

# Argonaut Natural Resources Fund



## Monthly Performance Report – February 2022

ASSET CLASS | RESOURCES SELECT

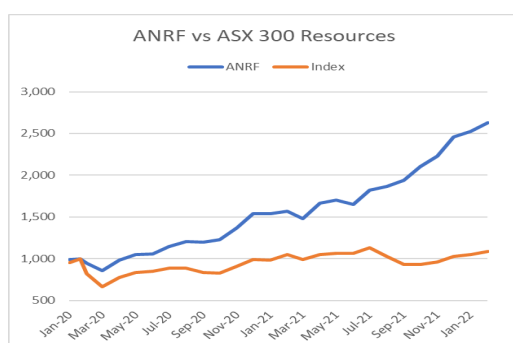
**Argonaut Funds Management (“AFM”)** is a high conviction investor in the Australian resources sector. It is part of the Argonaut Group, which provides corporate advisory, research and stockbroking services to retail, high net worth and institutional clients. AFM operates independently from the broader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

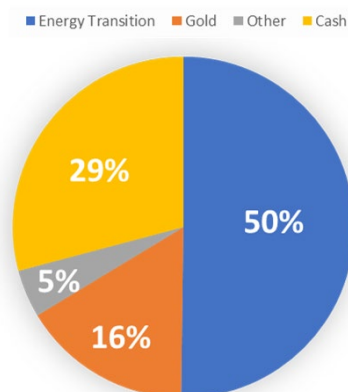
|                       | 1 Month     | 3 Months    | 6 Months     | 12 Months    | Inception     |
|-----------------------|-------------|-------------|--------------|--------------|---------------|
| ANRF                  | 4.0%        | 17.8%       | 40.7%        | 67.8%        | 162.8%        |
| S&P ASX 300 Resources | 3.6%        | 13.2%       | 5.6%         | 3.5%         | 8.8%          |
| <b>Outperformance</b> | <b>0.4%</b> | <b>4.6%</b> | <b>35.2%</b> | <b>64.4%</b> | <b>154.0%</b> |

- The Argonaut Natural Resources Fund delivered a return of 4.0% in February, net of fees and expenses, outperforming its benchmark, the S&P ASX Resources 300 Index, by 0.4%. The Fund's unit price as at 28 February 2022 was \$2.31.
- Over the twelve months ended 28 February, the Fund delivered a return of 67.8%, outperforming its benchmark by 64.4%. Since its inception, the Fund has delivered a return of 162.8% (including the reinvestment of all distributions), outperforming its benchmark by 154.0%.



\*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

- 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 managed to marginally outperform the benchmark whilst lifting our cash to 30%. We will now look to redeploy this cash as opportunities emerge.
- The strongest performers in February were NexGen (+27%), Silverlake (+26%), Mincor (23%), Gold Road (15%), and Woodside (+13%). We took profits in the Fund by selling our positions in BHP, Global Lithium, Mader Group, and Cooper Energy. We also reduced our positions in Lunnon. The weaker performers in the portfolio included Pilbara Minerals (-15.3%), Firefinch (-3.8%), and Lunnon (-3.0%).
- At month-end, 50% of the portfolio was invested in the Energy Transition thematic, 16% in Gold, 5% in Other Opportunities, and 29% in Cash. The Fund's Top 5 holdings represented 35% of the portfolio with the largest holdings in OZ Minerals, Sandfire, Mincor, 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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