

Argonaut Natural Resources Fund



Monthly Performance Report – March 2023

ASSET CLASS | RESOURCES SELECT

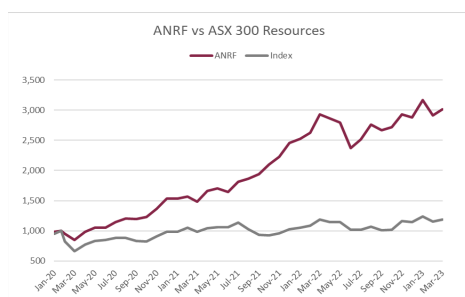
ANRF Posts Gain of +27% YTD for FY23

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Fund Performance

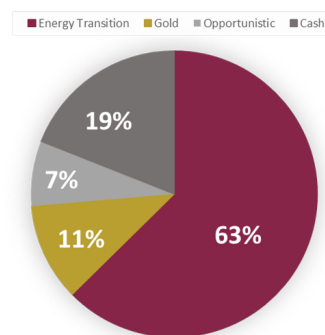
	1 Month	3 Months	FYTD	12 Months	Inception
ANRF	3.6%	4.8%	27.4%	3.0%	201.8%
S&P ASX 300 Resources	2.5%	3.1%	16.1%	-0.5%	18.5%
Outperformance	1.1%	1.7%	11.3%	3.5%	183.3%

- The Argonaut Natural Resources Fund increased by 3.6% over the month, outperforming the Fund's benchmark, the S&P ASX Resources 300 Index, which gained 2.5%. The Fund returned 27.4% year to date for FY23, outperforming its benchmark which gained 16.1% over the same time horizon. The Fund's unit price as at 31 March 2023 was \$2.231.
- Since inception (21 January 2020), the Fund has delivered a cumulative return of 201.8% (including the reinvestment of all distributions). Its benchmark has returned 18.5% over the same period.



*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)



ANRF Top Holdings (by company)

Company	Commodity	%
Mineral Resources	Iron/Lithium	9.9%
NexGen	Uranium	7.8%
Oz Minerals	Copper	7.6%
Pilbara Minerals	Lithium	7.5%
Develop Global	Copper/Zinc	7.3%
Total		40.1%

Market Overview

- In February, cracks emerged in the global financial system in response to the sustained increase in interest rates over the past twelve months. The collapse of Silicon Valley Bank and the shotgun marriage of Credit Suisse with UBS highlighted the point that driving interest rates higher at a time of high debt levels will create some unexpected consequences. The big winner from this uncertainty was gold which surged 7.2% for the month to end at US\$1,969 per ounce, pushing up to \$3,000 per ounce in \$AUD terms. This led to a 19% rally in the ASX Gold Index and a gain of 39% since 30 June 2022.
 - As the month progressed, it became clear that the banking issues were specific rather than endemic – but it also became clear that the financial system could not really handle substantial further increases in interest rates. Inflation expectations also eased. The 10-year treasury yield fell from 3.93% to 3.49% which led markets to respond positively, thereby increasing from mid-month lows. The US market posted gains at month-end, with the Dow Jones up 1.9% and the S&P 500 jumping 3.5%. The Australian market did not fare as well, with the ASX 300 and All Ordinaries down by 1.2% and 1.1% respectively.
 - The spotlight returned to the resource market, with the gold surge acting as the catalyst for a 2.5% increase in the 300 Resources index and a 5.2% spike in the Small Resources Index. On the commodities front, Iron Ore continued to perform well for the month (+3.3%), ending at US\$127t. Copper was also up 1% to US\$8,935. Oil eased by 4.9% to US\$80 barrel and nickel fell by 6.9% to US23,100.
 - Corporate activity in the resource sector was notable. Following recent bids by BHP for the copper major Oz Minerals and gold giant Newmont's bid for Australian gold leader Newcrest, we saw Andrew Forrest's Wyloo bid for nickel producer Mincor Resources and lithium major Albermarle's bid to scoop up WA based lithium developer Liontown Resources. The Wyloo bid took advantage of recent price weakness as Mincor has struggled to reach targeted production rates during commissioning. Albermarle has sent a strong positive message to the lithium sector as it seeks to lock in additional long-term spodumene production as the energy transition rolls on.
- ### Portfolio Update
- Over the month of March, we took advantage of the volatility in the resource sector, buying new quality companies and topping up existing positions at discounted valuations. We added two new positions to the portfolio - Teck Resources, a Canadian producer of coal and copper/zinc which is looking to split into two separate entities, and graphite producer Syrah Resources. We added to our positions in NexGen, Global Lithium, Pilbara Minerals, Mineral Resources, and Lunnon Metals. The top performers over the month were Solgold (+34%) and the gold stocks - Silver Lake (+16%), Westgold (+38%) and recent addition Auteco (+20%). Negative performers this month included NexGen (-7%), Yellowcake (-6%) and Pilbara Minerals (-5.5%).
 - As at 31 March 2023, 63% of the portfolio was invested in the Energy Transition thematic, 11% in Gold and 7% in other opportunities. The cash weighting was 19%. The top 5 positions at month end accounted for 40% of the portfolio which included Mineral Resources, NexGen, Oz Minerals, Pilbara Minerals and Develop Global.

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Important Disclosures

The Argonaut Natural Resources Fund is a Wholesale only Fund.

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