

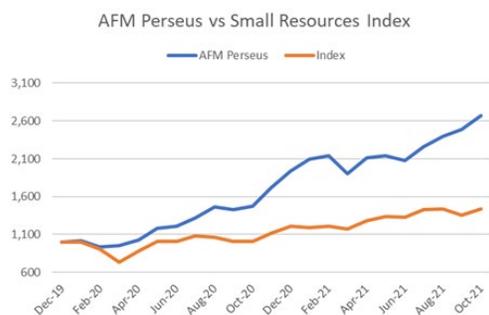
AFM Perseus Fund is a specialist high conviction investor in the small resources sector – those resources and mining services companies outside the S&P ASX 100 Index. The Fund “restarted” under a revised investment mandate on 1 January 2020.

### Fund Performance

	1 Month	3 Months	6 Months	12 Months	Restart
AFM Perseus	7.3%	18.4%	26.3%	81.7%	167.3%
S&P ASX Small Resources	6.4%	0.8%	12.2%	43.4%	44.1%
<b>Outperformance</b>	<b>1.0%</b>	<b>17.6%</b>	<b>14.1%</b>	<b>38.3%</b>	<b>123.2%</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 7.3% over the month, outperforming its benchmark, the S&P ASX Small Resources Index, by 1.0%. In the 22 months since the Fund's restart, the Fund has delivered a return of 167% (including the reinvestment of all dividends), outperforming its benchmark by 123%.
- The Fund's share price as at 31 October 2021 was 26.83 cents. The Fund also has \$599,235 in deferred tax losses that are available to offset against future taxable profits. This equates to an additional 7.20 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). 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.

### Market Overview

- The Australian market lagged international markets in October, as local concerns over interest rates weighed on investor sentiment. While the US S&P 500 Index rose by 6.9%, the Australian S&P ASX 300 Index only increased by 0.1%.
- In the resources sector, the small resources outperformed the larger resource stocks, with the ASX 300 Resources down 0.44% and the ASX Small Resources Index up 6.35%. This divergence reflects the continued outperformance of the energy transition metals stocks which were buoyed by higher copper (+10%), nickel (+7.2%) and lithium prices. Pilbara Minerals highlighted that the current contracted price of spodumene concentrate is now around the US\$1,700 level, a dramatic rise from the US\$450 price twelve months prior. The gold sector also staged a recovery with a slight firming in the gold price, up 1.6% to US\$1,783, driving a 9.5% lift in the gold index.
- The 10 Year US Treasury yield was up 4%, finishing at 1.56%, but peaking at around 1.70% during the month. This remains a key indicator when considering inflation and economic growth in the US market.

### 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

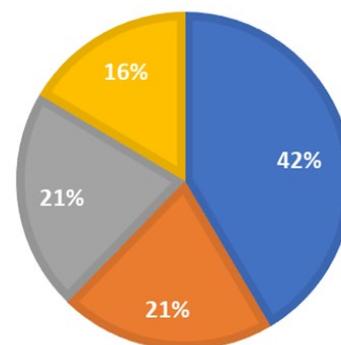
E: jconverse@argonaut.com

### Portfolio Update

- The portfolio performed strongly in October. The recovery in the gold sector was a key driver in the performance of the Fund, with Silver Lake and Breaker Resources up 26%, Capricorn Metals up 21% and De Grey Mining up 16%. Other strong contributors were mining services provider Mader Group which gained 22%, and Canadian uranium developer NexGen which rose by 15.5%. The weakest contributors were Cyprum Metals (-9%), AIC Mines (-2%) and Galena (-2%).
- At month-end, the top 5 holdings represented 36% of the portfolio with the largest holdings being De Grey Mining, Mincor, Centaurus Metals, Cooper Energy and Mader Group.

### Portfolio Holdings (by commodity)

■ Energy Transition ■ Gold ■ Other ■ Cash



### Top Holdings (by company)

Company	Commodity	%
De Grey Mining	Gold	9.6%
Mincor	Nickel	7.1%
Centaurus Metals Ltd	Nickel	7.0%
Cooper Energy	Energy	6.2%
Mader Group	Other	6.1%
<b>Total</b>		<b>35.9%</b>

### Business Update

#### Annual General Meeting

- The AFM Perseus Annual General Meeting took place on Monday, 1 November 2021. The two resolutions put to motion were passed by a majority vote. David Franklyn was re-elected as a Director and the new Investment Management Agreement ("IMA") was approved. As part of the new IMA, a reduced management fee of 1.75% will be charged as of 30 June 2021. The Investment Manager will also be eligible for a performance fee of 20% of the outperformance of the Fund's benchmark once the Fund has hit its high-water mark of 40 cents per share.

# AFM Perseus Fund



Monthly Performance Report – October 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.

This Performance Report has been prepared on behalf of and issued by Argonaut Funds Management Pty Ltd (ACN 101 152 863), AFSL No. 224815

Argonaut Funds Management Pty Ltd (Argonaut), does not accept any liability for loss or damage suffered or incurred by any person however caused (including negligence) relating in any way to this Performance Report including, without limitation, the information contained in it, any errors or omissions however caused or any person placing any reliance on this presentation, its accuracy, completeness or reliability. Argonaut and its affiliates or any of its directors, agents, officers or employees do not make any representation or warranty, express or implied, as to or endorsement of, the accuracy or completeness of any information, statements, representations or forecasts contained in this Performance Report, and they do not accept any liability for any statement made in, or omitted from, this Performance Report. Argonaut accepts no obligation to correct or update the information in this Performance Report.

This Performance Report is intended to provide a summary and general overview. The Performance Report is not financial product advice, either personal or general, for the purposes of Section 766B of the Corporations Act. The Performance Report does not involve or imply a recommendation or a statement of opinion in respect of whether to buy, sell or hold a financial product. The information in this Performance Report does not take into account the objectives, financial situation or needs of any person. You should not act on or rely on the contents of this Performance Report before first obtaining professional financial advice specific to your circumstances.