

GLOBAL RESOURCES

INVESTMENT TRUST

LSE: GRIT

August 2015

“Single access point to multiple global resource projects, an opportunity for investors to spread exposure”

GRIT is an investment fund specializing in the natural resources industry. The fund primarily invests in small and medium sized listed companies that have been identified by our investment team as being undervalued. GRIT was listed on the LSE on 7th March 2014

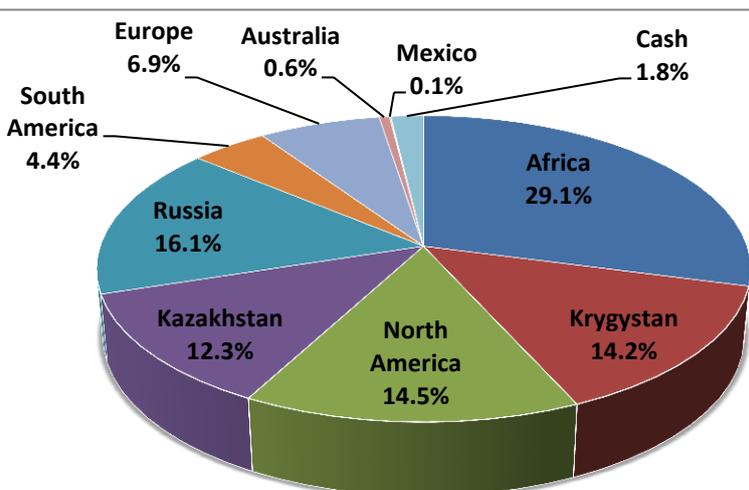
Key Information

NAV	–	39.34
Share Price	–	11.13p
Discount to NAV	–	(71.72)
Total Shares	–	39,570,012
Market Cap	–	£4.40m

Performance 1st – 31st Aug

	1 Mo.	3 Mo.	Inception.
GRIT – NAV	(3.90)	(15.40)	(60.60)
– Price	(12.70)	(25.80)	(88.90)
FTSE 100	(6.70)	(10.50)	(6.90)
Euro Global Mining Index	(5.30)	(26.20)	(43.40)
AIM Basic Resource Index	(4.10)	(16.80)	(35.70)
XAU Gold Spot Price (US\$)	+3.80	(4.50)	(15.20)

Portfolio by Country



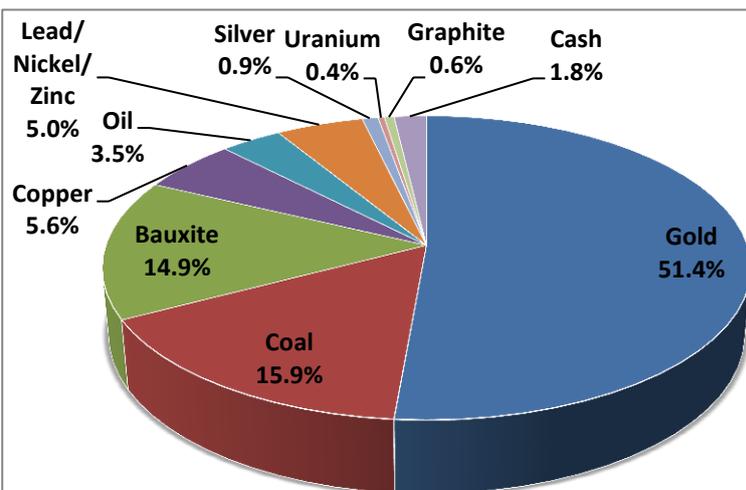
Top 10 Holdings 31st Aug 2015

Percentage of Portfolio

Arakan Resources – Loan Note	14%
Alhambra Resources – Loan Note	12%
Siberian Goldfields – Loan Note	12%
Merrex Gold	12%
Anglo African Minerals	12%
NuLegacy Gold	6%
Tirex Resources	5%
Arakan Resources	5%
Anglo African Minerals – Loan Note	3%
Inca One Resources	3%
Total	84%
Liquidity*	1.8%

*Liquidity = net current assets including cash held as 12 months interest accrual per terms of the convertible loan note instrument

Portfolio by Commodity



Comment -

The holiday month of August proved to be anything but quiet. The Chinese “devaluation” spooked the financial markets, including commodities and currencies. The Bloomberg Commodity Index fell to a thirteen year low at one point, accompanied by exceptional volatility. The Index has fallen 66% since the all-time high in 2008. Almost all the gains from the so called commodity super-cycle have been eroded, with the index back at levels not seen since 2002.

The “China factor” has been undoubtedly the main cause of this instability. The slowdown in demand from China and the manufacturing sector experiencing its largest decline in six and a half years is a major concern for commodity producers. The Chinese devaluation is clear evidence that the economy is weaker than the official figures suggest and estimates of a growth rate of 3-4% may be more realistic than the official figures of c7%. The devaluation rattled the commodity markets and caused a corresponding weakness in most of the emerging markets currencies. Lower exchange rates will enable commodity producers to continue production for longer, exacerbating the oversupply situation. The most obvious case is the oil market where OPEC countries are producing near full capacity to maintain market share and put pressure on the US shale industry.

The quasi commodity currencies such as the Canadian and Australian Dollar also suffered. With 46% of the portfolio in Canadian Dollar denominated stocks, the 5% decline in the £/C\$ exchange rate negatively impacted the NAV. Gold was a lone beneficiary from the market turmoil, demonstrating its safe haven status, rising from below \$1100 to \$1160 at one stage, before giving up some of the gain. There was little response from the stocks however, although it would appear that with the XAU gold mines index at an all-time low relative to the gold price, many may have seen their lows.

On 18 August 2015, GXG Markets, the junior exchange ceased operations, leaving Anglo African Minerals, Arakan Resources and Incor Holdings without a market place and therefore these holdings must now be classified as unquoted. Each of the companies are pursuing their own strategies to engage with an alternative market place, but this will take some time.

Against this background and the generally unforgiving environment for junior natural resource stocks at the moment, we have made some provisions against the carry values of our unquoted investments this month and we will also be reviewing those positions again at the end of this month.

Further disposals of non-core holdings continued although this was not aided by the low liquidity in the markets at present. We would hope that some stability returns to markets and our policy of refining the portfolio to a few core, quality growth companies can resume more rapidly.

Kjeld Thygesen & David Hutchins
11th September 2015

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