



MIIF

**MINERALS
INCOME
INVESTMENT
FUND**

Market Outlook 2025

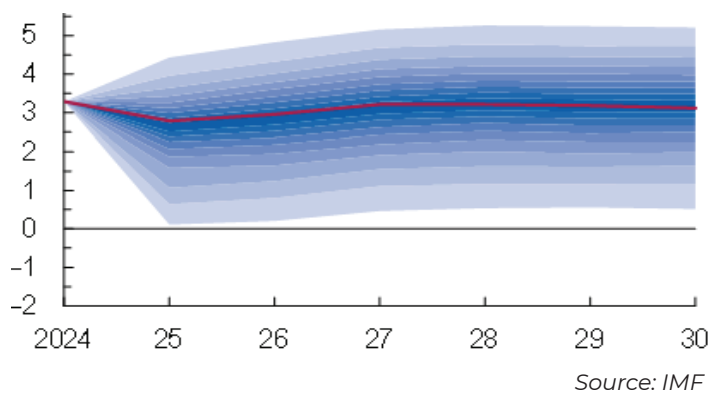
May 2025



ECONOMIC OUTLOOK

The global economy experienced relative stability and moderate growth in 2024, the most stable since the disruptions of the COVID-19 pandemic. Building on that momentum, the International Monetary Fund (IMF) initially projected global growth of 3.3% in 2025. However, recent shifts in the United States' stance on trade, immigration, and geopolitics, have resulted in substantial uncertainty, leading to a revised growth forecast of 2.8%.

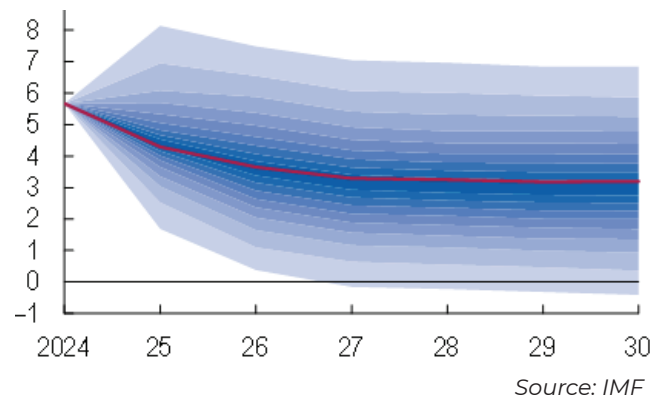
Figure 1: Global GDP growth



This uncertainty intensified on April 2, 2025, when the U.S. Administration announced reciprocal tariffs policy, introducing a baseline import tax of 10% on goods from all countries, with even higher rates for nations running trade surpluses with the U.S.

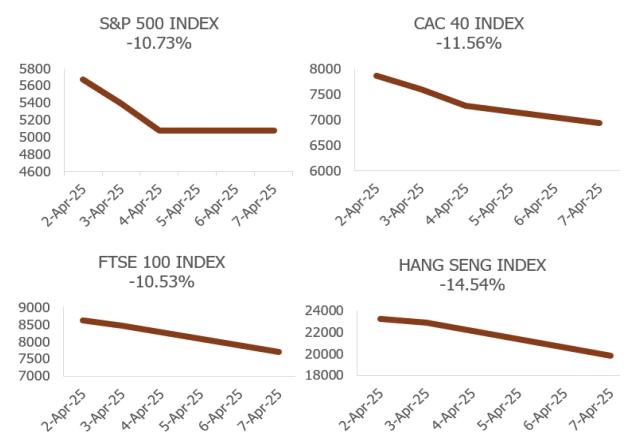
These measures have prompted some retaliatory responses, further disrupting global trade, increasing costs for consumers and businesses, slowing economic growth, and hampering the decline in global inflation. Despite these challenges, global headline inflation is projected to ease to 4.3% in this year.

Figure 2: Global Headline Inflation



Financial markets reacted sharply to the U.S. tariff policy, with widespread declines across Europe and America, and Asia bearing the brunt of the downturn between April 2 to April 7. During this period, the S&P 500 dropped by -10.73%, the CAC 40 downed by -11.56%, the FTSE 100 by -10.53%, and the Hang Seng by -14.54%.

Figure 3: Market Downturn Across Regions Following U.S. Trade Policy Shift



Source: Bloomberg/MIIF

Domestic Economic Outlook Amid Global Developments

The macroeconomic data has renewed optimism and public confidence. The economy is expected to grow moderately by 4.0% in 2025 according to the IMF, with a medium-term growth outlook of 5%. Inflation is anticipated to slow, driven by government efforts toward fiscal consolidation and enhanced domestic revenue mobilization.

Ultimately, the interconnected nature of global economies means unilateral actions have far-reaching consequences. This was evident on April 24, when global markets rebounded following reassurances from U.S. officials that the high tariffs were unsustainable and that negotiations with major trade partners, including China, were underway to restore global trade relations for shared prosperity.

Amidst this economic turbulence, gold emerged as a standout performer in the first quarter of 2025. Investors are increasingly turning to gold not only as a safe-haven asset but also as a key tool for portfolio diversification. With its low correlation to other asset classes and ability to preserve value during periods of uncertainty, gold prices have surged over 20% year-to-date.

Figure 4: Five-Year Trend in Gold Prices



Source: Bloomberg

The outlook is structured in two (2) parts to provide valuable insights into the challenges and opportunities within Ghana's mining sector, especially as they relate to investment products and strategies of the Minerals Income Investment (MIIF) Fund going forward.

PART 1

Overview of Ghana's Key Economic Indicators

Emerging Signs of Recovery

Key macroeconomic indicators reveal signs of stabilization in inflation and foreign exchange markets, alongside global commodity price gains that are particularly favourable for resource-backed investment.



INFLATION

Core inflation fell from 23.5% (Jan) to 21.2% (Apr), indicating marginal improvement in price stability



GOLD PRICE

- All-time high gold price per oz \$3,500.10
- Year to date growth: Over 20%



CURRENCY MOVEMENTS (YEAR TO MAY 8, 2025)

- GBP/GH¢: 4.9% (Appreciation)
- USD/GH¢: 10.2% (Appreciation)
- EUR/GH¢: 2.6% (Appreciation)

Year-to-Date appreciation of 24% according to Bank of Ghana.

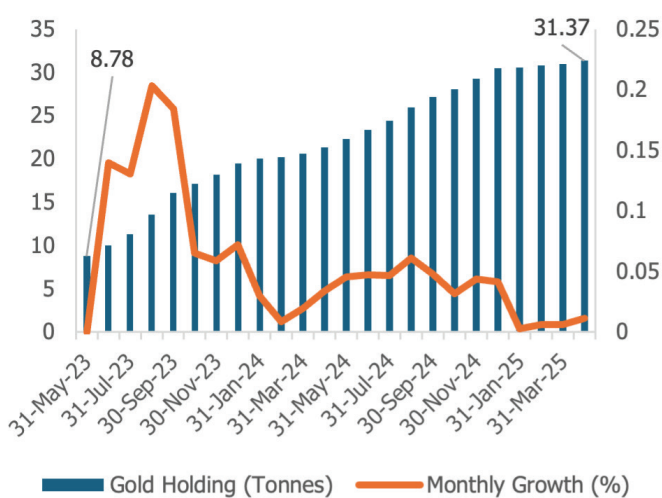


GOVERNMENT SECURITIES

Average yield fell from 26% to 15%, signaling a structural shift in public debt strategy.

The Gold reserves of the Bank of Ghana (BoG) experienced significant growth in recent times to 31.37 tonnes in April 2025 from 8.78 tonnes recorded in May 2023. The data published by the BoG indicated a fundamental policy shift to deliberately build gold reserves for the country's financial stability against external shocks as well as to provide support to the local currency.

Figure 5: BoG Gold Reserve Holdings



Source: Bank of Ghana

We observed that the quarterly rate of accumulation of the BoG Gold Reserve Holdings declined to 1.6% in the first quarter of 2025 compared to 12.2% growth in the previous quarter.

It is our expectation that the introduction of the Ghana Gold Board (GoldBod), with mandate to primarily oversee all aspects of the gold value chain from exploration, extraction, processing, refining and marketing of related matters could fundamentally cement a consistent and sustainable sourcing of gold for the Central Bank. The (BOG) is also keen on

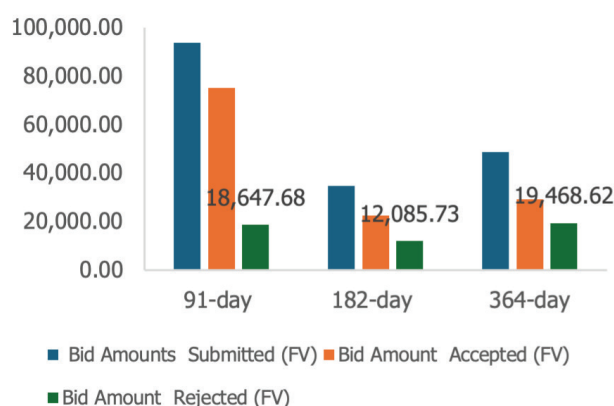
sustaining gold reserve accumulation to support macroeconomic stability.

Ghana's Capital Market Dynamics

Ghana's capital market is undergoing significant changes, highlighted by a shift towards sustainable debt management. In Q1, 2025, the weighted average yield on government securities dropped from 26% to 15%. This has significantly reduced the government cost of financing.

We have also observed improvement in Government's liquidity position for instance, a cumulative GH¢50 billion was rejected from the short-term instruments of auctions held between January 2, 2025 (Tender-1936) to May 2, 2025 (Tender-1953). This demonstrates the Government's commitment to fiscal consolidation, enhanced domestic revenue mobilization and keeping public debts at sustainable levels. This also gives indication of excess liquidity in the Economy.

Figure 6: Government of Ghana Auction Performance (GH¢'million)



Source: Bank of Ghana/MoF

With traditional fixed deposits offering negative real returns, portfolio managers are exploring alternatives like repurchase agreements (repos) and Bank of Ghana bills, among other things whose yields are still attractive compared to Government of Ghana (GoG) Treasury Bills and fixed deposits. The weighted average rate of a 56-Day BoG Bill, as of May 12, 2025, was 27.99% per annum compared to the GoG 91-Day Bill of 15.16%. In response to excess liquidity, the Bank of Ghana (BoG) plans to introduce a 273-day interbank instrument to absorb some of the excess liquidity. However, a long-term investment solution-like corporate bonds, Real Estate Investment Trust (REIT), Exchange Traded Funds-that balance safety with attractive returns, is still needed in the capital market.

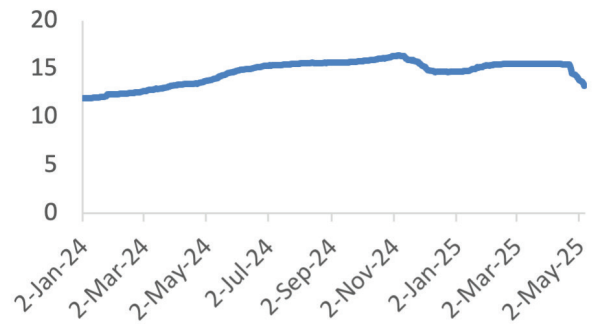
Cedi Performance Summary (May 2024 – May 2025):

The Ghana cedi depreciated by 5% against the US dollar year-on-year, largely due to structural economic challenges including trade imbalances, high import dependency, and significant debt servicing obligations.

However, the currency saw a sharp 14.8% appreciation in the last month (8th April to 8th May 2025), supported by improved market sentiment following government fiscal consolidation efforts, the Bank of Ghana's publication of gold reserve

holdings, remittance inflows and targeted foreign exchange (FX) interventions. This recovery was further aided by a weakening US dollar, driven by expectations of US Federal Reserve rate cuts.

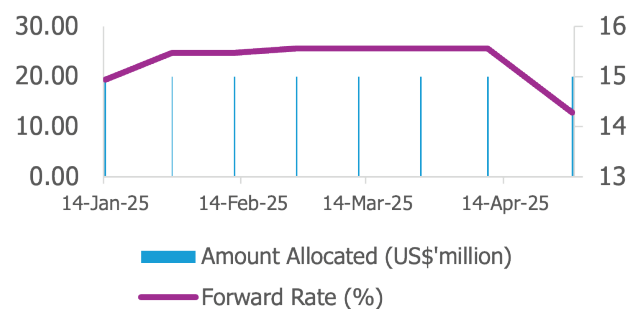
Figure 7: Ghana Cedi Performance



Source: Bloomberg

The Bank of Ghana injected some funds into the economy by auctioning of a total of US\$160 million into the economy through its Forward Auctions program as at end April 2025. This program continues to support dollar demand in the market, especially from the Bulk Oil Distribution Companies (BDCs).

Figure 8: BoG Foreign Exchange Forward Auctions



Source: Bank of Ghana

Navigating Policy Shifts, Unlocking New Investment Pathways

The Mineral Income and Investment Fund (MIIF) Act, 2018 (Act 978) has been amended in accordance with the Budget Statement and Economic Policy of Government of Ghana for the 2025 Financial Year, with a significant change being the reallocation of 80 percent of the mineral income (royalties & dividend), previously allocated to MIIF's investment activities, to the Consolidated Fund for infrastructure development.

In the light of the realignment of the significant investable funds of MIIF to the Consolidated Fund, MIIF's strategic focus will be on structuring investment opportunities that enhance cash flow and sustainability in consultation with the Ministry of Finance.

Over the past year, the performance of gold has positively impacted the Fund's capital base. In 2024, Ghana's gold exports saw a 53% increase, reaching \$11.64 billion, according to the Bank of Ghana. A substantial portion of this growth can be attributed to the aggregator-driven purchasing programs in the Small-Scale sector.

Positioning Ghana for Strategic Gains

Supported by robust global gold prices, MIIF's Gold Trade Programme delivered over US\$58 million in US Dollar inflows in the first quarter of 2025. Projections for the second quarter, contingent on MIIF's continued participation, estimate an additional US\$50 million—highlighting the programme's strategic importance to Ghana's foreign exchange reserves and economic resilience.

The Fund acknowledges that, the establishment of the Ghana Gold Board, means current trade arrangements may not be expanded or extended in the near term.

MIIF's Strategic Shift in response to new Policy direction

Strategic Focus

To ensure consistent cash flow, the Fund will diversify its portfolio by including royalties and streaming transactions as a distinct asset class.

Additionally, it will:

- Enhance relationships with financial institutions for co-investment opportunities.
- Collaborate with the Minerals Commission (MINCOM) and other stakeholders to explore investment opportunities in Mining Support Services and the local content policy of the Ghana Government.

Structuring Long-Term Returns from Ghana's Mining Sector: MIIF's Royalty and Streaming Approach

As the global gold industry evolves, royalty and streaming models have emerged as compelling investment

avenues, offering lower-risk exposure to precious metals. These models present strategic opportunities to diversify portfolios and support domestic mining ventures.

As part of its mandate to maximize Ghana's mineral wealth for the benefit of current and future generations, MIIF is actively assessing other strategic avenues to deepen its exposure to gold and silver markets. A key focus area under evaluation is royalty and streaming investments—an asset class that aligns with MIIF's long-term, risk-adjusted return objectives while offering portfolio diversification and income stability.

Why Royalty and Streaming?

Royalty and streaming models have proven to be resilient and scalable alternatives to direct mining investments. Unlike traditional mining equity, royalty and streaming companies provide upfront capital to mining firms.

Streaming finance is often associated with mines producing precious metals. The investor provides an upfront capital to the mining company in return for the right to purchase a fixed percentage of production.

The right to buy the metal is mostly at a negotiated or discounted price, in most cases below the market price.

Typical features

- Stream payments are ongoing on receipt of physical metal.

- Streaming arrangements do not lead to shareholder dilution.
- Streaming is a popular form of financing for precious metals mines. Example gold mines.

The main benefit of royalty companies is that they provide exposure to a mining company's performance and growth without exposure to operating and capital costs.

Royalty finance is similar to streaming finance. The investor provides an upfront payment to the mining company in return for the share of the project's future revenue.

Royalties are generally paid in cash. The rate is mostly agreed through

Investment Merits

Royalty and streaming companies typically enjoy:

- **Diversification:** Investments are spread across multiple projects and geographies, reducing exposure to any single asset.
- **Lower Operational Risk:** As these companies are not involved in day-to-day mining operations, they are insulated from common mining challenges.
- **Stable Cash Flows:** Long-term agreements often provide predictable revenue streams.

Learning from Global Leaders

The success stories of global players such as Franco-Nevada, Wheaton Precious Metals, and Royal Gold illustrate the scalability and profitability of the royalty model. Franco-Nevada's investment in the Goldstrike mine, which turned a US\$2 million stake into over US\$1 billion in returns, underscores the potential of early-stage strategic partnerships.

Table 1: Top Large Cap Royalty & Streaming Companies

Company	Market Cap (US\$ Billion)	Portfolio Companies	Notable Assets
Franco-Nevada	32.8	430	Cobre Panama, Antamina
Wheaton Precious Metals	37.2	39	Salobo, Constancia
Royal Gold Inc	11.9	58	Penasquito, Mount Milligan
Osisko Gold Royalties	4.4	185	Canadian Malartic, Mantos Blancos
Triple Flag Precious Metals	4.1	236	Newcore Gold, Enchi
Sandstorm Gold	2.5	250	Hod Maden, Antamina
Metalla Royalty & Streaming	0.28	70	Agnico Eagle, Wasamac Mine

Source: MIIF Investment Research

More recently, deals like the Candelaria streaming agreement with Lundin Mining highlight how royalty firms can secure long-term access to gold and silver output at favourable economic terms.

MIIF recognizes the opportunity to replicate similar success stories by leveraging its deep knowledge of Ghana's mineral ecosystem, technical due diligence capabilities, and access to early-stage investment opportunities.

MIIF is currently exploring both domestic and international opportunities in the royalty and streaming space

By positioning itself in this high-potential niche, MIIF seeks to create a robust new revenue stream while reinforcing its position as a catalyst for innovation and

capital formation in Africa's mining sector.

Furthermore, this approach dovetails with MIIF's Environmental, Social and Governance (ESG) commitments, as royalty investments allow for indirect participation in projects while ensuring partners meet sustainability and compliance benchmarks.

PART 2

GLOBAL FINANCIAL MARKETS

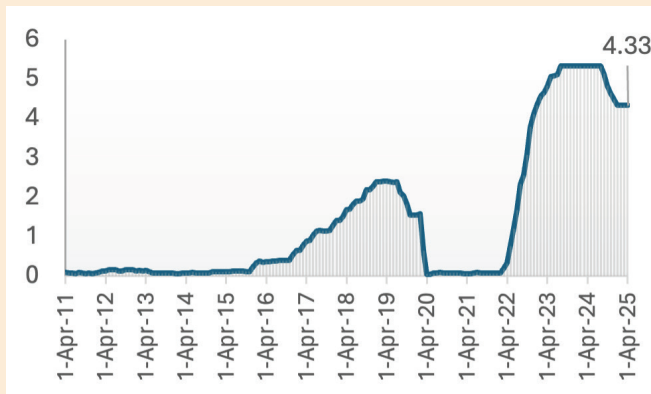
Financial Markets Under Pressure Amid Trade Tensions and Economic Uncertainty

Global financial markets faced heightened volatility in the first half of 2025 as escalating trade tensions, particularly from the United States, coupled with concerns over global economic growth and shifting monetary policies, dampened investor sentiment. Developed markets saw a notable sell-off (MSCI World Index: -4.2%), while emerging markets outperformed, buoyed by China's recovery (MSCI Emerging Markets Index: +2.4%, MSCI China Index: +3.1%).

The U.S. Federal Reserve kept interest rates unchanged in April at 4.33%, maintaining its cautious stance amid growing policy uncertainty with projected 2025 total cut of 50bps. Despite an agreement reached on May 12, 2025 between the U.S and China to

halt reciprocal tariffs imposed on each for 90-days, we anticipate that the Federal Reserve will maintain its cautious stand as negotiations progress.

Figure 9: Federal Funds Effective Rate



Source: Board of Governors of the Federal Reserve System (US) via FRED@MIIF

In Europe, markets were not spared (Euro Stoxx 600 Index: -2.3%). The European Central Bank lowered interest rates in April by another 25bps and struck a slightly more hawkish tone, signaling a less restrictive monetary stance. However, investor expectations for future cuts were dialed back.

The U.S. dollar weakened in March amid economic softness, while gold reached new highs, driven by safe-haven demand, central bank buying, geopolitical tensions, uncertainty around policies, and growing investor appetite

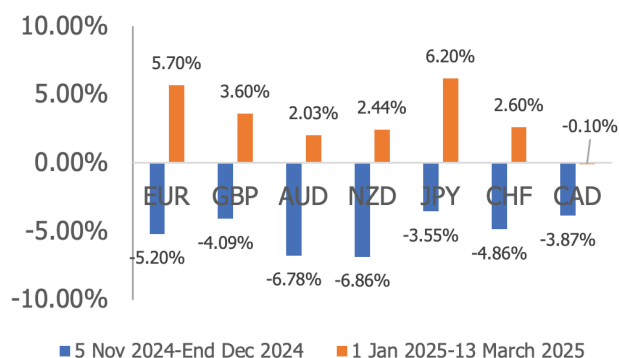
Figure 10: Dollar Index Spot Currency



Source: Bloomberg

Developed market currencies weakened after Trump's election win but have all nearly rallied against the US dollar this year.

Figure 11: US\$ vs Other Currencies



Source: LSEG/MIIF

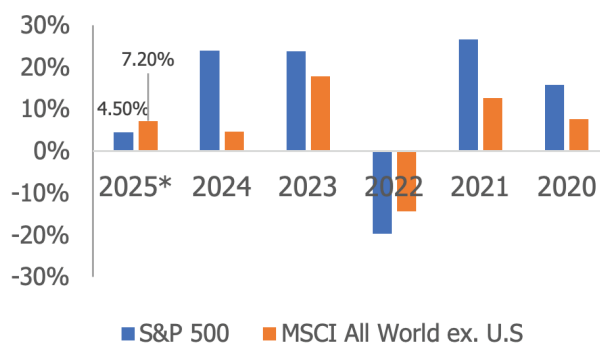
Given the heightened uncertainty, portfolio managers remain cautiously positioned, with a slight preference for fixed income over equities.

As we move through the second quarter of 2025, the global equity landscape is presenting a dynamic and increasingly nuanced picture. Shifting macroeconomic conditions, evolving trade policies, and sector-specific disruptions are creating an environment where thoughtful diversification and targeted stock selection are more important than ever.

Opportunities Beyond U.S Markets

Valuations in non-U.S. developed markets are becoming increasingly attractive, and companies in regions like Japan and BRICS countries are showing signs of sustainable growth, supported by increased IT investment and corporate governance reforms. As earnings expectations broaden, investors are beginning to recognize the untapped potential beyond U.S. borders.

Figure 12: U.S Equity Performance vs World



Source: Trading view/curvo/*Feb 19, 2025.

Emerging Markets: Undervalued and Underappreciated

While developed markets, especially the U.S., are expected to experience broadening earnings growth in 2025, with small- and mid-cap stocks gaining traction, the real allure for equity investors may lie in emerging markets. These markets are benefiting from a combination of undervaluation, strong consumer demand, and an increasingly favourable investment climate.

Recent market data on Bloomberg has shown that emerging markets are well positioned to drive the next bullish market. For example, the iShares Emerging Market Equity index is up +11% year-to-date, Hong Kong's Hang Seng Index +18%, MSCI EM index +8%. The recent agreement between the U.S. and China also provide confidence that the worst is behind markets and headwinds have diminished at least in the short term.

In Ghana, the Ghana Stock Exchange (GSE) demonstrated exceptional performance in 2024, positioning it as a leading player in Africa's financial markets. With a 56.17% return on its composite index in 2024 and an overall year-to-date (YTD) 2025 gain of

23.81%, Ghana's stock market has proven its ability to generate robust returns, creating a unique opportunity for investors seeking growth beyond traditional developed markets.

Locally, MIIF plans to enhance partnerships with key market players, such as the Ghana Stock Exchange (GSE), and support investees like Electrochem to list on the GSE. These listings offer capital gains and improve transparency, benefiting both MIIF's investees and the broader economy by increasing market liquidity and fostering broader investor participation.

Gold Takes Center Stage in 2025: The Ultimate Safe-Haven Surge

Gold has become the best-performing asset so far in 2025, surpassing \$3,500 per ounce on April 22, 2025 and delivering over 20% year-to-date gain, including a 10% rise in April alone. This performance has outpaced equities, cryptocurrencies, and other commodities, reinforcing gold's role as a preferred safe-haven asset during periods of economic and geopolitical uncertainty.

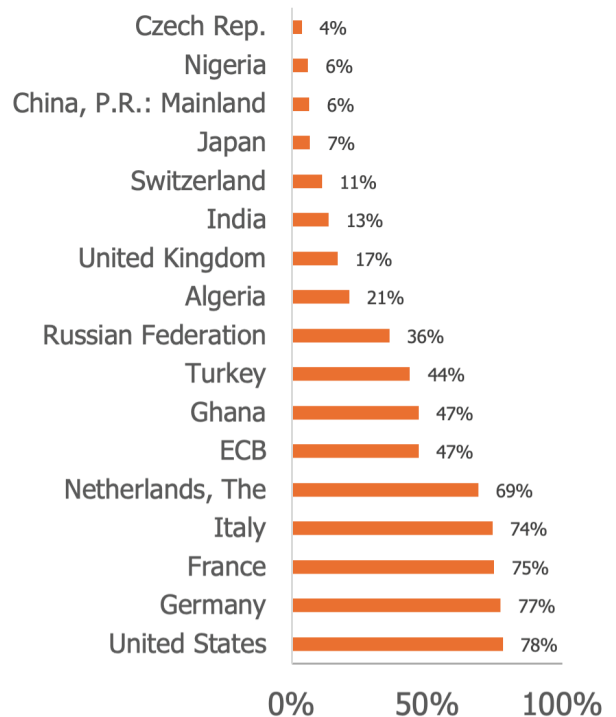
Figure 13: Five-Year Trend in Gold Prices



Drivers Behind the Surge

- Inflation hedging
- Geopolitical risk aversion
- Investor repositioning in response to evolving U.S. economic policy
- Central Bank and Institutional Demand

Figure 14: Gold as a percentage of total reserve holding across select central banks



Source: World Gold Council, MIIF

This trend is expected to persist throughout 2025, particularly if trade tensions persist and currency devaluation risks escalate. Under a disruptive macroeconomic scenario central bank purchase, particularly from China, could be a source of stronger demand in 2025.

Outlook for Gold

Analysts maintain a positive outlook for gold. J.P. Morgan Research previously forecasted a 2025 price target of \$3,000/oz, but current prices have exceeded that. Gold has pulled back over 6% from its recent all-time high of \$3,500 as at April 22, 2025, now trading around \$3,181.70, marking its steepest selloff in five years. Despite this, it remains up over 20% year-to-date and 41% over the past 12 months, reflecting a still-intact long-term uptrend

Analysts view the recent decline in gold price as a technical correction rather than a reversal, with key support levels between \$2,956 and \$3,100. Continued strong central bank demand-alongside a global move away from U.S. dollar reserves, underpins sustained gold strength.

If major support levels hold, the current weakness presents a potential buying opportunity within a fundamentally bullish market.

Table 2: Gold Prices Forecast (US\$/oz)

Consensus	Q2 25	Q3 25	Q4 25
Median	2,838.00	2,850.00	2,900.00
Mean	2,841.88	2,840.92	2,846.14
High	3,100.00	3,325.00	3,450.00
Low	2,500.00	2,375.00	2,275.00

Bloomberg, MIF

Gold: Performance Indicators

20-Year Total Return: +543%

Compound Annual Growth: 9.8%

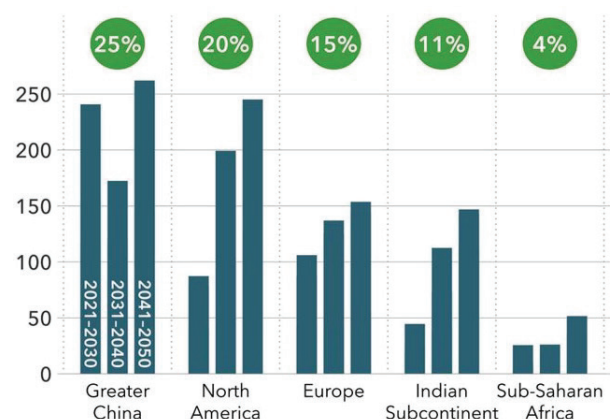
Best Year: 2007 (+31.4%)

Worst Year: 2013 (-28.3%)

Critical Minerals Outlook 2025: Navigating Volatility, Supply Gaps, and Strategic Opportunities for Ghana

As the global energy transition accelerates, the spotlight remains firmly on critical minerals—lithium, cobalt, nickel, and graphite—which are essential for powering electric vehicles (EVs), renewable energy systems, and next-generation technologies. The year 2025 is shaping up to be pivotal, with shifting market dynamics, mounting geopolitical tensions, and growing investor scrutiny reshaping how the world sources, processes, and invests in these resources.

Figure 15: Investment in Renewal Energy



Source: DNV @2024

Lithium, Cobalt, and Nickel: Recovery Amid Uncertainty

The markets for lithium, cobalt, and nickel have been marked by volatility. Lithium prices have plunged over 80% since late 2022 due to oversupply and subdued EV demand in the West. Cobalt and nickel followed similar trends, with prices declining approximately 40%, affected by changing battery chemistries and market preferences. Increased production across China, South America, and Africa has flooded the market, surpassing demand and contributing to the lithium price crash and cobalt price decline. Although some producers cut output, oversupply continues.

Furthermore, EV adoption is slowing down due to economic uncertainty, rising interest rates, and reduced subsidies. In addition, lithium iron phosphate (LFP) batteries, which use less cobalt, are changing demand patterns. Finally, improved battery recycling reduces the need for newly mined materials, adding pressure to prices.

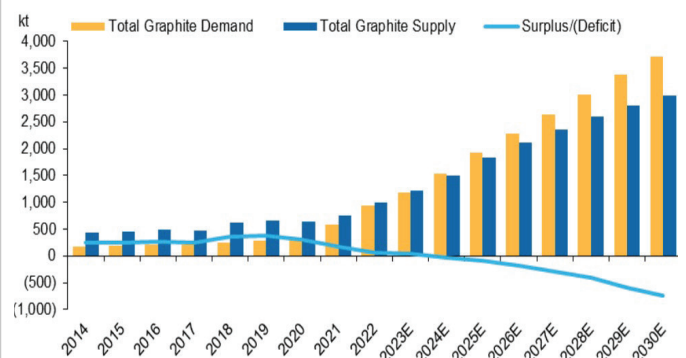
Nonetheless, forecasts signal cautious optimism. Lithium is expected to swing into deficit by 2025, driven by renewed EV momentum, especially in Asia. S&P Global anticipates lithium carbonate prices to average \$10,500 per ton. Cobalt's rebound hinges on production restarts at key mines like Glencore's Mutanda, while nickel demand may benefit from diversification efforts in battery formulations and stainless-steel applications.

Graphite Outlook 2025: Navigating Supply Gaps and Geopolitical Shifts

Graphite often overlooked but equally essential—particularly for EV battery anodes—is also entering 2025 amid turbulence. The industry in 2024 witnessed a 150,000 metric ton deficit in natural graphite, driven by battery sector demand. In contrast, synthetic graphite saw a surplus of 350,000 metric tons, leading to price distortions and hesitancy in project development.

Currently, the world is bracing for a graphite shortage as growing demand outstrips the expected supply from all known projects. Global demand for natural graphite is expected to surpass 5 million tonnes per annum (tpa) by 2030, up from approximately 1.5 million tpa in 2022.

Figure 16: Graphite Shortage Projection



Source: Macquarie Research

Ghana's Moment: Turning Global Volatility into Strategic Opportunity

As the global race intensifies for critical minerals essential to the green energy transition, Ghana stands at a pivotal juncture. With its emerging lithium and

graphite potential, the country can play a central role in reshaping global supply chains. MIIF is uniquely positioned to catalyze this transformation.

As the world races toward net-zero, Africa's critical minerals will be more than just a commodity—it will be a strategic lever in shaping global battery independence.

Opportunities for MIIF and Ghana

- Early-stage investment opportunities into high-potential projects in lithium and graphite.
- Co-investment opportunities with other Sovereign wealth funds, DFIs, and green tech players.

Strategic Capital Meets Untapped Potential: Investing in Junior Mining Frontier

The global junior mining sector—often described as the lifeblood of future mineral supply—is facing an inflection point. Across markets, investor caution, rising capital costs, and macroeconomic headwinds have left over half of junior mining companies undervalued and undercapitalized. Yet, amid this downturn, discerning investors are beginning to recognize the hidden potential embedded in these distressed valuations.

Shifting Dynamics in Ghana's Mining Sector

While junior miners globally are innovating to survive, Ghana offers an opportunity to reframe the conversation: not just around survival, but around scaling. The country's mining sector is governed by a robust regulatory framework and supported by a stable political environment, but it also harbors an often-overlooked asset class—junior mines that sit between the small-scale and large-scale classifications.

These Ghanaian-owned operations are formally large-scale by law, yet lack the financial muscle and operational scale of the multinationals. In global terms, they represent a textbook example of the junior mining paradox: rich in potential, poor in capital.

A Sector Under Pressure but Not Without Promise

In today's global market, nearly half of junior mining companies are valued below \$10 million. This stark valuation highlights deep investor hesitation, driven by macroeconomic uncertainty and shifting capital allocation trends. Many are suspending exploration activities, constrained by the unavailability of capital. This has created a bottleneck in the pipeline of new resource discoveries, with long-term implications for global supply chains.

Ghana's 2023 gold production story tells a revealing tale: total gold output rose by 8.3%, driven largely by a remarkable 66.7% increase in small-scale production—from 0.66 million ounces in 2022 to 1.1 million ounces in 2023. Meanwhile, large-scale production declined by 6.4%, falling to 2.9 million ounces. This shift underscores the increasing relevance and potential of smaller operators—if given the right tools and support.



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