



FINANCE SA

2016 PRECIOUS METALS SUMMIT ZURICH

«**Gold Mines: A New Cycle is Born**»

This presentation is strictly for information purposes only. This document does not constitute an offer or commitment, a solicitation of an offer or commitment, or any advice or recommendation, to conclude any transaction (whether on the indicative terms shown or otherwise). Before entering into any transaction, you should ensure that you fully understand the potential risks and rewards of that transaction and that you independently determine that the transaction is appropriate for you given your objectives, experience, financial and operational resources and other relevant circumstances.

The prospectus of the Fund is available upon request : Finance SA, 13 rue Auber, 75009 Paris France. Tel : +331 40 20 00 89 or at [www.finance-sa.fr](http://www.finance-sa.fr)

Past performance is not necessarily indicative of future results.

- Fully independent French Asset Management company
- Specialist of thematic equity funds with AUM of €150 million +
- Added Commodities to its sectors of expertise in July 2013
  - Gold & Precious Metals
  - Energy & Natural Resources
- Active management style, with direct allocation to listed stocks globally, which relies on the portfolio managers' industry sector expertise.
- Attractive product offer that meets investment needs of institutional investors, private banking/IFAs clientele and third party asset managers acting as allocators for multi-management funds or for individual discretionary mandates.

- The Global Gold and Precious fund is a long only equity fund
- It was launched in July 2000
- Its mandate is to invest in Precious metals publicly listed companies
- Its objective is to provide investors with quality excess return vs. its benchmark, the FTSE Gold Mines Index.
- Mission accomplished:
  - since its inception, the fund has generated an **annualized over performance of 2,22%\*** vs. its benchmark
  - over Alain Corbani's tenure (8 years), the fund has generated **an annualized over performance of 2,71%\*** while displaying a lower volatility and the highest information ratio in the fund's history.
- YTD, the fund is ranked #1 among its French registered peers. It is up 102%\*

PREAMBLE: GOLD AND GOLD MINES ARE CYCLICAL

PHYSICAL GOLD :

- FUNDAMENTAL SUPPORT REACHED
- THREE KEY FACTORS IN A TURNAROUND MODE
- ALONG WITH A MILD DOSE OF INFLATION

GOLD MINES :

- GOLD MINES VS. BULLION (A PERFECT CASE STUDY)
- GOLD MINES VS. BULLION: EN-ROUTE FOR A MULTIYEAR JOURNEY

TAKEAWAYS

# 4TH BUYING OPPORTUNITY IN 35 YEARS

A historical opportunity to invest early in the cycle  
(Philadelphia Gold and Silver Index over 30 years)



# 4TH BUYING OPPORTUNITY IN 35 YEARS

5 bull and bear cycles for gold since the early 70s; The last bear cycle is not different.

Bull market			Bear market		
Dates	Length (months)	Cumulative return	Dates	Length (months)	Cumulative return
Jan 1970-Jan 1975	61	451.4%	Jan 1975-Sep 1976	20	-46.4%
Oct 1976-Feb 1980	41	721.3%	Feb 1980-Mar 1985	61	-55.9%
Mar 1985-Dec 1987	33	75.8%	Dec 1987-Mar 1993	63	-34.7%
Apr 1993-Feb 1996	35	27.2%	Feb 1996-Sep 1999	43	-39.1%
Oct 1999-Sep 2011	144	649.6%	Sep 2011-Present	52	-44.1%
<b>Average</b>	<b>63</b>	<b>385.1%</b>	<b>Average<sup>†</sup></b>	<b>47</b>	<b>-44.0%</b>
<b>Median</b>	<b>41</b>	<b>451.4%</b>	<b>Median<sup>†</sup></b>	<b>52</b>	<b>-42.7%</b>

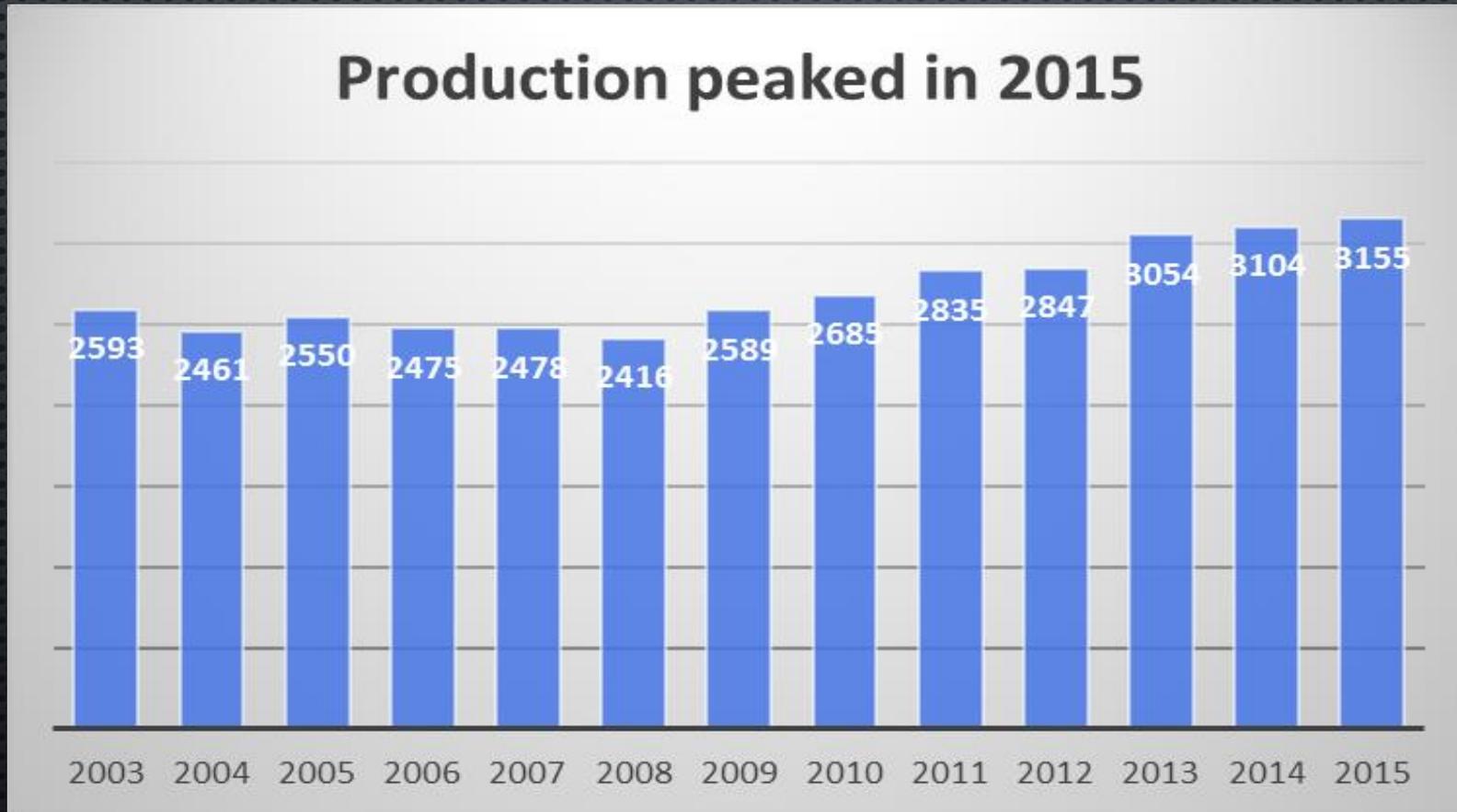
\*We are defining a bull market as a period where the US dollar gold prices rose for at least two consecutive years and bear markets as the subsequent periods where the price generally fell for a sustained time.

†Excludes the period from September 2011 to date.

Source: Bloomberg, ICE Benchmark Administration Ltd, World Gold Council

# FUNDAMENTAL SUPPORT REACHED

Production peaked in 2015



# FUNDAMENTAL SUPPORT REACHED

While demand remains healthy

Tonnes

	Jewellery	Total bar and coin	ETFs and similar	Technology	Central banks	Total
2003	2484	304		386	-620	2554
2004	2616	355	133	419	-479	3044
2005	2721	418	211	440	-663	3127
2006	2301	430	259	472	-365	3096
2007	2425	438	260	478	-484	3116
2008	2306	918	325	465	-235	3778
2009	1816	832	645	414	-34	3674
2010	2051	1202	421	460	79	4213
2011	2091	1493	237	427	481	4729
2012	2134	1299	307	379	569	4688
2013	2669	1701	-916	354	626	4434
2014	2461	1002	-183	346	591	4217
2015	2415	1012	-133	331	588	4212
2016*	1860	970	1160	322	371	4683

\* H1 2016 annualized

# THREE KEY FACTORS TURNING AROUND

Real interest rates (correlation at 0,65)

A mirror image



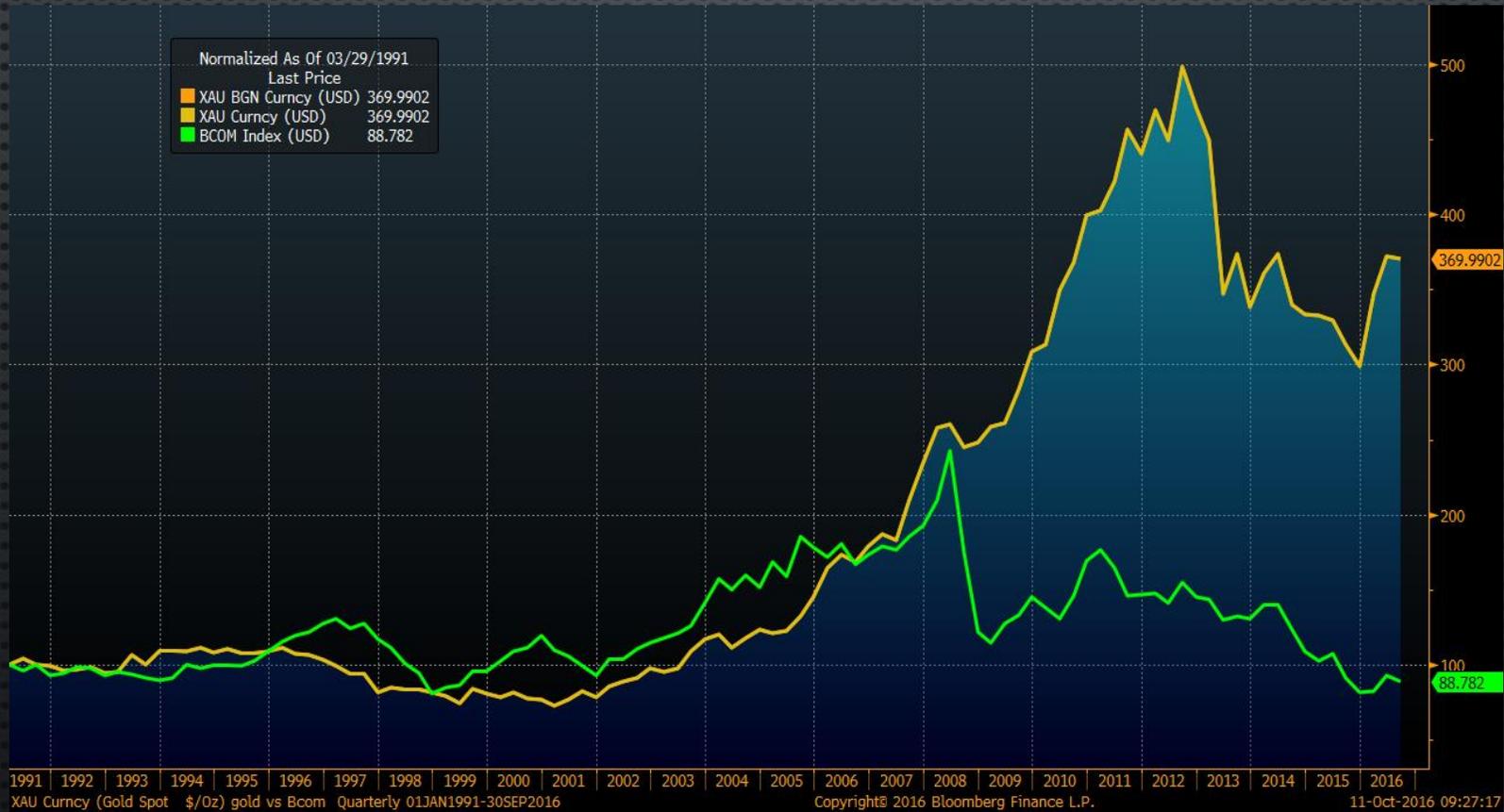
The US Dollar Index retraced 50% of its gains



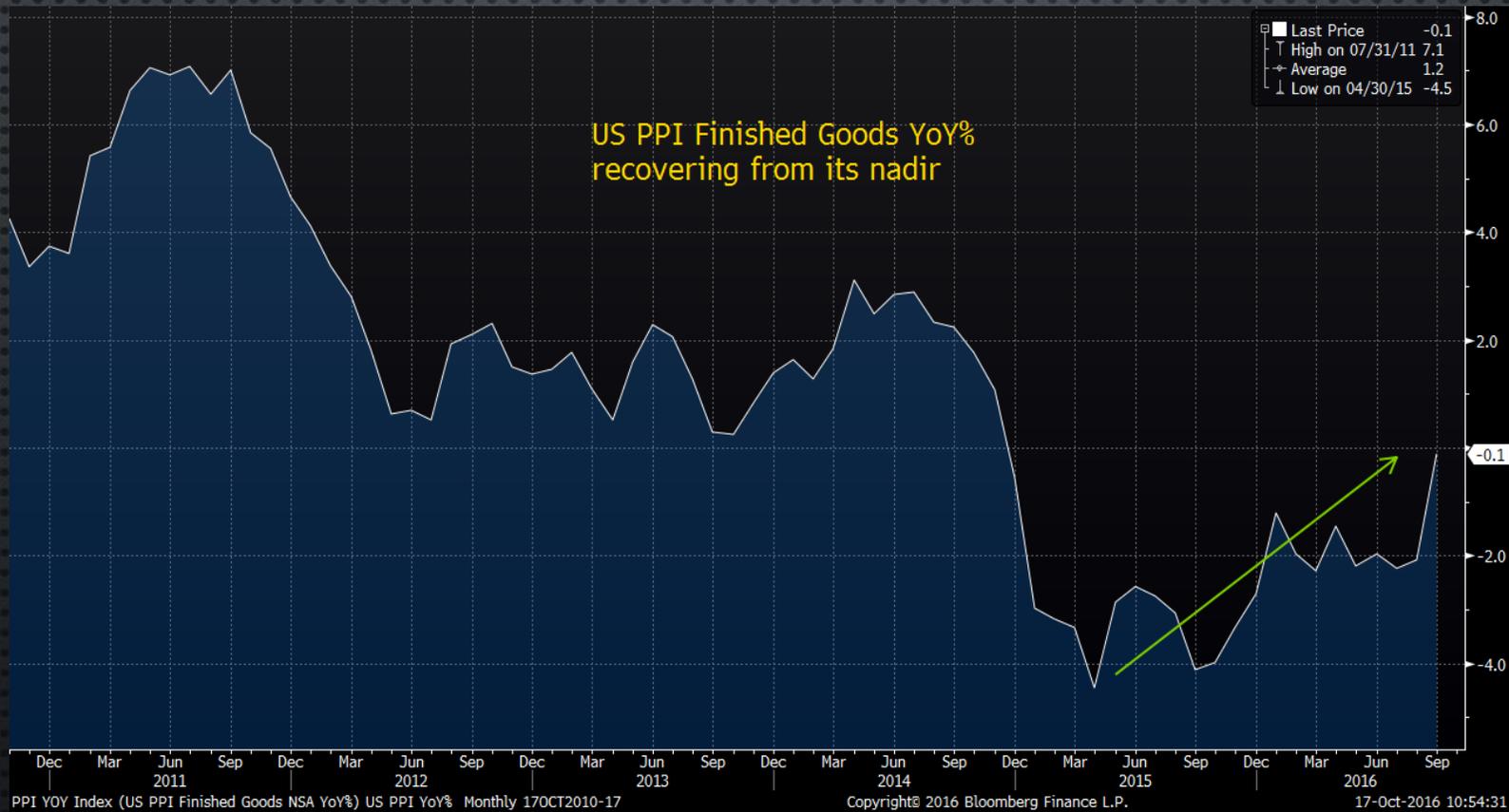
# THREE KEY FACTORS TURNING AROUND

Relative correlation with commodities  
(Bloomberg Commodity Index vs. London Gold Fixing over 25 years)

Gold is also a commodity



A healthy benign inflation is good for gold  
(US PPI recovering from its nadir)



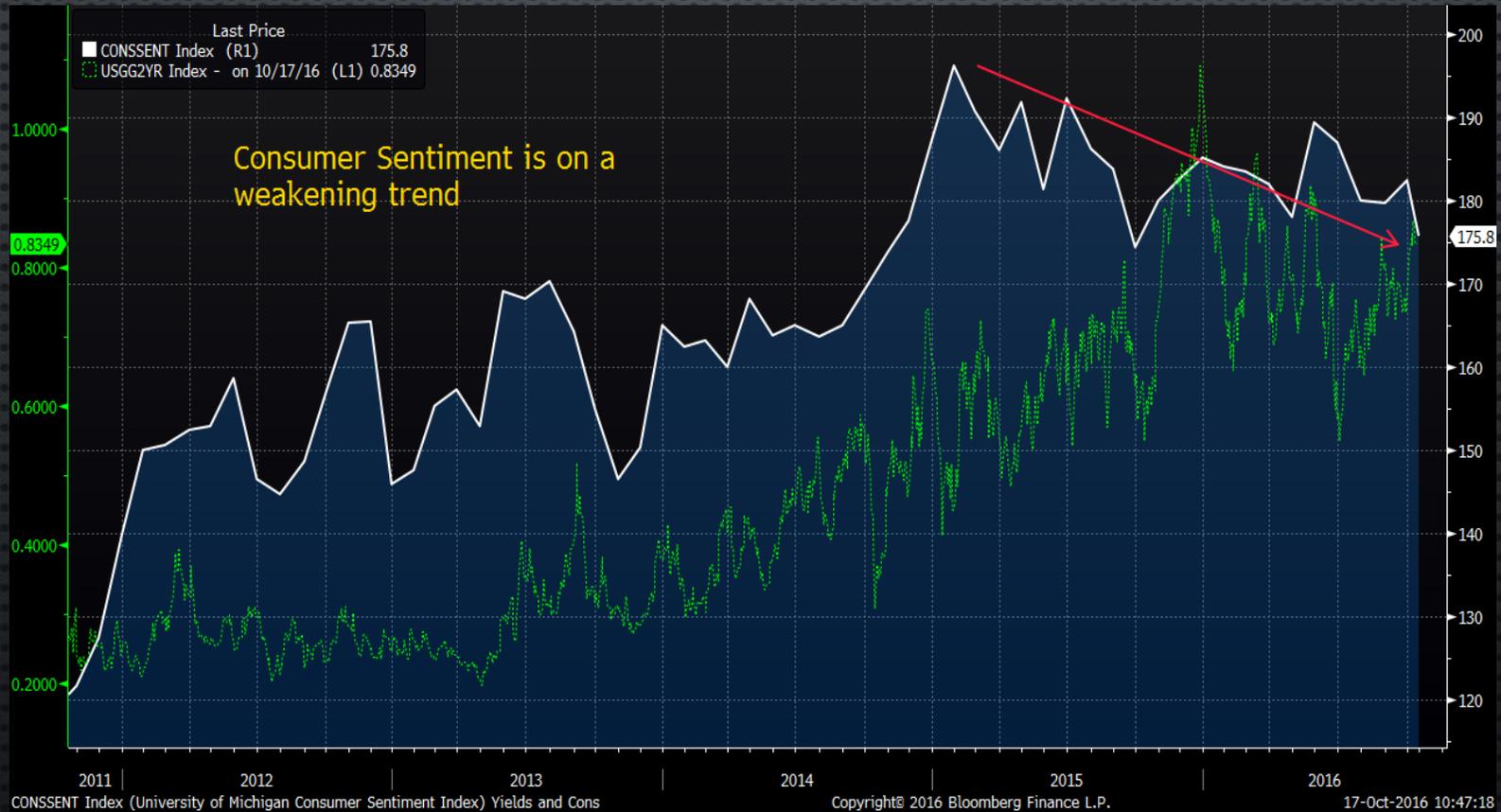
## A healthy benign inflation is good for gold

(yields are going up in tandem with the USD.... but have the markets gone a little too far? )



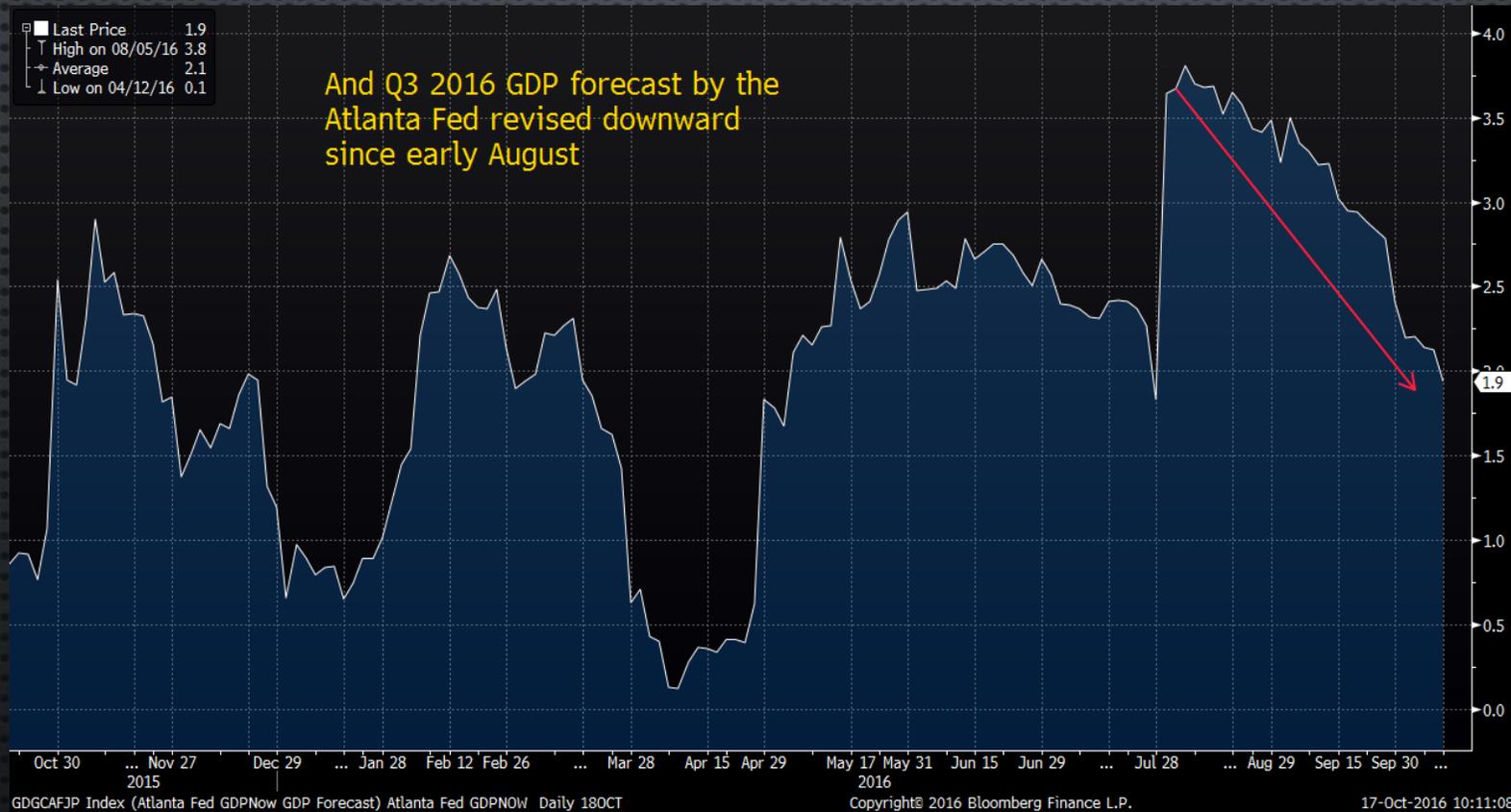
# IN A SUBPAR GROWTH UNIVERSE ...

A healthy benign inflation is good for gold  
(considering that consumer sentiment is weakening)



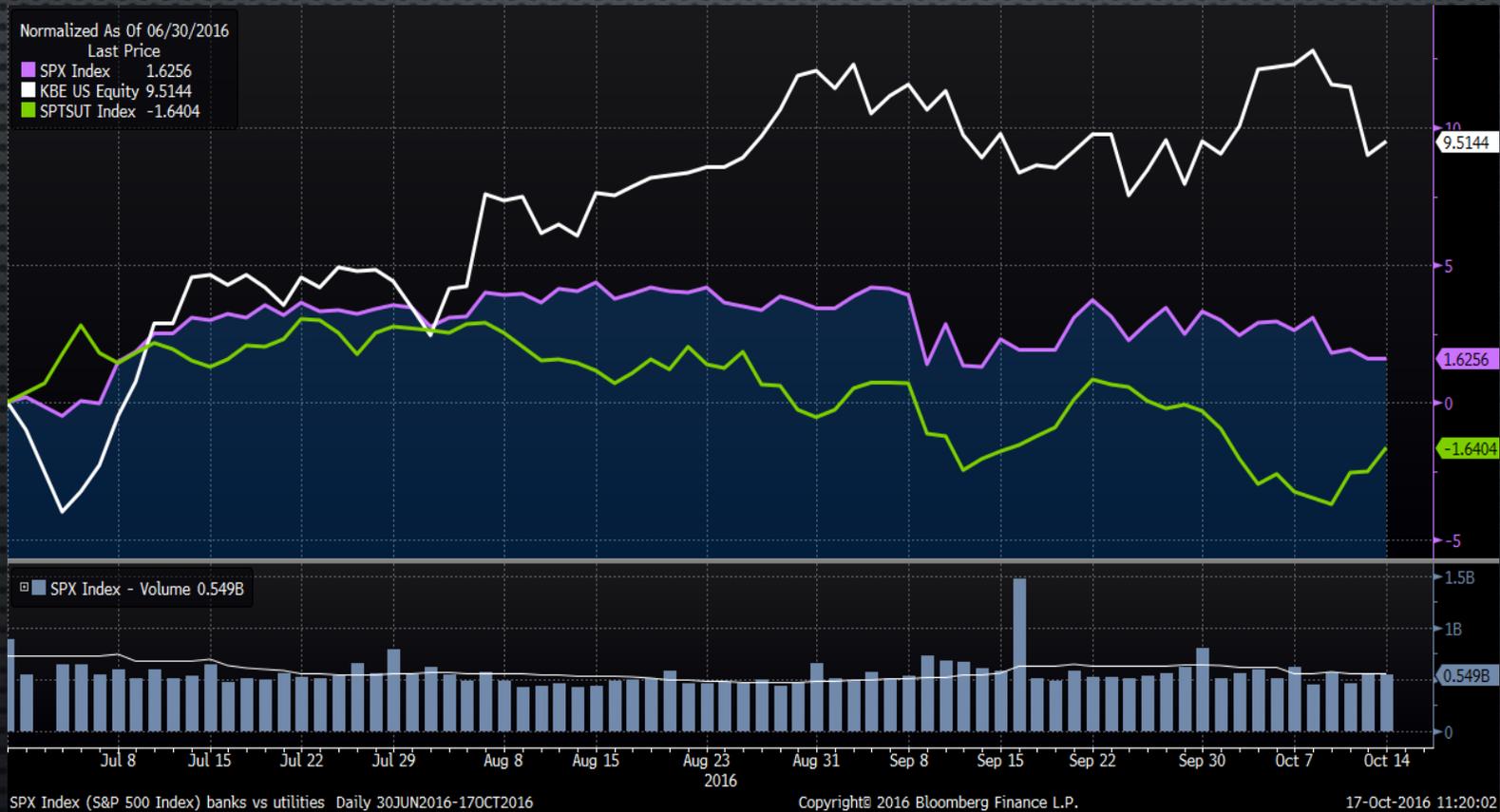
# IN A SUBPAR GROWTH UNIVERSE ...

A healthy benign inflation is good for gold  
 (and that Q3 2016 GDP forecast by the Fed of Atlanta has been revised downward)



# VALIDATED BY THE EQUITY MKT

A healthy benign inflation is good for gold  
(validated by the sub index behaviors)

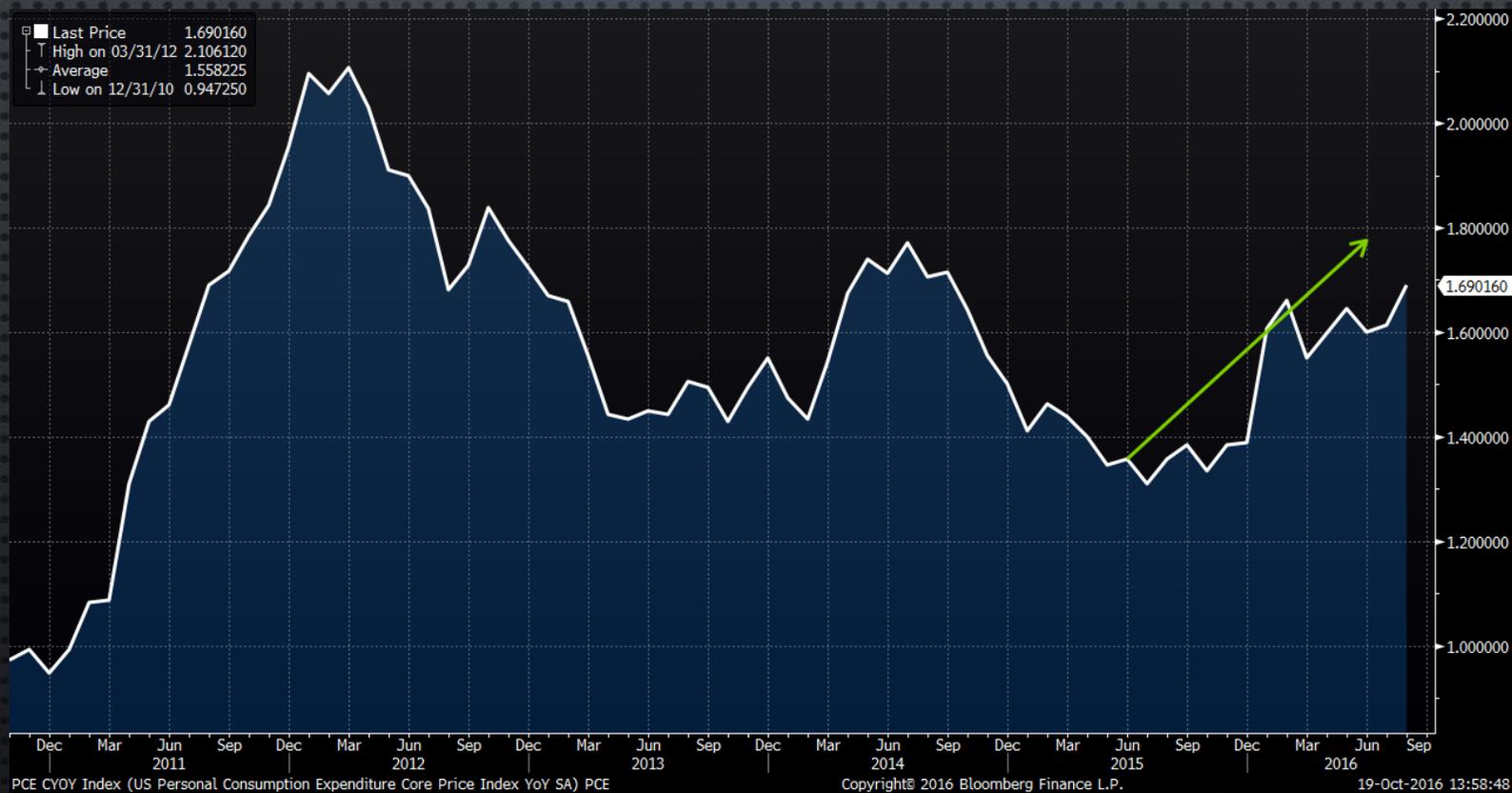


# OUR NEXT CATALYST ?

**A healthy benign inflation is good for gold**

(Which begs the question: after fighting deflation, are we in for a stagflation environment? This would be our catalyst for a second leg up in a multi year bull cycle)

## US Personal Consumption Expenditure



# A PERFECT CASE STUDY

Gold mines retraced 100% of their gains before the 2016 rebound  
(Philadelphia Gold & Silver Index over 15 years)



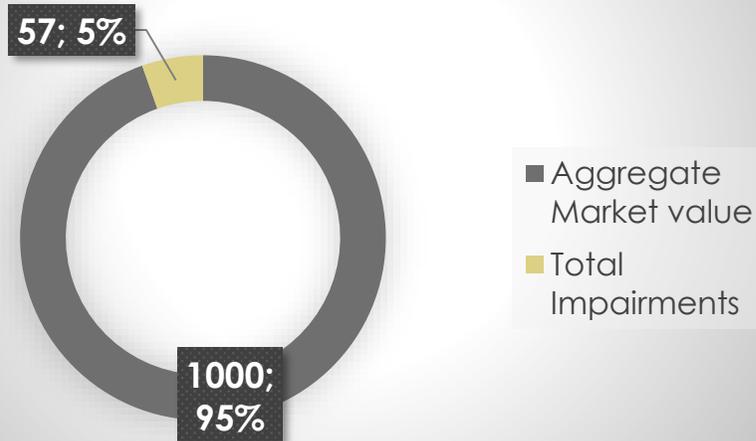
# A PERFECT CASE STUDY

Gold retraced 50% of its gains before the 2016 rebound  
(Gold fixing over 15 years)

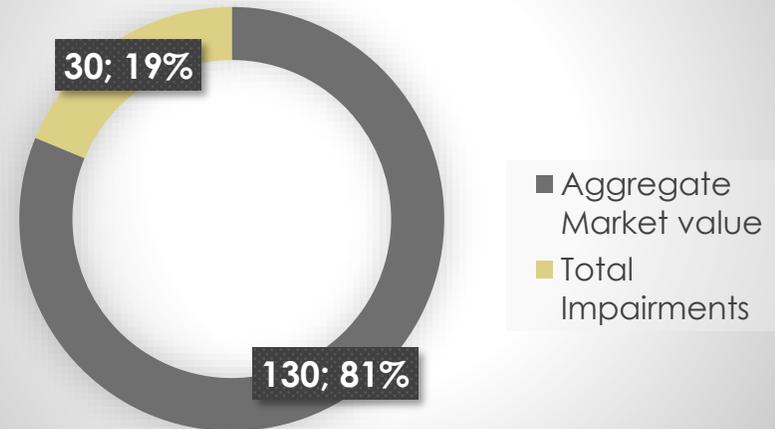


Gold mines: main beneficiaries of the restructuring process  
 (in \$ billions for fiscal 2013)

## Top 40 Global Mining Companies



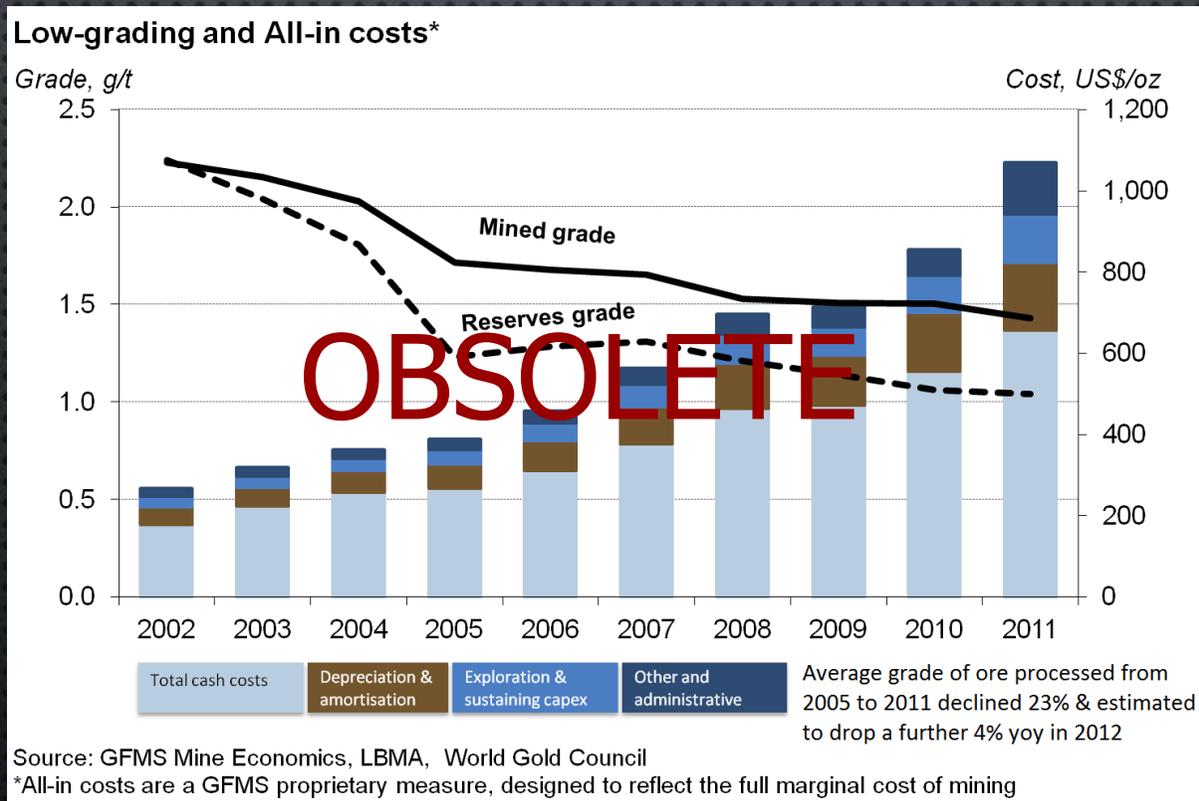
## Global Gold Mines



# EN-ROUTE FOR A MULTIYEAR JOURNEY

## Mining lower grades halted with a reduced breakeven point

Average gold grade of undeveloped deposits of over 1M ounces is 0.66 g/t



**2012**  
BEP  
@ USD 1,285

**Q2 2013**  
BEP  
@ USD 1,325

**2013**  
BEP  
@ USD 1,247

**2014**  
BEP  
@ USD 1,170

**2015**  
BEP  
@ USD 1,133

**H1 2016**  
BEP  
@ USD 1,150

Gold mines  
STILL  
significantly  
undervalued  
FTSE Gold  
Mines / Gold  
fixing (30 years)



- Positive gold sector fundamentals in place to achieve superior returns despite short term strategic headwinds (interest rates, speculative positions, inflation perception)
- Gold mines have gone through major restructurings and this thorough and unprecedented housecleaning will unquestionably be rewarded over the next several years.
- Gold mines STILL trade at historical undervaluation levels
- The TREND matters most because this sector is cyclical
- Remember: a healthy benign inflation is ALSO good for gold