

# Argonaut Australian Gold Fund



## Monthly Performance Report – December 2022

ASSET CLASS | RESOURCES SELECT

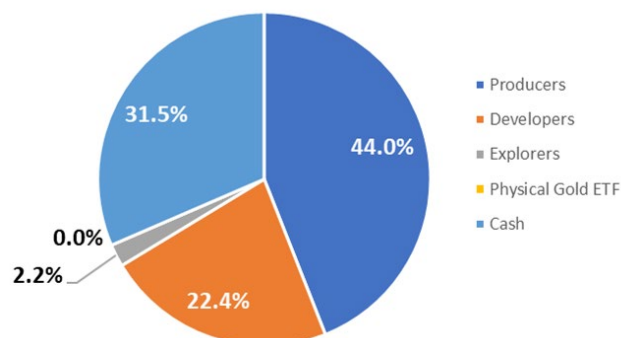
### Fund Performance

- The Argonaut Australian Gold Fund completed its first full month of investing activity. For the month of December, the Fund was up 1.38%, outperforming its benchmark, the ASX 300 Resources Index, which was down by 1.5%. Since inception (21/11/22), the Fund is up 2.5% and outperforming its benchmark by 1.8%.
- While we are continuing to establish the portfolio and retain a relatively higher cash weighting (31.5%), we have been able to deliver a strong investment performance on the back of a strengthening gold market and sound stock selection.
- As at 31<sup>st</sup> December 2022, the unit price was \$1.025.

### Portfolio Update

In December, we began to build the investment portfolio. Key gold producer positions included Ramelius, Silver Lake, Gold Road, Westgold, Northern Star and Evolution. Among the developers, we favoured De Grey Mining and Bellevue Gold which held promise as leading producers of the future. By month end, we were 70% invested with the top 5 holdings representing 47% of the portfolio. The top holdings included De Grey Mining, Silver Lake, Ramelius, Gold Road and Bellevue.

### AAGF Portfolio Exposure



### AAGF Top Holdings (by company)

Company	Type	%
De Grey Mining	Developer	10.9%
Gold Road	Producer	9.3%
Ramelius	Producer	9.3%
Silver Lake	Producer	8.7%
Bellevue Gold	Developer	8.6%
<b>Total</b>		<b>46.8%</b>

### Market Overview

- Major markets eased in December as the prospect of higher interest rates and slowing global growth weighed on investor sentiment. In the USA, the Dow Jones fell 4.2% and the S&P 500 fell by 5.9%. Australia fared better with the ASX 300 and All Ordinaries both down 3.5%. The 10-Year Treasury Yield jumped to 3.88% and the US/AUD exchange rate remained unchanged at 68c.
- In the resources market, the 300 Resources Index slipped by 1.5% whilst the Small Resource Index fell by almost 5%. There was continued strength in iron ore (+11%) which provided support for the major miners BHP (+5%), Rio (+8%) and Fortescue (+5.4%). Gold also continued to gain favour with the gold price lifting 4% and the gold index jumping by a similar amount. Momentum eased in the lithium sector as prices seem to have reached a peak, for now at least. Notwithstanding this, prices remain attractive and those lithium companies in production will generate strong margins and substantial free cashflow.
- China holds the key to a resurgence in commodity market demand for 2023. Coming off the property debacle, the tech entrepreneur crackdown, the zero covid “about face” and growing resentment of China’s international relations approach, Xi can do with a win and the best way to do this is to crank up the economy, which in turn will drive demand for commodities. But, many things could also go wrong in 2023, including increasing interest rates, the prospect of recession in the EU and US, and Russia seeking to freeze out Ukraine by destroying critical infrastructure.

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## Important Disclosures

The Argonaut Australian Gold Fund is a Wholesale only Fund.

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