

**Argonaut Funds Management (“AFM”)** is 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.

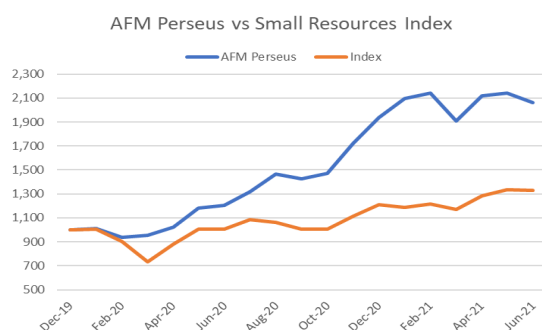
**AFM Perseus Fund** is a specialist high conviction investor in the small resources sector – those resources and mining services companies outside the S&P ASX 100 Index. The Fund “restarted” under a revised investment mandate on 1 January 2020.

### Fund Performance

	1 Month	3 Months	6 Months	12 Months	Restart (1 Jan 2020)
AFM Perseus	-3.6%	8.2%	6.5%	71.2%	106.4%
S&P ASX Small Resources	-0.4%	13.5%	9.9%	32.2%	33.1%
<b>Outperformance</b>	<b>-3.2%</b>	<b>-5.3%</b>	<b>-3.4%</b>	<b>39.0%</b>	<b>73.2%</b>

\*In March 2021, AFM Perseus Fund completed a capital raise of \$655,634 at 20 cents / share (Feb 2021 price - 23.39 cents / share). This capital raise had a diluting impact on the share price, equating to approximately 7% of the Fund's performance.

- The AFM Perseus Fund delivered a return of 71% for the 2021 financial year. The Fund's benchmark, the S&P ASX Small Resources Index, returned 32% over the same time period, an outperformance of 39%.
- The Directors of AFM Perseus are pleased to report that subsequent to year end, they have approved the payment of a 2 cents per share dividend to shareholders registered as at 30 June 2021. A distribution reinvestment plan will be made available. Further communication regarding the distribution will be sent to shareholders in due course.
- The Fund's share price as at 30 June 2021 was 22.53 cents, a decline of 3.6% over the month. The Fund's benchmark recorded a loss of 0.4% over the month.
- The Fund has \$795,350 in deferred tax losses that are available to offset against future taxable profits. This equates to an additional 9.83 cents per share.



\*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).

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### Market Overview

- June was a mixed month for the resources sector. The S&P ASX 300 Resources Index increased by 0.2%, driven largely by the 4.3% increase in the price of iron ore and the 7.9% increase in oil and gas companies which propelled industry leaders higher. By contrast, key base metals copper and nickel declined by 7.6% and 3.6%, respectively. Gold also weakened, falling by 6.9%. This contributed to a 0.4% decrease in the S&P ASX Small Resources Index.
- More generally, the S&P ASX 300 Index was up 2.1%, largely matching the 2.2% rise from the US S&P 500 Index. The AUD edged lower (down 3%) to 74.97 whilst the US 10 Year Treasury

### Portfolio Update

- At month end, the portfolio was 83% invested with a 17% cash reserve. Key exposures were Gold (21%), Nickel (13%), Copper (9%), Battery Materials (11%), Mining Services (15%) and Other Opportunities (14%). At month-end, the Fund's top 5 stocks accounted for 37% of the portfolio.
- Over the month, we added a new copper producer, 29 Metals, to the portfolio via a new IPO. We topped up our holding in Southern Cross Electrical as it continued to build its order book. The Fund also took profits on its position in Poseidon. We reduced our holding in Neometals and exited our position in Xanadu after it announced disappointing drill results in its Mongolian copper project.
- The strongest performers to the portfolio were nickel developer Mincor, which gained 9% as it approached first production from its Cassini project, Deterra Resources, which gained 7% on the back of stronger iron ore prices, and Brazilian nickel developer Centaurus, which lifted 6% as the market increasingly recognized the quality of its Jaguar nickel project. The weakest performer was Cyprum Metals which fell by 25% over the month, impacted by the weaker copper price. The gold producer Gold Road Resources declined 18% on the back of the lower gold price and slightly lower production guidance following maintenance issues. The gold explorer Breaker Resources was also down 18%.

### Top Holdings (by company)

Company	Commodity	%
Southern Cross Electrical	Services	8.9%
Deterra Royalties	Opportunistic	7.6%
Gold Road	Gold	7.0%
Mincor	Nickel	6.8%
Galaxy	Battery	6.7%
<b>Total</b>		<b>37.1%</b>

### 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

# AFM Perseus Fund



Monthly Performance Report – June 2021

ASSET CLASS | RESOURCES SELECT

## 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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