Orionis Fund

Class G Preference Shares

MONTHLY NEWSLETTER

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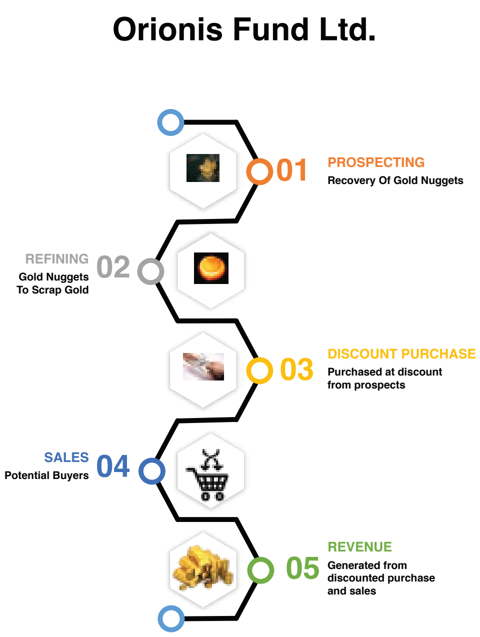
Orionis – Gold backed Investment

The Orionis Fund Ltd. Class G is a Gold-Centric Collective Investment Scheme focusing on generating yield for Investors. The Scheme is established in British Virgin Islands as a Collective Investment Scheme for Professional Investors to participate with an experienced management team in harnessing exceptional return on investment. The fund was established in 2015 and continues to operate with a strong track record of return on investments.



Monthly Results

Orionis Fund Ltd, Class G. (CIS) continued its profitable operations and has declared dividends of '1.17%' for June '21. This open-ended fund commenced operations in Jan 2015 wherein professional investors are invited to participate with the experienced management to generate exceptional returns by investing in the highly lucrative field of Artisanal Gold Mining. The year till date returns of the fund is '7.25%' and cumulative returns since inception is '176.64%'.

Investment Philosophy

Orionis is focused on leading its business in an ethical, and responsible manner, consistent with the laws and guidelines of the countries and region in which Orionis operates. The Fund is focused on a holistic approach of trying to solve broader socio-economic shortcomings in urban rural economies. This includes intimately understanding the participant profiles, statistical data, process variants and consumables, supply and demand facets, value chain participants, cycles, revenues, capitalization, labor and gender dynamics, consumables, supporting industry, linkages, social capital etc. The Fund's focus is to have manageable and productive mining in tandem with ecologically, neighborly and socially capable improvements. In this manner, the organization has defined itself the objective of advancing the earth, wellbeing, security and social advancement of individuals.

Investment Process

Orionis Fund Ltd. does sourcing and buying of raw gold, gold dust / nuggets mined from its Artisanal Gold Mine in Republic of Mali, West Africa. Fund engages a team of experts experienced in purchase and valuation of gold and has state of the art storage, security, transport and testing facilities. The collected raw gold is further converted to dore gold bars and is sold to international buyers / refiners in UAE. By surrounding with high quality professionals across every step of purchase and sale cycle, the fund offers a unique perspective of trading in gold generating optimal returns. Security, transparency and traceability of the origin of all raw gold or dore bars purchased are at the heart of the process. The fund restricts any diversification on its investment which is strictly carried as per investment objective. The investment process is intended to deliver maximum return on investment according to the market conditions prevailing for raw gold or dore bars. With the latest results, cumulative returns since the inception of the fund is '176.64%'.

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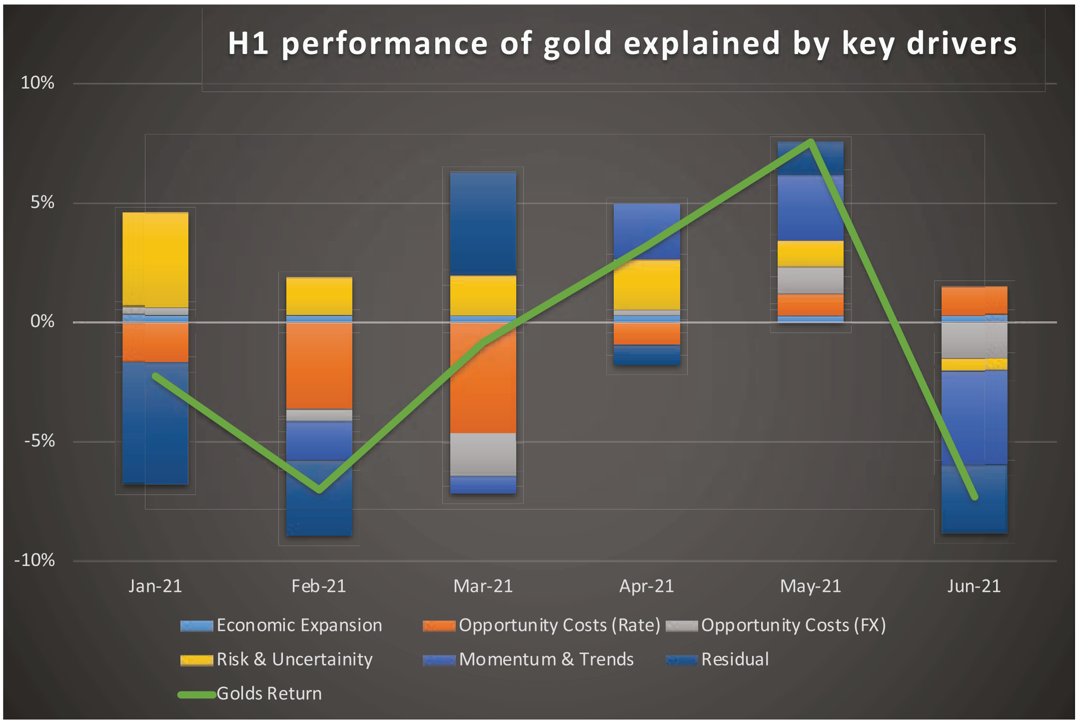
Gold : Creating opportunities from risks

Source : www.gold.org



The first half of 2021 provided a good example of how gold's diverse sources of demand and supply interact. The gold price dropped by 6.6% in H1, 1 as gains during most of Q2 were thwarted by a significant pullback in late June. Overall, gold's performance was driven primarily by higher interest rates – especially during Q1 and then again in late June on the back of a more hawkish-than-expected statement by the US Federal Reserve.2 Gold was also influenced by upbeat investor sentiment as the global economy started to recover from the impact of COVID-19. However, there were supporting factors for gold. Concerns of higher inflation offset part of the drag that interest rates brought. And the strong response from governments to aid economic recovery in the form of monetary and fiscal policies has made some investors worried about currency risks and capital preservation. In addition, gold benefited from a recovery in consumer demand in Q1, although second waves of the virus and new lockdowns presented challenges in Q2. Our short-term model shows that these factors, combined with the effects of price momentum and investor positioning, help to explain the vast majority of gold's performance year-to-date.

Role of Gold in Stabilizing Central Bank Balance Sheets

Source: www.fxstreet.com

Central bank balance sheets are subject to unique stresses and strains. Their foreign exchange assets are far larger than their foreign exchange liabilities, these imbalances create balance sheet volatility. At such times, governments may be forced to step in and recapitalize the central bank, potentially undermining its authority and raising widespread questions about its competence. Holding gold can provide central bank balance sheets with a layer of extra protection. Gold is a counter-cyclical asset that tends to rise in price when the USD falls. As the USD is the pre-eminent reserve currency, central banks that hold gold on their balance sheet benefit from its natural hedging properties. These properties are particularly relevant, because central banks convert the price of gold to their domestic currency when they revalue their reserves so they benefit from both the rising gold price and USD weakness. The proportion of gold held will depend on central banks' individual circumstances and policy direction.

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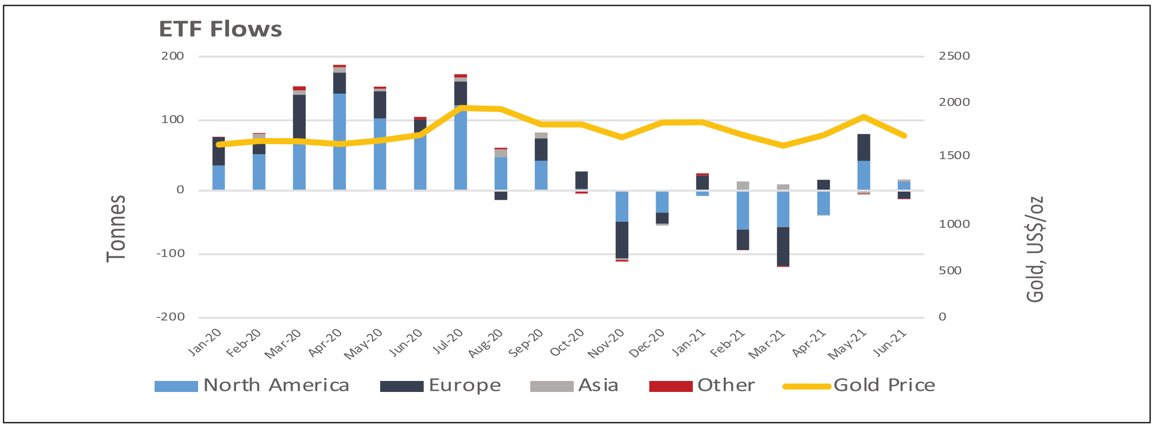
Gold ETF Flows Finish Positive in Q2.

Source : www.gold.org



Flows into global gold ETFs were mostly flat in June, with slight inflows of 2.9 tonnes (t) (US$191mn, +0.1% AUM). Inflows into North American and Asian funds were primarily offset by outflows from European funds. Overall, the positive flows came in spite of significant gold price weakness in the latter half of the month on the heels of a relatively hawkish Federal Reserve (Fed) outlook, suggesting that investors may have taken advantage of the lower price level to gain long gold exposure.1 Global Assets Under Management (AUM) stands at 3,624t (US$206bn),2 approximately 7% shy of the October 2020 record tonnage high of 3,909t.3 US funds as well as low-cost gold ETFs4 in Europe were the primary source of inflows, while larger European funds, particularly in the UK and Germany, led outflows. North American funds added 10.5t (US$646mn, 0.6%) in contrast to European funds, which saw outflows of 9.4t (-US$560mn, -0.6%). Notably, low-cost gold ETFs contributed US$222mn (3.8t) to the combined flows seen in North America and Europe. Asian-listed funds reversed a recent trend to post inflows of 1.7% (2.3t, US$136mn) supported by positive flows in India and China, while fund flows in 'Other' regions fell by 0.8% (-0.5t, -US$30mn).

Why physical gold is a safe bet against Covid-19 pandemic

Source : www.gold.org

The gold has definite advantages during uncertain times like Covid as it can hedge systemic risks in financial markets. Physical gold kept with a non-bank custodian has relatively lower counter party risks while ETFs which are part of capital market ecosystem doesn't serve this purpose. The earnings power of many companies is understated in their reported numbers because of supply bottlenecks and reduced capacity utilisation. Equities are slaves to earnings power and whilst in the long term, earnings power usually increases, in the short term, valuations to a great extent are driven by market psychology. Given the global debasement of fiat currencies, geopolitical tug-of-wars, large systemic risk and limited supply of gold, there is a bullish case for gold. Diversified investment portfolios containing equities and some gold investments is a right way to hedge systemic risks. The future is unknown and unknowable and diversification into uncorrelated asset classes can make a portfolio anti fragile.

Britain carves out exemption for gold clearing banks from Basel III rule

Source : www.mining.com

The Clearing banks in London involved in gold trades could apply for an exemption from tighter capital rules due in January 2022, removing what some said was a threat to the functioning of the market. London is the world's biggest physical precious metals trading hub. Its clearing system, operated by a handful of large banks with access to metal in vaults, settles gold transactions worth around $30 billion a day. The upcoming rules, known as the net stable funding ratio (NSFR), are part of Basel III regulation designed to make banks more stable and prevent a repeat of the financial crisis of 2008-09. They treat physically traded gold like any other commodity, requiring banks to hold more cash to match their gold exposure as a buffer against adverse price moves. Following a consultation, the Bank of England's Prudential Regulatory Authority (PRA) it had decided to amend its approach to precious metal holdings related to deposit-taking and clearing activities. The LBMA says gold is liquid enough not to need an additional liquidity buffer for clearing and settlement and short-term transactions. The London clearing banks are JPMorgan, HSBC, ICBC Standard and UBS.

Global Markets Overview – June 2021
Equities

The second quarter was strong for US equities, and indeed the S&P 500 reached a new all-time high in late June. Almost all sectors made gains over the quarter and overall, the economic picture remained rosy. Eurozone shares gained in the quarter, supported by a strong corporate earnings season and an acceleration in the pace of vaccine roll-out in the region. The MSCI Asia ex Japan Index recorded a positive return in the second quarter amid continued investor optimism for a return to economic normality and an end to the Covid-19 pandemic. Emerging market equities registered a strong return over the second quarter. This was despite a sell-off in May as higher-than-expected US inflation renewed concerns over the timing of global monetary policy tightening.

Global Bonds & Commodities

US Treasury yields declined over the quarter, with the 10-year falling from '1.74%' to '1.47%', retracing some of the large move higher in Q1. European government bonds underperformed the US amid growing optimism about the region's recovery and accelerating vaccination program. Corporate bonds performed well, outpacing government bonds. Both global investment grade and high yield credit produced a total return of 2.4%. US investment grade rebounded well following the decline in Q1. The precious metals component achieved a modest gain in the quarter, with higher prices for both gold and silver.

Remarks

The economic outlook for the second half of the year looks bright. As more countries step-up efforts to vaccinate their populations, the economic recovery should broaden out. The question isn't whether or not growth will be strong, but more how strong it will be. The challenge now for central banks is to convince markets that they will continue to provide support.

Global Markets Performance Snapshot

World Indices			
Index	May-21	Jun-21	YTD %
S&P 500	4,204.11	4,297.50	2.22%
Dow Jones	34,529.45	34,502.51	-0.08%
Nasdaq	13,686.51	14,554.80	6.34%
DAX	15,421.13	15,531.04	0.71%
Nikkei 25	28,860.80	28,791.53	-0.24%
FTSE 100	7,022.61	7,037.47	0.21%
BSE Sensex 30	51,937.44	52,482.71	1.05%
Hang Seng	29,151.80	28,827.95	-1.11%
Regional Indices			
Index	May-21	Jun-21	YTD %
ADX	6,558.71	6,835.43	4.22%
DFM	2,797.52	2,810.56	0.47%
Tadawul	10,551.23	10,984.15	4.10%
QSI	10,748.26	10,730.68	-0.16%
MSM30	3,836.36	4,063.40	5.92%
BAX	1,527.62	1,587.97	3.95%
Global Commodities & Currencies			
Commodities			
Index	May-21	Jun-21	YTD %
ICE Brent USD/bbl	69.32	75.13	8.38%
Nymex WTI USD/bbl	66.96	73.47	9.72%
Gold USD/t oz	1911.15	1,711.60	-10.44%
Silver USD/t oz	28.192	26.19	-7.09%
Platinum USD/t oz	1193.4	1,067.20	-10.57%
Copper USD/MT	4.681	4.30	-8.21%
Currencies			
	May-21	Jun-21	YTD %
EUR/USD	1.2225	1.1855	-3.03%
GBP/USD	1.4209	1.3827	-2.69%
USD/JPY	109.54	111.1	1.42%
CHF/USD	1.1116	1.0807	-2.78%

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Summary

While we expect government and business spending to pick up the baton, Inflation worries are likely to contribute to market jitters, but it will take a lot of bad news to shift the central banks towards a more rapid withdrawal of easy money. Finally, as we expect more volatility in coming months, we believe that an allocation to alternatives could help increase portfolio resilience.

Orionis Fund Ltd continued its profitable operations in June ’21 and has declared dividends of ‘1.17%’. The year till date returns of the fund is ’7.25%’ and cumulative returns since its inception is ‘176.64%’.

We have been since inception in 2015 regularly declaring monthly dividends which is a testament to our resilient model having the inherent protection of gold. We maintain our opinion that gold remains a risk hedge against ongoing political and potential inflationary risks and Orionis Fund offers an attractive opportunity for potential investors to earn monthly dividends by investing in this Gold Centric Collective Investment Scheme.

Abdul Jabbar Al Sayegh
Chairman