

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.

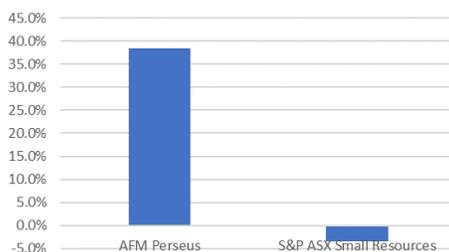
Fund Performance

	1 Month	3 Months	6 Months	12 Months	Restart
AFM Perseus	-14.9%	-20.5%	-7.6%	38.4%	187.1%
S&P ASX Small Resources	-22.1%	-26.7%	-16.8%	-3.4%	28.6%
Outperformance	7.3%	6.3%	9.2%	41.9%	158.6%

*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 delivered a return of 38.4% for the 2022 financial year. The Fund's benchmark, the S&P ASX Small Resources Index, declined 3.4% over the same time period, an outperformance of 42%. Since restart (1 January 2020), the Fund has delivered a cumulative return of 187%, and outperformed its benchmark index by 159%.
- The resource sector was volatile during June, with the ASX Resources 300 Index down by 11% and the ASX Small Resources index falling by 22.1% as the investment markets factored in the uncertainties around rising global inflation, higher interest rates, COVID shutdowns in China and the ongoing conflict in Ukraine. Against this backdrop, the Fund unit price declined by 14.9%.
- The pullback in the market has created an opportunity to add quality companies at attractive prices which we expect will be to the advantage of the portfolio in the medium term. The Fund's share price as at 30 June 2022 was 28.81 cents. The Fund has \$549,648 in deferred tax losses that are available to offset against future taxable profits. This equates to an additional 6.6 cents per share.

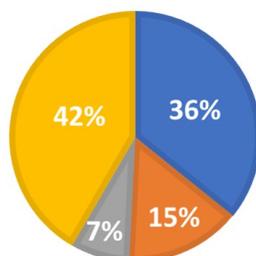
AFM Perseus Performance FY 2022



*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)

■ Energy Transition ■ Gold ■ Other ■ Cash



Market Overview

- The 2022 Financial Year delivered lower overall returns with the US S&P 500 Index dropping by 12% and the Australian ASX 300 Index down by 10%. This largely reflected the global macro environment, with interest rates shifting significantly higher to counter the inflationary threat. This combined with the continuation of COVID shutdowns in China and the ongoing conflict in Ukraine sapped investor confidence and impacted on global economic growth expectations.
- The Australian Resource market fared better than the broader market over the year, with the 300 Resources Index down 4% and the Small Resources Index falling 3%. However, the burden of slower economic growth was brutally felt in June with the Resources 300 Index down 11% and the Small Resources tumbling 22%.
- Commodity prices fell across the board in June with copper down 13%, nickel declining 20%, zinc falling 19%, iron ore down 10% and oil declining 8%. While gold was down 2%, the gold index was crushed, falling by 23%.

Portfolio Update

- While we are pleased with our results for the year, the month of June was a tough one for the resources market with “nowhere to hide”. Over the course of the month, we tilted our portfolio toward larger quality companies and held cash at its maximum level for most of the month. Despite these efforts, we still delivered a negative return of 15%. We hate losing money for investors - looking across the key commodities of copper, nickel, lithium and gold, it was hard to find many companies that didn't fall by 20% or more.
- Our large portfolio weighting to lithium and gold worked against us in June. In the lithium space, Pilbara Minerals fell by 22%, Mineral Resources was down 24% and Liontown declined by 25%. In the gold space, despite a flat gold price, our key holdings also declined sharply with Silver Lake falling 23% and De Grey down 29%. We topped up positions as prices fell which mitigated the damage to a small extent.
- As at 30 June, the portfolio was invested 36% in Energy Transition, 15% in Gold and 7% in other opportunities. The cash weighting was 42%. The top 5 positions at month end were Liontown, Cooper Energy, NexGen, De Grey and Leo Lithium.

Company	Commodity	%
Liontown	Lithium	8.5%
Cooper Energy	Oil & Gas	6.6%
NexGen	Uranium	6.3%
De Grey Mining	Gold	5.4%
Leo Lithium	Lithium	4.1%
Total		30.8%

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AFM Perseus Fund



Monthly Performance Report – June 2022

ASSET CLASS | RESOURCES SELECT

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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