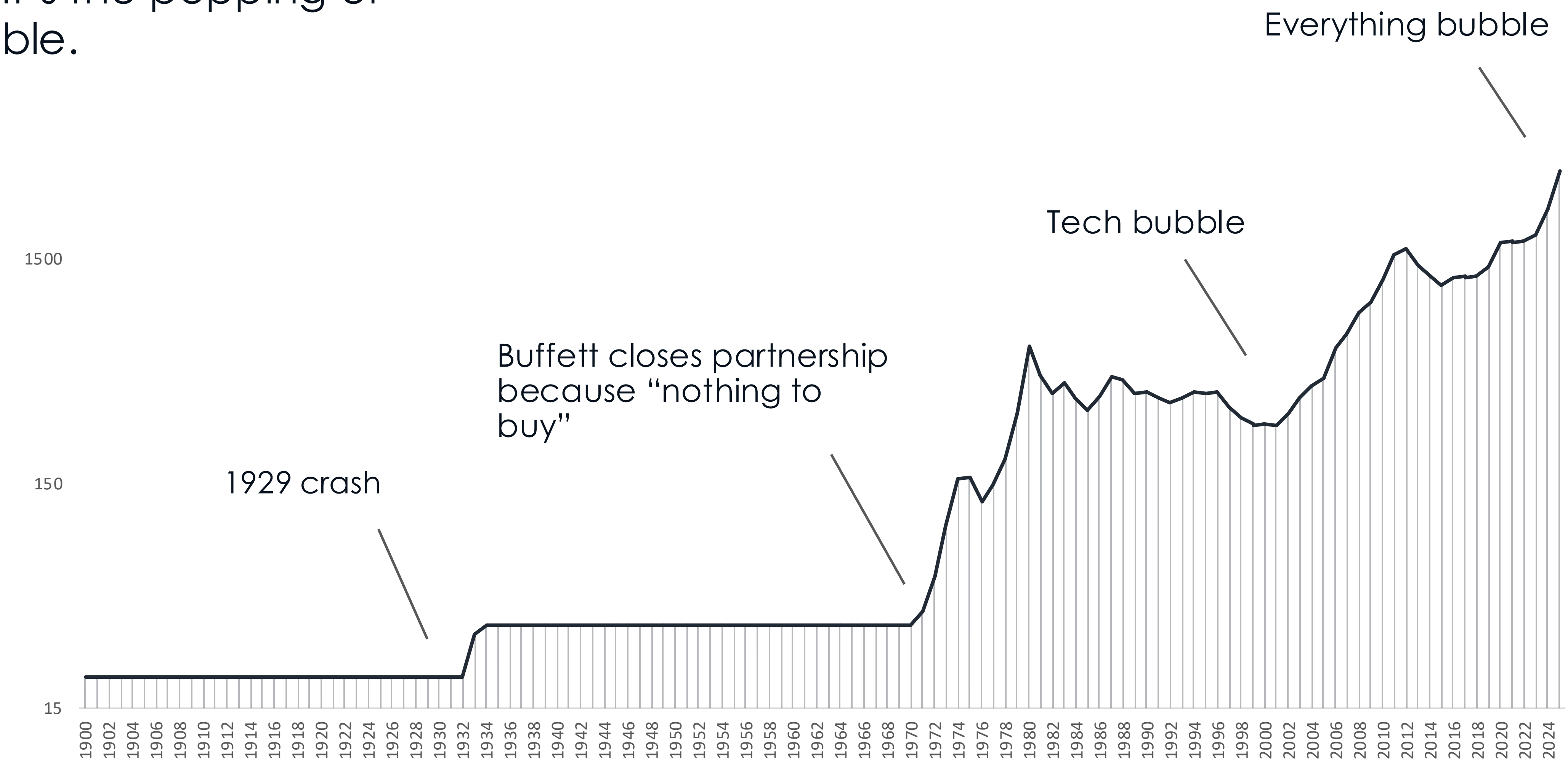
Dakota Global Fund

Generational opportunity in precious metal miner public equities.

Potential for 5-10x returns in 5-10 years

What do all major increases in gold price have in common?

It isn’t inflation. It’s the popping of a financial bubble.



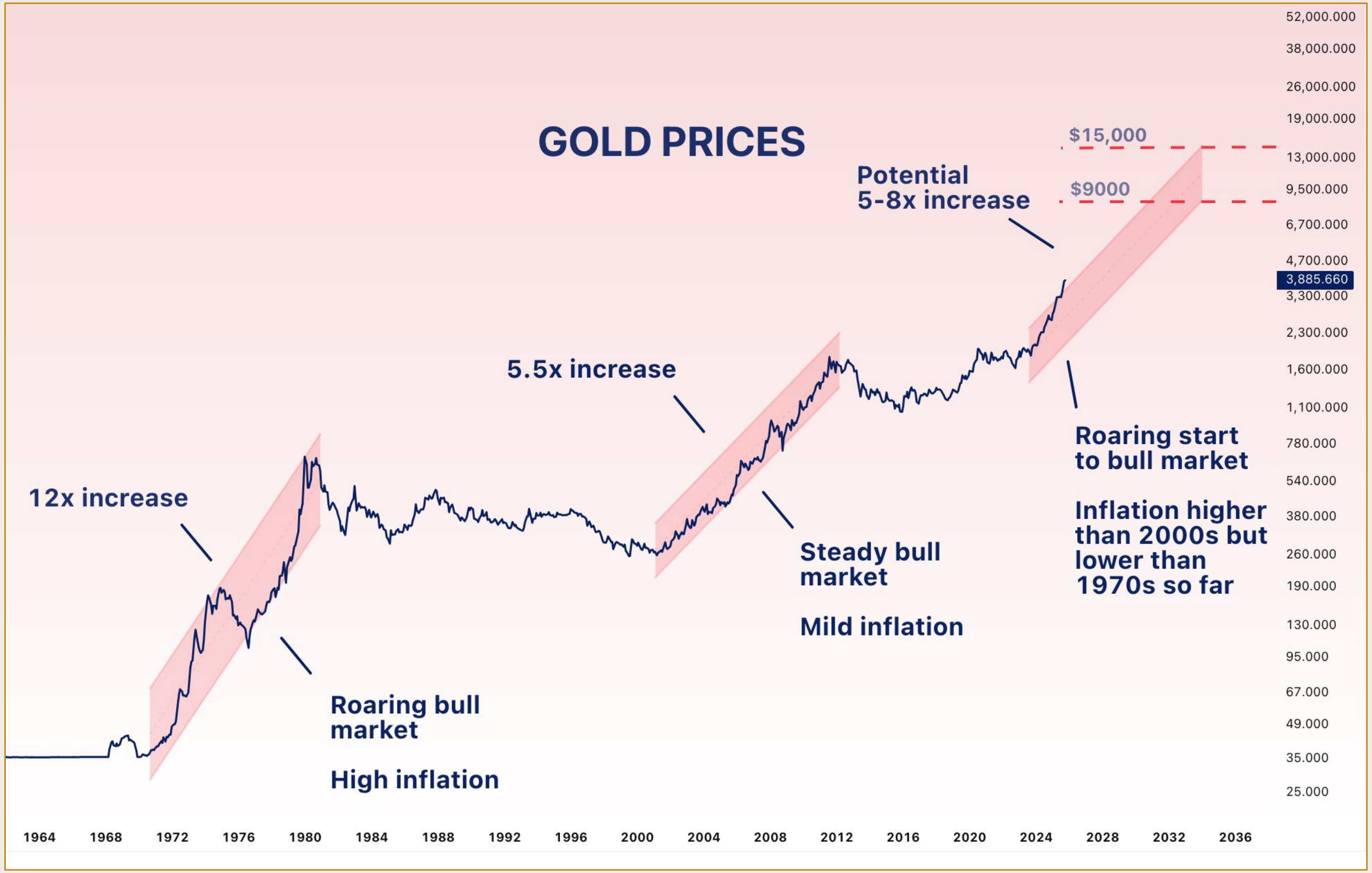
In past bull markets, gold went up 5.5 to 12x.

A 5-8x increase puts gold at $9000 to $15,000.

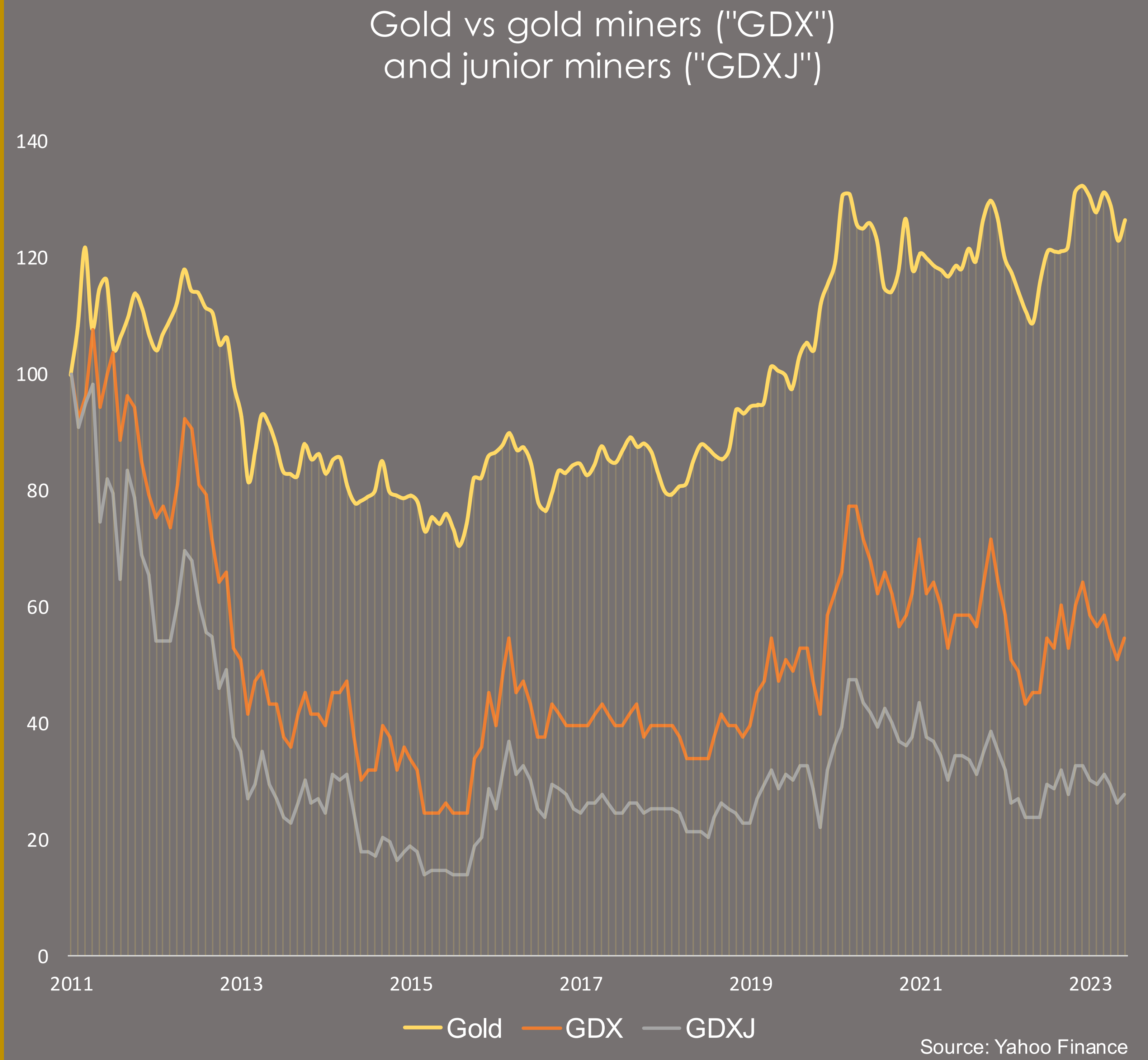
The 2000s bull market was mild because inflation was mild and there was little de-dollarization.

Today there's already been a spike in inflation and China is de-dollarizing. US also incented to inflate away $37T debt.

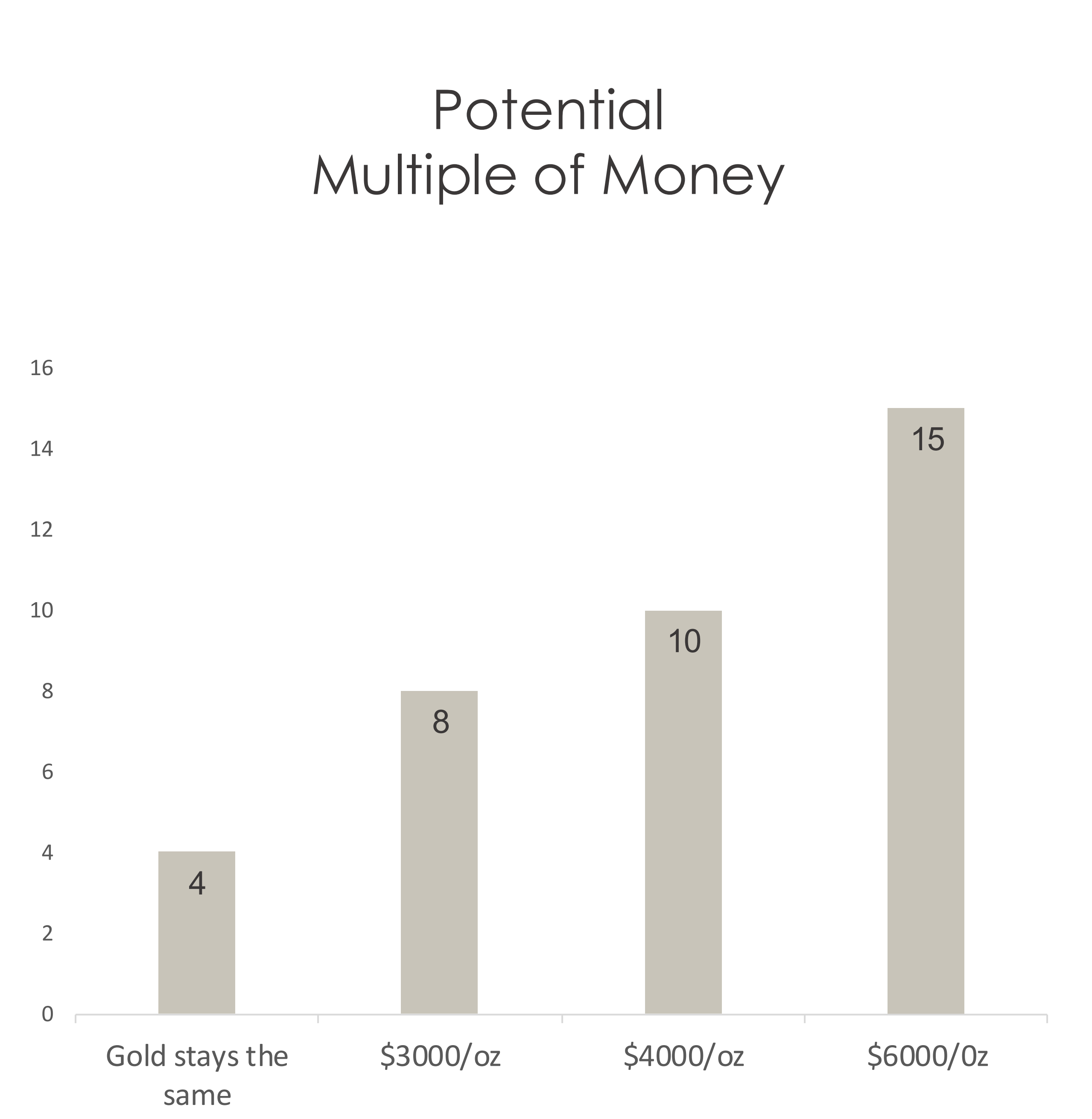
Potential for this bull market to be equal or greater than 2000s.

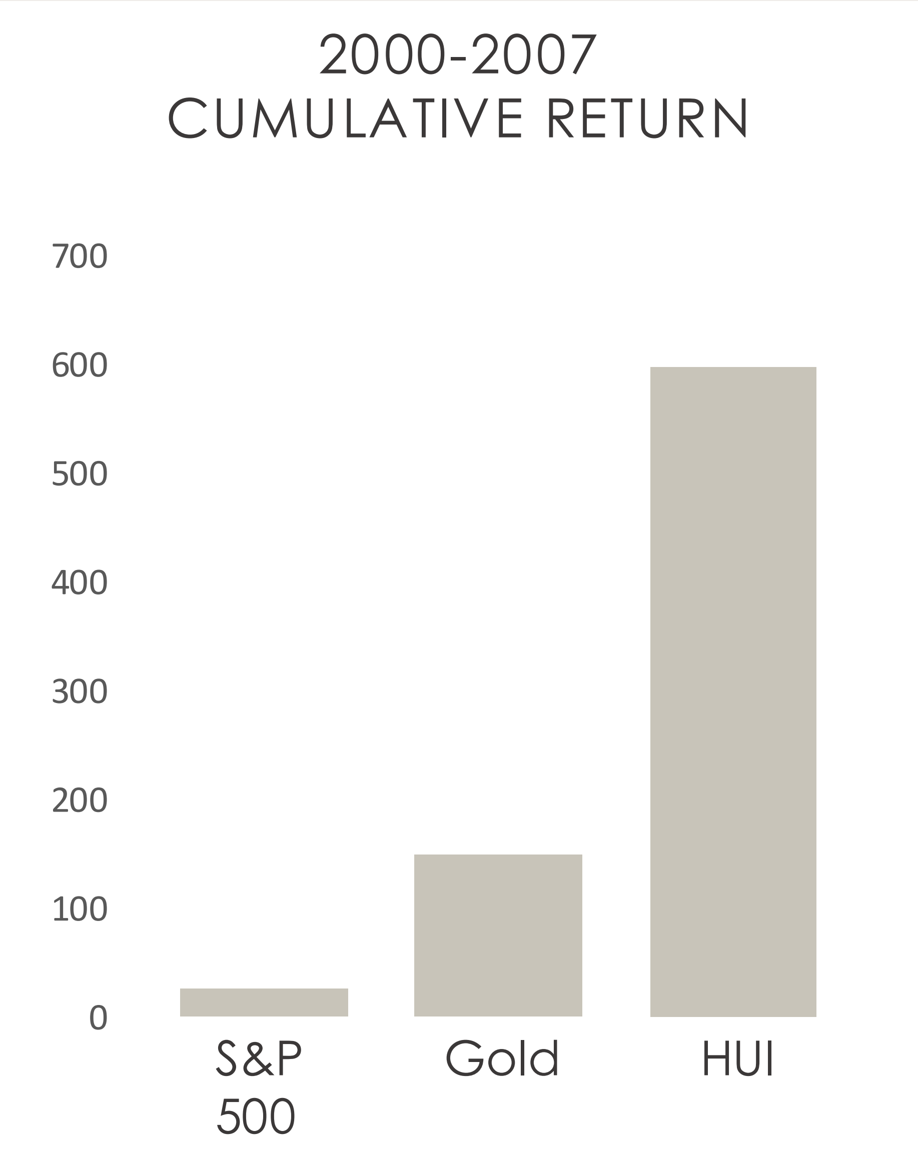


At a time when gold is poised to go up 2.5-4x, gold miners trade at 50-70% discount to gold.



Rising gold + 50-70% discounted gold miners = 5-15x potential returns.





Last time this happened, large miners returned 6x in 7 years, and setup is far better for smaller gold developers.

2000-2007 cumulative return (per annum)

S&P 500: 25% (1.7% p.a.)

Gold: 150% (15% p.a.)

HUI Gold Miners Index: 600% (32% p.a.)

The Lassonde Curve displays investor interest by stage of development

Gold miners are generally bad assets. Here's how we navigate the sector.

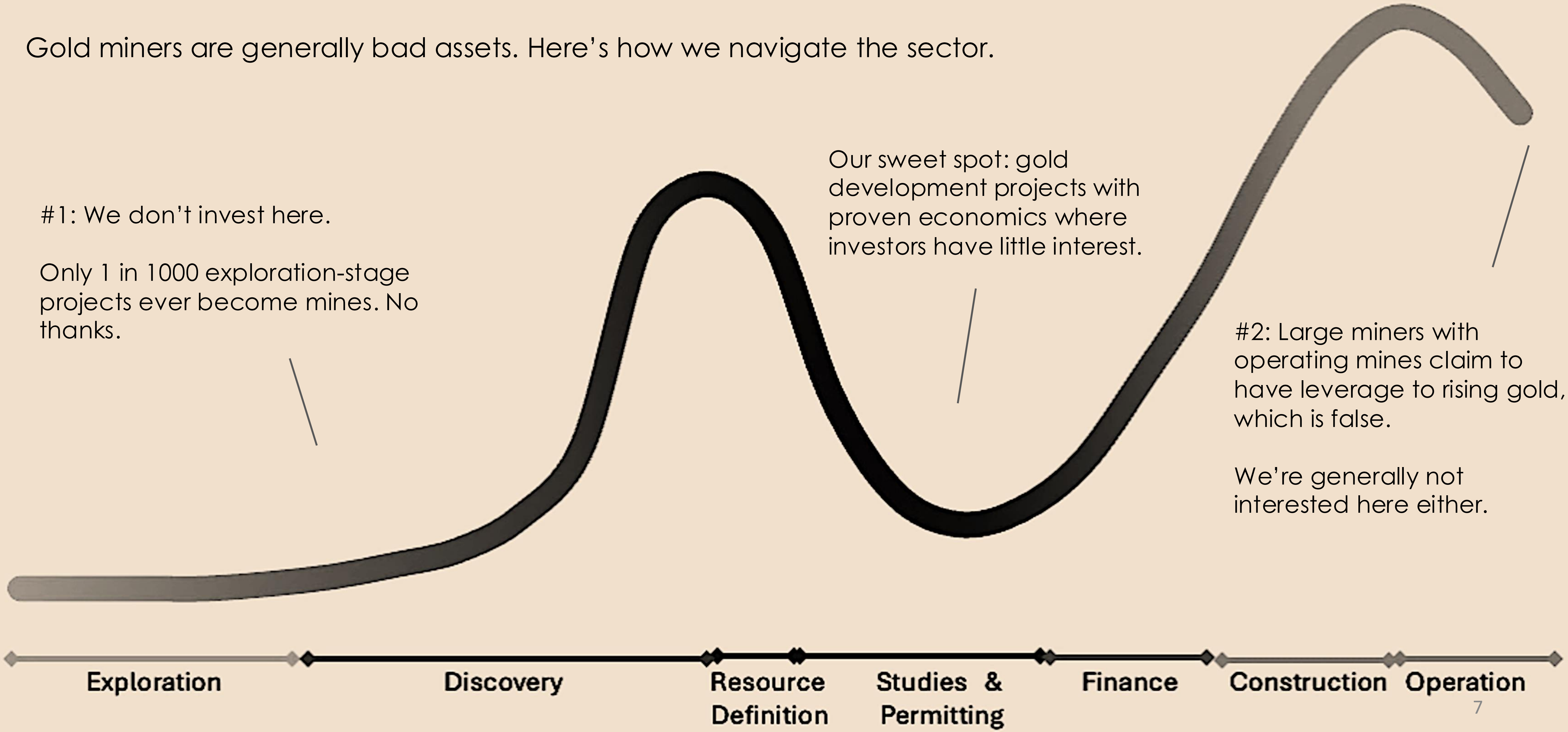
#1: We don't invest here.

Only 1 in 1000 exploration-stage projects ever become mines. No thanks.

Our sweet spot: gold development projects with proven economics where investors have little interest.

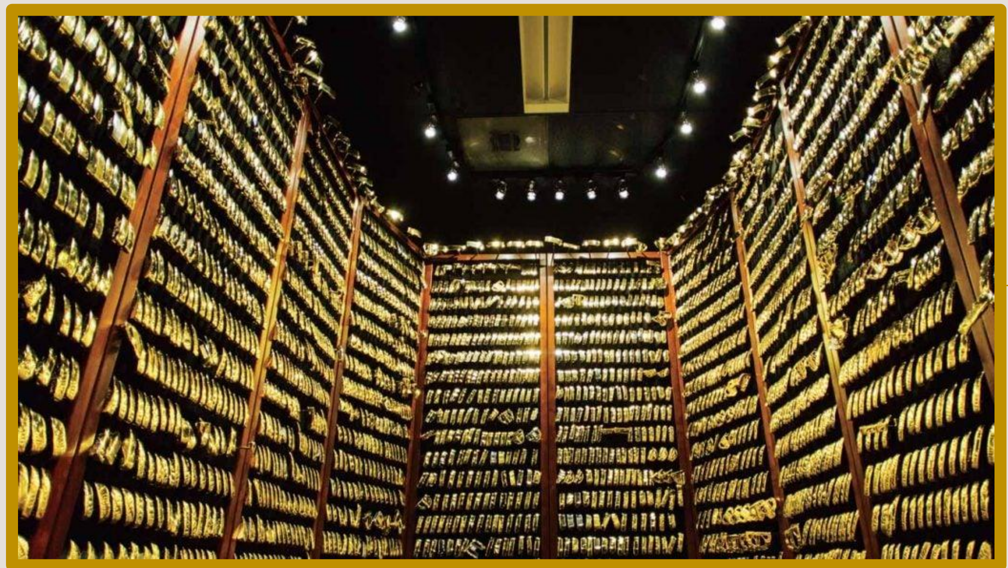
#2: Large miners with operating mines claim to have leverage to rising gold, which is false.

We're generally not interested here either.



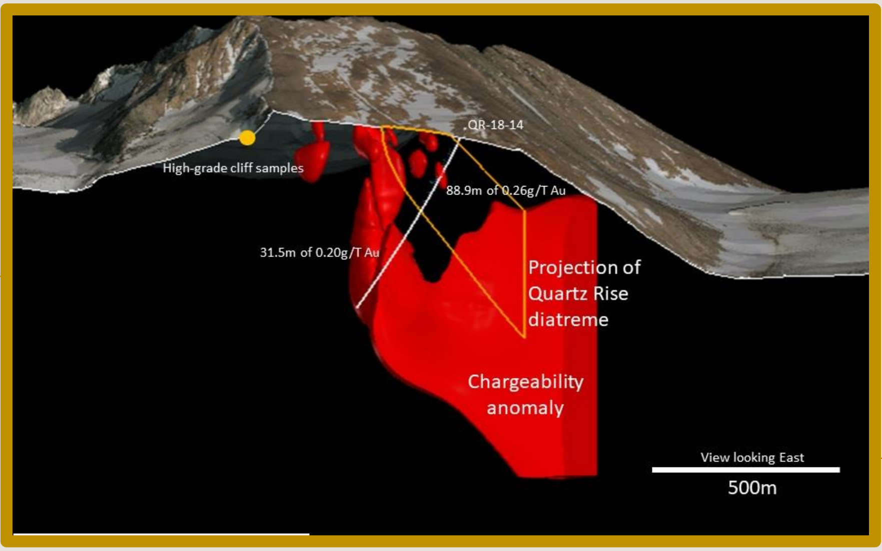
Gold in the ground can be valued as a % of gold spot price.

In the last gold bull market, Seabridge's gold in the ground was valued at 3.2% of spot. Today it's just .4%. Potential 8x+ upside even if gold stays the same.



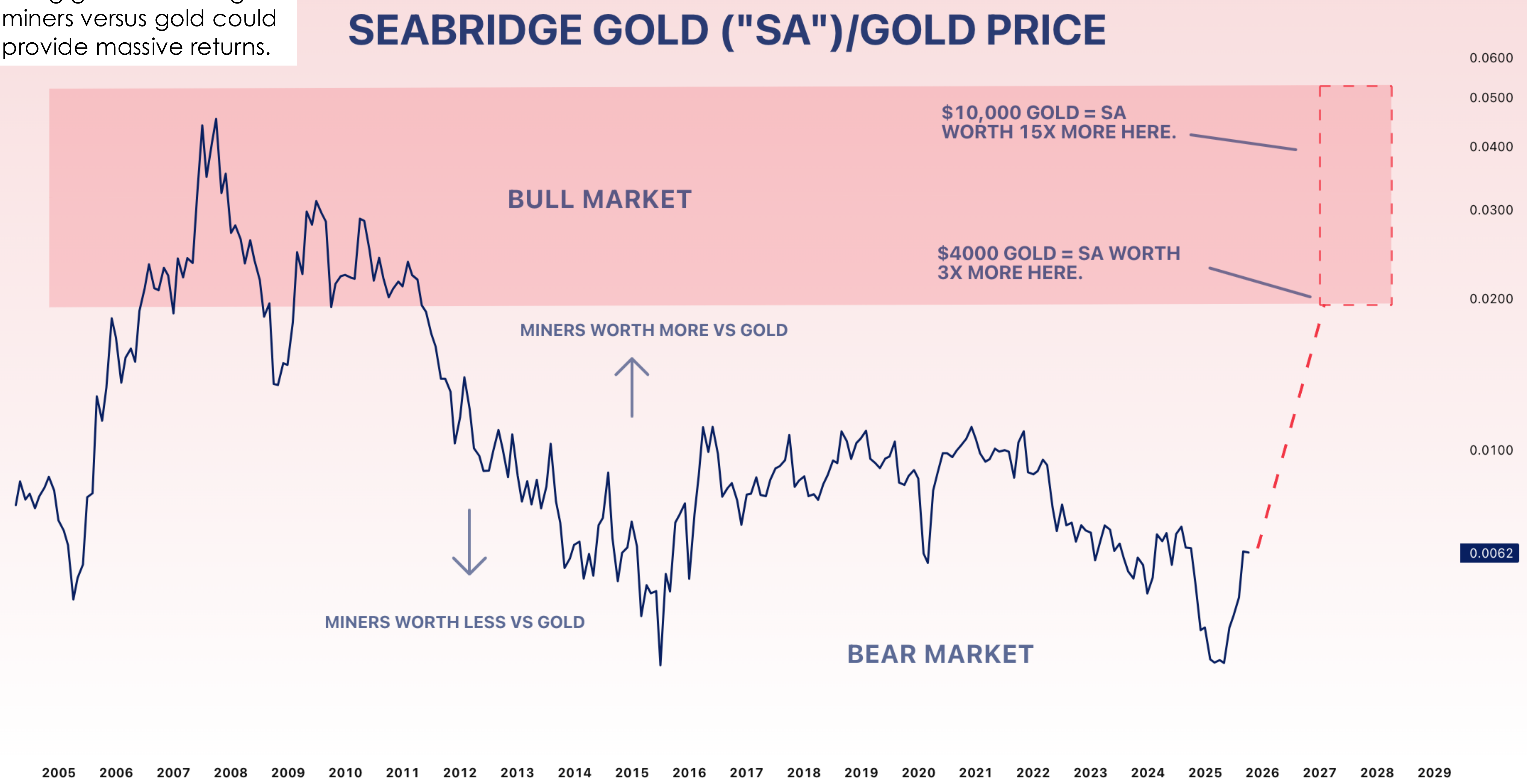
Gold above-ground: $3700/oz

Seabridge Gold (ticker "SA")

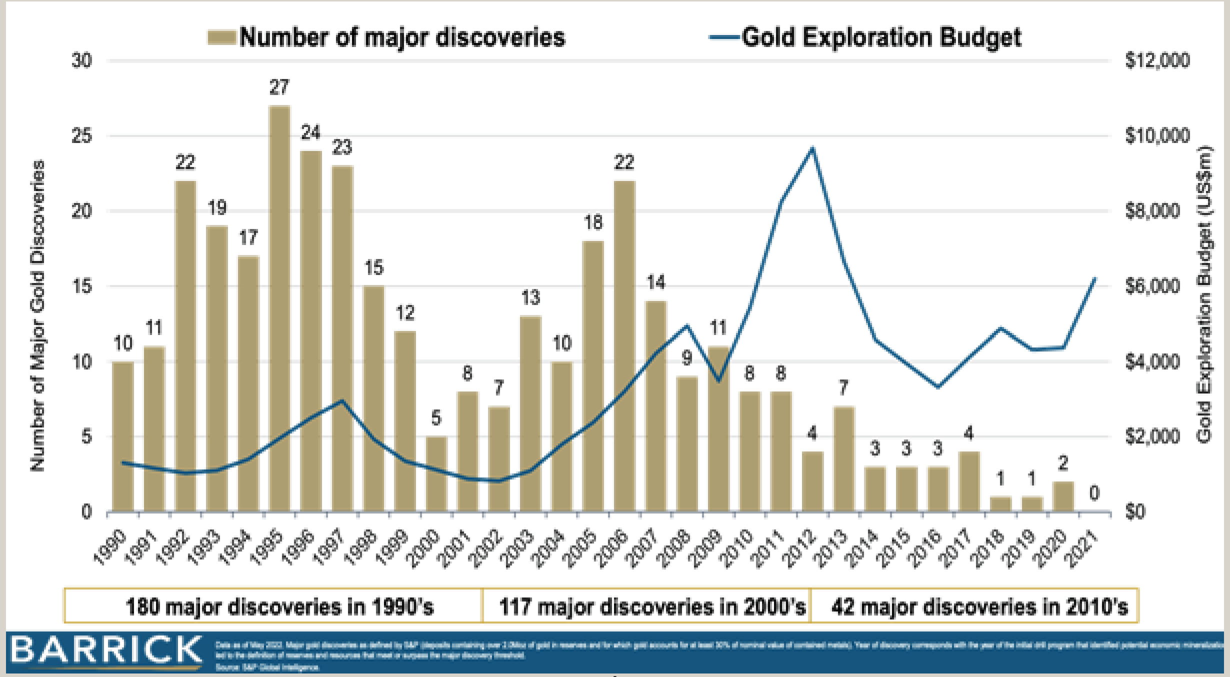


Gold resources/gold spot (2006):	3.2%
Gold resources/gold spot (current):	.4%
Upside to 2006 gold resources/gold spot	8x

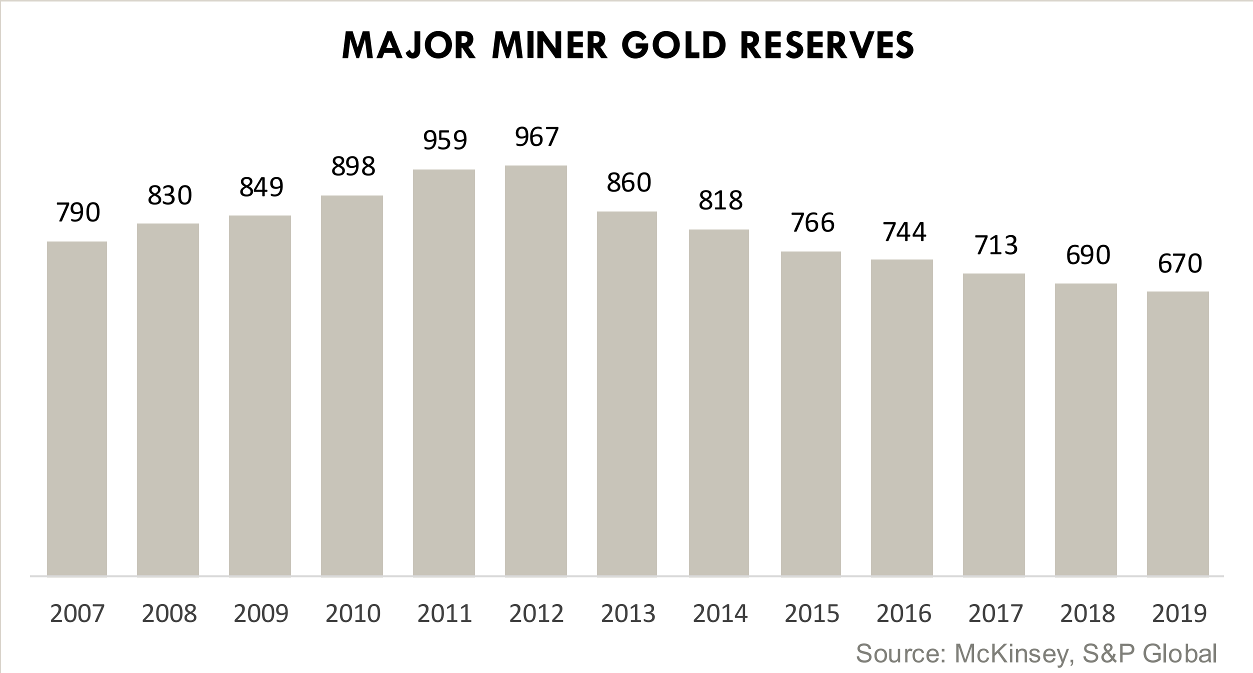
Rising gold + re-rating of miners versus gold could provide massive returns.



Gold production growth is projected to flatline, tightening supply + amplifying price movements.



1. Major gold discoveries, lifeblood of supply, halved each decade since 1990.



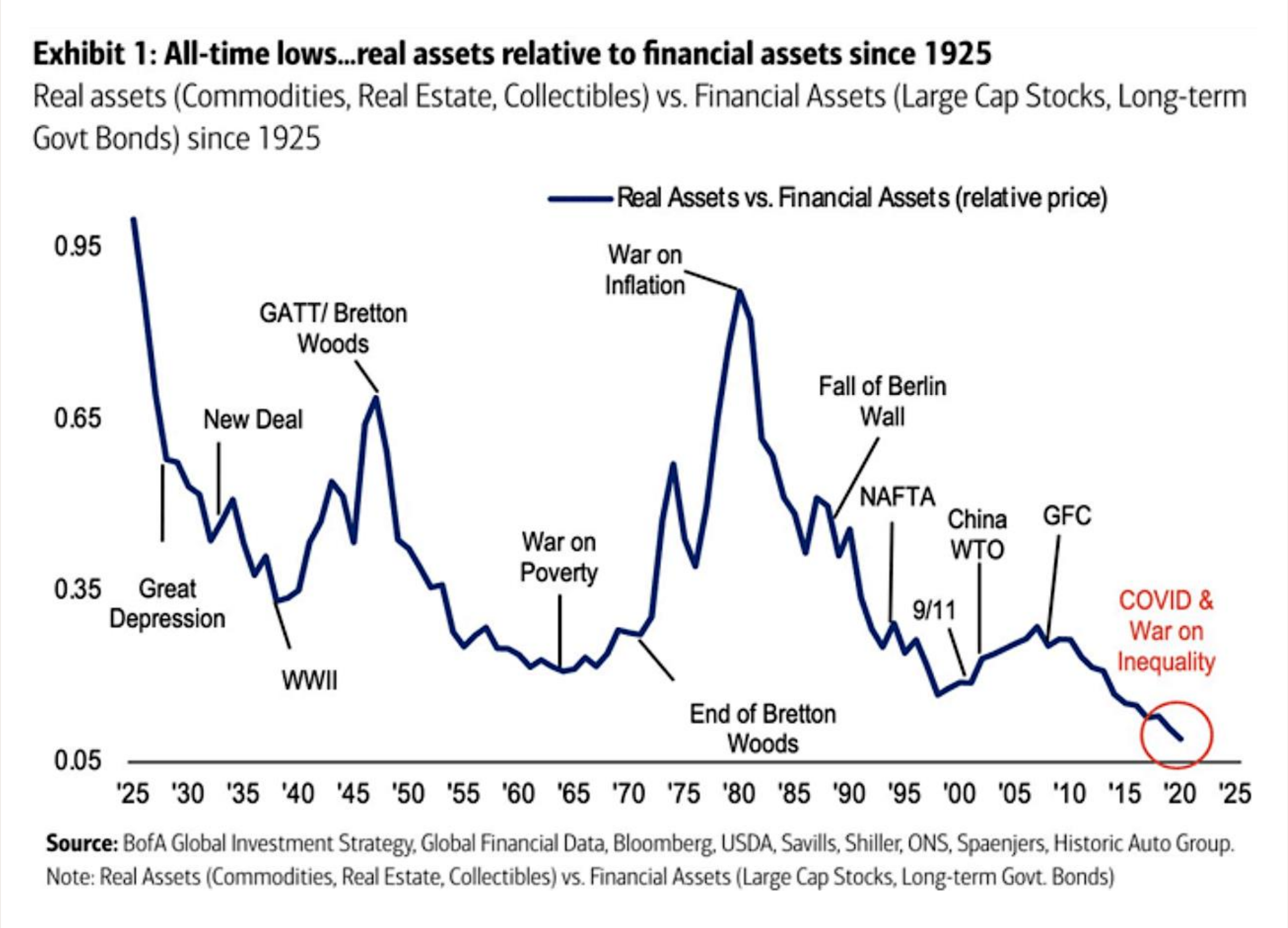
2. Major miners are under-reserved.

What makes gold go up?

1. In the 1930s, there was deflation, <u>not inflation</u> + money supply shrank 28%. Yet gold increased 70% as USD devalued from $21/oz to $35/oz.

2. 70s: 8% inflation + US printing double the USD it had gold reserves for.

3. 2000s: Simple undervaluation without money printing or inflation.



It's all one thing: the popping of a financial bubble. This leads to distrust of financial assets and a rotation into gold.


S&P 500/GOLD
If history repeats, passive investors could see the destruction of 80% of their wealth versus gold.
Gold underperforms equities over the long-run (5-7% p.a. vs 8-10%). But during epic wealth destruction, it's an "extra realm" where investors can hide.
S&P 500 MORE VALUABLE UP HERE.
Equities decline 80% vs gold (incl dividends).
PEAK OF EQUITIES BULL MARKET
2.1x S&P 500/gold
Equities decline 70% vs gold (incl dividends).
Equities decline 80% vs gold (incl dividends).
Smallest peak in commodities in 100 years.
Potential 80% decline for equities vs gold.
PEAK OF COMMODITY BULL MARKET
.4x S&P 500/gold
On this line, $10k gold implies S&P500 of 4000 versus 6650 today. 2.7x return for gold vs 40% loss for SP500.
GOLD + COMMODITIES MORE VALUABLE DOWN HERE.
24.00
19.00
15.00
11.00
8.50
6.50
5.00
3.80
3.00
2.20
1.73
1.30
1.00
0.75
0.55
0.43
0.33
0.26
0.20
0.15
0.11
0.08
1928
1933
1938
1943
1948
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1958
1963
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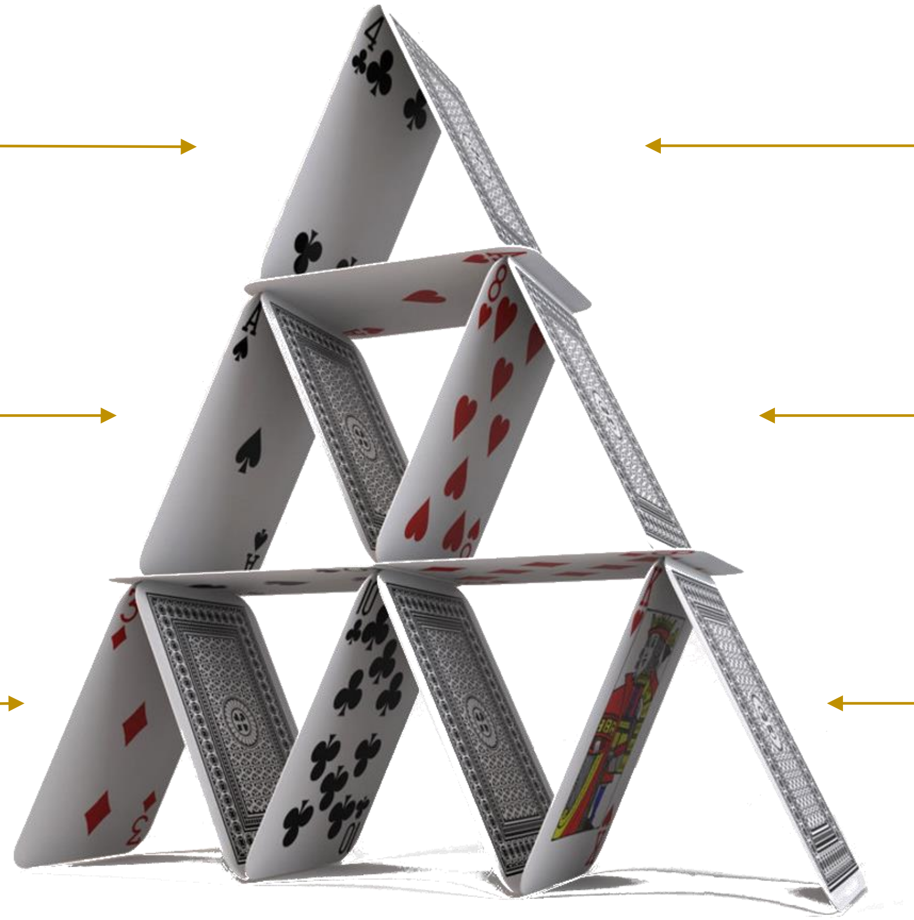
2008
2013
2018
2023
2028
2033
2038
2043

US financial assets are in arguably the biggest bubble ever.

S&P 500 valuation is highest in history. Even higher than 2000 and 1929.

Corporate profit margins highest in history.

Total private + public debt: 320% of GDP, highest in history.



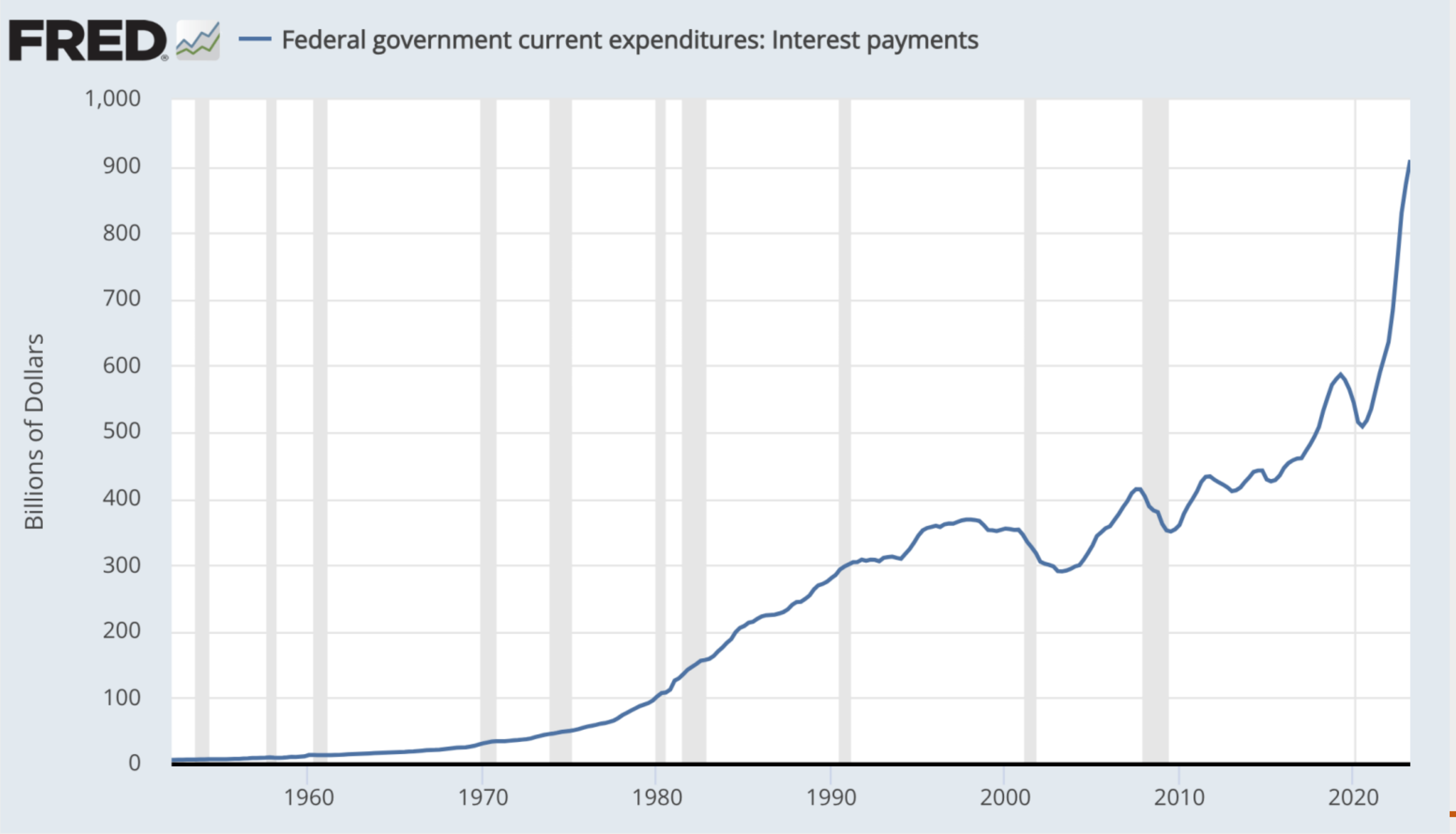
Median home price/median income = 4.6x, highest in history

USD overvalued vs gold and possibly 25-40% overvalued vs other currencies.

US real assets at biggest discount to financial assets since 1926

Adding fuel to the fire, the US isn't incentivized to deflate bubble but inflate it away.

Why? Because US debt at 120% of GDP cannot be repaid, not in dollars worth what they are today.



Good chance monetary base won't shrink but grow even more, which is extremely bullish for gold.

National debt/govt budget minus mandatory spending: 24x.

"Don't fight the Fed" has been the mantra for 15 years.

So what are central banks doing? Buying gold, the most on record.

FOUNDER + PORTFOLIO MANAGER

Scott Reardon is an author and value investor. Prior to founding Dakota Funds, he was the head analyst at a holding company pursuing a Berkshire/Leucadia strategy. Prior to that, he worked as a research assistant at Columbia Business School in the Value Investing Program.

Before turning to investing, Scott was an attorney at Simpson Thacher & Bartlett and is a cum laude graduate of Northwestern Law. He's been admitted to the California and New York bar.

His white paper "Stewart's Bridge to Huston's Gateway" is the only systematic study of the world's greatest investors and what they did that few others do. His first novel, *The Prometheus Man*, was published by Little Brown in 2017. The second book in the series was published in 2020.

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