

# Argonaut Natural Resources Fund



## Monthly Performance Report – October 2021

ASSET CLASS | RESOURCES SELECT

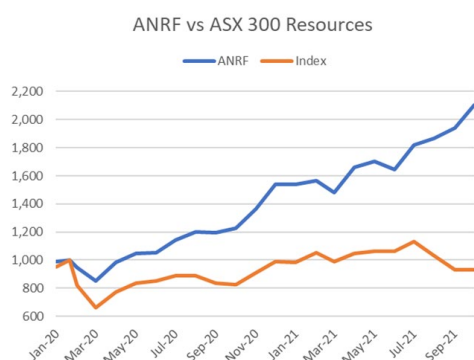
**Argonaut Funds Management (“AFM”)** is a high conviction investor in the Australian resources sector. It is part of the Argonaut Group, which provides corporate advisory, research and stockbroking services to retail, high net worth and institutional clients. AFM operates independently from the broader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

**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

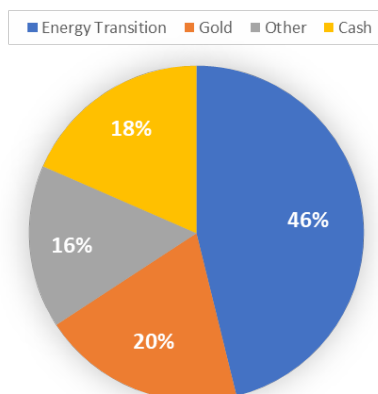
	1 Month	3 Months	6 Months	12 Months	Inception
ANRF	8.6%	15.8%	26.7%	71.3%	110.6%
S&P ASX 300 Resources	-0.4%	-18.1%	-11.4%	12.7%	-7.1%
<b>Outperformance</b>	<b>9.0%</b>	<b>33.9%</b>	<b>38.0%</b>	<b>58.6%</b>	<b>117.7%</b>

- The Argonaut Natural Resources Fund delivered a return of 8.6% over the month, outperforming its benchmark, the S&P ASX Resources 300 Index, by 9.0%. In the 22 months since the Fund's inception, it has delivered a return of 111% (including the reinvestment of all distributions), outperforming its benchmark by 118%.
- The Fund's unit price as at 30 October 2021 was \$1.85.



\*Illustrates the relative performance of a \$1,000 investment in ANRF and the ASX Resource 300 Index since the inception date of ANRF. Assumes all distributions are reinvested back into the Fund.

### ANRF Portfolio Exposure (by commodity)



### 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.

### Portfolio Update

- The portfolio performed strongly in October. Within our portfolio of 16 stocks, six positions gained over 15% during the month: gold companies Silver Lake (+26%), Capricorn Metals (+21%) and De Grey Mining (+15%); mining services group Mader Group (+22%); lithium explorer Global Lithium (+23%); and Canadian uranium developer NexGen (+15%). No company in the portfolio negatively performed in October.
- At month end, the Fund's top 5 holdings represented 36% of the portfolio with the largest holdings in Oz Minerals, Mader Group, IGO Ltd, De Grey Mining and Mincor.

### ANRF Top Holdings (by company)

Company	Commodity	%
OZ Minerals	Copper	8.0%
Mader Group	Other	7.2%
IGO Ltd	Nickel / Lithium	7.2%
De Grey Mining	Gold	7.0%
Mincor	Nickel	6.9%
<b>Total</b>		<b>36.3%</b>

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## Important Disclosures

The Argonaut Natural Resources Fund is a Wholesale only Fund.

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