

ASA Gold and Precious Metals Limited

Investment Management Policies and Procedures

The following are ASA Gold and Precious Metals Limited's (the "Company") investment policies as set forth in its registration statement on Form N-2, as those policies were revised at the Special General Meeting of Shareholders convened on June 9, 2005 and the Annual General Meeting of Shareholders held on March 11, 2010, and the Company's procedures in regard to those policies.

Investment Policies

(a) **Fundamental Policies.** The following are fundamental investment policies of the Company:

(1) **Issuance of Senior Securities.** It is the policy of the Company not to issue any class of senior securities (debt obligations or preferred stock), except that the Company may issue senior securities representing indebtedness payable in money of any currency, in any amount and on any terms that the Board of Directors may deem advisable, provided that no senior securities shall:

(a) result in the Company's total indebtedness for borrowed money immediately after such issue having an asset coverage of less than 300 per cent (securities listed on the JSE Securities Exchange South Africa ("JSE") to be valued for this purpose at their then current market value on such exchange), or

(b) be secured by the pledge, mortgage or hypothecation of any of the Company's assets.

(2) **Short Sales, Purchases on Margin and Put and Call Options.** It is the policy of the Company not to purchase any securities on margin or sell any securities short. In 2011, the Company adopted an Options Policy as follows:

(a) The Company may write covered call options and purchase call and put options, subject to certain aggregate limitations.

Options Policy

1. The Company may write covered call options on securities in its portfolio to generate income through the receipt of premiums and potentially provide downside protection.

2. The Company may purchase put options on securities in its portfolio to protect against a decline in the underlying market value of securities.
3. The Company may purchase put and call options to gain exposure to securities that it ultimately may want to buy.
4. The Company may purchase puts and calls on Exchange Traded Products, Exchange Traded Funds and similar products (collectively, "ETPs") for gold and other precious metals, or in spot gold to the extent that the Company is able to settle trades in these products under its Exemptive Order. Such options on ETPs shall be traded on a securities or commodities exchange or are quoted by major recognized dealers in such options. Such purchases would be for the purpose of protecting against declines in the dollar value of gold and other precious metals and against increases in the dollar cost of gold and other precious metals to be acquired.
5. The Company will not write covered options if, immediately after such sale, the aggregate value of securities or obligations underlying all written covered options would exceed 10% of the Company's total assets.
6. The Company will not purchase options if, immediately after such purchase, the aggregate premiums paid for outstanding options would exceed 5% of the Company's total assets.

(3) **The Borrowing of Money.** It is the policy of the Company that the Company may borrow money of any currency, in any amount and on any terms that the Board of Directors may deem advisable, provided that no such borrowing shall:

(a) result in the Company's total indebtedness for borrowed money immediately after such borrowing having an asset coverage of less than 300 per centum (securities listed on the JSE to be valued for this purpose at their then current market value on such exchange), or

(b) be secured by the pledge, mortgage or hypothecation of any of the Company's assets.

(4) **The Underwriting of Securities of Other Issuers.** It is the policy of the Company not to make any commitment in respect of any underwriting of securities, or in any participation in any such underwriting, which could or would, through joint obligations or by reason of defaults on the part of other participants, involve the assets of the Company to an extent over and above prescribed and specific amounts intended or permitted to be acquired as an addition to portfolio holdings. Furthermore, the Company may not participate as an underwriter of securities in any

underwriting which could result in the Company holding securities or amounts of securities not permitted by its investment restrictions.

(5) **The Concentration of Investments in a Particular Industry or Group of Industries.**

It is a fundamental policy of the Company that at least 80% of its total assets be (i) invested in common shares or securities convertible into common shares of companies engaged, directly or indirectly, in the exploration, mining or processing of gold, silver, platinum, diamonds or other precious minerals, (ii) held as bullion or other direct forms of gold, silver, platinum or other precious minerals, (iii) invested in instruments representing interests in gold, silver, platinum or other precious minerals such as certificates of deposit therefor, and/or (iv) invested in securities of investment companies, including exchange traded funds, or other securities that seek to replicate the price movement of gold, silver or platinum bullion. Compliance with the percentage limitation relating to the concentration of the Company's investments will be measured at the time of investment.

If investment opportunities deemed by the Company to be attractive are not available in the types of securities referred to in the preceding paragraph, the Company may deviate from the investment policy outlined in the preceding paragraph and make temporary investments of unlimited amounts in securities issued by the U.S. Government, its agencies or instrumentalities or other high quality money market instruments, including, without limitation, bank certificates of deposit, bankers' acceptances, bank time deposits, notes and commercial paper.

(6) **The Purchase or Sale of Real Estate and Real Estate Mortgage Loans.**

(As interpreted following approval by shareholders - at the Special General Meeting convened on June 9, 2005 – of revisions to the Company's investment policies to eliminate limitations on investments outside of South Africa.)

It is the policy of the Company not to purchase or sell real estate except (a) to the extent necessary to provide it with an office for the transaction of its business and (b) that the Company may invest up to 20% of the value of its total assets in common shares or securities convertible into common shares of companies primarily engaged in the holding or development of real estate. The Company may not pledge, mortgage or hypothecate any of its assets.

(7) **The Purchase or Sale of Commodities or Commodity Contracts.**

It is the policy of the Company not to purchase or sell commodities or commodities contracts, except that the Company may hold assets in the form of gold, silver, platinum or other precious minerals bullion or certificates of deposit therefor. The Company does not intend to deal in bullion.

(8) **The Making of Loans.** It is the policy of the Company not to lend its funds or other assets to any person, other than through the purchase, in accordance with its investment policies, of securities.

(9) **Investment in Securities of Other Investment Companies.** It is the policy of the Company that the Company may purchase securities issued by another investment company otherwise than in the open market, but only within the limitations imposed by the Investment Company Act of 1940 (the "1940 Act"). (See **Limitations on Investments in Investment Companies** below.)

(10) **Investments of Cash.** It is the policy of the Company to invest its cash in U.S. Treasury bills, repurchase agreements and other high grade money market instruments including, without limitation, bank certificates of deposit, bankers' acceptances, bank time deposits, notes and commercial paper. The Company may also invest its funds in South African rand-denominated accounts, which may be interest bearing, with an Eligible Foreign Custodian or an overseas branch of a Qualified U.S. Bank (as such terms are defined in the 1940 Act) located in South Africa.

(11) **Purchases of Securities of New Issuers.** It is the policy of the Company not to purchase the securities of any issuers which have a record of less than three years' continuous operation (such period to include the period of operation of any predecessor, if the issuer whose securities are proposed as an investment has come into existence as a result of a merger, consolidation, reorganization or the purchase of substantially all of the assets of such predecessor) if such purchase at the time thereof would cause more than 10% of the value of the Company's total assets to be invested in the securities of such issuers.

(12) **Purchase of Securities Issued by Brokers, Dealers, Underwriters, Investment Advisers, Insurance Companies.** It is the policy of the Company not to purchase or otherwise acquire any securities issued by brokers, dealers, underwriters, investment advisers or insurance companies except (i) securities of an investment advisory subsidiary organized by the Company, and (ii), within the limitations imposed by the 1940 Act, any securities issued by insurance companies.

(13) **Purchase of Securities of Certain Related Entities.** It is the policy of the Company not to purchase or hold securities of any issuer any of whose officers, directors, trustees or security holders are also officers or directors of the Company or of its investment adviser if any one or more of such persons own beneficially more than ½ of 1% of the securities of that issuer and the persons owning more than ½ of 1% of such securities together own beneficially more than 5% of the securities of such securities of such issuer.

(14) **Pledge or Mortgage of Asset.** It is the policy of the Company not to pledge, mortgage or hypothecate any of its assets.

(15) **Participation in Trading Account.** It is the policy of the Company not to participate on a joint, or a joint and several, basis in any trading account in securities, except in connection with an underwriting in which the Company is a participant.

The investment policies set forth in (1) through (15) above may not be changed without shareholder action.

(b) **Other Policies.** The following are significant (non-fundamental) policies which may be changed without shareholder action:

1. **The Percentage of its Assets which the Company may Invest in the Securities of any one Issuer.** The Company shall not purchase a security if, at the time of purchase, more than 20% of the value of its total assets would be invested in securities of the issuer of such security.

2. **Investing for Control of Management.** It is the policy of the Company not to invest in companies for the purpose of exercising control of management except that the Company may purchase or otherwise acquire securities of an investment advisory subsidiary organized by the Company.

3. **Policy with respect to Portfolio Turnover.** The Company will typically invest long-term, but portfolio securities may be sold without regard to the length of time they have been held when, in the opinion of the Adviser, investment considerations warrant such action.

Limitations on Investments in Investment Companies

The 1940 Act places restrictions on the Company's ability to acquire securities issued by other investment companies. In general, the Company may not purchase or otherwise acquire any security issued by another investment

company if the Company immediately after such purchase or acquisition would own in the aggregate:

- more than 3% of the total outstanding **voting** stock of the other investment company;
- securities issued by the other investment company having an aggregate value in excess of 5% of the value of the total assets of the Company; or
- securities issued by the other investment company and all other investment companies having an aggregate value in excess of 10% of the value of the total assets of the Company.

The foregoing limitations do not apply if immediately after such purchase or acquisition not more than 3% of the total **outstanding stock** of the other investment company is owned by the Company and all affiliated persons of the Company (and the Company has not offered or sold after January 1, 1971 and is not proposing to offer or sell any security issued by it at a public offering price which includes a sales load of more than 1 1/2 %). The Company also would be restricted in the manner in which it voted proxies with respect to the security acquired.

Limitations on Investments in Insurance Companies

The 1940 Act generally limits the investment by the Company in an insurance company to not more than 10% of the total outstanding voting stock of such insurance company.

Procedures for Complying with Investment Policies and Limitations

Merk Investments LLC (the "Adviser") is responsible for the day-to-day management of the Company's portfolio. The Adviser is authorized to invest the assets of the Company in such manner as it deems to be in the best interests of the Company and its shareholders, provided that such investments are in accordance with the Company's investment policies and the limitations imposed by the 1940 Act. Investment decisions are made by the Adviser. Purchase or sale orders are placed with broker-dealers by the Adviser.

Prior to authorizing an investment transaction, the Adviser shall determine that the investment would be in accordance with the Company's investment policies, the limitations imposed by the 1940 Act, and the Company's Rule 17a-7, 17e-1 and 10f-3 Policies and Procedures. In making those determinations, the Adviser will consult with the Chief Compliance Officer, outside legal counsel and others, as the Adviser determines necessary. To enable the Adviser to make that determination the following records shall be maintained:

- **Schedule of Investments.** In connection with the daily computation of the Company’s net asset value, the Company’s fund accountants shall prepare a schedule of investments showing for each security owned by the Company the:
 - name of the issuer,
 - type of security,
 - number of shares or principal amount,
 - current value,
 - value as a percent of net assets,
 - nature of the industry in which the issuer operates.

- **Record of Certain Related Entities.** The Chief Compliance Officer shall maintain a record, updated quarterly, of affiliated persons of the Company’s officers and directors, and public companies the securities of which any officer or director owns more than ½ of 1%.

Rule 17a-7 Rules and Procedures

Prior to making a commitment to purchase securities from or sell securities to another investment company or account managed by the Adviser, the Adviser shall ensure that the Company’s Rule 17a-7 Policies and Procedures are complied with.

Rule 17e-1 Rules and Procedures

Prior to engaging an affiliated broker to effect securities transactions on behalf of the Company, the Adviser shall ensure that the Company’s Rule 17e-1 Policies and Procedures are complied with.

Rule 10f-3 Rules and Procedures

Prior to making a commitment to purchase securities in an underwritten offering, the Adviser shall determine whether an officer, director or employee of the Company is a principal underwriter in the underwriting or selling syndicate and, if so, shall ensure that the Company’s Rule 10f-3 Policies and Procedures are complied with.

Custody Limitations – Conditions of SEC Exemptive Order

The exemptive order (as amended) of the SEC pursuant to Section 7(d) of the 1940 Act permitting the Company to register with the SEC as an investment company (“SEC Exemptive Order”) was granted subject to various conditions, including those outlined below regarding the settlement of transactions in and

custody of the Company's assets. The exemptive order was amended on May 22, 2013 to:

- 1) Permit the Company to make changes to its custodial arrangements without prior Commission approval;
- 2) Permit the Company to hold assets and conduct certain securities transactions in specified foreign countries; and
- 3) Permit the Company and certain other persons to designate CT Corporation System in the U.S. to accept service of process.

Condition 22. The Company will settle its purchases and sales of portfolio securities in the U.S. by use of the mails or means of interstate commerce, except for: (a) purchases and sales on an "established securities exchange" (defined as a national securities exchange as defined in section 2(a)(26) of the 1940 Act, the JSE Securities Exchange ("JSE"), the Hong Kong Stock Exchange ("HKSE"), the London Stock Exchange ("LSE"), the Tokyo Stock Exchange, the Toronto Stock Exchange ("TSE"), the Australian Stock Exchange ("ASE") and the SIX Swiss Exchange (collectively the "Established Exchanges") and (b) purchases and sales, through the Company's custodian or the custodian's agent, in South African of South African Treasury Bills from or to the South African Treasury, South African Reserve Bank securities, or CSD-eligible securities. Assets purchased on the JSE, the HKSE, the LSE, the TSE and the ASX will be maintained as provided for in condition 25 below. Assets purchased on the Tokyo Stock Exchange and the SIX Swiss Exchange will be maintained in the United States with ASA's custodian, unless prohibited by law or regulation or financially impracticable as provided in condition 26 below.

Condition 24. Contracts of the Company, other than those executed on an Established Exchange which do not involve affiliated persons, will provide that (a) the contracts, irrespective of the place of their execution or performance, will be performed in accordance with the requirements of the 1940 Act, the Securities Act of 1933, and the Securities Exchange Act of 1934, as amended, if the subject matter of the contracts is within the purview of these acts: and (b) in effecting the purchase or sale of assets, the parties to the contracts will utilize the U.S. mails or means of interstate commerce.

Condition 25. The Company will keep at least 20% of its assets in the U.S. in the custody of a U.S. Bank ("20% Requirement"). The Company's remaining assets (which may include U.S. dollars invested in time deposits and bank certificates of deposit) will be kept in the custody of (a) an eligible foreign custodian, as defined in rule 17f-5 under the 1940 Act, in South Africa, Hong Kong, the United Kingdom, Canada, or Australia.

Condition 26. If removal of securities purchased on the Tokyo Stock Exchange and the SIX Swiss Exchange becomes either prohibited by law or

regulation or financially impracticable, up to 5% of the Company's assets may be held by an eligible foreign custodian or overseas branch of the Company's custodian in each of Japan and Switzerland.

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