

Argonaut Natural Resources Fund



Monthly Performance Report – April 2021

ASSET CLASS | RESOURCES SELECT

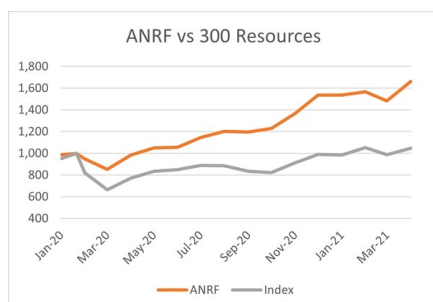
Argonaut Funds Management (“AFM”) was established in January 2020 as a high conviction investor in the Australian resources sector. It is part of the Argonaut Group, which provides corporate advisory, research and stockbroking services to retail, high net worth and institutional clients. AFM operates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

Argonaut Natural Resources Fund is a high conviction actively managed wholesale fund that primarily invests in ASX listed resource companies – those companies within the Materials and Energy sub-sectors.

Fund Performance

		Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	YTD	ITD
ANRF	2020	-1.3%	-3.9%	-10.0%	15.2%	6.6%	0.6%	8.5%	5.1%	-0.5%	2.8%	11.1%	12.6%	53.8%	53.8%
	2021	-0.1%	1.9%	-5.3%	12.1%	-	-	-	-	-	-	-	-	1.8%	66.3%
S&P ASX 300 Resources	2020	-4.9%	-13.6%	-19.1%	16.3%	8.2%	1.6%	4.5%	-0.1%	-5.9%	-1.2%	10.7%	8.4%	-1.1%	-1.1%
	2021	-0.6%	7.0%	-6.0%	6.0%	-	-	-	-	-	-	-	-	6.4%	4.8%
Outperformance	2020	3.6%	9.7%	9.1%	-1.1%	-1.6%	-1.0%	4.0%	5.1%	5.4%	4.0%	0.4%	4.2%	54.9%	54.9%
	2021	0.5%	-5.1%	0.8%	6.1%	-	-	-	-	-	-	-	-	-4.5%	61.5%

- The Fund unit price as at 30 April 2021 was \$1.66, an increase of 12.1% over the month and an outperformance of 6% to its benchmark (S&P ASX Resources 300 Index).
- Over the preceding 12 months, the Fund has increased its value by 69%, outperforming its benchmark by 33%. Since inception (21 January 2020) the Fund has increased its value by 66% and outperformed its benchmark by over 61%.



*Illustrates the relative performance of a \$1,000 investment in ANRF and ASX Resources 300 since the inception date of ANRF.

Market Overview

- During the month of April, we saw gains in the commodity and equity markets driven by a combination of several factors, including the ongoing COVID vaccine rollout in key economies, the easing of long dated treasury yields in the U.S., optimism around the economic impact of stimulus packages and encouraging profit reports from the U.S.
- The S&P 500 Index (U.S.) rose by 5.6%, outpacing the Australian S&P ASX 300 Index which increased by 3.7%. The Australian resource sector delivered a strong performance, with the 300 Resources Index up 6% and the Small Resources Index up 9.5%. The Gold Index rallied 10.8% on the back of a 5% lift in the U.S. gold price. The Metals & Mining Index climbed 8.4% driven by the 13% jump in copper prices and the 7% gain in the price of nickel. Iron ore was up 7.6% to US\$180t and continued to surprise commodity forecasters.

Portfolio Update

- The Australian resources sector saw strong performance in April, buoyed by price gains from key commodities and positive global economic data. The Fund's low cash level (5.5%) and high exposure to Gold (17%), Nickel (16%), Copper (18%) and Battery Materials (24%) drove the portfolio up 12.1% for the month, outperforming its benchmark, the ASX 300 Resources Index, by over 6%.
- The strongest contributors to the portfolio in April were Galaxy Resources, a lithium company, which gained 55% on the back of a proposed merger with Orocobre, and Neometals which jumped 43% as the market reassessed the potential value of its portfolio.
- The weakest performer was Infinity Lithium (in trading suspension), which we wrote down by 19% given the uncertainty of its lithium exploration permit in Spain. Cooper Energy also declined by 9%. Overall, we remain comfortable with our commodity and stock allocations.
- At month-end, the Fund's top 5 stocks accounted for 36% of the portfolio and the cash weighting was approximately 6%.
- Commodity exposure was Gold (17%), Nickel (16%), Copper (18%), Battery Materials (24%) and Opportunistic (18%).

Top Holdings (by company)

Company	Commodity	%
Neometals Ltd	Battery	7.6%
Deterra Royalties	Opportunistic	7.3%
IGO Ltd	Nickel/Battery	7.1%
Galaxy Resources	Battery	7.0%
Cyprium Metals	Copper	6.5%
Total		35.5%

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Important Disclosures

The Argonaut Natural Resources Fund is a Wholesale only Fund.

AFM Artemis Pty Ltd is the Investment Manager of Argonaut Natural Resources Fund, and Corporate Authorised Representative (No. 1277645) of Argonaut Securities Pty Ltd (ACN 108 330 650), AFSL No. 274099

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