



14 September 2020

Dear Shareholder,

The AFM Perseus Fund is an investor in the Australian small resource sector, being those resource and mining service companies outside the S&P ASX 100 Index. As from 1 January 2020 the fund has operated with a new investment team and a revised investment mandate.

August Net Asset Backing Per Share

AFM Perseus Fund Limited advises that the Net Asset Value (NAV) as at 31 August 2020 was 15.99 cents per share. This is after providing for all fees and taxes on realised and unrealised gains and losses.

This represents an increase of 10.9% for the month. Since the restart date (1 January 2020) the fund is up by 46.4% which compares favorably to the 6.4% gain from the S&P ASX Small Resources Index.

At month end the Fund has approximately \$847,062 in deferred tax losses that are available to offset against future taxable profits. This equates to a further 17.6 cents per share.

Portfolio Update

Another good result in August, with the best performers being gold stocks De Grey Mining (+55%) and Red 5 (+22%) and silver stock Myanmar Metals (37.5%). De Grey has continued to surge on the back of excellent drill results from its Hemi project and the realisation that this project is shaping up as the largest new gold find since Gold Roads Gruyere deposit. Red 5's recovery continues as the market shifts focus from its troubled Darlot project to the main game - the King of the Hills project. A final feasibility study is due out shortly. Myanmar Metals has a global scale silver/ lead deposit in Myanmar. While location risk cannot be discounted, we believe that this is adequately accounted for in the share price.

Weaker performers were new entrants to the portfolio Stavely Minerals, which was down 10% from the purchase price, and uranium company Peninsula which was down 8%.

Activity included a trimming of our Myanmar position, the repurchase of Pantoro in its capital raise, addition of New Century Zinc on the back of the potential Goro transaction and the exit of our position in Galaxy after a strong rally.

Major portfolio holdings now include De Grey Mining (7.7%), IGO Limited (7.6%), Odyssey Energy (7.0%) and Lynas Corp (6.4%). Cash weighting at the end of the month was 15%.

The intention is to continue to add high quality, good value and financially robust resource companies to the portfolio.

We have published a more detailed **Portfolio Review** which is now available on our website and can be accessed [here](#).

Advanced Share Registry

Advanced Share Registry manages the AFM Perseus Fund share register on behalf of Argonaut Funds Management.

Should you have any queries regarding your holding in the Fund, please contact Advanced Share Registry on 1300 113 258 and quote the SRN on your holding statement. They can also be contacted via email on admin@advancedshare.com.au

David Franklyn

Executive Director – Head of Funds Management



ARGONAUT
FUNDS MANAGEMENT

www.argonautfundsmanagement.com

GPO Box 2553, Perth WA 6001

Level 30, Allendale Square,

77 St Georges Terrace, Perth WA 6000

Direct Line: +61 8 9224 6807

Mobile: +61 402 447 839

Email: dfranklyn@argonaut.com

Financial Advisory | Stockbroking & Research | Funds Management

[Click here](#) to access an important electronic communications disclaimer

Argonaut Funds Management General Disclosures are located [here](#).