

AFM Perseus Fund



Monthly Performance Report – February 2022

ASSET CLASS | RESOURCES SELECT

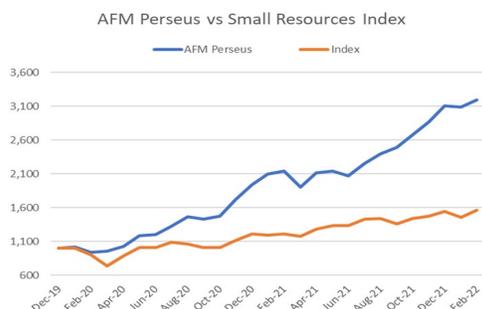
AFM Perseus Fund is a specialist high conviction investor in the small resources sector – those resources and mining services companies outside the S&P ASX 100 Index. The Fund “restarted” under a revised investment mandate on 1 January 2020.

Fund Performance

	1 Month	3 Months	6 Months	12 Months	Inception
AFM Perseus	3.3%	11.3%	33.3%	49.1%	219.2%
S&P ASX 300 Resources	7.6%	6.2%	8.7%	28.8%	56.4%
Outperformance	-4.2%	5.1%	24.6%	20.2%	162.9%

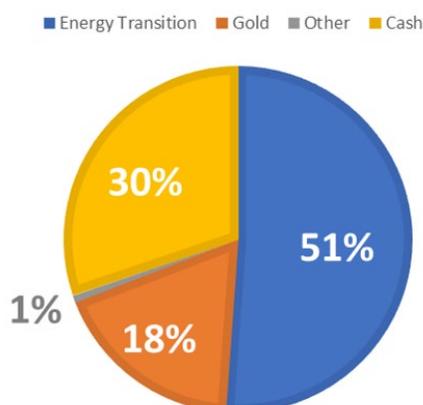
*In March 2021, AFM Perseus Fund completed a capital raise of \$655,634 at 20 cents / share (Feb 2021 price - 23.39 cents / share). This capital raise had a diluting impact on the share price, equating to approximately 7% of the Fund's performance.

- The AFM Perseus Fund was up 3.3% in February, net of all fees and expenses. Over the twelve months ended 28 February, the Fund delivered a return of 49.1%, outperforming its benchmark by 20.2%. Since its restart, the Fund has delivered a return of 219% (including the reinvestment of all dividends), outperforming its benchmark by 163%.
- The Fund's share price as at 28 February 2022 was 32.03 cents. The Fund also has \$469,188 in deferred tax losses that are available to offset against future taxable profits. This equates to an additional 5.64 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.

Portfolio Holdings (by commodity)



Market Overview

- Russia's invasion of Ukraine weighed on international markets in February with the US Dow Jones and the broader S&P 500 Index both down 3.1% for the month. The Australian market fared better, holding onto a gain of 0.8% in the All-Ordinaries Index and a 1% rise in the ASX 300 Index.
- The relative outperformance of the Australian market was driven by the strength of the resources sector with the risk of constrained commodity supply, in what is already a tightening environment, driving commodity prices higher.
- The oil price rose by 11%, nickel and iron ore both jumped 8%, gold was up 6% and copper increased by 3%. This drove the 300 Resources Index up 3.6% higher and the Small Resources up 7.6%. Money flowed back into the gold sector with the gold index surging 18% as investors targeted the larger Australian based producers.
- The \$AUD moved up to 72.61c against the \$USD and the US 10-year bond rate stabilized at around 1.8%.

Portfolio Update

- Our aim in February was to maintain our exposure to the key energy transition theme and to the commodities that would benefit from sanctions against Russia, but also increase cash by reducing other positions. By month end, we had delivered a positive return of 3.3% whilst lifting our cash position to 30%. We will now look to redeploy this cash as opportunities emerge.
- While the Fund delivered a positive result of 3.3% in February, it underperformed its benchmark which was up 7.6%. The strongest performers were NexGen (+30%), Silverlake (+26%), Mincor (+23%), AIC Mines (+18%), and Gold Road (+15%). We took profits in the Fund by selling our position in Copper Energy. We also reduced our positions in Global Lithium and Lunnon Metals. The weaker performers in the portfolio included Black Earth Minerals (-20%), Peregrine (-9%), and Global Lithium (-9%).
- At month-end, 51% of the portfolio was invested in the Energy Transition thematic, 18% in Gold, and 1% in Other Opportunities. The Fund had a cash weighting of 30%.
- The top 5 holdings represented 31% of the portfolio with the largest holdings being Lunnon, AIC Mines, Centaurus Metals, Liontown, and Cooper Energy.

Top Holdings (by company)

Company	Commodity	%
AIC Mines	Copper	7.1%
Centaurus Metals Ltd	Nickel	6.6%
Mincor	Nickel	6.4%
Liontown	Lithium	5.9%
Gold Road	Gold Road	5.6%
Total		31.6%

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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.

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