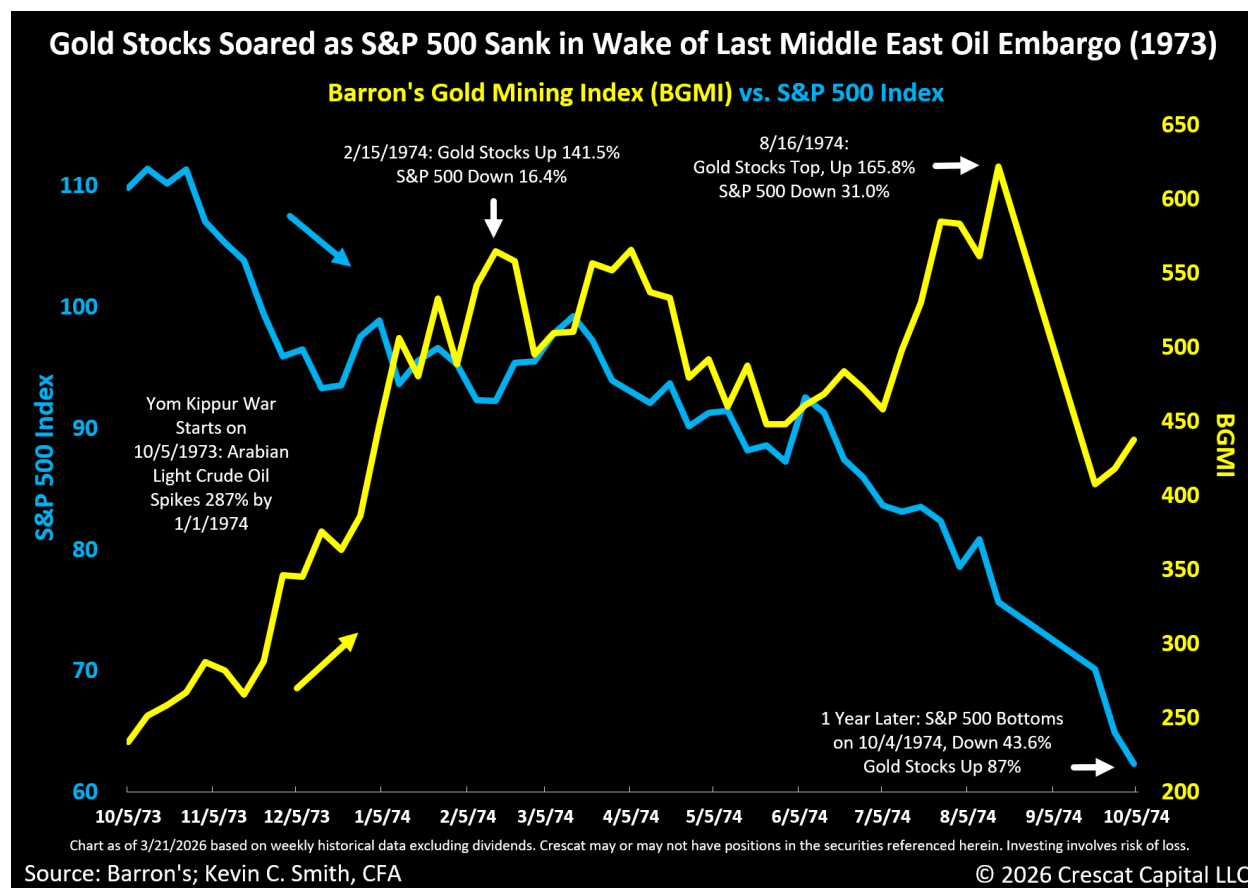


March 22, 2026

Sell the S&P 500 and Buy Gold Mining Stocks

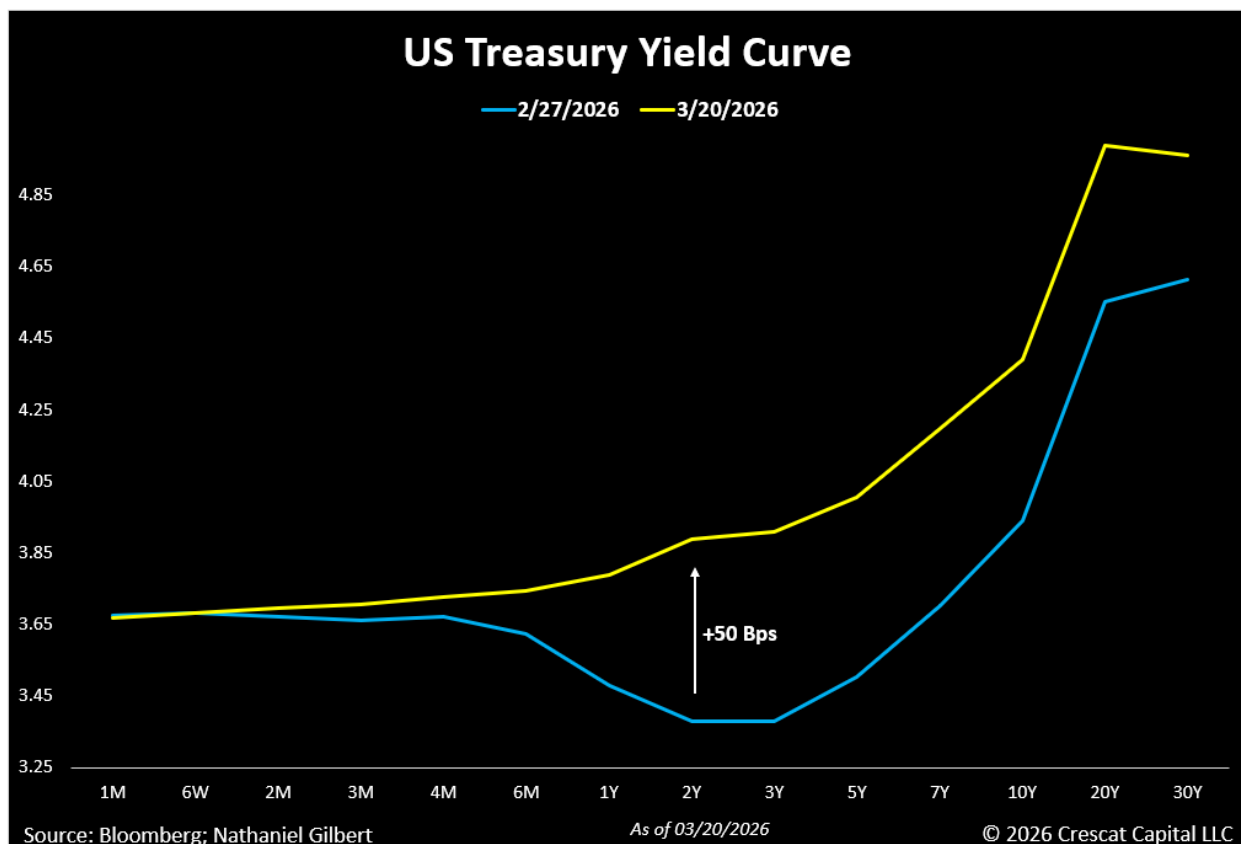
We think the recent correction in gold mining stocks presents a timely buying opportunity. For the reasons we outline in this research letter, we believe now is a great time for investors to consider selling their S&P 500 Index funds and buying gold mining stocks. Since February 28, when Israel and the United States began a series of missile strikes against Iran, front-month West Texas Intermediate crude oil futures have risen 46.7%. On Thursday, CNBC ran the headline: "Gold and silver sell-off accelerates as inflation fears grip global markets." It reads like an oxymoron. Normally, we would expect new inflation fears, even from an oil shock, to be a bullish catalyst for gold and mining equities. Such fears can also be a trigger for a selloff in an overvalued large cap US equity market. That was the case on both counts from the start of the 1973 Yom Kippur War and ensuing Arab Oil Embargo, as we show in the chart below.



Rising Interest Rates Send a Potentially False Signal for Gold

Normally, rising inflation expectations would be looked at as a *glass half full* for steadfast gold bulls. But it seems that gold bears and perhaps weak-handed gold investors today are seeing rising interest rate

expectations as a reason to look at the gold market as a *glass half empty*. The overwhelming narrative today is that rising interest rates are bad for gold, but we think this is a false narrative. Indeed, with the oil spike fueling new inflationary concerns in the US, the Fed rate cuts that had been priced into the futures curve for the remainder of 2026 now appear off the table. The entire US Treasury yield curve has shifted higher over the last three weeks. The 2-year yield has risen the most, up a full 50 basis points, reversing the recent inversion at the short end of the curve.



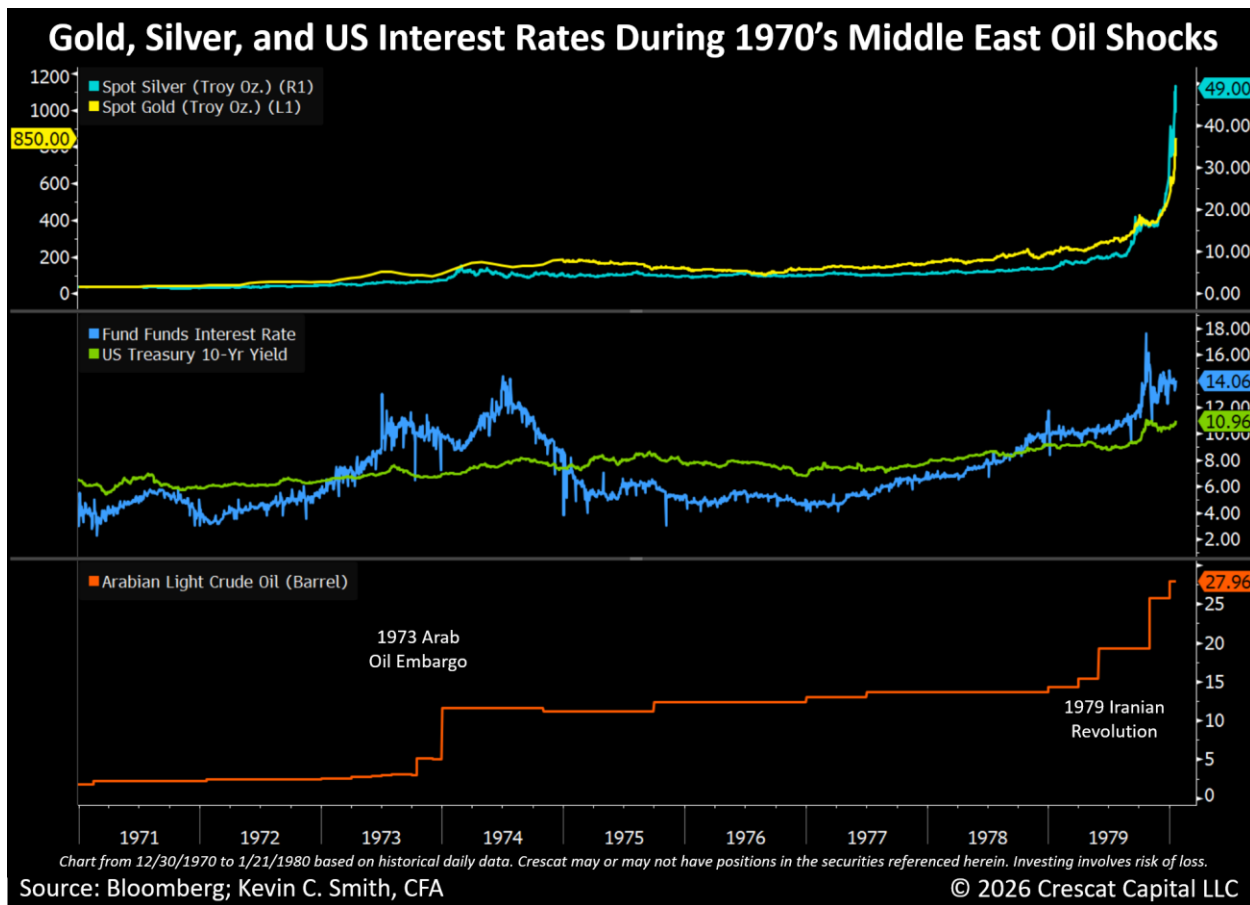
We think today’s gold mining investors would be wise not to panic at today’s low levels of interest rates and inflation expectations, especially given the historic US debt and deficit imbalances, which in our view portend at least as high and sustained inflation rates in the decade still ahead as in the 1970s. On the fiscal deficit front, the war has already cost more than a billion dollars a day, with the first 100 hours alone costing \$3.7 billion. Speaking of oxymorons, the Pentagon sent a request to the White House for more than \$200 billion in supplemental war funding on March 18, and gold and silver sold off hard the next day. Earlier in the week, the US national debt quietly crossed \$39 trillion, less than 5 months after hitting \$38 trillion. With the current war in Iran, the thesis for precious and critical metals mining stocks has not broken; it has only gotten stronger.

Precious Metals Outpaced Rising Oil in the 1970s, Even as Interest Rates Rose

We need to look at the most comparable time in history, which in our opinion is the 1970's decade, to see if rising interest rates are truly bad for gold or not. We think the current geopolitical climate is extremely bullish for precious metals prices, just as it was at the outset of that period. Remember, that was a stretch that included two major oil price shocks in the Middle East: the 1973 Yom Kippur War, and then later the 1979 Iranian Revolution. Inflation expectations, interest rates, and oil prices all rose substantially throughout the entire decade. Rising interest rates over this time were not a valid reason to be bearish on gold.

Gold rose 2,329% from US\$35/oz. at the beginning of the decade to a high of US\$850/oz on January 21, 1980. Silver rose even more than gold over the same time period, up 2,888% from US\$1.64 to US\$49.00. Oil rose substantially too, but even less than gold and silver. Arab Light Crude Oil climbed 1,553% from US\$1.80/barrel to US\$27.96/barrel over that time period. If gold and silver investors had feared rising interest rates from the outset, it would have caused them to miss this historic runup in the entire precious metals complex. US Fed Funds interest rate rose from 3% to over 14.1% over the entire period, reaching a high of 17.6% on 10/22/1979, three months before gold would finally top.

Rising interest rates in the 1970s did nothing to stop the trend of secular rising inflation expectations until Fed Chair Paul Volcker would later raise the Fed Funds rate all the way to 22.4% on 7/22/1981, creating a double-dip recession that finally broke both inflation and gold's back. In our opinion, today's meager 3.6% Fed Funds rate and 4.4% 10-year US Treasury yield are well poised to ignite a new inflationary era, not to quash one, even if the Fed were to allow rates to rise.

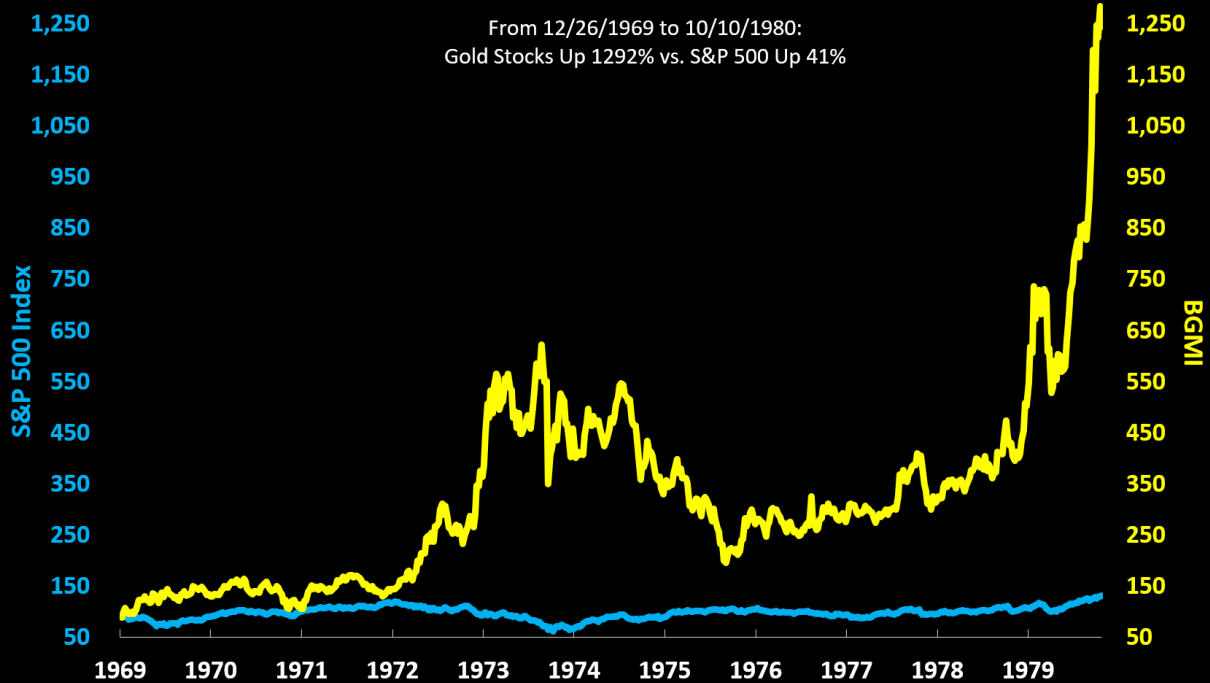


Gold Mining Stocks Crushed the S&P 500 Index in the 1970s

Gold mining equities did extremely well over the 1970s decade, especially compared to the S&P 500 Index. The Barron's Gold Mining Index rose 1,292% from its low on 12/26/1969 to its high on October 17, 1980, based on weekly data from Barron's. The S&P 500 was up a mere 41% over that long stretch. Starting from today's high Shiller CAPE ratios for the S&P 500, forward-10-year returns for the S&P 500 should be similarly low in comparison to that decade. On the other hand, starting from today's low valuations for countercyclical mining stocks, and given the favorable macro supply-and-demand backdrop for metals, we think the forward 10-year returns for the miners should be similarly high compared to that decade.

Entire 1970 to 1980 Bull Market for Gold Miners vs. S&P 500

Barron's Gold Mining Index (BGMI) vs. S&P 500 Index



Crescat may or may not have positions in the securities referenced herein. Investing involves risk of loss.

Source: Barron's; Kevin C. Smith, CFA

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Yes, there is volatility in mining stocks, but the rewards in the right macro environment can be well worth it. We prefer mining stocks relative to owning outright gold and silver today because, in our valuation models, the equities are ultra-cheap relative to the metal prices, especially in our highly curated activist metals portfolio, the largest thematic exposure across all five Crescat funds. Furthermore, our portfolio is heavily tilted toward the exploration companies that control some of the world's most attractive new gold, silver, and copper discoveries. These are the types of companies that the major miners will need to buy at a significant premium to current market prices to replace their dwindling reserves after a long trend of underinvestment in exploration spending and capital investment over the last 14 years.

At the same time, it takes about 15 years on average to advance a mining project from discovery to production. The world needs more metals now for AI datacenters, electrification, new US manufacturing onshoring, and defense, but the pipeline of new economic discoveries and viable development projects is scarce. These are the primary reasons we believe the cycle has strong legs for an entire decade ahead and this is why we favor the small cap explorers at this stage of the cycle. These companies carry risk and should be held in a professionally managed diversified portfolio, such as through our funds, but offer significantly more upside than the large-cap mining indices and ETFs in our view.

Technical Support for Gold Stocks; Resistance for the S&P 500

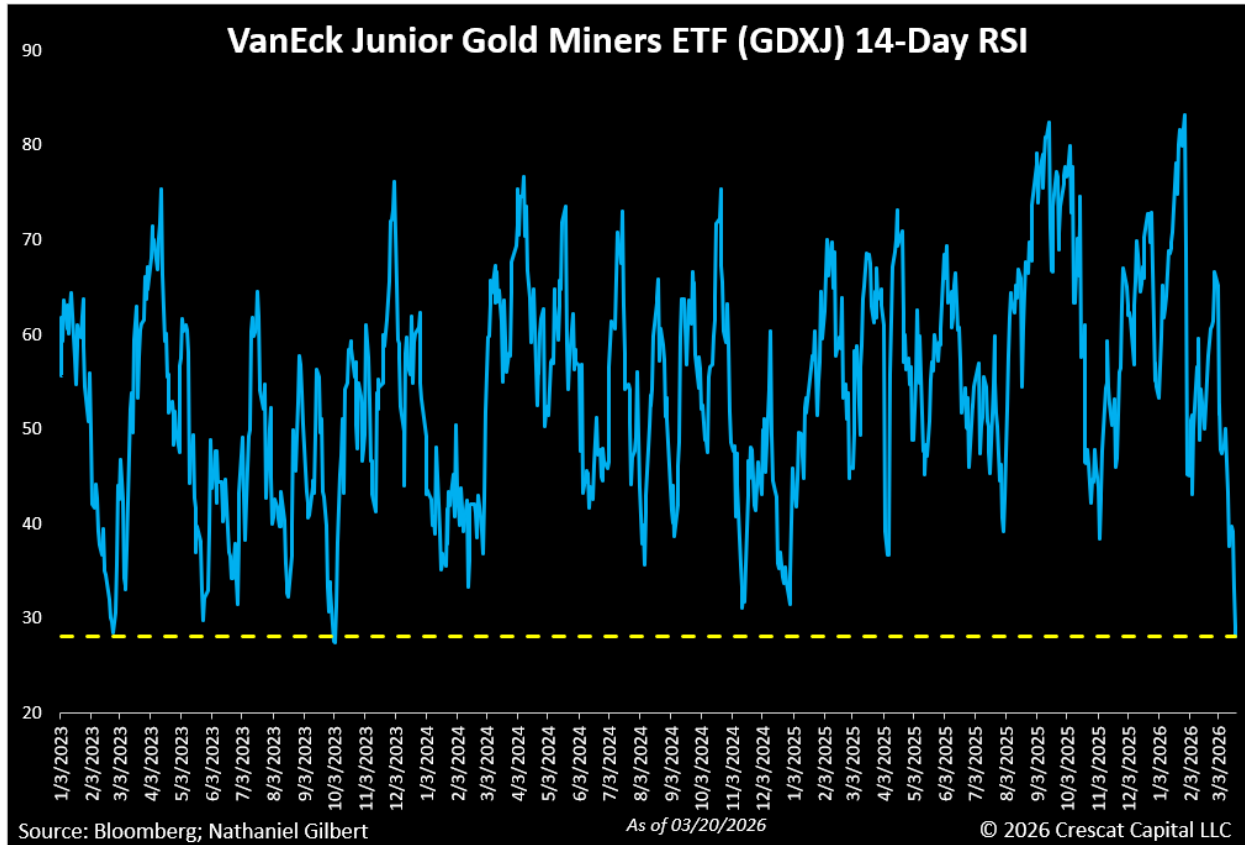
The large cap S&P 500 and Nasdaq 100 indices finally appear to be *just starting* to break down from record valuations, as we would expect with the new geopolitical conflict and resulting likely inflation and higher interest rates, but gold, silver, and mining stocks have sold off significantly more than these indices since Israel and the US first struck Iran on February 28. We think that presents an incredible short-term buying opportunity for the undervalued and still uncrowded mining stocks, especially the premier small cap explorers that we favor in our portfolios. Meanwhile, we see the long-slowing momentum, and now breakdown from the 200-day moving as a potential sell trigger for late-cycle, overcrowded, and overvalued US large cap equity indices and megacap tech stocks.

Interestingly, both mining stocks and the large cap indices are near their critical 200-day moving average support and resistance levels, but the two groups have highly divergent valuation and growth profiles. The indices of the high-growth, undervalued mining stocks are deeply oversold and hover at or above their 200-day moving average. The S&P/TSX Venture Composite Index, a proxy for small cap exploration focused miners, has already come down 23% from its January 23 recent high and could find strong support. It is now right on the 200-day moving average. The small cap exploration focused miners where Crescat is tilted have been outperforming the larger cap producing miners in the current pullback. From February 27 through March 20, the large cap VanEck Gold Miners ETF (GDX) has declined 31%, while the VanEck Junior Gold Miners ETF (GDXJ), a mid-tier producer index, is down 33%. Both of these ETFs hover just above the 200-day moving average now.

The S&P 500 and Nasdaq 100, however, look like they have just critically broken the 200-day moving averages. Yet, the S&P 500 is down only 6.8% from its recent January 28 high. In our view, it has substantially further downside ahead to get to reasonable valuations based on market history. The broad US large cap indices could finally be poised to break down hard from historically high fundamental valuations, which, in our analysis, are comparable to those at prior major market tops in 1929 and 2000.



Both the GDX and GDXJ ETFs have 14-day Relative Strength Index (“RSI”) readings below 30, a level typically associated with oversold conditions suggestive of a potential for a near-term rebound. Note, the last two times GDXJ 14-day RSI was sub 30 in March 2023 & October 23, there was a 34.6% and a 27.9% rally, respectively, within just two months. For an industry that just led the entire stock market in 2025, such a sharp rebound would not surprise us at all.



Although pullbacks can be painful and unsettling in the moment, they often create some of the most attractive opportunities for disciplined investors. When it comes to mining stocks today, these aphorisms apply:

“Buy when there’s blood in the streets, even if the blood is your own.” – Baron Rothschild

“The time of maximum pessimism is the best time to buy.” – Sir John Templeton

“Be fearful when others are greedy and greedy only when others are fearful.” – Warren Buffett

Oil Price Future Less Clear than Gold

Importantly, mining equities have come under pressure not only from the decline in underlying precious metals prices, but also from growing concerns around operating-cost inflation, particularly the risk that a sustained rise in oil prices could compress margins across the sector, especially among the producers who have been enjoying strong margins.

We have shown that higher oil prices do not mean that metal prices cannot go even higher. At this stage, however, the ultimate effect of recent geopolitical developments on the long-term path of oil prices remains unclear. The US is the largest oil-producing country in the world today and is now a

net exporter, unlike in the 1970s when it was dependent on Middle East oil. Although the market has understandably responded to the risk of higher energy costs, it is too early to conclude whether the current move in crude reflects a lasting shift in fundamentals or a shorter-term geopolitical premium. To provide perspective, the table below illustrates the inflation-adjusted percentage change in crude oil prices following the onset of past major Middle East conflicts over various time horizons.

Inflation Adjusted Crude Oil Prices % Change After the Start of Conflicts in the Middle East

	Yom Kippur War <i>1973</i>	Iranian Revolution <i>1978</i>	Iran-Iraq War <i>1980</i>	Gulf War <i>1990</i>	Iraq War <i>2003</i>	Arab Spring <i>2010</i>	Median
1 Month	-0.6%	-0.6%	-0.8%	42.8%	13.5%	6.2%	6.2%
2 Months	-1.3%	-1.4%	1.0%	26.8%	15.6%	15.0%	15.0%
3 Months	129.5%	-2.2%	2.9%	4.2%	17.1%	22.0%	4.2%
6 Months	122.8%	-4.9%	0.5%	-31.4%	11.3%	2.5%	0.5%
1 Year	131.0%	-8.5%	-11.7%	-21.8%	39.8%	5.1%	-8.5%
2 Years	115.1%	75.8%	-14.4%	-27.0%	78.1%	2.6%	2.6%

Source: Macrotrends; Nathaniel Gilbert

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Still Early Innings in a New Secular Bull Market for Mining Stocks

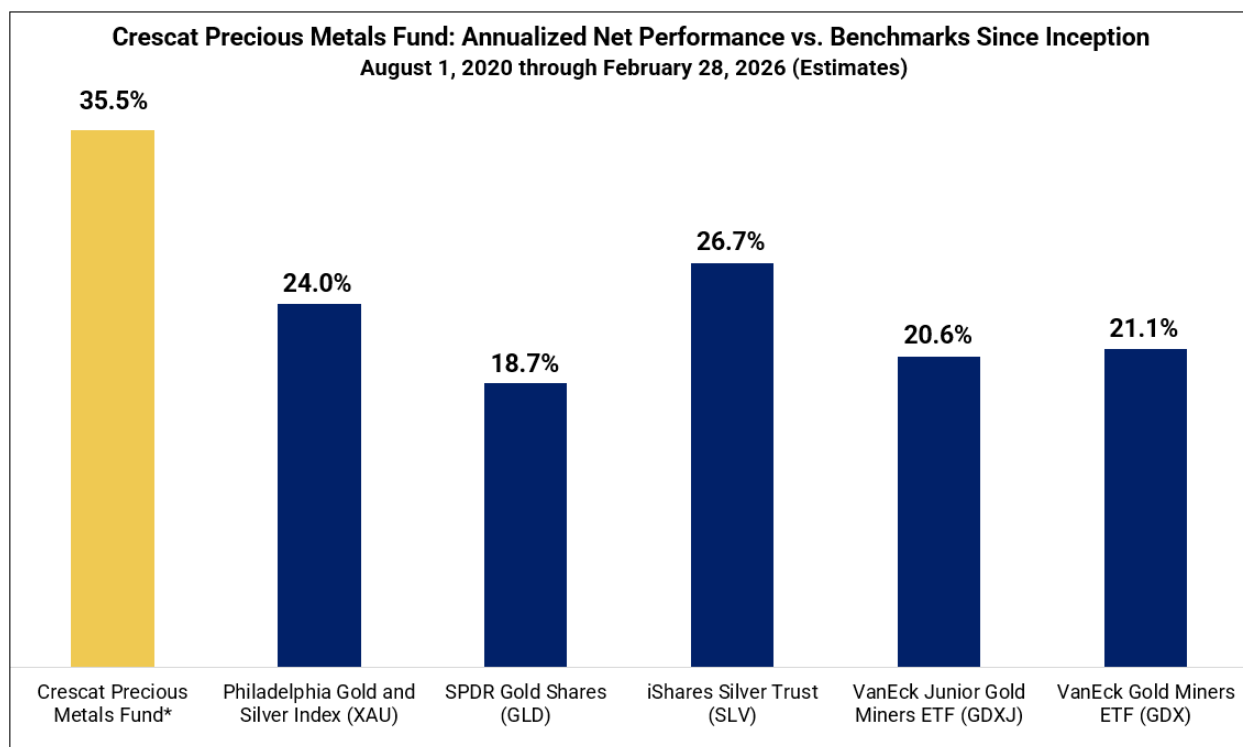
We launched our precious metals fund in 2020 and began allocating heavily to exploration mining companies at that time because we believed the sector was entering the early innings of a major multi-year bull cycle. That view was, and continues to be, driven by our conviction that the industry faces deep structural supply shortages. At the same time, a macro backdrop characterized by inflationary pressures and unsustainable sovereign debt burdens has set the stage for a gold super cycle. More than a decade of underinvestment in mining has created a favorable supply and demand imbalance for metal prices at a time when the world needs more metals than ever. This argues for strong growth ahead for the mining industry revenues, earnings, and new investment dollars poised to pour into the industry for exploration and mine development. Meanwhile, investors' love affair with big technology stocks and apprehension toward mining still leaves the crucial mining industry with valuations that are ultra depressed. Such is a formula for much higher stock prices for precious and critical metals miners in the years ahead, in our view.



Crescat Performance and Call to Action

For our existing investors, we want to first thank you for your continued trust and support. In January of this year, we heard from a number of you who wished you had added at the end of 2024. This pullback is that moment again. The same macro environment that rewarded your conviction in 2025 has not reversed, it has deepened. We believe this is the time to consider an additional allocation. And for those who are comfortable where they are, staying put with a thesis this intact is equally the right call.

For those who stayed on the sidelines feeling that 2025 was too strong a year to come in after, this is your opportunity to get positioned. The 2025 performance was significant, but the case for precious metals and mining equities was never a one-year story. The pullback has reset prices without resetting the thesis. We believe this is a cleaner setup than most investors get and an opportunity to be positioned ahead of the next leg. April 1 is the date to get positioned.



*See important disclosures below. Past performance does not guarantee future results. Investing involves risk, including risk of loss.

Crescat Strategies Estimated Net Returns Through February 28, 2026

CRESCAT STRATEGIES VS. BENCHMARK (Inception Date)	FEBRUARY	YTD	ANNUALIZED TRAILING				SINCE INCEPTION	CUMULATIVE SINCE INCEPTION	YEARS SINCE INCEPTION
			1-YEAR	3-YEAR	5-YEAR	10-YEAR			
Global Macro Hedge Fund (Jan. 1, 2006)	2.3%	14.5%	120.8%	21.6%	10.4%	8.2%	12.4%	953.7%	20.2
Excluding SCM SP ² (Jan. 1, 2006)	-3.4%	14.1%	108.5%	16.3%	7.4%	6.7%	11.6%	821.3%	20.2
Benchmark: HFRX Global Hedge Fund Index	0.4%	2.4%	8.4%	5.6%	3.1%	3.7%	1.7%	39.5%	
Institutional Macro Hedge Fund (July 1, 2023)	2.1%	14.5%	109.4%	-	-	-	22.4%	71.3%	2.7
Excluding SCM SP ² (July 1, 2023)	-3.2%	14.2%	97.6%	-	-	-	16.0%	48.6%	2.7
Benchmark: HFRX Global Hedge Fund Index	0.4%	2.4%	8.4%				6.5%	18.4%	
Long/Short Hedge Fund (May 1, 2000)	3.9%	14.5%	123.2%	22.5%	8.8%	7.7%	8.5%	719.2%	25.8
Excluding SCM SP ² (May 1, 2000)	-0.9%	14.8%	113.2%	17.5%	6.2%	6.4%	8.0%	623.3%	25.8
Benchmark: HFRX Equity Hedge Index	0.8%	3.1%	11.7%	9.0%	6.9%	5.7%	3.3%	129.8%	
Precious Metals Hedge Fund (August 1, 2020)	5.0%	15.8%	136.3%	40.0%	16.5%	-	37.9%	500.9%	5.6
Excluding SCM SP ² (August 1, 2020)	1.1%	15.8%	136.8%	36.3%	14.7%	-	35.9%	455.1%	5.6
Benchmark: Philadelphia Gold and Silver Index	23.1%	37.5%	207.6%	63.0%	31.3%		24.0%	232.3%	
Institutional Commodity Hedge Fund (July 1, 2023)	4.6%	16.4%	132.0%	-	-	-	38.9%	140.3%	2.7
Excluding SCM SP ² (July 1, 2023)	0.1%	17.5%	129.6%	-	-	-	35.7%	125.5%	2.7
Benchmark: Philadelphia Gold and Silver Index	23.1%	37.5%	207.6%				69.3%	307.1%	

Sources: HFR, Inc., NASDAQ, and Crescat Capital LLC. Past performance does not guarantee future results; Investing involves risk, including risk of loss. See additional important disclosures below.

Sincerely,

Kevin C. Smith, CFA
Founder & CEO

Nathaniel Gilbert
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1 – Net returns reflect the performance of an investor who invested from inception and is eligible to participate in new issues and side pocket investments. Net returns reflect the reinvestment of dividends and earnings and the deduction of all expenses and fees (including the highest management fee and incentive allocation charged, where applicable). An actual client's results may vary due to the timing of capital transactions, high watermarks, and performance.

2 – Performance figures presented Excluding SCM SP represent the fund's net returns calculated without the impact of the San Cristobal Mining, Inc. side pocket that was designated on July 1st, 2024. The side pocket includes a private equity asset that is not available to new investors in the funds on or after July 1, 2024. Excluding these assets provides a clearer view of the performance to investors coming into the funds after that date. New investors cannot participate in the SCM Side Pocket and will not share in its potential gains or losses. Investors should consider both the overall performance and the performance excluding the side pocket when evaluating the fund's returns.

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The **HFRX Global Hedge Fund Index** is designed to be representative of the overall composition of the hedge fund universe. It is comprised of all eligible hedge fund strategies, including but not limited to convertible arbitrage, distressed securities, equity hedge, equity market neutral, event driven, macro, merger arbitrage, and relative value arbitrage. The strategies are asset weighted based on the distribution of assets in the hedge fund industry.

The **HFRX Equity Hedge Index** measures the performance of the hedge fund market. Equity hedge strategies maintain positions both long and short in primarily equity and equity derivative securities. A wide variety of investment processes can be employed to arrive at an investment decision, including both quantitative and fundamental techniques; strategies can be broadly diversified or narrowly focused on specific sectors and can range broadly in terms of levels of net exposure, leverage employed, holding period, concentrations of market capitalizations and valuation ranges of typical portfolios.

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Returns for any index include the reinvestment of income and do not include transaction fees, management fees or any other costs. The performance and volatility of the funds will be different than those of the indexes. One cannot invest directly in an index. Benchmarks are unmanaged and provided to represent the investment environment in existence during the time periods shown.

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