

Argonaut Global Gold Fund

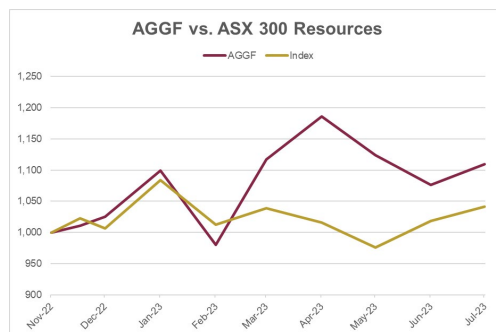


Monthly Performance Report – July 2023

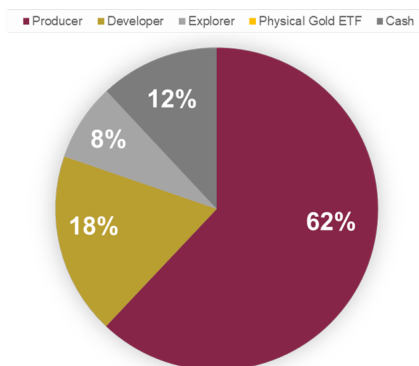
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Fund Performance

- The Argonaut Global Gold Fund increased by 3.1% for the month and has delivered a return of 11.0% since inception, 21st November 2022.
- Investors were sent a separate notification advising of our evolved mandate which will allow ownership of offshore equities and gold and other precious metals. We see this as a natural evolution for the fund which allows us to access a greater universe of quality companies whilst keeping a strong level of exposure to Australian listed names. As the fund continues to grow, it is critical that we can risk manage our portfolio via enhanced liquidity in offshore markets and provide ongoing outperformance.
- The Fund's unit price as of 31 July was \$1.095.



AAGF Portfolio Exposure



Market Overview

- The US equity market continued higher through July with The Dow Jones and S&P 500 Index rising by 3.35% and 3.11%, respectively. Gold was up 2.6% in USD\$ and up 1.7% in AUD\$ as a period of relative USD\$ weakness on softer data was largely unwound by month end. Market views around messaging from the Fed continue to oscillate with gyrations driven by an early July data point of strong US jobs market (497k v 220k) versus subsequently softer US CPI print (Core CPI +4.8% v 5%). The US 2-year treasury yield traded above 5.1% during the month of July, the highest level since July 2007.
- With this rare backdrop of elevated nominal rates, strong data, weakening inflation and suppressed market volatility we continue to position in quality names with an eye to opportunistically deploying capital.

Portfolio Update

- During July, we received quarterly production updates coupled with FY24 outlook statements from a range of producers and, notwithstanding a strong finish to the FY24 June year-end, the guidance in some instances was disappointing.
- Northern Star (NST) provided FY24 guidance of 1,600 – 1,750koz at \$1,730 - \$1,790/oz which equated to approximately a 7% production downgrade versus consensus, and the stock responded accordingly with a sell off near 10% on the day. Management also provided higher capex associated with the expansion of key operating mine KCGM of A\$1.5bn to expand and modernise the processing capacity from 13 million tonnes per year to 27 million tonnes per year with management projecting a post-tax IRR of 19%.
- Silver Lake (SLR) also provided a surprise downgrade to FY24 guidance with the announcement that it would stop production at Canadian mining 'Sugar Zone' to allow for significant drilling (93,000m) and mine studies as to optimise production. FY24 guidance of 210-230koz at A\$1,850 – 2,050/oz and a significant increase in growth capex to A\$85m was over double that of consensus estimates. This was an unexpected and disappointing development for a company that, as recently as the June quarter, had been involved in a corporate takeover attempt of St Barbara Minerals (SBM).
- Positive performance contributions from key holdings in GMD, CMM, RMS and an exploration play in OAU provided for strong relative outperformance for July.

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Important Disclosures

The Argonaut Global Gold Fund is a Wholesale only Fund.

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