IXIOS COPPER

Monthly report - 28/02/2025

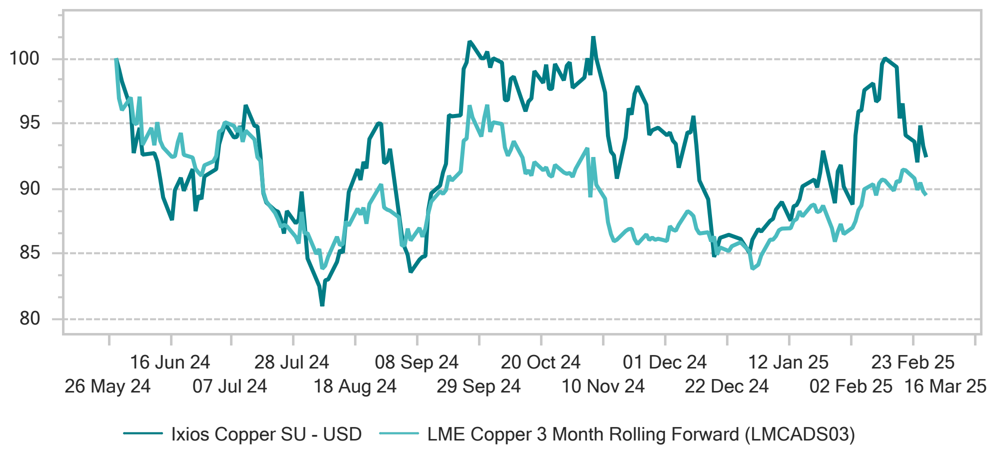
IXIOS Asset Management

Signatory of: PRI Principles for Responsible Investment

INVESTMENT OBJECTIVE

IXIOS COPPER is a thematic sub-fund designed for investors seeking a long term investment in Copper metal miners including explorers, developers and producers. The sub-fund is invested in equity copper miners that focus on value creation for shareholders. The surge in demand for copper may be driven by the advancement of clean energy grids and technology for Artificial Intelligence.

HISTORICAL PERFORMANCE



Cumulative Performance (net of fees)	1 Month	YTD	1 Year	Since inception	Since inception relative
Ixios Copper SU - USD	2.48%	7.33%	-	-7.59%	2.92%
LME Copper 3 Month Rolling Forward (LMCADS03) - USD	3.43%	6.73%	-	-10.51%	-

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

SUB-FUND FACTS

Fund inception date: 29/05/2024
Recommended investment : > 5 years

Fund domicile: Luxembourg

Management Company: Société Générale Private Wealth Management S.A.

Investment Manager: Ixios AM

Custodian: Société Générale Luxembourg

SHARE-CLASSES FACTS

ISIN Codes:
- SU Class: LU2802912696
- IE Class: LU2636727047
- IU Class: LU2636726825

Minimum Subscription:
- SU Class: USD (Reserved for founders)
- IU - Class: USD 100.000
- IE - Class: EUR 100.000

Fixed Management Fees:
- SU Class: 0.50%
- IE - EUR & IU - USD Classes: 1.35%

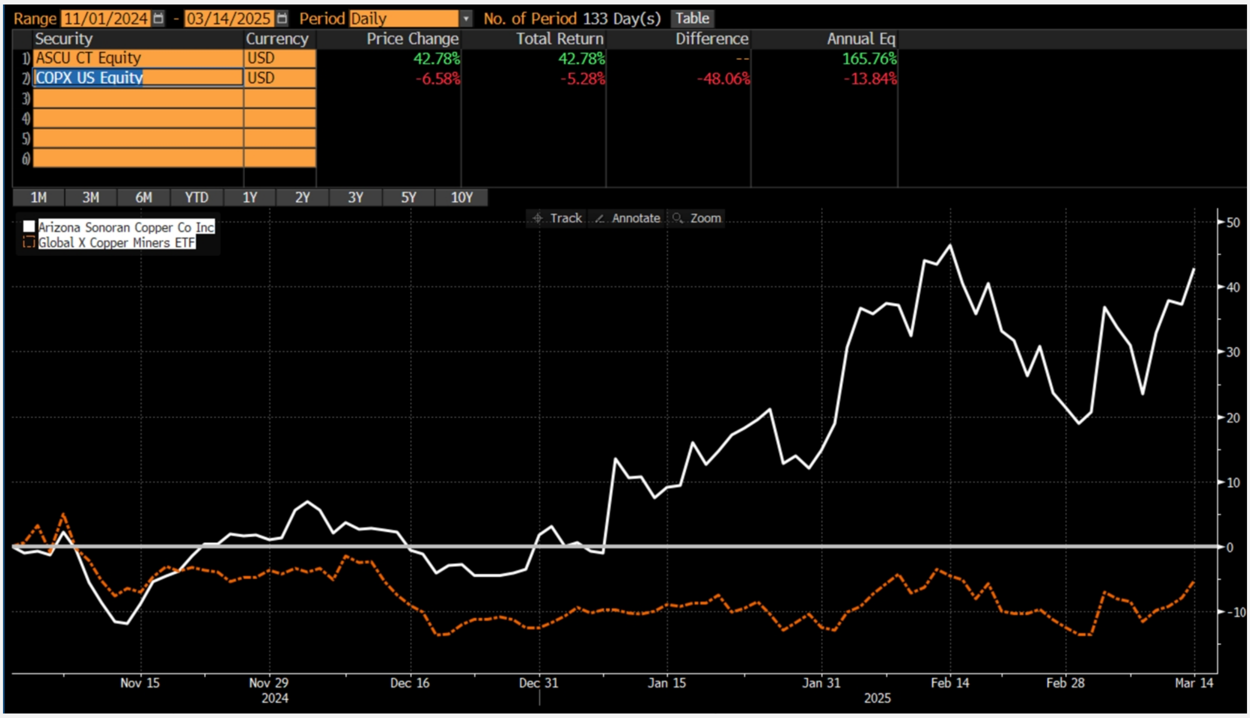
Performance Fees:
15% over LME Copper 3 Month Rolling Forward (LMCADS03)

MANAGEMENT TEAM COMMENTARY (1/3)

In February your fund rose by 2.5%. The LME copper price rose by 3.4% and the COPX ETF of copper miners was up by 0.1%.

The uncertainty surrounding tariffs on metals imports into the US is far from resolved although the tariffs now set to be imposed on steel and aluminium imports from Canada and Australia have led the market to fear the worst. The opinion of most mining company managements that we have spoken to is that the impact of tariffs for those producing outside the US will be neutral and a positive for those producing inside the US. The US is not self sufficient in any base or minor metals so this will end up being a tax on US industry and consumers. In any case projects and mines in the US have re-rated substantially. Arizona Sonoran Copper, an advanced development project in the US that we own has benefitted hugely from this perception since the US elections vs the index of copper miners.

MANAGEMENT TEAM COMMENTARY (2/3)



Sources: Bloomberg

As we mentioned in a previous update, the logical outcome of tariffs is for metals in the US to trade at a significant premium to metals elsewhere, and indeed this has started to happen already. The chart below shows Comex copper vs LME copper over the past six months rebased to zero. Since the start of the year the two have moved from parity to a premium of 8% for the Comex contract.

Sources: Bloomberg

The US produces only about 30% of its copper cathode requirement domestically. As with gold, we have seen huge shipments of copper heading from London to Comex warehouses in the US. Given that copper is not valuable enough to be airfreighted and goes by ship there is a delay in this movement appearing in the numbers and we expect to see further sharp growth in US holdings as shipments arrive.

MANAGEMENT TEAM COMMENTARY (3/3)

Of course the debate around tariffs is grist to the mill of the media and markets are always looking for a way to play these stories, but the fact remains that the US is a small consumer of base metals on the global scale. Looking at world consumption the numbers for copper are roughly 55% China, EU 11%, USA 8%. RoW 26%. And so it is largely demand from China and Developing Markets that determines the price in the longer term.

Our thesis for copper is that demand – linked to the growth in electricity demand worldwide and the increasing demand for electrical products in emerging markets – will, over time, outpace the mining industry's ability to increase supply, resulting in upward pressure on copper prices and strong returns for mining companies.

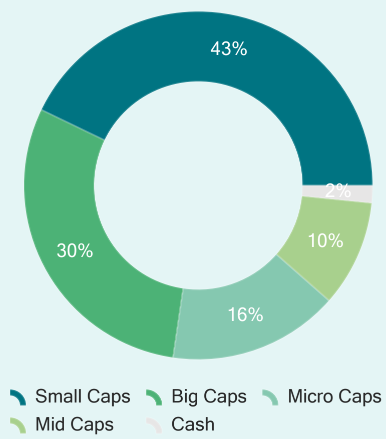
One constant factor in commodity markets and mining equity markets is elevated levels of noise and volatility. Amongst this it remains often difficult to keep the focus on the longer term outlook.

The mining industry is not investing in new large scale copper projects at the moment. Cost inflation – both for construction capex and operating costs once the mine is built – has dissuaded mining companies from embarking on these multi-year projects. Major mining companies such as BHP and Rio Tinto have been relying on buying existing mines through M&A – which does nothing to add to global supply. This has had a knock effect on exploration activity and the number of discoveries of new large scale deposits has dwindled to zero. Even in the event that the copper price rises to USD15,000/tonne (vs USD 9,500 today), a level that many CEO's cite as the "incentive price" needed to commit to major new projects, it would take at least a decade to permit and build these new mines.

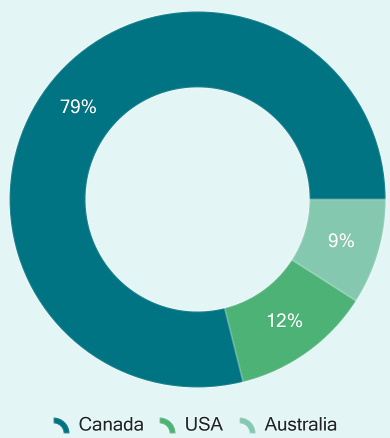
We remain very optimistic on the outlook for the copper price and believe that copper miners will continue to offer superior returns to physical copper over the cycle.

David Finch - Vincent Valldecabres

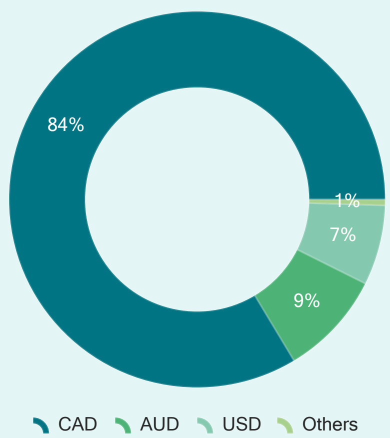
MARKET CAP BREAKDOWN



COUNTRY BREAKDOWN



CURRENCY BREAKDOWN



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