

Argonaut Natural Resources Fund



Monthly Performance Report – May 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.

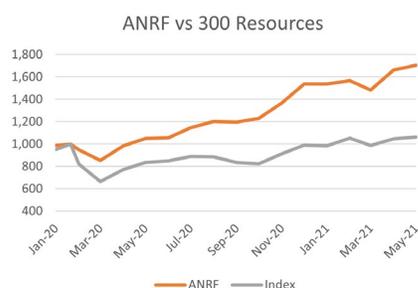
Argonaut Natural Resources Fund is a high conviction actively managed wholesale fund that primarily invests in ASX listed resource companies – those companies within the Materials and Energy sub-sectors.

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%	2.5%	-	-	-	-	-	-	-	10.9%	70.5%
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%	1.4%	-	-	-	-	-	-	-	7.5%	6.3%
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%	1.1%	-	-	-	-	-	-	-	3.4%	64.2%

Portfolio Update

- The Fund unit price as at 31 May 2021 was \$1.71, an increase of 2.5% over the month and an outperformance of 1.1% to its benchmark (S&P ASX Resources 300 Index).
- Over the preceding 12 months, the Fund has increased its value by 63%, outperforming its benchmark by 35%. Since inception (21 January 2020) the Fund has increased its value by 71% and outperformed its benchmark by over 64%.



*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 May, markets remained supported by the continued rollout of the COVID vaccine and the massive stimulus packages rolling out globally. Economic data eased inflation concerns in the U.S. The S&P 500 Index (U.S.) edged higher by 0.55%, with the Dow Jones up 1.9%, reflecting the rotation from growth to value stocks.
- In Australia, the S&P ASX 300 Index was up 1.9% and the ASX 300 Resources Index rose by 1.4%. The Small Resources Index gained 4.3%, driven by a recovery in the gold sector, with the gold index up 10.5%. The Energy index was down 1.8%.

- The Australian resources sector posted further gains in May, underpinned by a 7.6% rise in the price of gold and solid gains from copper, nickel and zinc. While the price of iron ore increased over the month (up 14.5%), iron ore stocks were flat due to concerns over the sustainability of the current price levels.
- The Fund’s exposure to gold increased from 17% to 23% over the month, due to the 10% lift in the gold index and the addition of a new gold position to the portfolio - Perseus, a West African gold miner. We topped up our holding in Poseidon, the nickel developer, lifting our nickel exposure from 16% to 20%. Our copper exposure reduced marginally from 18% to 16%, as we took profits on our Sandfire position and added Mongolian copper explorer Xanadu. Battery materials accounted for 21% of the Fund's portfolio exposure (down 2% over the month), largely reflecting share price movements.
- The strongest contributor to the portfolio in May was the new lithium explorer, Global Lithium, which finished the month up 30%. Other positive contributors were our gold stocks, Gold Road Resources (up 21%) and Capricorn Metals (up 14%), which benefited from the increase in the price of gold, and the copper developer, Cyprum Metals, which increased by 17.5%.
- The weakest performers were Infinity Lithium, which was impacted by the cancellation of one of its Spanish permits (down over 50%), and Xanadu which fell by 30% over the month as drill results failed to meet market expectations.
- At month-end, the Fund's top 5 stocks accounted for 36% of the portfolio and the cash weighting was approximately 3%.

Top Holdings (by company)

Company	Commodity	%
Cyprum Metals	Copper	7.5%
Gold Road Resources Ltd	Gold	7.4%
Neometals Ltd	Battery	7.2%
IGO Ltd	Nickel/Battery	7.0%
Deterra Royalties	Opportunistic	6.8%
Total		36.0%

Key Contacts

General Contact:

Ph: +61 8 9224 6888

E: argonautfundsmanagement@argonaut.com

Fund Manager Contact:

David Franklyn

Ph: 0402 447 839

E: dfranklyn@argonaut.com

Marketing Manager / Fund Administration Contact:

Jenna Converse

Ph: 0402 447 822

E: jconverse@argonaut.com

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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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