

# Argonaut Natural Resources Fund



## Monthly Performance Report – January 2021

ASSET CLASS | RESOURCES SELECT

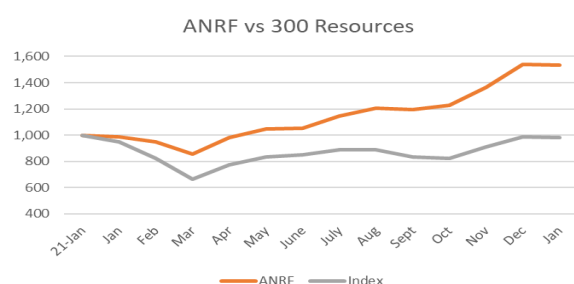
**Argonaut Funds Management (“AFM”)** was established in January 2020 as a high conviction investor in the Australian resources sector. It is part of the Argonaut Group, which provides corporate advisory, research and stockbroking services to retail, high net worth and institutional clients. AFM operates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

**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

		Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	YTD	ITD
<b>ANRF</b>	<b>2020</b>	-1.3%	-3.9%	-10.0%	15.2%	6.6%	0.6%	8.5%	5.1%	-0.5%	2.8%	11.1%	12.6%	53.8%	53.8%
	<b>2021</b>	-0.1%	-	-	-	-	-	-	-	-	-	-	-	-0.1%	53.7%
<b>S&amp;P ASX 300 Resources</b>	<b>2020</b>	-4.9%	-13.6%	-19.1%	16.3%	8.2%	1.6%	4.5%	-0.1%	-5.9%	-1.2%	-	-	-1.1%	-1.1%
	<b>2021</b>	-0.6%	-	-	-	-	-	-	-	-	-	-	-	-0.6%	-1.7%
<b>Outperformance</b>	<b>2020</b>	3.6%	9.7%	9.1%	-1.1%	-1.6%	-1.0%	4.0%	5.1%	5.4%	4.0%	0.4%	4.2%	54.9%	54.9%
	<b>2021</b>	0.5%	-	-	-	-	-	-	-	-	-	-	-	0.5%	55.3%

- The Fund unit price as of 31 January 2021 was \$1.54, remaining flat over the month, compared with the Fund's benchmark, the S&P ASX 300 Resources Index, which declined 0.6%.
- Over the last 12 months, the Fund increased its value by 56%, outperforming its benchmark by 52%.



\*Illustrates the relative performance of a \$1,000 investment in ANRF and ASX Resources 300 since the inception date of ANRF.

### 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 down 0.1% for the month compared to a 0.6% decline in its benchmark, S&P ASX Resources 300 Index. The strongest contributors were platinum group metals explorer Podium Minerals (up 22%), 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 holdings in Genesis Minerals, Sandfire Resources, Gold Road Resources, Capricorn Metals and Cooper Energy. We trimmed our holdings in uranium stocks Peninsular and NexGen, and took profits on our position in Galan Lithium.
- At month-end, the Fund had a relatively high cash weighting of 27%. Commodity exposure was Gold (19%), Nickel (9%), Copper (12%), Battery Materials (10%) and Opportunistic (23%).

### Top Holdings (by company)

Company	Commodity	%
IGO Ltd	Nickel/Battery	8.0%
Gold Road Resources Ltd	Gold	7.9%
Capricorn Metals Ltd	Gold	7.4%
OZ Minerals	Copper	6.4%
Cooper Energy	Opportunistic	6.4%
<b>Total</b>		<b>36.1%</b>

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## Important Disclosures

The Argonaut Natural Resources Fund is a Wholesale only Fund.

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