

AFM Perseus Fund



Monthly Performance Report – November 2021

ASSET CLASS | RESOURCES SELECT

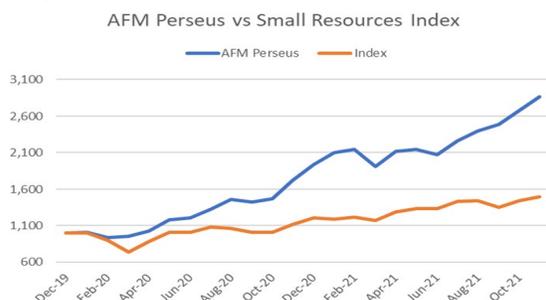
AFM Perseus Fund is a specialist high conviction investor in the small resources sector – those resources and mining services companies outside the S&P ASX 100 Index. The Fund “restarted” under a revised investment mandate on 1 January 2020.

Fund Performance

	1 Month	3 Months	6 Months	12 Months	Restart
AFM Perseus	7.3%	19.7%	34.0%	66.8%	186.9%
S&P ASX Small Resource:	3.6%	3.7%	11.6%	33.9%	49.2%
Outperformance	3.7%	16.1%	22.4%	32.9%	137.7%

*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 3.7%. In the 23 months since the Fund's restart, the Fund has delivered a return of 187% (including the reinvestment of all dividends), outperforming its benchmark by 138%.
- The Fund's share price as at 30 November 2021 was 28.79 cents. The Fund also has \$550,242 in deferred tax losses that are available to offset against future taxable profits. This equates to an additional 6.61 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 (1st 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 portfolio performed strongly in November. Performance was aided by the 96% uplift in AIC Mines following our participation in a transformational capital raise to fund the purchase and development of the Eloise Copper project in Queensland. The Fund's performance was also boosted from the 68% gain in Global Lithium, who unveiled a capital raising cornerstoned by a subsidiary of the major Chinese battery manufacturer CATL. Lithium producer Pilbara Minerals also performed strongly, posting a gain of 18%. Gold producer Capricorn Metals was well supported, rising 19% over the month. Weaker portfolio performers included Cooper Energy (-16%), Breaker Resources (-13%) and Cyprium Metals (-12%).
- At month-end, 31% of the portfolio was invested in the Energy Transition thematic, 20% in Gold, and 16% in Other Opportunities. The Fund had a cash weighting of 33%.
- The top 5 holdings represented 34% of the portfolio with the largest holdings being De Grey Mining, Centaurus Metals, AIC Mines, Mincor and Pilbara Mines. We note that Pilbara Mines has now been accepted into the ASX 100 Index and will be sold out of the AFM Perseus portfolio during December.

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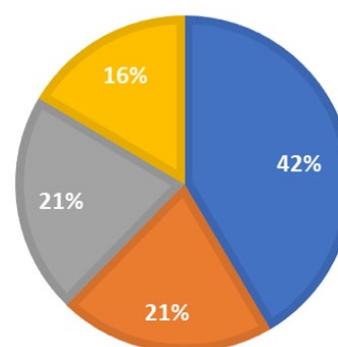
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Portfolio Update

- Global equity markets weakened in November on the back of increasing concerns over inflation and the emergence of the Omicron COVID variant. The US Dow Jones fell by 3.7% and the S&P 500 Index was down 0.8%. The Australian market also had losses, with the ASX 300 Index falling 0.9%. More positively, the resource market posted gains with the 300 Resources Index up 3.8% and the Small Resources Index up 3.6%.
- The key driver of the month's relatively strong resource market was the bounce back from the beaten down iron ore miners. Fortescue was the best performing resource stock in the ASX 100, posting a gain of 22%. BHP, the fifth best resource sector performer, posted a gain of 7.6%. While the iron ore price finished down 22% for the month, it staged a solid recovery from its mid-month lows.
- Commodity markets were generally weak, with copper down 3.5%, zinc down 3.1%, gold down 0.5%, and oil down 16%. Nickel continued its rise, up 3.6%, to finish just over US\$20,000t. Against this backdrop, the gold index was up 0.4%, the metals and mining index rose 6.4% and the materials index gained 6.2%. The energy index was down 8.4%.
- The 10 Year US Treasury yield decreased 6% to 1.47% after testing highs of 1.70% mid-month. The emergence of the Omicron variant had a dampening impact on yields as concerns emerged on its potential impact on global growth.

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%
Total		35.9%

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Important Disclosures

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