

Argonaut Natural Resources Fund



Monthly Performance Report – December 2021

ASSET CLASS | RESOURCES SELECT

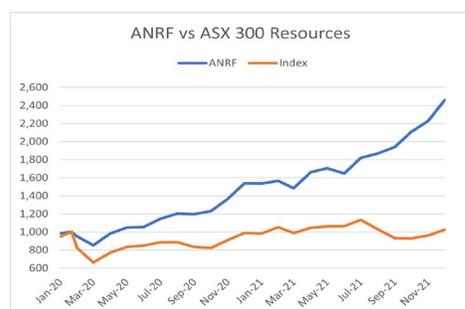
Argonaut Funds Management (“AFM”) is a high conviction investor in the Australian resources sector. It is part of the Argonaut Group, which provides corporate advisory, research and stockbroking services to retail, high net worth and institutional clients. AFM operates independently from the broader 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	10.3%	26.9%	49.5%	60.1%	146.2%
S&P ASX 300 Resources	6.6%	9.9%	-3.8%	3.6%	2.5%
Outperformance	3.7%	17.1%	53.2%	56.4%	143.7%

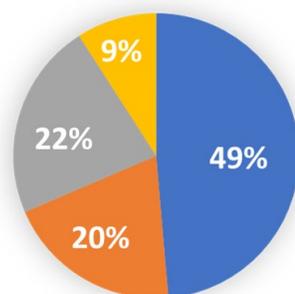
- The Argonaut Natural Resources Fund delivered a return of 10.3% in December, net of fees and expenses, outperforming its benchmark, the S&P ASX Resources 300 Index, by 3.7%. The Fund's total return for calendar year 2021 was 60.1%, outperforming its benchmark by 56.4%.
- ANRF is just short of its two-year anniversary (21 Jan 2022). Since its inception, it has delivered a return of 146.2% (including the reinvestment of all distributions), outperforming its benchmark by 143.7%. The Fund's unit price as at 31 December 2021 was \$2.160.



*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)

■ Energy Transition ■ Gold ■ Other ■ Cash



Market Overview

- The Australian market rose in December with both the ASX 300 and ASX All Ordinaries indices closing up approximately 2.5%. Despite the positive finish, these gains failed to match the 5.4% increase in the US Dow Jones Index and the 4.4% rise in the S&P 500 Index.
- It was a strong month for the Australian resource sector, with the 300 Resources Index up by 6.4% and the Small Resources Index increasing by 3.5%. This was driven by the continued enthusiasm for the lithium sector and the energy transition stocks more generally. Spodumene prices continued to surge off the back of constrained supply, whilst nickel prices jumped 3.6% and copper edged up 1%. Performance was aided by a continued recovery in iron ore and oil prices, which both bounced back 10%. Even gold came to the party, with the gold price increasing by 3% and the gold index up by a similar amount.
- The Australian dollar closed at 72.4c against the US dollar. The US 10 Year Treasury Yield finished at 1.53% after touching 1.70% mid-month and withstanding the decision to taper US bond purchases and potentially bring forward interest rate increases.

Portfolio Update

- The portfolio performed strongly in December. Its best performers were lithium explorer Global Lithium (+53%), nickel developer Mincor (+44%), lithium/iron ore producer Mineral Resources (+24%), and lithium producer Pilbara Minerals (+23%). Additional large contributors to the portfolio were mining services company Mader Group (+19%), Lunnon Metals (+15%), gas producer Cooper Energy (+14%), and Capricorn Metals (+12%). The only negative performers in December were Canadian based uranium developer NexGen (-13%) and Woodside (-2%).
- Over the course of the month, we decreased our cash position from 30% to 9%. We deployed 20% of our cash reserve into four new stocks - nickel explorer Lunnon Metals, gold producer Breaker Resources, BHP and Woodside.
- At month-end, 49% of the portfolio was invested in the Energy Transition thematic, 20% in Gold, and the remaining 22% in Other Opportunities. The Fund's top 5 holdings represented 32% of the portfolio with the largest holdings in Mincor, Oz Minerals, BHP, IGO Ltd and Mineral Resources.

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Important Disclosures

The Argonaut Natural Resources Fund is a Wholesale only Fund.

AFM Artemis Pty Ltd is the Investment Manager of Argonaut Natural Resources Fund, and Corporate Authorised Representative (No. 1277645) of Argonaut Securities Pty Ltd (ACN 108 330 650), AFSL No. 274099

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