Monthly Review June 2023 torck capital management

Exponential Opportunities Energy Revolution Fund

Performance Data as of June 30, 2023

Unit Class	NAV	Monthly Performance	QTD Performance	YTD Performance	Since Inception*
Class A USD	98.24	4.98%	2.34%	4.05%	-1.76%
Class A CHF	94.24	2.74%	0.22%	0.62%	-5.76%
Class B CHF	90.98	2.65%	-0.03%	0.12%	-9.02%
Class B EUR	101.16	1.42%	0.58%	1.16%	1.16%

* Class A USD & Class A CHF: 30.09.2021 / Class A EUR: 20.10.2021 / Class B CHF: 22.12.2021 / Class B EUR: 22.03.2023
Class A EUR has been discontinued on March 29, 2023.

Market Review

The uranium spot price continued its slow but steady upward trend into June, reaching a high of $58. In the second half of the month, price took a small step back for a monthly closing at $55.90, a plus of 1.6%.

Copper had a decent recovery in the first half of the month, bringing the price close to the $4 mark. A large part of the price gains got lost in the later part of the month, but with a closing price at $3.76, it was still a plus of 3.4% compared to May's closing price.

The recovery in lithium continued with a modest gain of 5% to a closing price of $52.50.

Nickel was again the weakest performer, losing 4% in June to a monthly closing price of $1'748. This is the lowest price since January 2022. The loss of the strong support at $1'800 also opens up the possibility of a deeper correction to the next support level down at $1'350.

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For June, the fund is up 4.98% for the A-USD class, up 2.74% for the A-CHF class, up 2.65% for the B-CHF class and up 1.42% for the B-EUR class.

There has been a small shift in the overall portfolio allocation in June. Uranium exposure has been slightly reduced while we raised the copper exposure by participating in a private placement. The largest exposure remains in uranium (48%), followed by copper (19.5%), lithium (10.5%) and graphite (8.5%).

If the market development does not meet expectations, it might make sense to reconsider the investment thesis: Is the demand for metals really increasing due to the energy turnaround? If so, will this lead to higher prices?
The replacement of fossil fuels by low-carbon technologies leads to a strong increase in demand for metals. Regardless of what research you consult, the picture is clear: demand will far outstrip production of many metals, driving up prices. Although higher prices can incentivize greater supply, the time it takes to develop mines is often underestimated, leading to potential price exaggerations. Using lithium as an example, while there is theoretically sufficient lithium in the earth's crust, the current rate of mine openings falls short of meeting the demand. Lake Resources, for instance, recently disclosed a three-year delay in its Kachi lithium project in Argentina, citing logistical issues.
Having been in this market for several years now, we are even more convinced of the metal shortage thesis. While price discovery is not straightforward, current developments tend to suggest some surprises at the upper end of the price chart.

Based on performance and subscriptions / redemptions, assets under management increased by 4.9% from $4.1m to $4.3m during June.