

AFM Perseus Fund

Monthly Performance Report – January 2021

ASSET CLASS | RESOURCES SELECT

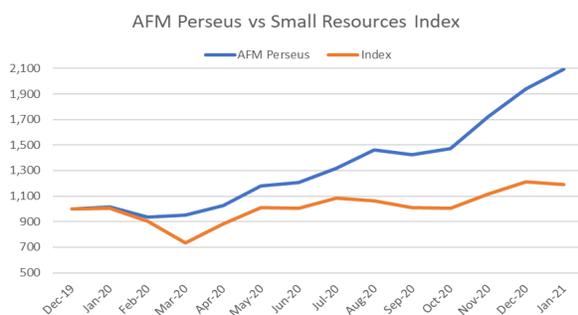
Argonaut Funds Management (“AFM”) was established in January 2020 as a high conviction investor in the Australian resources sector. It is part of the Argonaut Group, which provides corporate advisory, research and stockbroking services to retail, high net worth and institutional clients. AFM operates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

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. A Prospectus Offer is now available to existing and prospect investors. Please refer to the website for additional information.

Fund Performance

		Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	YTD	1TD
AFM Perseus	2020	1.4%	-7.5%	1.7%	7.5%	15.3%	2.0%	9.6%	10.9%	-2.6%	3.1%	16.9%	12.7%	93.8%	93.8%
	2021	8.2%	-	-	-	-	-	-	-	-	-	-	-	8.2%	109.6%
S&P ASX Small Resources	2020	0.3%	-9.9%	-18.8%	20.1%	14.2%	-0.1%	7.6%	-1.8%	-5.3%	-0.3%	10.9%	8.7%	21.2%	21.2%
	2021	-1.9%	-	-	-	-	-	-	-	-	-	-	-	-1.9%	18.8%
Outperformance	2020	1.1%	2.4%	20.4%	-12.6%	1.0%	2.1%	2.0%	12.7%	2.7%	3.4%	6.0%	3.9%	72.6%	72.6%
	2021	10.1%	-	-	-	-	-	-	-	-	-	-	-	10.1%	90.8%

- The Fund share price as of 31 January 2021 was 22.89 cents, a gain of 8% over the month, compared with the Fund's benchmark, the S&P ASX Small Resources Index, which declined 1.9%
- The Fund has \$820,681 in deferred tax losses that are available to offset against future taxable profits. This equates to an additional 17.05 cents per share.
- Over the last 12 months, the Fund's share price increased by 107%, outperforming its benchmark by 88%.



*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 (1st January 2020).

Market Overview

- January was a mixed month, starting strongly after the Christmas break and easing later in the month as COVID infections escalated in the US and UK, and the newly installed Biden administration negotiated the magnitude of the economic stimulus package.
- The S&P 500 Index finished the month down 1% with the Australian market faring slightly worse as the ASX 300 Index fell 1.1%. The larger resource stocks finished marginally higher (ASX Resources 200 up 0.4%), aided by the continued strength of the iron ore price (up from US\$156t to US\$168t) which supported the major players BHP, RIO and Fortescue. The smaller end of the resources market had weaker results (ASX Small Resources down 1.9%), impacted by the 2.4% decline in the Gold price which also drove a 3.3% fall in the gold index.
- Industrial commodities remained solid, with copper up 1.75% and nickel up 7.2%. Oil continued to post gains, up almost 8% to US\$55.88 per barrel. The Australian dollar weakened marginally to 76c against the USD.

Portfolio Update

- The Fund was up 8.2% for the month compared to a 1.9% decline in its benchmark, S&P ASX Small Resources Index. The strongest contributors were Odyssey Gold (up 127%), battery materials group Neometals (up 18%), and uranium developer Peninsular Energy (up 13%). The weaker performers were Cooper Energy, which fell 17% on the back of continued production disruption at the Orbest Processing facility, and Sandfire Resources, which declined by 10%. Gold stocks Gold Road Resources (down 9%) and Capricorn Metals (down 5%) fell in line with the weaker gold price.
- During the month, we added to our IGO position via an entitlement offer, purchased the Iluka royalty spinoff Deterra Royalties, and topped up our holding in Southern Cross Electrical. We trimmed our holdings in the uranium sector stocks Peninsula and NexGen, and reduced our holding in Odyssey Gold. Additionally, we exited our position in Galan Lithium and sold out of Myanmar Metals over political risk concerns in Myanmar.
- At month-end, the Fund had a relatively high cash weighting of 34%. Commodity exposure was Gold (19%), Nickel (11%), Copper (5%), Battery Materials (12%), Opportunistic (14%) and Services (5%).

Top Holdings (by company)

Company	Commodity	%
IGO Ltd	Nickel/ Battery	9.5%
Neometals Ltd	Battery	7.1%
Gold Road	Gold	6.5%
Centaurus Metals Ltd	Nickel	6.2%
Odyssey Gold Ltd	Gold	6.0%
Top 5		35.4%

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 – January 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.