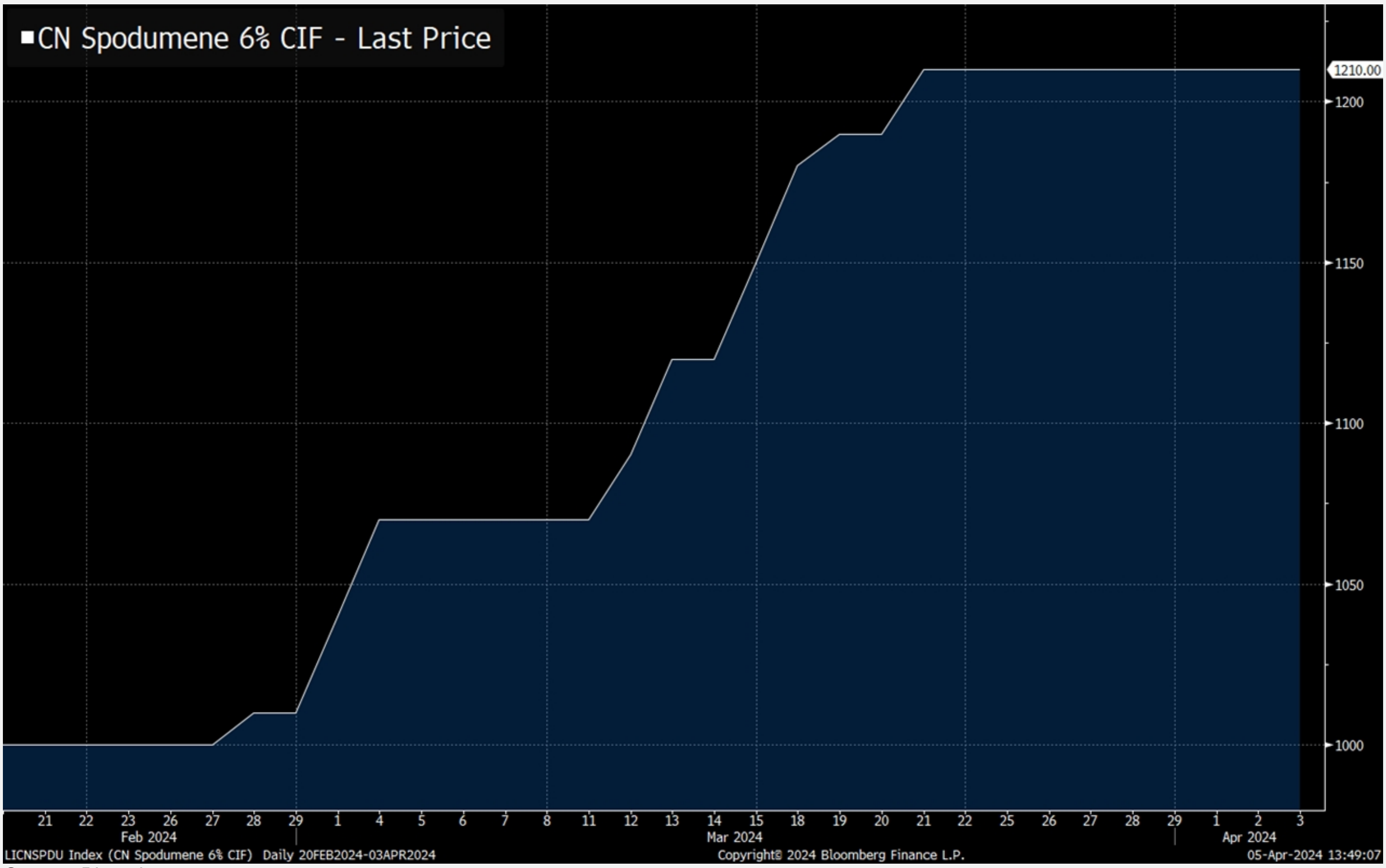
Source: Bloomberg

Lithium has been another interesting market. Unlike copper, there is no single "Lithium price". Miners produce all kinds of different products: spodumene (6% lithium concentrate), Lithium chloride - and intermediate product that can be used to manufacture the final battery materials and some miners refine and process their material to make Lithium Carbonate and Lithium Hydroxide. All four products come in different grades with different impurity profiles. These products are not therefore exchange traded in any great quantity (although there is a nascent futures market for Lithium Carbonate in China and Lithium Hydroxide in Chicago) and transparent price discovery is difficult. And so the industry and markets tend to work off benchmarks which are created by consultants- the two most influential being Benchmark and FastMarkets. These guys phone around a group of intermediaries and end-users and ask where they have been trading product that day and they then compile an average price. Does that remind you a little of the late and unlamented LIBOR methodology?

MANAGEMENT TEAM COMMENTARY (2/3)

There are obviously huge conflicts of interest in compiling a benchmark this way. End buyers are obviously going to want to under-report pricing and traders are incentivized to keep prices low to maximize buyer interest and volume. And these are the benchmarks used to then price large volume off-take contracts that producers have signed directly with end-users.

Rather tired of this scheme, two industry leaders, Albemarle and Pilbara Minerals decided to sell off some consignments of Spodumene in the market using an open auction process. The prices achieved were around USD1260/tonne, at a time when the benchmarks were saying USD1000 was the prevailing price. Red faces all round and the benchmark agencies were shamed into rapidly adjusting their reported price. Welcome, my friends, to the shady world of commodities trading!



Source: Bloomberg

On the back of this moment of truth our largest lithium holding, Lithium Americas Argentina, rose by 35% from 29th February through to the end of March.

Uranium was a quite market. The price pulled back from $100/lb to $85/lb and has just been sitting there. It's a standoff between financial players who now own a reasonable quantity of available material and utilities who need to buy more, but not straight away. We reduced our exposure to Uranium earlier this year and while we don't exclude lower prices in the short term we remain very positive on the three year outlook for the metal and are looking for opportunities to increase our position again.

And lastly Tin - If you are a fan of Narcos or Breaking Bad you will enjoy following the ongoing saga of the Tin market. China, unsurprisingly, dominates the smelting of tin concentrate and its two main external suppliers are Myanmar and Indonesia. Myanmar's deposits are in Wa state on the eastern border of the country next to China's Yunnan province where most of her Tin smelting capacity is located. Wa has been historically controlled by a local Warlord/Mafia who made their money from Casinos (aimed at Chinese tourists) and…tin mining! As you can imagine, mine engineering, geology, environmental compliance and safety in the workplace are not core skills for members of organized crime syndicates. And yes, the mines had a terrible record of fatalities and pollution. Neither were the Wa mafia particularly keen on paying export taxes, VAT, income taxes or any form of tax at all. So they didn't.

MANAGEMENT TEAM COMMENTARY (3/3)

And thus the military government of Myanmar, in an attempt to wrest back control of Wa state from the gangsters, has removed most of the mining permits in the state and ordered a shut down of the mines pending a review of the mining practices employed. As the Mafia are not great respecters of the law, exports have not ceased entirely but they have been massively curtailed. When will this mess get sorted out? Who knows? News out of Wa state does not flow freely and no journalists report on what is happening as no one cares, except me of course.

Let's head down to Indonesia, the world's second largest producer of tin, just behind China. Conscious of the risk of boring you all I will not go into this situation in great detail. The Tin chain in Indonesia runs the whole gamut from desperately poor artisanal miners dredging up tin-containing sand from the near-shore sea bed for a few dollars a day to the giant PT Timah, the state controlled tin company. An enquiry into the affairs of PT Timah, initiated in the run-up to the recent general election has revealed corruption and self-enrichment on a massive scale by PT Timah executives. (I know, shocking!) Such was the scale of the multiple intertwined frauds that PT Timah has effectively been shut down pending an untangling of the complex web. Not so good for the impoverished artisanal miners whose only buyer for their ore is the company. But the end result is that Indonesia exported no tin in January, February and now March.

As regular readers will know, the main variable in tin demand comes from the semi-conductor industry which consumes about half of global production. And so Tin miners are obviously AI plays! And I'm only half joking. With semi production set to rise inexorably, tin demand is only going to go up in the coming years. The supply constraints are obviously short term and Indonesia and Myanmar will come back on line at some stage. But even before these constraints developed, the tin market was finely balanced and only one new tin mine has been built in the world in the past decade – Alphamin's Bise mine in the DRC. No new mines are currently under construction or even planned. No company that I am aware of even has a credible resource that might one day become a new mine.

In your fund we own the only two quoted tin miners in the Western world, Alphamin and Metals X. Metals X has the only operating tin mine in a tier one jurisdiction – Australia. It trades on 2.5x forward EV/Ebitda, has half its market cap in cash and is currently buying back 10% of its shares. It has been a mighty contributor to our performance in recent months after a long period of zero interest from the market.

We believe that the super-cycle in metals is just starting. China's efforts to suppress battery metals prices in 2023 were successful but have run their course. Demand fundamentals are now reasserting themselves. For copper and tin the outlook is bright on the demand side and constrained on the supply side. Mining stocks are still cheap - but will not remain so for long…