

Dear Valued Investor,

The first half of 2025 has been nothing short of eventful. Global markets faced a number of headwinds, from geopolitical tensions to shifting investor sentiment. Despite the volatility, we view these developments not as roadblocks but as reminders of the long-term value of diversification and our commitment to our Smart Beta 2.0 investment strategy.

One of the most dominant narratives this year has been a resurgence in global protectionism. The escalation of trade tensions, marked by sweeping U.S. tariffs and a wave of retaliatory measures, sent shockwaves through supply chains and risk assets. While uncertainty weighed on confidence, it also reaffirmed investor interest in traditional safe havens like gold.

Indeed, the yellow metal stood out as a bright spot, hitting multiple all-time highs and closing the first half as one of the strongest-performing assets globally. Central banks continued to accumulate bullion at a historic pace, while investor inflows poured into gold-backed ETFs and gold mining stocks. Silver and platinum also posted significant gains, benefiting from tighter supply conditions and increasing industrial demand.

In air travel, the post-pandemic recovery entered a new phase. Airline bookings and passenger traffic remained strong in most major markets, with the U.S. Transportation Security Administration (TSA) reporting a new single-day travel record of over 3 million passengers on July 7. Persistent fuel costs and tariff-driven supply chain disruptions were a challenge, but we believe the long-term fundamentals remain intact, particularly as ancillary revenues and international travel continue to rebound.

Other areas showed resilience as well. Energy prices surged at times due to geopolitical flare-ups, notably in the Middle East. Supply constraints in copper and rare earths highlighted the growing tug-of-war between industrial demand and global uncertainty. And while consumer sentiment softened in the face of inflation and trade tariffs, select segments, particularly ultra-luxury and hard assets, held firm.

As always, we remain focused on what we can control: conducting rigorous analysis, identifying high-conviction opportunities and staying true to our investment process. While headlines may continue to shift, our belief in the long-term value of disciplined, thematic investing does not.

We appreciate your continued trust and look forward to navigating the second half of the year together.

Sincerely,

A handwritten signature in black ink that reads "Frank Holmes". The signature is written in a cursive, slightly stylized font.

**Frank Holmes**  
CEO and Chief Investment Officer  
U.S. Global Investors