



Golden Prospect Precious Metals (GPM)

GPM's shares have more than doubled in 2025, but its portfolio still looks cheap.

Update

26 November 2025

Overview

Golden Prospect Precious Metals (GPM) focusses on the small- and mid-cap segments of the gold mining industry, managers Rob Crayford and Keith Watson looking to take advantage of inefficiencies and use their in-depth knowledge of the people and assets in the business to generate alpha.

The trust has delivered excellent returns in 2025, up 114% at the time of writing in NAV total return terms. Last year when we initiated coverage we highlighted that miners had failed to respond to a multi-year rally in the gold price. In 2025 they have certainly responded, and rallied hard, but Rob and Keith stress that valuations remain highly attractive. The gold price has more than doubled since the rally began in 2023, transforming the economics for the producers. Yet the miners remain on cheap forward P/Es and attractive P/NAV valuations and the sector is yet to see significant retail inflows (see [Portfolio](#)).

In 2025 the managers have been mainly taking profits in their winners and rotating back into companies that hadn't kept up with the rally. They continue to find opportunities, particularly in the smaller and earlier stage companies, which have flown under the radar so far. However, over the summer they did use some of the profits from sales to pay down debt, which proved prudent as the market sold off sharply in October.

GPM's discount has come in over the year, but remains attractively wide in absolute terms at 12% at the time of writing, when compared to the fully diluted NAV. There are upcoming subscription rights, which will be exercised on 01/12/2025, which are in the money and should see the trust grow, pushing down costs – which have fallen significantly this year – further. In prior rights exercise periods the run up to exercise has sometimes seen the discount widen as some holders sell to fund their rights, presenting an opportunity to new investors looking for a discount.

Analyst's View

Investors in GPM have to be pretty happy with how 2025 has turned out. A strong outlook on gold prices, falling cost pressures and increasing investor interest in gold and the miners has seen outstanding returns. It is perhaps not surprising to see the market take a breather as many investors, new and old, will have been sorely tempted to take profits. Looking at the market afresh, we think it continues to look attractive with many of the drivers remaining intact. High geopolitical tensions are leading emerging market central banks, particularly China, to switch reserves from US dollars to gold, and this could be a multi-year trend. Meanwhile, the fiscal situation of the UK and France is dire, while the US's deficit of 6% of GDP is being ignored by investors pumping artificial intelligence-related stocks to eye-watering valuations. Despite all this, gold mining equities are still cheap, and offer another way to play the fundamentals supporting gold, while also being a potential sector to look to whenever the current technology bull market sees a pullback or worse.

We like GPM over an ETF for the ability to take on gearing, the ability for the managers to take advantage of a market with low analyst coverage, and Rob and Keith's track record of outperforming in bull markets. It's important to remember, though, that this is a volatile sector and GPM has a track record of feeling that volatility in full on the downside. This is likely to be an option for an investor with a high ability and high willingness to take risk.

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BULL

The sector continues to look cheap

The outlook for gold looks strong in the medium term

The discount, gearing and managers' track record all argue for active exposure rather than passive

BEAR

The portfolio is concentrated and so has single stock risk

The sector and GPM's shares are volatile, and have seen considerable losses in past down markets

Sentiment can drive the market rather than fundamentals



Portfolio

Golden Prospect Precious Metals (GPM) offers specialist exposure to the producers of gold, silver and platinum group metals. The gold mining industry is far larger by market cap, and it is where managers Rob Crayford and Keith Watson concentrate. Rob and Keith are mining specialists, and run a concentrated portfolio and employ gearing in a bid to generate alpha from what can be a relatively illiquid and inefficient market.

Gold miners have had an exceptional year (see **Performance**) as they finally respond to a two-year rally in the gold price, which has boosted their revenues. However, Rob and Keith argue that valuations are still undemanding. They estimate that on a forward P/E basis, the industry is trading at close to its lowest rating of the past ten years. Despite strong 12m returns, share prices still don't reflect the transformed economics of the sector. As well as the boost to revenues from a higher gold price, cost pressures have declined over the past two years as inflation has come down in key geographies such as Australia and Canada (the markets with the two largest concentrations of listed gold miners). We think it is also significant that gold mining ETFs have actually seen net outflows over 2025, even as the sector has rallied. This is most clearly evidenced by the reduction in the number of shares outstanding for these same ETFs. This suggests to us that there could be another leg to come in the rally if the mass market gets interested in the deep value and if the high free cash flow on offer in the sector draws in more generalist investors.

Rob and Keith look to buy companies at attractive valuations where they see a catalyst for a re-rating. Their long experience in commodity markets gives them a good understanding of the management teams and executives in operation, and this plus research into the potential in the assets that companies own drives their assessment of value and opportunity. In the strong rally of 2025, activity has mainly focussed on trimming and taking profits in positions that have performed well and rotating into others that have been left behind.

For example, they have trimmed the position in Collective Mining, whose shares more than doubled in the first quarter alone, and are up c. 160% this year at the time of writing. Meanwhile, they added to a smaller miner called Goliath Resources, which has a methodical exploration programme on a resource of potentially similar scale and has a market cap less than half that of Collective Mining. They have also bought back in to Emerald Resources, a company they sold into strength many years ago and have now been able to buy back into after it had lagged the sector. Emerald Resources has an internally funded growth outlook and a management team Rob and Keith hold in high regard. Collective and Emerald both feature in the top ten positions as of the end of September.

Top Ten Holdings

NAME	% OF GROSS ASSETS
EQUINOX GOLD CORP	7.1
EMERALD RESOURCES NL	6.3
ORA BANDA MINING LTD	5.5
TDG GOLD CORP	5.4
GREATLAND RESOURCES PLC	5.1
WEST AFRICAN RESOURCES	4.8
NEW GOLD INC USD	3.9
ROBEX RESOURCES INC	3.7
G MINING VENTURES CORP	3.3
COLLECTIVE MINING LTD	3.2
Top Ten Holdings	48.3

Source: CQS, as at 30/09/2025

Ora Banda was one name we highlighted in our **previous note** last September. The shares continued to rally into 2025, and Rob and Keith took profits. In July the shares saw a vicious pullback, falling from around 1.28 Aussie dollars to around 60 cents, and Rob and Keith bought back in near the lows. Ora Banda had been held partly to benefit from the inclusion in the Australian index expected to occur in March, and this catalyst did indeed lead to a sharp rally, which then retraced. This is a good example of the sort of inefficiency that can be taken advantage of by an active management team in this industry.

Similarly, the managers took money out of Wheaton Precious Metals, noting it had risen to a valuation of around 2.5 to 2.7 times net present value. Wheaton is a large-cap for the industry and figures at the top of the large-cap ETFs. It is well known and may have been a popular play for investors looking to dip their toes into the industry as it rallied. Rob and Keith took profits on this stock and reinvested into some companies that have been overlooked. One such company is Australian small-cap Larvotto Resources, which has gold and antimony assets, antimony being a strategic material with many uses in defence industries. Larvotto had lagged the market until September, when it more than doubled in just a month. All these moves illustrate well the value-based approach of the managers, and how they are able to use their knowledge of the industry, the market and its technical drivers to generate returns.

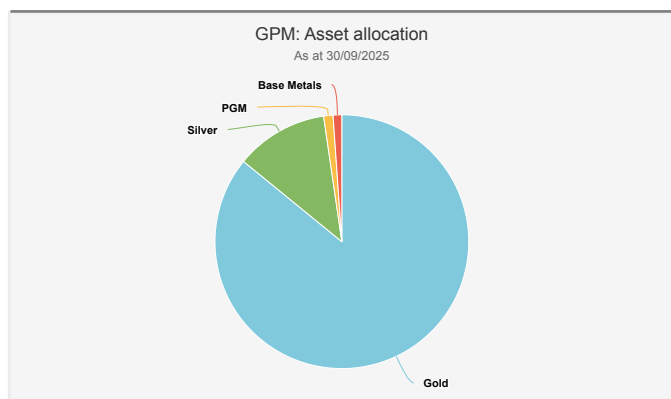
As well as adding to new and cheaper positions, Rob and Keith have allowed their sales to pay back short-term debt and bring down the **Gearing**. This reflects some wariness of the pace of the moves in the first half of the year. The commodity itself showed particular signs of frothy sentiment, and October did indeed see a pullback in both the metal and the mining markets. However, as highlighted above, valuations are still undemanding, and



there are a number of strong drivers behind the gold price, which should support the industry’s revenues. Geopolitical tensions, high government debt and large deficits as well as sticky inflation all provide reasons to hold gold, and the miners remain able to generate excellent free cash flow with prices at this level, let alone if they rise further.

Rob and Keith continue to prefer gold to silver, largely on valuation grounds. There are fewer investible silver miners and in general the managers struggle to find them at attractive prices (in contrast to the gold miners). Silver made up 11.8% of the portfolio as of the end of September, up slightly from the 10% entering 2025. This year, MAG Silver, in which the managers retained a position, was bought out by Pan American, which they also own following its prior acquisition of Tahoe Resources in 2019. Where silver does feature, the focus is on near-term developers, with the exception of Polymetals, which Rob and Keith hope will soon show some strong cash flows from investment in a silver asset it is reopening, and GPM participated in the placing to fund this. Looking at the valuation of the metals, Keith notes the gold/silver ratio is around its longer-term average, over the last three decades, which doesn’t argue for adding to silver unless the valuation of the companies is attractive.

Fig.1: Asset Allocation



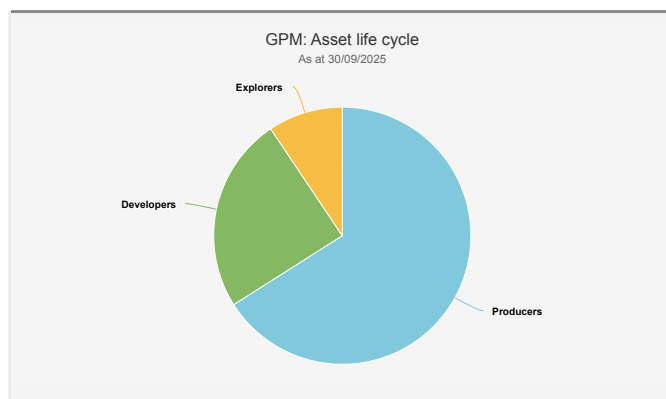
Source: CQS

Picking up the point about near-term developers, Keith notes that the recent rebalancing has tilted the portfolio slightly more towards the earlier stage, news flow rich assets (such as Goliath) as well as to the smaller end of the market. However, this is not a massive move, and the chart below shows that the portfolio is firmly concentrated on companies that are producing and generating cash.

M&A continues to be a source of return for the portfolio. A bullish outlook has led management teams to look to acquire new assets. Rob and Keith don’t target companies they think will be taken out, but one effect of their focus on valuations and assets with growth potential is that many holdings do catch the attention of larger players with cash

on hand. By contrast, they tend to look for companies that are able to fund their own growth internally through assets they own, which typically delivers better returns. The managers point out that the best company management teams include those with the foresight to acquire attractive assets at attractive prices, before the whole market starts to look to acquire them. They flag Ora Banda as one company where the management team has played the long game and invested in the development of their own assets, opening up a deposit, which should sustain growth for longer. In addition to MAG Silver, in 2025 GPM has also benefitted from the takeover of Calibre by Equinox. This was at a premium to the pre-announcement share price, but Rob and Keith viewed Equinox as itself undervalued with the Calibre management team taking the reins, so were happy to take the addition to their position in Equinox, having taken profits into strength prior to the deal.

Fig.2: Portfolio By Production Stage



Source: CQS

Gearing

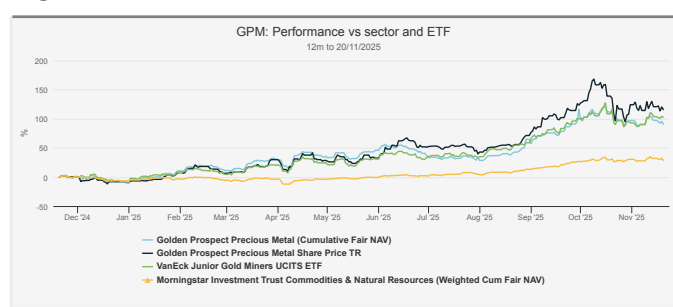
Gearing is taken out via a revolving credit facility, which allows the managers full flexibility to adjust exposure, which is helpful given the volatility of the sector. Rob and Keith brought net gearing up to 11.1% at the end of July, since when they have been trimming, the level at the end of September being 6.3%. As the managers expect good take-up of the subscription rights (see **Discount**) to boost net assets, they also expect gearing to fall further. Their cautiousness was motivated by a feeling that the market had shifted from being driven by fundamentals to being driven more by sentiment and fear of missing out, and we think this intuition was borne out by the sharp correction seen in October. The managers are looking for signs of settling down in the market before they look to take gearing back up. Gearing is formally limited to 20% of NAV at the time of deployment.



Performance

Having underperformed the gold price as the latter’s rally started in early 2023, miners came to the party in 2025 and have outperformed, driving GPM to exceptional returns. At the time of writing, the NAV total return is 114.4% for 2025 alone. Rob and Keith have managed to add value to the returns of the indices, boosted by gearing and their smaller-cap focus. There was quite a significant sell-off in Q4 2024, a reminder of the volatility the sector is prone to, and so at the time of writing the one-year NAV returns to 20/11/2025 have been 90.8% for GPM versus 102.8% in sterling terms for the VanEck Junior Gold Miners ETF, while the gold price is up c. 46%.

Fig.3: One-Year Performance

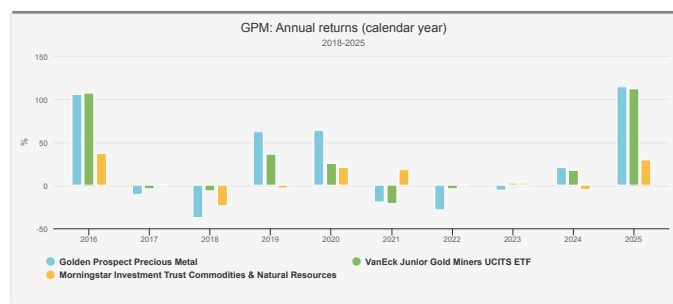


Source: Morningstar

Past performance is not a reliable indicator of future results.

Performance has historically tended to come in bursts for GPM. This, as well as the volatility, means that the relative and absolute picture can often look very different when a slightly different starting point is chosen. GPM has tended to outperform the passive options in rising markets and underperform in falling markets. For example, it delivered handsome outperformance of the junior miners ETF over 2024 as a whole, as it has done in 2025. But after underperformance in 2022 and 2023, it is behind the EFT over five years. If we look further back, 2019 and 2020 were great years for the sector, and GPM delivered massive outperformance, but in the down year of 2018 it underperformed. In our view, this performance pattern, rooted in the small-cap focus and use of gearing,

Fig.4: Annual Returns



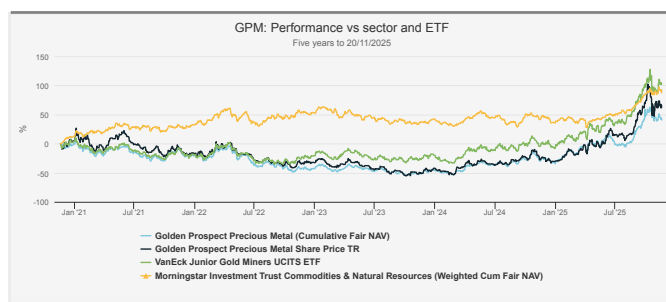
Source: Morningstar, 2025 returns to 20/11/2025

Past performance is not a reliable indicator of future results.

underlines the return-seeking nature of the trust, which is most likely to suit those looking to maximise capital growth and willing to take risks.

The chart below shows five-year returns. We note though, that a five-year period cuts off the last strong period of returns for GPM, in 2019 (+77%) and 2020 (+70%), and the effect is that the trust has underperformed the ETF.

Fig.5: Five-Year Performance



Source: Morningstar

Past performance is not a reliable indicator of future results.

After such a strong period of performance, the critical question is whether it can continue. We can point to what happened in 2019 and 2020 as evidence that the sector has carried momentum through for multiple years in past cycles. In fact, we think there are a few reasons in the fundamentals to think the bull market will continue.

While ETF buying soared as 2025 went on, the rally to that point seems to have been driven by central bank buying rather than speculation, by the Chinese central bank in particular. The motivation behind this is to reduce reliance on the US dollar. The freezing of Russian assets held abroad, in particular US Treasuries, threatens the safety of reserves held in dollar assets, while China would gain strategically if it could shift global trade away from using the US dollar. Other countries are also motivated by similar aims. This set-up remains firmly in place, and as we noted in a recent opinion piece, there is interesting evidence that China’s central bank paused its buying as the market looked frothy at the start of 2025; in our view, it is likely to continue to accumulate gold, supporting the price of the metal and the revenue of miners.

In the US and Europe, meanwhile, high debt burdens are cramping governments and causing investors to worry about the authorities looking to inflate the debt away, reducing the value of fiat currency, or even running into a fiscal crisis, as in the case of France and the UK. We think this dynamic isn’t going away, and should support demand from Western investors, even if the speculative frenzy of recent months has died down. Furthermore, rate cuts traditionally favour gold, as they reduce the opportunity cost – income earned from bonds will fall and therefore their main advantage over gold diminish.



In a recent meeting, Keith highlighted that inflows into gold mining ETFs have actually been negative this year, as illustrated by the declining number of shares in issue for the GDX and GDXJ, showing that interest in the sector has remained limited. In our view, given the market backdrop there is scope for this to reverse as investors look to gain access to gold's properties as portfolio insurance, in particular against geopolitical risk and high fiscal burdens. Miners have done well from very low levels, but Keith notes they remain attractively valued, trading at around one times the book value of their assets (see [Portfolio](#)). Both these indicators suggest that the rally in gold miners could have another significant leg to go, in our view.

In addition, the managers also note new sources of demand. Of note there has been increased commentary with respect to physical gold buying by stable coins such as Tether, which has recently poached some top HSBC gold traders. This has been substantial though may also cause sector volatility to increase.

Dividend

GPM has never paid a dividend, and income is not likely to become a part of the investment mandate or strategy. That said, the Board has noted that it would consider paying a dividend if net income is significant.

Management

GPM is managed by Rob Crayford and Keith Watson, who have been on the management team since 2011 and 2013 respectively. Prior to joining CQS, Rob was an equity analyst focussing on the resources sector for HSBC and the Universities Superannuation Scheme. He has a degree in Geology. Keith was a senior natural resources analyst at Mirabaud, and previously director of mining research at Evolution Securities, and has a degree in Applied Physics. Prior to this Keith was a portfolio manager with Scottish Amicable Investment Managers with responsibility for mining and energy sectors. Both therefore have extensive experience in this specialist sector, with good familiarity with the management teams they have met with again and again over the years. They also co-manage Geiger Counter (GCL), which focusses on uranium miners, and CQS Natural Resources Growth and Income (CYN), which has a diversified remit across the mining sectors. It is worth noting that in CYN the managers are currently overweight gold miners. In April 2024 CQS was acquired by Manulife Investment Management of Canada.

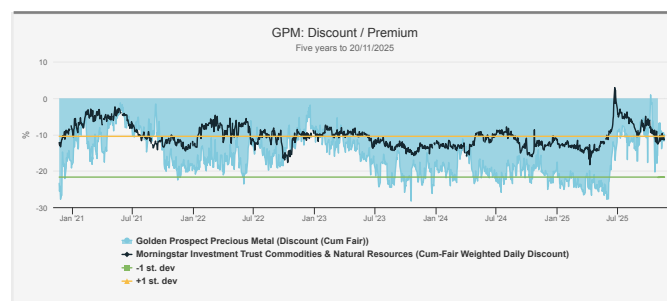
GPM's board is being refreshed. Long-standing member Robert King, present since launch in 2006, has departed and a replacement is being sought. Graeme Ross, who joined in 2018, has also resigned, and his place as chair

of the audit committee will be filled by Helen Green. The chairman of the board is Toby Birch, who was appointed in 2023, having served on the board since 2014, and he intends to leave after the 2026 AGM too. The other board member is Monica Tepes, who joined in 2024. While there has been plenty of change and two board members need to be found over the next year, we note the regular turnover of directors reflects good governance and long-standing members departing brings GPM more in line with the typical investment trust board by tenure length.

Discount

GPM's discount has narrowed in 2025, and since June has generally traded near the narrow end of its five-year range, as the chart below shows, albeit with plenty of volatility on a day-to-day basis. At the time of writing it is trading 12% below the fully diluted NAV, which takes into account the issue of embedded rights. The big move in came during June, ironically not a great year for the NAV, and coincided with heavy inflows into gold ETFs, as Western investors tried to get in on what was already a strong rally for gold and gold miners by then. The rally saw a pullback in October, and the commodity and mining indices remain below their cycle highs. However, we would note that in past cycles the discount has narrowed closer to par when the sector was in demand. On the other hand, this year's subscription rights are likely to see strong take-up given the attractive pricing of the new shares. There may be the temptation for investors to sell these shares straight back into the market given the disparity between the exercise price and the market price (assuming it holds) and so this could weigh on the discount in the short term. Equally, the discount has probably been driven in a bit over October and November as some investors looked to get on the register before 10/11/2025, which gave the right to take part in the offer.

Fig.6: Discount



Source: Morningstar

Past performance is not a reliable indicator of future results.

The annual subscription rights programme gives shareholders the right to subscribe for one new ordinary share for every five ordinary shares held on 1 December in each year at a price equal to the undiluted NAV per share



on 30 November one year prior. The NAV as of 30/11/2024 stood at 48p, and at the time of writing the shares are well above this at 83.1p, making the subscription rights well in the money. If taken up, this would provide additional equity capital to the managers and reduce the fee structure on a per share basis.

The board has the ability to buy back shares but has not done so in recent years. Buying back the shares of a small investment company could have a negative impact on the OCF figure and on liquidity, so it is arguably not in the interests of shareholders. As we have seen above, good performance and improved sentiment have led to a narrowing of the discount this year as they have in the past.

Charges

GPM's latest reported ongoing charges figure (OCF), calculated as of 30/06/2025, is 1.66%, substantially down on the end-2024 number of 2.2%, thanks to the sharp rise in the NAV over the period. At the time of writing, the NAV is up a further 40% since then, so it is likely the figure will be even lower when calculated for the financial year ending 30/12/2025 (although this is a volatile sector so there are no guarantees). Additionally, the annual subscription rights are fulfilled on 01/12 and are well in the money, and so we expect them to be taken up and boost the size of the trust further. The OCF includes a management fee of 1.25% of NAV on the first £20m and 1% on anything above this.

For the record, the average OCF for the AIC Commodities & Natural Resources Sector is 1.33%, although GPM is the only specialist gold mining trust in it. More relevant are comparisons to ETFs, and the massive outperformance delivered in this bull market highlights why one might pay for active management in a specialist sector like this, and dwarfs the impact of fees.

ESG

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