

# AFM Perseus Fund



## Monthly Performance Report – December 2020

ASSET CLASS | RESOURCES SELECT

**Argonaut Funds Management (“AFM”)** was established in January 2020 as a high conviction investor in the Australian resources sector. It is part of the Argonaut Group, which provides corporate advisory, research and stockbroking services to retail, high net worth and institutional clients. AFM operates independently from the broader Argonaut Group with strong governance and compliance structures in place.

**AFM Perseus Fund** is a specialist high conviction investor in the small resources sector – those resources and mining services companies outside the S&P ASX 100 Index. The Fund “restarted” under a revised investment mandate on 1 January 2020. A Prospectus Offer is now available to existing and prospect investors. Please refer to the website for additional information.

### Fund Performance

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	3 MTH	6 MTH	YTD	ITD
<b>AFM Perseus</b>	1.4%	-7.5%	1.7%	7.5%	15.3%	2.0%	9.6%	10.9%	-2.6%	3.1%	16.9%	12.7%	35.8%	60.8%	93.8%	93.8%
<b>S&amp;P ASX Small Resource</b>	0.3%	-9.9%	-18.8%	20.1%	14.2%	-0.1%	7.6%	-1.8%	-5.3%	-0.3%	10.9%	8.7%	20.2%	20.3%	21.2%	21.2%
<b>Outperformance</b>	1.1%	2.4%	20.4%	-12.6%	1.0%	2.1%	2.0%	12.7%	2.7%	3.4%	6.0%	4.0%	15.6%	40.5%	72.6%	72.6%

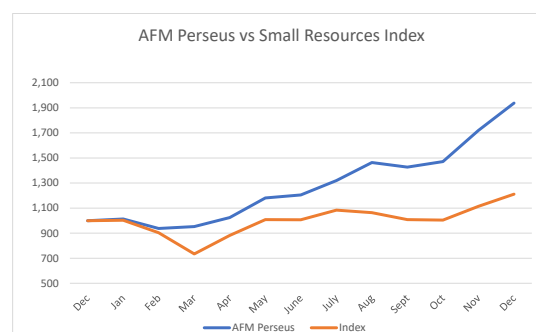
- The Fund unit price as of 31 December 2020 was 21.16 cents, a gain of 13% over the month.
- The Fund has approximately \$842,318 in deferred tax losses that are available to offset against future taxable profits. This equates to an additional 17.49 cents per share.
- Since its “restart” on 1 January 2020, the Fund is up 94% and has outperformed its benchmark, the S&P ASX Small Resources Index, by 73%.

### Portfolio Update

- The portfolio saw strong performance in December driven by exposures to Uranium and Nickel. All investments in the portfolio had positive gains. The best performers were Peninsula Energy (+46%), NexGen Energy (+42%), Centaurus Metals (+37%) and IGO Ltd (+36%).
- Across the portfolio, we sold our remaining positions in Stavely Minerals, GR Engineering Services, Hot Chili and Sparc Technologies (formerly Acacia Coal Ltd). We also exercised an entitlement offer in IGO Ltd, committing to purchase additional shares.
- At month end, the Fund was 74% invested with a cash weighting of 26%. Commodity exposure was Gold (19%), Nickel (11%), Copper (6%), Battery Materials (14%) and Opportunistic (24%).

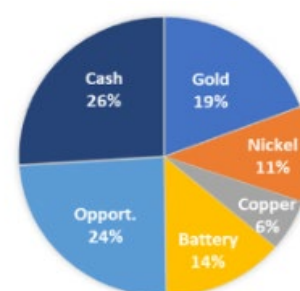
### Market Overview

- With the U.S. election behind us and the deployment of Covid-19 vaccines, investors become increasingly bullish in December, pushing the S&P 500 and Dow to all-time highs at year-end. The S&P Small Resources Index was up 9% over the month.
- Commodity prices continued to steadily increase over the month. Iron Ore rose 25% to US\$155.84 per tonne. Oil also performed strongly, increasing by 9.4% to US\$51.22 per barrel. The price of Gold rose by 6.9% to US\$1,898. Nickel (+1.2%) and Copper (+0.9%) also posted additional gains.
- The strength of the Australian dollar remains a significant threat to the domestic resource sector, with the AUD/US exchange rate rising from 73 cents to 77 cents over the month.
- The Gold and Energy indices fell marginally over the month (down 0.3% and 0.9% respectively).



\*Illustrates the relative performance of a \$1,000 investment in AFM Perseus and S&P ASX Small Resources at the restart date of the Fund (1<sup>st</sup> January 2020).

### AFM Perseus Portfolio Exposure (by commodity)



### Top Holdings (by company)

Company	Commodity	%
IGO Ltd	Nickel/Battery	8.6%
Gold Road	Gold	7.7%
Centaurus Metals Ltd	Nickel	6.7%
Sandfire Resources Ltd	Copper	6.0%
NexGen Energy Ltd	Opportunistic	5.5%
<b>Top 5</b>		<b>34.5%</b>

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## Important Disclosures

AFM Zeus Pty Ltd is the Investment Manager of AFM Perseus Ltd, and Corporate Authorised Representative (No. 295119) of Argonaut Funds Management Pty Ltd (ACN 101 152 863), AFSL No. 224815.

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