

Pacific Precious is Taking Off Again



Stockholm (HedgeNordic) - Precious metals-focused **Pacific Precious** gained 28.3 percent quarter-to-date through mid-May, taking the year-to-date performance further into positive territory at 11 percent. “We saw a strong rebound in the share prices of precious metals-focused mining companies after the sell-off in March, which was mostly liquidity-driven,” portfolio manager Mattias Gromark (*pictured*) tells HedgeNordic.

The strong performance so far in the second quarter can be partly attributed to “more and more investors spotting the opportunity in precious metals after gold has been reaching new highs.” According to Gromark, who manages the precious metals-focused fund under the umbrella of Atlant Fonder, the recent gold rally “has been boosted by the unlimited money printing from central banks and the skyrocketing levels of national debt that follow.”

Gromark has long been concerned about the unlimited money-printing powers of central banks and the ballooning levels of debt. “This crisis and the aggressive response from governments and central banks are far beyond what anyone could have imagined a year ago,” Gromark tells HedgeNordic. “We are stuck in a cycle in which every new crisis is met with even more debt.” According to the fund manager, “the only way central banks can ride this debt problem out is to keep interest rates low and let time do the job for them, a long time.” In such an

environment, “bonds are not the place to be since real returns will most likely be negative.”

Whereas central banks may believe that keeping money-printing presses rolling is adequate as long as inflationary concerns remain subdued, “most people would not agree that inflation is dead,” argues Gromark. “Just look at stocks and real estate globally, and now safe-haven assets such as gold and even bitcoin,” highlights the fund manager. “People will lose faith in fiat currencies and be pushed out of cash and zero-yielding government debt into fixed assets that provide some protection against unlimited money printing and the debasement of currencies,” warns Gromark.

Pacific Precious “aims to offer diversified exposure to gold and precious metals over the whole spectrum.” The multi-strategy fund provides exposure to the price development of precious metals such as gold, silver, palladium and platinum. Pacific Precious usually allocates half of its portfolio to exchange-traded commodities backed by physical assets in the precious metals sector, while the other half is comprised of high-quality public companies active in the mining, exploration or funding of exploration projects in precious metals.

Discussing the portfolio positioning, Gromark says that “gold and precious metals will continue to be in demand” following the unrestrained money printing in the United States, Europe and Japan. In addition, “earnings in the sector for precious metals mining companies and the precious metals streaming companies are growing, and that trend will likely continue for years to come,” reckons the fund manager. “The cycle has just turned the corner.” Nonetheless, Gromark recommends to “watch out for short-term volatility and focus on building a diversified portfolio for the long run.”