



5 November 2020

Dear Shareholder,

The AFM Perseus Fund Ltd ("AFMPF" and "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 of 1 January, 2020, the Fund has operated with a new investment team and a revised investment mandate.

October Net Asset Backing Per Share

AFM Perseus Fund Ltd advises that the Net Asset Value (NAV) as of 31 October, 2020 was 16.07 cents per share, after providing for all fees and taxes on realised and unrealised gains and losses.

This represents an increase of 3.1% for the month, compared to the 0.3% decline in the S&P ASX Small Resources Index. Since the restart date (1 January, 2020), the Fund is up 47.1% which compares favourably to the 0.5% gain from the Index - an outperformance of 46.7%.

At month end, the Fund had approximately \$878,068 in deferred tax losses that are available to offset against future taxable profits. This equates to a further 18.24 cents per share.

Portfolio Update

At month end, the Fund was 85% invested with 15% cash. The major commodity exposures were Gold (18%), Copper (14%) and Nickel (13%).

Top performers during the month were copper stocks, Staveley Minerals (+28%) and Hot Chilli Options (+32%), with nickel stocks, Centaurus (+9%) and IGO (+7%), also making solid contributions.

Weaker performers were Cooper Energy (-11%), Myanmar Metals (-10%) and Capricorn Metals (-8%).

With the uncertainties around the U.S. election, we took the opportunity to refocus our gold exposure to larger and better value stocks, selling off positions in De Grey, Genesis and Pantoro, and building positions in Bellevue and Capricorn Metals. We exited our position in rare earths producer Lynas Corp. on valuation criteria. We added three new positions to the portfolio - east coast gas producer Cooper Energy, emerging gold producer Capricorn Metals and copper producer Sandfire Resources - as their share prices fell to attractive entry points.

At month end, the top 5 holdings represented 34% of the total portfolio including IGO, Capricorn Metals, Odyssey Energy, Sandfire Resources and Cooper Energy.

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

Annual General Meeting

The Annual General Meeting of the Fund will be held at **1:00pm (WST) on Monday, 30 November, 2020 at the Argonaut offices located at Level 30, Allendale Square, 77 St Georges Terrace, Perth, Western Australia.**

Shareholders will receive documentation for the Annual Meeting via post. Alternatively, the Notice of Meeting, Proxy Form and Annual Report can be found on our website www.argonautfundsmanagement.com

Please lodge your proxy form no later than **1:00pm (WST) on Saturday, 28 November, 2020.**

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

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

Level 30 Allendale Square, 77 St Georges Terrace, Perth WA 6000

GPO Box 2553, Perth WA 6001

Telephone +61 8 9224 6888 Facsimile +61 8 9225 5511 www.argonautfundsmanagement.com