

Argonaut Natural Resources Fund



Monthly Performance Report - December 2023

ASSET CLASS | RESOURCES SELECT

ANRF Receives "Commended" Rating

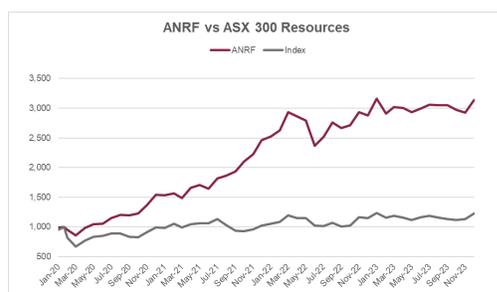
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Fund Performance

	1 Month	3 Months	FYTD	12 Months	Inception
ANRF	7.3%	2.9%	4.7%	9.1%	214.0%
S&P ASX 300 Resources	7.7%	8.1%	5.2%	6.4%	22.3%
Outperformance	-0.4%	-5.1%	-0.5%	2.6%	191.7%

- The Argonaut Natural Resources Fund was up 7.3% in December compared to the 7.7% gain in the S&P ASX Resources 300 Index. For the 2023 calendar year, the Fund gained 9.1%, outperforming its benchmark which gained 6.4%.
- Calendar year 2023 was a volatile time for commodities - the biggest moves were the 90% increase in the uranium price and the 85% fall in the lithium (spodumene) price. Other notable movements included the 46% decline in the nickel price, a 26% lift in iron ore and a 13% jump in gold.
- ANRF delivered a cumulative return of 214.0% since inception (Jan 2020), strongly outperforming its benchmark index which is up 22.3% over the same time horizon. The Fund's unit price as at 31 December 2023 was \$2.206.

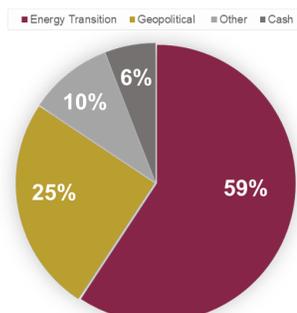


*Illustrates the relative performance of a \$1,000 investment in ANRF and the ASX Resource 300 Index since the inception date of ANRF. Assumes all distributions are reinvested back into the Fund.

ANRF Top Holdings (by company)

Company	Commodity	%
Metals Acquisition Corp	Copper	10.3%
Capricorn	Gold	9.8%
Lynas Rare Earths	Rare Earths	8.3%
NexGen	Uranium	7.9%
MRM Offshore	Services	7.8%
Total		44.2%

ANRF Portfolio Exposure (by commodity)



Business Update

- We are pleased to report that Argonaut Natural Resources Fund has received a "Commended" rating from an independent research group, Australian Fund Monitors. The full report can be found here. Highlights from the report are outlined below:
 - Argonaut Funds Management has the ability to leverage off the broader Argonaut Group for normal day to day business functions, allowing the Co-Heads to focus on the portfolio.
 - The strategy and process are logical and well defined. The focus on companies in the resources sector outside the ASX 100 aligns well with the portfolio manager's experience and skill set.
 - The Fund is primarily invested in Australian listed assets, thereby reducing geo-political risks.
 - The Fund's limited ability to invest in capital raisings is seen as favourable as these can be unproven and increase risk and volatility.
 - While there is some exposure to less liquid smaller cap companies, this is limited. Historically, approximately 68% of the portfolio has been invested in companies with a market cap of \$500m or more, and 58% over 1bn.
 - Risk is managed at investment level, at the portfolio level, and then at counterparty, operational and process levels. This multi-level approach is considered prudent and well considered.
 - The addition of specific sector and stock limits avoids concentration and cognitive bias at the Portfolio Manager level.

Market Overview

- Long term US interest rates fell further in December as inflationary expectations cooled, with the US 10-year treasury yield slipping to 3.88% after being just under 5% at the end of October. This drove equity markets higher with the Dow Jones and S&P 500 up by 4.8% and 4.4% respectively, whilst the Australian market surged with both the ASX 300 and All Ordinaries Indices up by over 7%.
- Against this backdrop, the resources market rallied strongly with the 300 Resources Index up by 7.7%. It was buoyed by continued strength in the iron ore market - with the iron ore price pushing to US\$140t (an increase of 7.4% for the month), driving further gains from the heavyweight miners BHP, RIO and Fortescue. The small end of the resource market moved at a slower pace, up by 3.7%.
- Other commodities of note were Zinc (+6.6%), Copper (+1.7%) and Gold (+1.2%). Brent Crude was down 7%. The Australian dollar continued to strengthen against the US dollar, ending at approximately 68c.

Portfolio Update

- The top performers for the month included copper producers Metals Acquisition Corp, which gained 18% as it prepares for an ASX listing in early 2024, and Sandfire Resources which rose by 19%. Other strong contributors included rare earths developer Meteoric Resources (+27%), copper developer Firefly Metals (formerly Auteco, +21%) and MRM Offshore which continued its re-rating with a further 18% lift for the month.
- The poor performers this month were De Grey Mining which declined by 8% on the back of a weaker gold price and nickel developer Lunnon Metals which was down 12% as the nickel price continues to deteriorate.
- At month-end, the portfolio was weighted 59% to Energy Transition (with major exposures to copper, rare earths and uranium), 16% Gold, 19% Opportunistic and 6% Cash. The top 5 positions accounted for 44% of the portfolio.

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Important Disclosures

The Argonaut Natural Resources Fund is a Wholesale only Fund.

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