

From: Axel G. Merk [REDACTED]
Subject: COO resignation - correcting the record
Date: [REDACTED]
To: [REDACTED]
Cc: [REDACTED]
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Dear ASA Board Members,

I saw ASA's press release announcing my resignation as Chief Operating Officer related to my concerns regarding ASA's internal controls. The release suggests that the Board was caught off guard by my resignation. That suggestion is misleading.

My growing concerns related to the issue of Sarbanes-Oxley certifying officers being excluded from participating in Board meetings have been discussed repeatedly. After Paul Kazarian became Chair, officers were excluded from meetings in a manner that I and others questioned at the time. In September 2025, then-Secretary Zac Tacket noted that it would be unusual to exclude the COO and President from Board meetings, other than executive session. Fund counsel concurred and was also involved in those discussions, and I was subsequently invited to regular quarterly meetings, while still being excluded from numerous other meetings.

Most importantly and most recently, I have been excluded from Special Committee meetings even though those meetings address matters with significant implications for ASA's control environment.

Before certifying the last audited financial statements for ASA, I contacted to Karen Caldwell, as Chair of the Audit Committee, to express my concern that matters affecting the control environment were being discussed without my participation or knowledge. After that discussion, I understood those concerns to be manageable if appropriate communication (and later, transition planning) occurred. The subsequent lack of communication, combined with the approaching June 30 advisory agreement expiration, materially changed that assessment.

More broadly, I have repeatedly asked the Board not to sideline Merk's institutional knowledge of ASA in matters affecting shareholders and the Fund's control environment. Excluding my input and expertise has created avoidable risk to the control environment. The seemingly inadvertent increase in the retired director payment from \$18,750 to \$48,750 is one example of an issue that might have been mitigated had my institutional knowledge been incorporated.

In my April 6, 2026 email to the Board, I raised concerns that many Board decisions were being rushed and reflected "haste [and] a lack of rigor." In my May 8, 2026 email to the Board, I warned explicitly about operational risk, writing: "This creates unnecessary uncertainty and operational risk as the end of June, and the three-month extension, approaches with no communication regarding transition planning or the Board's intentions. It cannot be in shareholders' interests for the Fund to operate in this grey zone."

I have also repeatedly raised concerns regarding controls with Fund COO Patrick Keniston, with increasing urgency. A week ago, I flagged substantial risks to the control environment, and he indicated that he would raise the matter with Fund counsel. I also contacted the Fund's auditor earlier this week to express my concern regarding internal controls, given that less than three weeks remain before the advisory agreement may terminate with no planned or announced succession.

My concerns are real. They are based on the fact that fund transitions, and particularly transitions of funds with less liquid portfolios such as ASA, require planning, communication, and execution. The Board's lack of communication and coordination, including communication to ASA shareholders, combined with my exclusion from important deliberations affecting the control environment, made it impossible for me to continue serving as a Sarbanes-Oxley certifying officer.

To suggest that my resignation came as a surprise is itself surprising. Given the personal liability borne by a SOX certifying officer, I concluded that I had no choice.

Separately, I believed it was necessary to make my resignation letter public. ASA has a recent history of withholding, delaying, or minimizing public disclosure of matters important to shareholders. Paul Kazarian and Ketu Desai, with George Silfen serving as director counsel at the time, blocked timely public disclosure of developments that shareholders needed to understand before last year's special general meeting. Under the entire current Board, disclosure of the Special Committee's formation was delayed for several weeks. Shareholders have not been informed of restrictions the Board has imposed on Merk's management of the Fund. The renewal of the advisory agreement was announced by press release rather than Form 8-K, which is arguably less accessible to many Fund shareholders.

Against that history, I did not believe private notice alone would assure timely public disclosure of my resignation or the control concerns that required it. I remain committed to serving in the best interests of all shareholders in my capacity as head of Merk Investments LLC.

Best,

Axel

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