

# Argonaut Natural Resources Fund



## Monthly Performance Report – January 2022

ASSET CLASS | RESOURCES SELECT

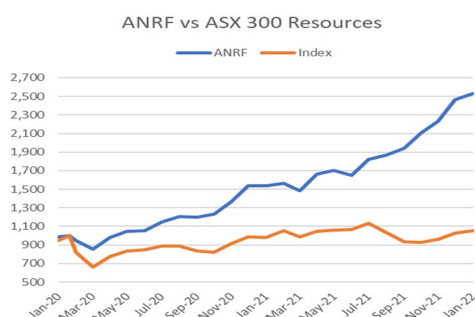
**Argonaut Funds Management (“AFM”)** is a high conviction investor in the Australian resources sector. It is part of the Argonaut Group, which provides corporate advisory, research and stockbroking services to retail, high net worth and institutional clients. AFM operates independently from the broader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

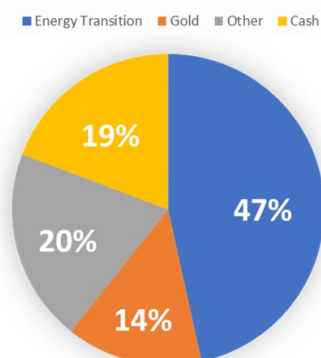
	1 Month	3 Months	6 Months	12 Months	Inception
ANRF	2.7%	20.0%	39.0%	64.5%	152.8%
S&P ASX 300 Resources	2.5%	13.1%	-7.4%	6.8%	5.1%
<b>Outperformance</b>	<b>0.2%</b>	<b>6.9%</b>	<b>46.4%</b>	<b>57.6%</b>	<b>147.7%</b>

- The Argonaut Natural Resources Fund delivered a return of 2.7% in January, net of fees and expenses, outperforming its benchmark, the S&P ASX Resources 300 Index, by 0.2%. The Fund's unit price as at 31 January 2022 was \$2.22.
- Over the twelve months ended 31 January, the Fund delivered a return of 64.5%, outperforming its benchmark by 57.6%. Since its inception, the Fund has delivered a return of 152.8% (including the reinvestment of all distributions), outperforming its benchmark by 147.7%.



\*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

- January was a challenging month to traverse. The first two weeks were exceptionally strong, but the tide changed in the last two weeks as global focus shifted to concerns around rising inflation and the prospect for higher interest rates.
- Despite the two-day rally at the end of January, US markets posted losses at the end of the month with the Dow Jones down 3.3%, the S&P 500 down 5.3%, and the Nasdaq down 9%. The Australian market also felt the brunt of the inflation fears, with the All Ordinaries Index falling 6.6% and the ASX 300 down 6.5%.
- Against this backdrop, the resource sector had mixed results. The ASX 300 Resources Index posted a gain of 2.5% on the back of higher Oil (+17%), Gas (+15%+) and Iron Ore (+16%) prices. This drove up the prices of the large cap Australian resource companies such as BHP (+11%), RIO (+12%), Woodside (+13%) and Santos (+12%). General profit taking across other sectors was reflected in the Small Resources Index which fell 5.9%, with the gold sector posting a 12% decline notwithstanding a flat \$A gold price. Lithium and Uranium stocks also deviated from recent highs.

### Portfolio Update

- We were pleased with the Fund's performance during January's volatility, which delivered a positive result and marginal outperformance to the Fund's benchmark. The addition of Woodside and BHP in December helped the portfolio in January as both stocks performed strongly – 14% and 12% respectively. Two of the smaller companies also delivered exceptional results with Lunnon (Kambalda nickel explorer) up 79% and Global Lithium (emerging lithium group) up 60% for the month. These gains, along with a shift into a higher cash weighting mid-month, more than offset losses across the balance of the portfolio. The weaker performers in the portfolio included OZ Minerals (-14%), Silver Lake (-17%), and Breaker Resources (-21%).
- At month-end, 47% of the portfolio was invested in the Energy Transition thematic, 14% in Gold, 20% in Other Opportunities, and 19% in Cash. The Fund's Top 5 holdings represented 33% of the portfolio with the largest holdings in OZ Minerals, BHP, Sandfire, Pilbara Minerals, and Centaurus Metals.

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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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