![EDISON]

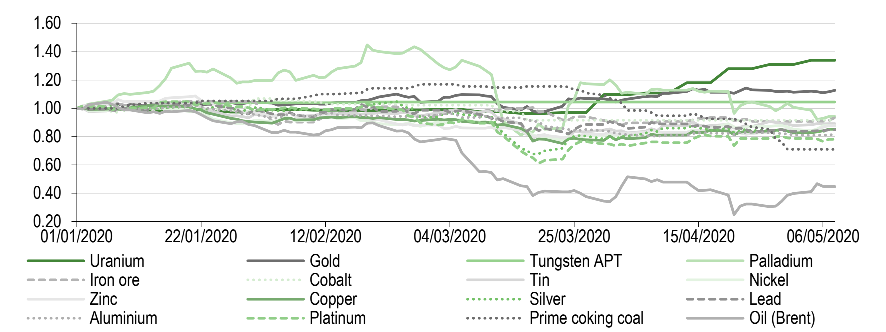
Baker Steel Resources Trust

Business as usual despite pandemic outbreak

Investment trusts
Metals & mining

Baker Steel Resources Trust (BSRT) carried out an additional review of its unlisted holdings as at end-March 2020 to better reflect the impact of the COVID-19 crisis on its portfolio valuation. By the regular interim review at end-June 2020, however, the pandemic-related NAV declines had been fully offset. Consequently, the year to date NAV total return (as at 31 July) sits at 2.2%, which already reflects the subsequent equity markets rebound, which started in April. Moreover, we note that with several NAV triggers expected to materialise in the current year (described in detail below), BSRT seems well-placed to improve its NAV TR in the next few months.

Natural resources performance in H120



Source: Refinitiv, Edison Investment Research

The market opportunity

BSRT offers exposure to a wide commodity spectrum, including precious metals projects (c 40% of NAV at end-July 2020). Gold has so far performed particularly well during the COVID-19 crisis and may benefit from further macro uncertainty, as well as from the expansion of central banks' balance sheets. BSRT's focus on value-add project development and investing in projects that offer a solid safety margin in terms of IRR based on long-term historical commodity prices provides a certain level of downside protection for its industrial commodities investments.

Why consider investing in BSRT?

- Unique access to the outsized potential returns offered by early-stage mining companies; investment managers' expertise acts to mitigate associated risks.
- Focus on riding development curve, so less reliant on rising commodity prices.
- Investment via convertible loans limits downside while retaining equity upside.
- Royalty income expected to contribute meaningful returns in the medium term.
- Aligned interests – investment team owns c 25% of BSRT's ordinary shares.
- Strong performance relative to peer group.

Discount to NAV in line with peer group

In H120, BSRT reported a 4.5% NAV total return (reflecting the last full portfolio revaluation) against a 5.8% increase posted by the EMIX Global Mining Index. While outperforming its peers in recent years, the fund trades at a 13.6% discount to its last reported NAV, which is slightly above the peer group median of 11.6%.

10 August 2020

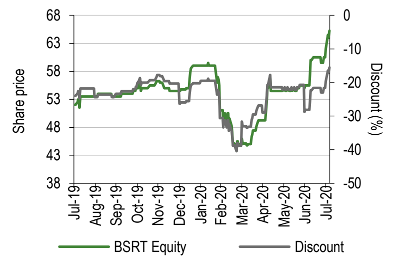
Price	**65.3p**
Market cap	**£69.5m**
AUM	**£81m**

NAV*	75.5p
Discount to NAV	13.6%

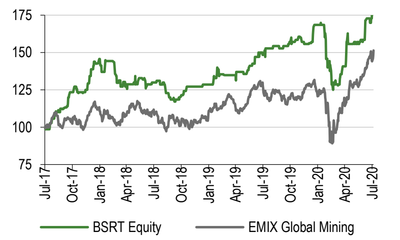
*Including income. As at 31 July 2020.

Yield	0.0%
Ordinary shares in issue	106.5m
Code	BSRT
Primary exchange	LSE
AIC sector	Commodities and Natural Resources
Benchmark	None

Share price/discount performance



Three-year performance vs index



52-week high/low	65.3p	43.8p
NAV** high/low	77.2p	67.3p

**Including income.

Gearing

Gross*	0.0%
Net*	0.0%

*As at 31 July 2020.

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Baker Steel Resources Trust is a research client of Edison Investment Research Limited

Exhibit 1: Company at a glance

Investment objective and fund background

Baker Steel Resources Trust's (BSRT) investment objective is to seek capital growth over the long term through a focused global portfolio consisting principally of equities, loans or related instruments of natural resources companies. BSRT invests predominantly in unlisted companies, but also in listed securities, with a view to making attractive investment returns through uplift in value resulting from development progression of investee companies' projects, and through exploiting value inherent in market inefficiencies and pricing anomalies.

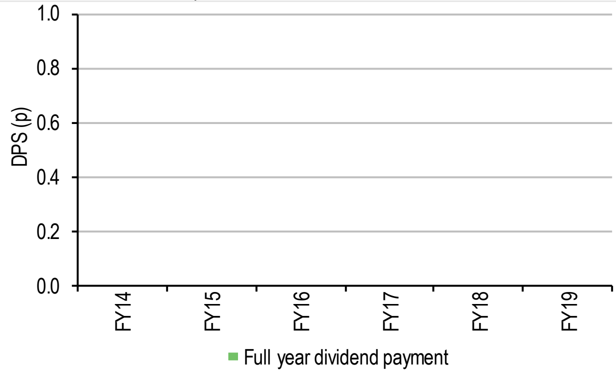
Recent developments

- May 2020: Disposal of listed shares in Polymetal International and Ivanhoe Mines.
- 20 April 2020: Publication of annual report for FY19.
- 7 April 2020: Results announcement of additional review of non-listed holdings, undertaken due to coronavirus outbreak.
- February 2020: Exercise of the A$2m option to acquire a further 0.25% gross revenue royalty over Futura's coking coal properties.

Forthcoming		Capital structure		Fund details	
AGM	14 August 2020	Ongoing charges	2.1%	Group	Baker Steel Capital Managers
Interim results	September 2020	Net gearing	0.9%	Manager	Team-managed
Year end	31 December	Annual mgmt fee	1.75% of average market cap	Address	Arnold House, St. Julian's Avenue, St. Peter Port, Guernsey, GY1 3NF
Dividend paid	N/A	Performance fee	15% of total NAV increase		
Launch date	28 April 2010	Company life	Indefinite (subject to vote)	Phone	+44 (0)1481 707000
Continuation vote	Three-yearly (next 2021 AGM)	Loan facilities	None	Website	www.bakersteelresourcestrust.com

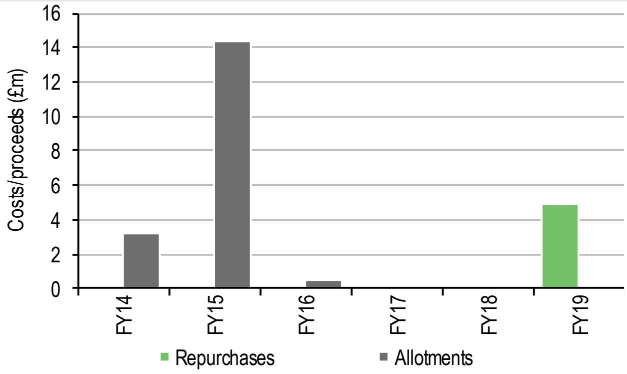
Dividend policy and history (financial years)

Dividends may be paid under BSRT's capital return policy, and the board expects that royalty, interest and dividend income may support a future regular dividend. No dividends have been paid to date.

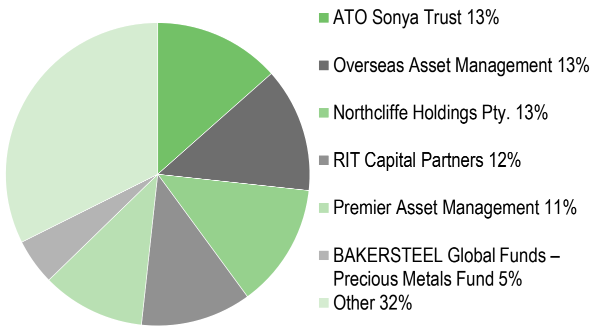


Share buyback policy and history (financial years)

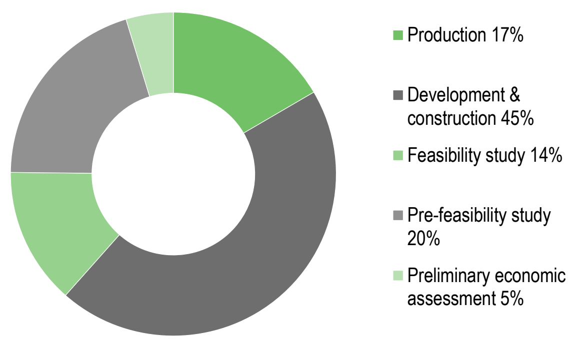
BSRT has authority to buy back up to 14.99% and allot up to 10% of its shares in issue. In FY14, FY15 and FY16, investments were acquired via 'in specie' share issues. In May 2019, a £4.9m tender offer was made to distribute realised gains.



Shareholder base (as at 6 August 2020)



Portfolio exposure by development stage (as at end-July 2020)



Top 10 holdings (as at 31 July 2020)

			Portfolio weight %	
Company	**Country**	**Sector**	**31 July 2020**	**31 July 2019***
Bilboes Gold	Zimbabwe	Gold	20.7%	14.9%
Futura Resources	Australia	Coking Coal	16.2%	17.5%
Polar Acquisition	Russia	Silver	11.0%	9.3%
Cemos Group	Morocco	Cement, Oil Shale	9.0%	11.0%
Tungsten West	UK	Tungsten	8.2%	N/A
Anglo Saxony Mining	Germany	Iron ore	4.4%	4.0%
Azarga Metals	Russia	Copper, Silver	4.2%	N/A
Nussir	Norway	Copper	4.0%	3.1%
Mines & Metals Trading Peru	Peru	Silver, Lead, Zinc	3.9%	4.5%
Black Pearl	Indonesia	Iron ore	3.3%	3.9%
Top 10 (% of portfolio)			**84.9%**	**68.2%**

Source: BSRT, Edison Investment Research. Note: *N/A where not in end-July 2019 top 10.

Performance: Positive NAV TR in H120

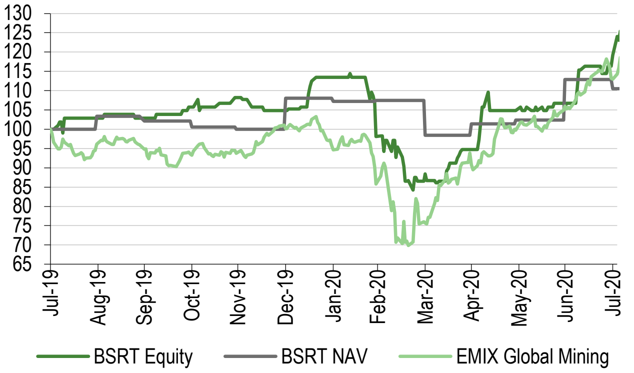
Following a successful FY19, when BSRT reported c 30% NAV total return (TR) and outperformed the EMIX Global Mining Index (23% return), the fund looked to carry momentum forward into FY20, on the back of several potential NAV triggers. These included the conclusion of pre-feasibility (PFS) and definitive feasibility studies (DFS), granting mining licences by local authorities or launching production in certain venues, among others. However, early 2020 turned out to be a challenging period for the broad equity market due to the coronavirus outbreak, with BSRT's performance also affected. We note, however, that the subsequent market rebound, coupled with BSRT's positive organic developments, outweighed the initial impact of the pandemic.

Under ordinary circumstances, BSRT reviews the valuation of its unlisted investments twice a year, with a full review at the year-end and for interim financial statements. Having said that, this year the company decided to conduct a simplified portfolio revaluation as at end-March 2020, as well as providing the market with updated information on the COVID-19 impact. The procedure was not as comprehensive as the regular review, but based on the same methodology. Considering general market movements in mining equities, as well as company-specific factors and their potential impact on the carrying values of BSRT's unlisted holdings, the review resulted in a c 8.4% decline in NAV vs end February 2020 to 67.3p per share.

Subsequently, however, the regular interim review carried out at end-June 2020 resulted in a 10.3% NAV improvement vs end-May 2020, bringing the NAV per share to 77.2p. Consequently, BSRT's performance in H120 was 4.5% NAV TR vs 5.8% posted by the EMIX Global Mining Index (not an official benchmark, but we use it as a broad reference for comparison). However, we note that the index (consisting of listed mining stocks) has enjoyed a stronger post-pandemic rebound since April, which has resulted in a c 40% increase over Q220 against just 14.4% recorded by BSRT.

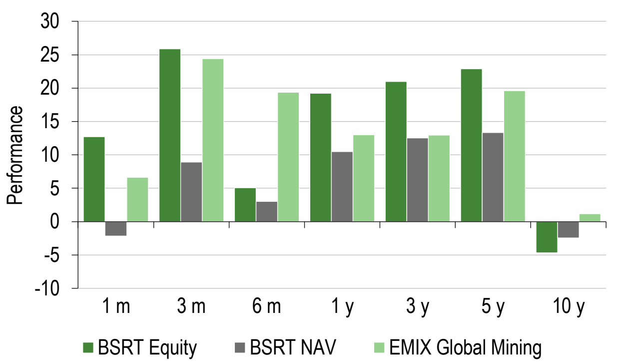
BSRT has already announced its estimated NAV at end-July 2020, amounting to 75.5p per share, which constitutes a c 2.2% m-o-m decline. Given that BSRT conducts a more comprehensive portfolio valuation only twice a year, the monthly change in July was primarily driven by a 6% appreciation of sterling against the US dollar, in which around half of the company's portfolio (including Bilboes and Polar Acquisition) is denominated. Simultaneously, the EMIX Global Mining Index went up by 6.6% in sterling terms in July. Consequently, one-year and three-year (annualised) NAV total returns at 31 July 2020 sit at 10.5% and 12.5%, respectively, vs 13.0% posted by the index in both periods. Expanding the analysed investment horizon further to five and 10 years reveals BSRT's relatively weak performance in the early years since inception (28 April 2010), resulting in 13.3% and -2.4% annualised NAV total return, respectively, vs 19.6% and 1.2% demonstrated by the index.

Exhibit 2: Price, NAV and index total return performance, one-year rebased



Source: Refinitiv, Edison Investment Research. Note: Three-year and five-year performance figures annualised.

Exhibit 3: Price, NAV and index total return performance (%)



Source: Refinitiv, Edison Investment Research. Note: Three-year and five-year performance figures annualised.

The extent of downward revaluation at the end of March 2020, associated in particular with companies operating in the industrial metals and minerals sector, was partially mitigated by the relatively strong performance of gold mining companies, Bilboes and Polymetal. The latter initially recorded a c 19% share price fall between end January 2020 and mid-March 2020, but the subsequent rebound to end-March not only fully offset the earlier decline, but the continued rally also brought the share price to a record-high level in May 2020. This encouraged BSRT to sell almost all of its remaining holdings in Polymetal, bringing exposure to precious metals (including silver) to c 30% of the portfolio at end-May 2020, from c 35% at end-December 2019. The same applies to all listed shares in Ivanhoe Mines, which were also sold during May 2020. BSRT's exposure to the precious metals sector increased to almost 40% at the end of July, on the back of improved valuations of unlisted holdings in this sector and the deployment of resources into highly liquid, listed precious metal shares, to provide working capital until these funds are reinvested in line with BSRT's core strategy. As per our estimates, at end-H120 BSRT already held such equities valued at c £4.8m, which constituted c 5.8% of the portfolio. Following a strong rise of listed stocks over July 2020, their total value improved by over 28% to c £6.1m, reaching 7.6% share of the portfolio as at 31 July 2020.

Based on our calculations (including an adjustment for FX rate movements), we have identified five unlisted holdings, whose value has been cut by over 20% during the March review. The carrying value of **Polar Acquisition** (PAL), which holds a 0.9–1.8% royalty interest in the Prognoz Silver Project in Russia, has been reduced by c 22% in US$ terms. This was presumably attributable to the decline in the price of silver, which fell from US$16.39 per ounce at end February 2020 to just US$14.10 per ounce at end-March 2020, constituting a c 14% decrease. This has likely fed through to projected cash flows used in the royalties valuation model. We note that in FY19, PAL was subject to a c 50% upward revaluation in local currency on the back of revised estimates and production levels for the Prognoz project and an increase in silver prices. We also note, that on the back of the recent rebound in the silver price, which reached US$18.20/oz per ounce at 30 June 2020, an upward revaluation of this investment by c 25% (based on our estimations excluding FX impact) has been done during the interim review in June 2020.

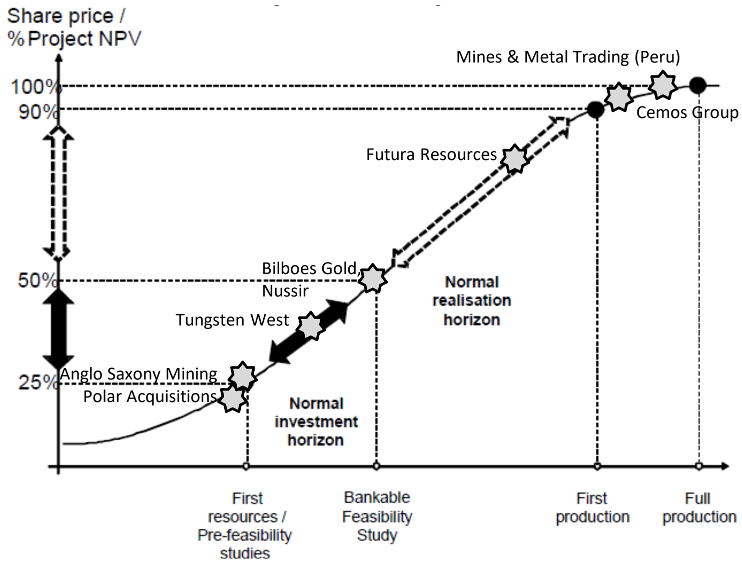
Due to the unfavourable outlook for the global industrial sector, which affects the pricing of comparable listed companies, the valuations of BSRT's investments from the segment: **Cemos** (cement producer and oil shale explorer), **Anglo Saxony Mining** (tin producer), **Sarmin** (potash) and **PRISM** (iron ore) have been reduced by 25% to 35% at end-March 2020. However, we note that in the same review, Futura Resources – a coking coal mining company – recorded only a 6.3% decrease in value (taking into account FX moves), with the approaching launch of first production at its mines possibly being a mitigating factor, as it would bring Futura further up the development curve to the production stage (see Exhibit 4). Futura expected to obtain licences for both of its mines, Wilton and Fairhill, in Q220 and start mining operations in H220. The terms remain unchanged for the former, while the licensing process has been postponed to Q320 for the latter.

Importantly, in the interim review, out of five companies listed above, only Cemos and Anglo Saxony Mining saw improved valuations (by c 16% and 35%, respectively). As per our estimates, however, neither of these has seen its valuations reaching pre-pandemic levels yet. In the latter case, the updated valuation reflects the PFS results, which was completed in April 2020.

Mines & Metals Peru's valuation was revised downwards by 13.5% during the interim review, due to disruptions associated with the COVID-19 lockdown (Peru has been particularly severely hit by the pandemic). This has fully offset the improvement in carrying value reported in March 2020, resulting in a 9% net fair value decline in H120, as per our estimates. At the same time, the company expects to increase its production and start processing ore from its own concessions in Q420, rather than treating ore from third parties, which constitutes the main potential NAV trigger for the year. Once the reverse takeover of Zincore is complete, the company plans to relist on the TSX

Venture Exchange (Toronto). This was initially planned for this year, but due to the current market turmoil, the process has been postponed until 2021, when market conditions might be more convenient.

Exhibit 4: Risk-adjusted mining project valuation development curve



Source: Baker Steel Resources Trust. Note: The positioning of BSRT's projects on the development curve is indicative only.

On the other hand, in the H120 portfolio review, BSRT has finally reflected the positive impact of the DFS on **Bilboes**' Isabella-McCays-Bubi gold project in Zimbabwe, completed shortly after the FY19 year-end. We estimate that, as part of the interim review, Bilboes' valuation in local currency improved by c 31.5%, supported by the appreciation of listed African gold mining peers.

Initially, the Bilboes project was expected to start production at c 100k ounces of gold per annum, and then expand on the back of generated cash flow. However, following completion of the DFS, BSRT now assumes it will operate at full capacity of c 170k annually, which is considered an optimal investment strategy. At a cash all-in sustaining cost of $791 per ounce, the company estimates the total funding requirement for the project at US$253m. At a gold price of $1,500/oz (currently more than $2,000/oz) and 10% discount rate, the project's NPV is estimated at just over US$236m, generating a c 33% post-tax IRR with the payback period slightly exceeding one year since the start of production. Based on the 'consensus pricing scenario' (recently disclosed by the company) which used Bloomberg forward gold pricing (US$1,782/oz) and then available consensus data for 2023 and 2024, the investment economics of the project improve to a NPV of US$294m and IRR of 38%.

BSRT reported a stable fair value of its stake in Nussir, which completed a DFS in March 2020, after a six-month delay resulting from the decision to conduct additional drillings. Consequently, Nussir upgraded additional resources to the measured and indicated categories, significantly enhancing the project's economics. As a result, the potential project's NPV sits at US$189.8m, against the initial estimate of $132.6m at 23% IRR, calculated without the upside resulting from additional resources.

Finally, in the June NAV update, BSRT confirmed completion of the technical and economic update of Hemerdon Tungsten Mine (held by Tungsten West), which has not yet resulted in an upward revaluation of the holding, pending a potential fundraising. This could also be partially attributable to the preliminary character of the review, with the DFS planned for Q121. Based on the underlying assumptions of capital cost to restart the mine, amounting to £35m and a discount rate of 5%, the financial model used by BSRT indicates £306m of post-tax NPV and IRR of 111%.

Exhibit 5: BSRT's NAV triggers schedule

Company	NAV Trigger	FY20 Q120	FY20 Q220	FY20 Q320	FY20 Q420
Bilboes	Complete feasibility study and finance/corporate event				
Futura Resources	Obtain mining licences and launch production				
Cemos	Re-rating as move to EV/EBITDA valuation basis				
Tungsten West	Complete pre-feasibility study				
Polar Acquisition	Pre-feasibility study on Prognoz Silver Project				
Mines & Metals Peru	Increase production				
Nussir	Complete feasibility study and finance mine construction				
Sarmin	Completion of Feasibility Study				
Azarga Metals	Resource upgrade following drilling				

Source: Baker Steel Resources Trust

The remaining NAV triggers, expected to materialise within the next 12 months, include the PFS on the Prognoz Silver Project (royalty held by Polar Acquisition) and a DFS on Sarmin, which should be completed in H220, according to the investment manager. With the completion of construction works in the first plant in Tarfaya in December 2018 and capacity of c 270k tonnes of cement pa, Cemos is already reporting positive cash flow from its operations (and targets a cash flow of €8–10m pa at full capacity utilisation). In June 2020, it reported record sales of c 23k tonnes of cement, representing 92% of installed capacities and supporting the decision to start exploring options to launch a second production line, which would double potential annual output. Futura, as mentioned above, is planning to commence production after receiving mining licences, both expected in H220. For further details regarding potential NAV triggers, please refer to our previous update note.

Market overview: Gold continues to shine

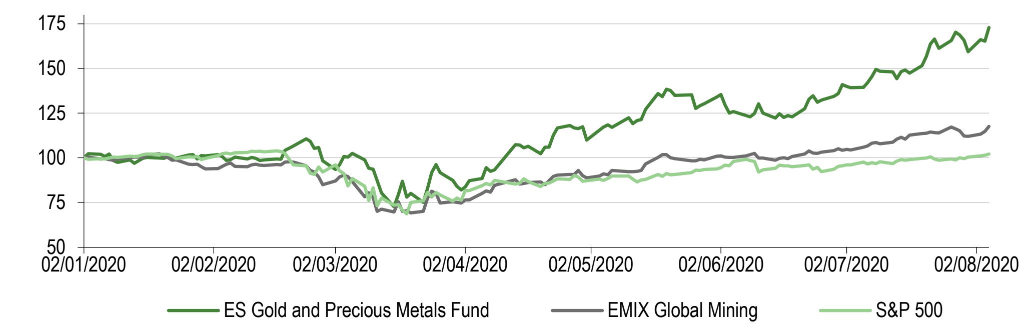
The outbreak of the coronavirus and the impending global recession will remain key factors shaping the natural resources sector in the next few months. Heightened economic uncertainty caused significant distress in the financial markets with a spike in volatility and high-volume selling across asset classes, including natural resources equities. However, the main drivers of the decline differ depending on the resource type exposure.

Gold (19% of BSRT's exposure at end-May 2020) as well as gold equity prices, reported a significant decline in early March, driven by liquidity-driven selling, which had a short-term impact only. Fundamentals for the gold sector in the medium to long term remain positive, with interest rates reaching new record-low levels (and negative in real terms), stimulus packages being implemented globally and other inflationary policy initiatives supporting sector recovery. The 'safe haven' status helped gold not only to rebound from initial losses within couple of weeks, but also fuelled a further rally, which brought the price above US$2,000 per ounce.

Gold equities are well positioned to benefit from the current favourable precious metals market, following several years of restructuring and a focus on disciplined returns, which results in improved dividend payments and increased share buyback activity. As a general example but not necessarily applicable to smaller mining players, Barrick Gold has already paid two dividends amounting to US$0.07 per share this year, while in 2019 there were three payments totalling just US$0.13 per share. Similarly, Newmont announced in April 2020 that it has increased its quarterly dividend payment by 79% to US$0.25 per share.

Passive gold equity investments, represented by the EMIX Global Mining Gold Index, recorded a c 33% return against a 3% loss year-to-date on the S&P 500 and a 5% loss on DAX. Active gold equity investments, represented by the ES Gold & Precious Metals Fund (managed by Baker Steel), reported an even better return of c 39% in the same period (see Exhibit 6).

Exhibit 6: Year-to-date performance of precious metals equities against the broader market

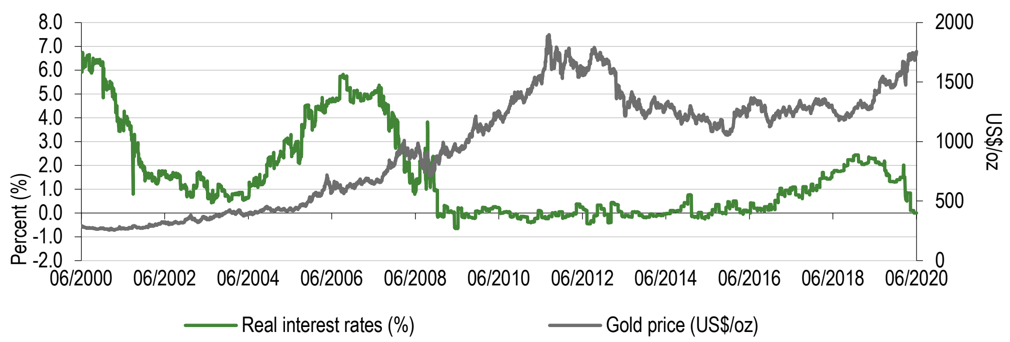


Source: Refinitiv, Edison Investment Research

The main risk to further positive gold equity price development is an unexpectedly rapid global economic recovery, which may encourage investors currently long on gold to switch to other asset classes. According to a recent report from the World Gold Council, the combination of higher government bond yields and tightening credit spreads represents the most adverse mid- to long-term scenario for gold prices. However, we believe this seems unlikely for now. Otherwise, high risk and economic uncertainty, together with lower opportunity cost for holding gold, may support further demand.

As we demonstrated in our recent Edison Gold Report, since 1967, the price of gold has shown an extremely strong (0.909) correlation with the aggregate US monetary base, which basically means that the more dollars either are, or could be, in circulation, the higher the expected gold price. With an additional US$700bn from the coronavirus stimulus response taking the total US monetary base to a record US$4.2tn, the gold price, implied by our model, has rocketed – initially to US$1,619/oz, with an upper level way in excess of US$2,000/oz. Furthermore, for every US$100bn by which the total US monetary base exceeds US$4.2tn on the back of unlimited bond buying activity, the gold price may be expected to be US$33/oz higher than US$1,619/oz. With a US monetary base of US$5.1tn (as per Federal Reserve data at 13 May 2020), the gold price could reach US$1,892/oz, with the potential to rise to as much as US$3,067/oz, according to our estimates.

Exhibit 7: Gold price against US real interest rates over last 20 years



Source: Refinitiv, Edison Investment Research

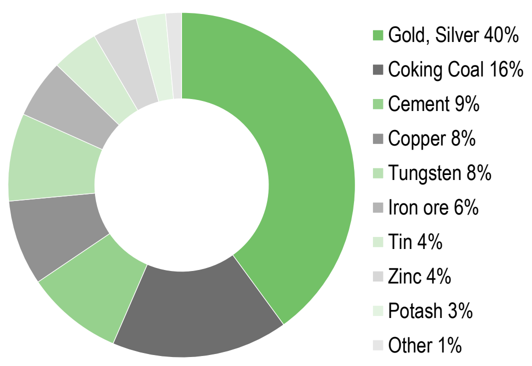
The outlook for **industrial resources** appears less favourable, as this particularly procyclical sector is most affected by the economic slowdown and consequent limited output. As an example, 64 countries reporting to the World Steel Association (WSA) produced 137.1m tonnes in April 2020, which constitutes a c 13.0% decrease compared to April 2019. According to WSA's forecasts from early June 2020, global steel demand is expected to contract by 6.4% in 2020, with impeding recovery in China partially mitigating the initial decline. On the other hand, we note that the consumption and service-related sectors, which suffered the most severe short-term impact of the pandemic, are generally low steel-intensive businesses. The key to quick recovery by the steel industry (which would be supportive for the coking coal and iron ore sectors) is in the construction sector, including public infrastructure investments, as well as the automotive industry, which has so far reported significant y-o-y declines in sales in April and May 2020 reaching c 50% in the largest European countries. According to WSA, the steel industry should rebound in 2021, but the expected 3.8% improvement against current year output will not be enough to reach pre-pandemic production levels.

Interestingly, COVID-19 may also have a positive long-term impact, as it would fuel the transition to green energy. Rebounding industries may turn to new technologies, including wind turbines, solar panels, grid storage, electric vehicles and lower-carbon steels, resulting in increased demand for speciality metals such as platinum group metals, nickel, etc. Turning towards new resources that are still scarce or underexplored opens numerous investment opportunities in the sector. Baker Steel shares this view, as it expects large and sustained speciality metals deficits in the near term. Policy measures taken to prevent the spread of the pandemic resulted in logistical constraints and temporary mine closures, which is particularly important for the supply of metals with highly concentrated production. Almost 75% of the world's primary platinum production, 37% of palladium and 80% of rhodium originates in the Republic of South Africa (RSA), which until mid-June 2020 reported c 30% of all cases in Africa. However, we note that the problem is global, as besides the RSA, mines had been closed in Mexico, which produces 23% of world's primary silver, the Philippines – 16% of primary nickel, and Peru – 11% of zinc, among others. Even though the mine reopening process has already started, a limited supply together with expanding demand may drive a further increase in speciality metals prices, which were the best performers in 2019, with palladium's price increasing by c 54% over the year and nickel's price by c 31%. This in turn could drive up equity prices.

Diversified portfolio skewed towards precious metals

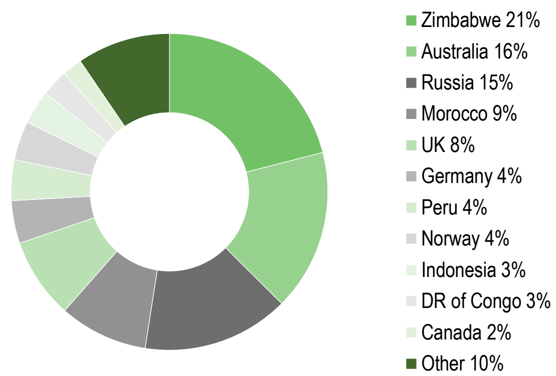
Even though BSRT's portfolio is rather concentrated, as it typically consists of 15–20 investments, it is also well diversified both geographically and by commodity, covering the precious, speciality and industrial metals segments. Consequently, it is a play on multiple trends in the commodities space. At the same time, we note its significant exposure to gold and silver projects (c 40% of the portfolio through a mix of equity, convertible loans and royalty interests), which seem to have the most favourable outlook in the natural resources space. According to the company, following four significant investments in FY19, BSRT intends to focus on its existing projects in FY20 and refrain from new investments until the completion of the next meaningful realisation.

Exhibit 8: Portfolio breakdown by commodity



Source: Baker Steel Resources Trust, Edison Investment Research. Note: Data as at end-July 2020.

Exhibit 9: Portfolio breakdown by geography



Source: Baker Steel Resources Trust, Edison Investment Research. Note: Data as at end-July 2020.

Peer group comparison

For valuation purposes, we compare BSRT with a group of peers including investment companies focused on commodities and natural resources. The entities differ in terms of market cap, natural resources subsector covered, preferred form of investment and development stage of holding companies. Both BlackRock trusts, for example, prefer investment in the listed shares of mature companies, while Polo Resources and Riverstone Energy focus on entities in the early stages of development and engagement through different instruments, including unlisted equities, debt and partnerships. However, we note that the last reported NAV for Polo Resources and Riverstone Energy is dated at 20 March 2020 and 31 March, respectively, and may not yet fully reflect the impact of the coronavirus pandemic.

Exhibit 10: Selected peer group as at 6 August 2020

% unless stated	Market cap £m	NAV TR 1 year	NAV TR 3 year	NAV TR 5 year	Discount (cum-fair)	Ongoing charge	Performance fee	Net gearing	Dividend yield
Baker Steel Resources Trust	**69.5**	**10.4**	**42.5**	**86.9**	**(13.6)**	**2.1**	**Yes**	**98**	**0.0**
BlackRock Energy & Resources Trust	73.1	(12.6)	6.9	39.8	(11.6)	1.5	No	103	6.2
BlackRock World Mining Trust	734.3	8.0	28.0	124.3	(10.2)	1.0	No	108	5.2
CQS Natural Resources G&I	61.9	(4.0)	(8.9)	32.4	(18.9)	1.9	No	115	6.0
Geiger Counter	16.8	0.6	(28.5)	(2.3)	3.5	4.1	Yes	111	0.0
Golden Prospect Precious Metal	39.9	91.9	76.4	203.7	(5.6)	2.8	No	100	0.0
Polo Resources	6.3	(47.7)	(32.0)	(55.1)	(79.5)	4.1	No	70	0.0
Riverstone Energy	185.8	(58.8)	(71.6)	(58.7)	(37.4)	1.9	Yes	100	0.0
Average	**159.7**	**(3.2)**	**(4.3)**	**40.6**	**(22.8)***	**2.5**		**101**	**5.8**
Rank in peer group	**4**	**2**	**2**	**3**	**5**	**6**		**7**	**4**

Source: Morningstar, Edison Investment Research. Note: TR = total return. Net gearing is total assets less cash and equivalents as a percentage of net assets (100 = ungeared). Note: *The average is distorted by Polo Resources and Riverstone Energy, which have not yet released their updated NAV reflecting the COVID-19 impact. Peer median discount stands at 11.6%.

BSRT has outperformed almost all its peers in every analysed time horizon up to five years, including one-, three- and five-year NAV total returns. The sole exception is the Gold Prospect Precious Metal fund, which is focused on equity investments in the gold, silver and diamonds sectors, and has benefited the most from the aforementioned favourable price developments in the precious metals segment (BlackRock World Mining Trust reported higher returns in the five-year period only). BSRT's discount to last reported NAV currently stands at c 13.6%, which is slightly above the peer group median of 11.6% (peer group average of 22.8% is distorted by two funds, which have not yet released their updated NAV reflecting the COVID-19 impact), ranking it fifth in the group. Its ongoing charge ratio sits below the peer average, but it is worth noting that BSRT also charges a performance fee (while only two other peers do). Total ongoing charges reported in FY19 amounted to £1.5m, against c £1.3m cash held at end-July 2020, per our estimates. It is worth noting that BSRT's liquidity position has improved on the back of the recent selling down of holdings in Polymetal and Ivanhoe Mines. Furthermore, BSRT does not employ gearing and does not pay a dividend, which secures its own capital even further.

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