

Argonaut Natural Resources Fund



Monthly Performance Report – June 2022

ASSET CLASS | RESOURCES SELECT

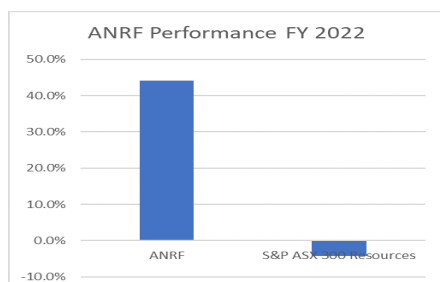
Argonaut Funds Management (“AFM”) is a high conviction investor in the Australian resources sector. It is part of the Argonaut Group, which provides corporate advisory, research and stockbroking services to retail, high net worth and institutional clients. AFM operates independently from the broader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

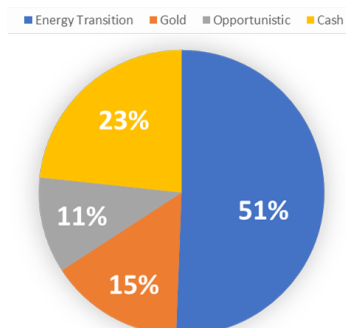
	1 Month	3 Months	6 Months	12 Months	Inception
ANRF	-15.1%	-19.0%	-3.5%	44.2%	137.5%
S&P ASX 300 Resources	-11.1%	-14.3%	-0.4%	-4.2%	2.1%
Outperformance	-4.1%	-4.7%	-3.1%	48.4%	135.5%

- The Argonaut Natural Resources Fund delivered a return of 44.2% for the 2022 financial year. The Fund's benchmark, the S&P ASX Resources 300 Index, returned -4.2% over the same time period, an outperformance of 48.4%. Since inception (21 January 2020), the Fund has delivered a cumulative return of 137.5%, and outperformed its benchmark index by 135.5%.
- We are pleased to report that the Fund will pay a distribution of 33.3 cents per unit to unitholders registered as at 30 June 2022. A distribution reinvestment plan has been made available. Further communication regarding the distribution will be sent to unitholders in due course.
- The Fund's unit price as at 30 June 2022 was \$1.75, which represents the closing price of \$2.08 less the aforementioned distribution amount of 33.3 cents. The Fund's unit price (pre-distribution) declined by 15.1% and underperformed its benchmark by 4% during the month of June.



*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

- 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 crunched, 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 51% in Energy Transition, 15% in Gold and 11% in other opportunities. Cash weighting was 23%. Our top 5 positions at month end were Oz Minerals, Liontown, NextGen, Mineral Resources and Cooper Energy.

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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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