

FACTORS Operational Due Diligence Process

Australian Fund Monitors ("AFM") has conducted operational due diligence (AFM FACTORS) on Argonaut Funds Management ("the Manager") and the Argonaut Natural Resources Fund. The following areas were reviewed and our findings on each section are included in this report:

1. Management Company and Key Staff.
2. Investment Strategy and Process.
3. Risk Management
4. Operational Procedures.
5. Fees, Terms and Conditions.

AFM's due diligence on the Manager included extensive interviews with senior staff, directors and significant shareholders, document collection and verification where appropriate. The full results of AFM's findings are contained in the following AFM Factors Due Diligence Report. AFM FACTORS provides information and opinions without taking into consideration the financial position or objectives of individual investors and should be read after taking into account the disclaimer and terms and conditions on the www.fundmonitors.com website.

FACTORS Operational Due Diligence Score



Commended

FundMonitors.com has conducted a combined qualitative and quantitative assessment of the Argonaut Natural Resources Fund, and considers the manager and fund a suitable investment for those investors seeking exposure to smaller companies in the Materials and Energy sectors, with particular exposure to the energy transition thematic, and the move towards renewable energy.

Fund performance varies over time. This report should be read in conjunction with the performance analysis on pages 9-13, and should be subject to the individual circumstances and objectives of the investor.

	Weighting	Poor	Below Average	Approved	Commended	Highly Commended
Management Company and Key Staff	25%				✓	
Investment Strategy and Process	25%				✓	
Risk Management	20%				✓	
Operational Procedures	20%				✓	
Fees, Terms and Conditions	10%				✓	
Overall Ranking					✓	

A ranking of Approved or above in each category indicates the minimum score required.

Ranking Description

- Poor:** The Manager and/or Fund have significant or structural issues.
- Below Average:** The Manager and/or Fund have various issues which need to be resolved prior to achieving Approved.
- Approved:** The Manager and Fund meet relevant or appropriate standards.
- Commended:** The Manager and Fund meet or generally exceed relevant or appropriate standards.
- Highly Commended:** The Manager and Fund consistently exceed relevant or appropriate standards.

Executive Summary

Argonaut Funds Management is a high conviction investor in the Australian resources sector. It is based in the tier one mining jurisdiction of Western Australia and operates two resource focused funds. Argonaut Funds Management is part of Argonaut Group, an integrated investment house with corporate, stockbroking & research and special situations financing capability in the Australia/Asian region.

Argonaut Natural Resources Fund ("ANRF") is an actively managed wholesale fund investing in listed resource and mining service companies. The Manager seeks to create a diversified portfolio of investments which will generate absolute returns in excess of the S&P ASX 300 Resources Index. The Fund typically holds between 10 and 25 separate equity investments in a portfolio built around a rigorous investment process where the Manager assesses market conditions and macro economic influences, then conducts detailed stock specific analysis.

Management Company and Key Staff

The Argonaut Group was established in 2002 by co-founders Edward Rigg and Charles Fear. Headquartered in Perth with an office in Sydney, the company focuses on investments in the natural resources sector, including mining and metals, energy, and mining services. Argonaut Funds Management was established in 2003 and initially managed the Argonaut Perseus Fund, which targeted micro-cap resource companies. In 2019 David Franklyn was appointed as Head of Argonaut Funds Management, leading to a restructuring of the Perseus Fund, the launch of the Argonaut Natural Resources Fund, followed in November 2022 by the Argonaut Global Gold Fund.

Edward Rigg, is the Executive Chairman of Argonaut, and has 33 years in the industry with a background in M&A and capital raisings. Rigg is a co-founder of Argonaut, and serves as a Director of Argonaut Funds Management. Benjamin Clifford, who joined in May 2023 as the Co-Head of Argonaut Funds Management and is the manager of the Argonaut Global Gold Fund, brings over 25 years of equity market experience. Other key staff include Dr. Dianmin Chen, an experienced mining engineer and Investment Committee Member; John Macdonald, a mining analyst with over 30 years in the industry; and Lee Bowers, an Independent Investment Committee Member with extensive experience in the Australian mining sector.

FundMonitors regards the ownership structure of Argonaut Funds Management positively, highlighting the financial backing and industry insights offered by the parent company. The decision to have joint heads, namely David Franklyn and Benjamin Clifford, provides balance and depth at Portfolio Management level, although FundMonitors notes their time working together has been limited. FundMonitors also believes Argonaut Funds Management benefits from its affiliation with the broader Argonaut Group, by supporting routine business operations, allowing the joint investment heads to concentrate on portfolio management.

Investment Strategy and Process

The Argonaut Natural Resources Fund primarily invests in natural resources companies listed on the ASX, and aims to outperform the S&P/ASX 300 Resources Index with lower downside volatility. The strategy primarily targets companies within the Materials and Energy sectors, while allowing up to 20% of the portfolio to be invested in related securities outside these sectors and on international exchanges. Argonaut believes that the resources sector, particularly those companies outside the ASX 100, is under-researched and offers significant investment opportunities. The Fund identifies this potential against the backdrop of global trends such as decarbonisation and population growth, which are expected to impact the demand and supply dynamics of specific commodities.

The Fund adopts a high conviction investment approach, favouring mid-cap producers and developers over large-cap diversified resource companies. Its investment process comprises three steps: assessing market themes and resilient trends, focusing on commodities positioned to benefit from these trends (such as copper, nickel, lithium, and gold), and conducting a detailed analysis of companies based on 'Five Bricks': management, valuation, financial strength, business strength, and responsible investing. Argonaut also integrates ESG considerations into its investment process. This includes an ESG screening process, avoiding investments in thermal coal operations generating over 20% of their revenue, and excluding investments in countries with high risk of corruption, or those putting the workforce at significant risk.

FundMonitors views the investment strategy as logical and well-defined. The Fund's emphasis on ex-ASX 100 companies aligns well with the managers' expertise. The Fund's limited involvement in capital raisings is also viewed positively, as is the approach to ESG. The minimisation of geopolitical risks by being primarily invested in Australian listed assets is also viewed positively. FundMonitors notes the Fund's focus on resource companies, particularly those outside the ASX100, exposes it to market and liquidity risks.

Risk Management

The Manager integrates risk management across the investment process, encompassing investment-specific, portfolio, counterparty, operational, and process levels. Strict adherence to portfolio guidelines aids in managing portfolio-level risk, while counterparty risks are monitored through credit ratings and market research. Controlled by Kevin Tyndall, Head of Risk, Compliance & Business Support, the portfolio-level risk management includes controls such as concentration and exposure limits to single commodities, companies, and international exchanges, as well as specific policies on micro-cap exposure, cash weighting, unlisted companies, borrowings, and short selling.

As an Australian Financial Services licensee, the Argonaut Group must maintain robust risk management in line with Australia's market integrity rules and ISO 31000 standards. Its Risk Management Plan, subject to annual review by senior management and the board, guides the management of material risks.

FundMonitors acknowledges that the Fund manages risk across multiple levels. Having specific sector and stock limits is seen as a positive strategy to mitigate cognitive bias at the manager level. The division of responsibilities between David Franklyn and Kevin Tyndall is viewed as an effective approach to managing the diverse risks associated with the Fund.

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Operational Procedures

Argonaut's Compliance Committee, comprising Kevin Tyndall, Reena Shah, Marilyn Noakes, and Jenna Converse, meets quarterly to ensure adherence to the Fund's Constitution and Investment Memorandum. Fund Managers David Franklyn and Benjamin Clifford report to this committee, detailing investment activities. The Fund's compliance regime has remained unchanged since inception, with no regulatory breaches. Risk management involves various group officers, including the Chief Financial Officer. Argonaut Group employees must have their personal brokerage accounts within Argonaut Securities, requiring written approval for transactions to ensure compliance with market integrity rules. Regular reviews are conducted by Kevin Tyndall to monitor adherence to these procedures. Asset valuation is a monthly process executed by the Argonaut Finance Team, with annual audits by Hall Chadwick. The Fund Manager and Senior Accountant separately monitor fund assets, ensuring accurate monthly reconciliations and valuation, ultimately approved by the Fund Manager.

FundMonitors considers Argonaut's operational procedures suitable for a small, boutique manager and acknowledges the firm's robust compliance program, featuring quarterly meetings and an external consultant. Argonaut Funds Management's outsourcing of custodian and administration tasks to reputable third parties, Certane Group and Automic respectively, enables a concentrated focus on investment strategy and portfolio implementation.

Fees, Terms and Conditions

The Fund charges a management fee of 1% per annum and a performance fee of 20% subject to a hurdle (above the S&P ASX 300 RES return over the 12-month period between 1 July and 30 June) and a High Water Mark, payable annually. There is no buy/sell spread when investing in or exiting the fund. Realised income is distributed annually. Investments and redemptions can be made monthly, with a minimum initial investment amount of AU\$50,000 and a minimum additional investment amount of AU\$10,000. The minimum withdrawal amount is AU\$10,000.

The fund is structured as an Australian domiciled Unit Trust open to wholesale investors. The Manager issues monthly performance reports and focuses on commodities relevant to the energy transition theme. The marketing strategy includes securing seed capital, enhancing branding, and building a robust investor database. Having raised \$25m in FUM, the Manager aims to attract high-net-worth individuals through financial planners, platforms, and family offices. The fund is available on various investment platforms including OLIVIA123, HUB24, Netwealth, Powerwrap, and Mason Stevens.

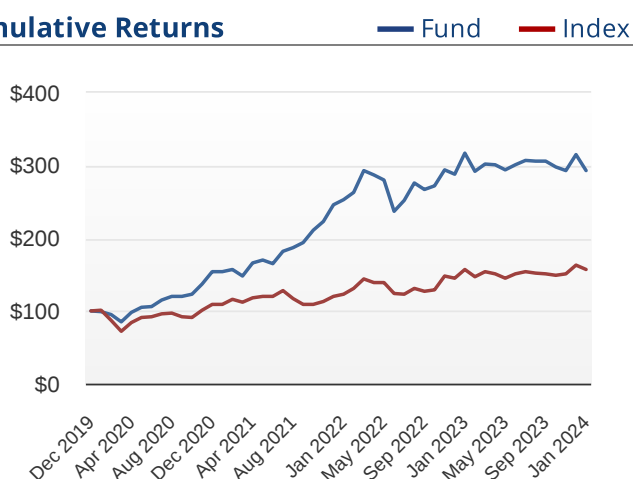
FundMonitors notes the management and performance fees are typical of funds in the small/mid cap space, particularly as the FUM is likely to be capped at \$150 million.

Period	Returns		Volatility	
	Fund	Index*	Fund	Index*
Jan 2024:	-6.90%	-3.69%	N/A	N/A
3 Months:	-1.81%	5.59%	N/A	N/A
6 Months:	-4.46%	1.59%	N/A	N/A
1 Year:	-7.63%	0.20%	14.05%	13.67%
3 Years ² :	23.99%	13.08%	20.90%	18.75%
5 Years ² :	N/A	N/A	N/A	N/A
7 Years ² :	N/A	N/A	N/A	N/A
Since Inception ^{1,2} :	30.10%	11.67%	21.84%	22.66%

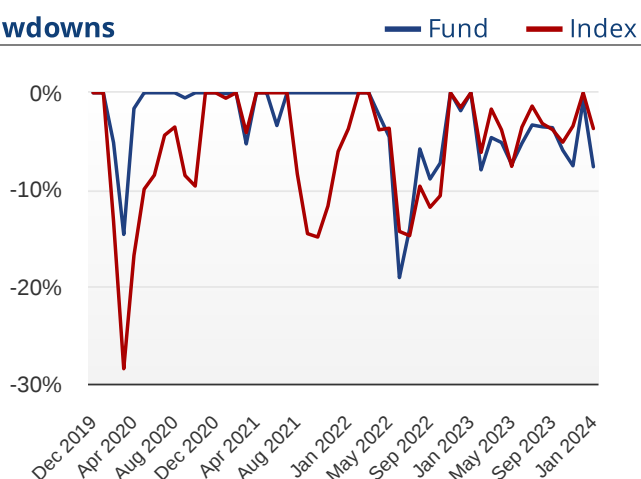
Key Terms			
APIR:	ARG3633AU	Status:	Open
Peer Group:	Equity Alternative - Australia	Inception Date:	Jan 2020
Strategy:	Equity Long/Short	Style:	Blend
Geography:	Australia/Global	Domicile:	Australia
Investors:	Wholesale	Min. Investment:	AU\$ 50,000
Distributions:	Annually	Applications:	Monthly
Fund Size:	AU\$ 28.59m	Management Fee:	1.00%
Manager FUM:	AU\$ 43.75m	Performance Fee:	20.00%

*S&P/ASX 300 Resources TR Index, ¹Since Jan 2020, ²Annualised

Cumulative Returns



Drawdowns



Management Company & Key Staff

The Argonaut Group was founded by Edward Rigg and Charles Fear in 2002 as an integrated Australian investment house with corporate finance, stockbroking, research and funds management capabilities. With offices in Perth and Sydney, Argonaut targets companies in the natural resources sector, including mining and metals, energy, and mining services.

Argonaut Funds Management was formed in 2003 and originally managed the Argonaut Perseus Fund, which invested in micro-cap resource companies with market capitalisations between \$20 and \$300 million.

In June 2019, David Franklyn was hired as Head of Argonaut Funds Management to restructure the Perseus Fund and launch the Argonaut Natural Resources Fund, an actively managed wholesale fund investing in ASX mining & resource companies. Both funds launched in January 2020 under Franklyn's management and with a newly appointed investment committee.

In November 2022, the Argonaut Australian Gold Fund was launched to invest in the ASX listed gold sector. In August 2023, the investment mandate of Argonaut Australian Gold Fund was expanded to invest globally in gold and precious metals equities and physical gold and precious metals via fully allocated exchange traded funds. The name of the fund was changed to Argonaut Global Gold Fund.

In May 2023, Benjamin Clifford joined Franklyn as Joint Head of Argonaut Funds Management and manager of the Argonaut Global Gold Fund. Franklyn's focus remains the Argonaut Natural Resources Fund.

Argonaut Funds Management is structured to operate independently from the Argonaut Group, with rigorous governance and investment protocols and procedures.

Argonaut has succession planning arrangements for key personnel, including but not limited to Directors and Executives. Key personnel are categorised by their criticality to the performing of critical business functions or services. At the Argonaut Group level, the Group Managing Director, the Directors and the Head of Risk, Compliance and Business Support are considered to be key people.

The Argonaut Business Continuity Management ("BCM") testing program includes walkthrough testing of scenarios, such as the loss of key personnel for an extended period. Business Units are required to identify and develop recovery arrangements in the event of a key person loss. With respect to travel, no more than two Directors may fly together, and Key Person insurance cover is held for the Executive Chairman, Edward Rigg.

Key Staff

Edward Rigg

Age: 57, Years in industry: 34, Years at Firm: 22

Director of Argonaut Funds Management, Argonaut Executive Chairman, Head of ECM

Edward Rigg is a co-founder of Argonaut. He has extensive experience in M&A and capital raisings for both public and private companies, and is an active originator of domestic and cross border transactions for small cap through to large multinational entities in the metals, mining and energy sectors. Prior to establishing Argonaut, he was an Executive Director, Investment Banking at CIBC World Markets.

David Franklyn

Age: 60, Years in industry: 29, Years at Firm: 4

Co-Head of Funds Management and Fund Manager of Argonaut Natural Resources Fund

David Franklyn joined Argonaut in June 2019. He has extensive financial markets experience, including nearly 10 years as Head of Research at a leading small companies stockbroker, and 10 years as a Managing Director and Chief Investment Officer at a boutique funds management business. He has also held senior roles in ASX listed and unlisted companies, including four years as MD of a mining services business.

Benjamin Clifford

Age: 49, Years in industry: 29

Co-Head of Argonaut Funds Management and Fund Manager of Argonaut Global Gold Fund

Ben Clifford joined Argonaut in May 2023. He has over 25 years' equity market experience, including trading, portfolio management, underwriting, IPO's and capital advisory for global listed companies. Most recently he was Head of Equities and a Board Member at Goldman Sachs Australia & NZ and held senior roles at Macquarie Bank in Tokyo and Sydney. He was a Portfolio Manager at Blue Sky Macro, and also NIB Capital in London.

Dr. Dianmin Chen

Years in industry: 39, Years at Firm: 8

Investment Committee Member, Special Consultant

Dr Chen is a member of the Investment Committee and a Special Consultant in Corporate Finance for Argonaut Securities. A mining engineer, he has over 35 years' experience in metal mining, and has had a range of roles across mining, technical production and management in Australia, China and Canada. Dr Chen has held senior roles with Sino Gold, Citic Pacific Mining, CaNickel, and Northern Goldfields, and has served as a Non-Executive Director in Australia and Canada.

John Macdonald

Years in industry: 31

Resources Consultant, Mining Analyst Funds Management

Macdonald began his career as a geologist with Newmont before moving into the finance sector. He has had extensive experience as a mining / research analyst across multiple commodities and jurisdictions. He has worked for a number of investment houses including as Head of Research at CIBC World Markets, and was a Mining Analyst with Hartleys. Most recently, he was a Director at Argonaut in Metals & Mining. John holds a BSc Geology, and a Master of Science (Geology).

FundMonitors.com Comment

🇺🇸 The ownership structure is viewed favourably with the parent company providing financial support and industry knowledge to the Funds Management business.

🇺🇸 Argonaut Funds Management has the ability to leverage off the broader Argonaut Group for normal day to day business functions, allowing the Joint Heads to focus on the portfolio.

🇺🇸 While the having Joint Heads is sensible given the small investment team size, David Franklyn and Ben Clifford have not spent a long time working together.

Investment Strategy & Process

Investment Universe:

The Argonaut Natural Resources Fund primarily targets investment opportunities from within the natural resources companies listed on the Australian Securities Exchange (ASX), or planning to list within (generally) a six-month period. This primarily includes those companies in the Materials and Energy sectors. Other listed securities outside of Materials and Energy cannot exceed 20% of the overall portfolio, and would generally have a linkage to the resource or resource services markets. The Fund may also invest up to 20% of the portfolio in resource companies listed on other recognised international exchanges.

Investment Objective:

The Fund seeks to generate absolute returns above the S&P ASX 300 Resources Index after all fees and expenses, and with lower downside volatility.

Investment Thesis:

Argonaut's view is that the resources sector is under researched relative to other segments of the market, particularly those companies outside the ASX 100, and that this creates an investment opportunity.

The Manager also recognises that the resources sector has underperformed broader investment markets for much of the past decade. Notwithstanding that, the Manager believes that emerging global trends, such as decarbonisation of the transport and electricity generation sectors, and the rapidly expanding global population, are likely to have a profound impact on the demand and supply characteristics of related commodities. This generational change is expected to create unique investment opportunities that the Manager seeks to identify.

Portfolio Implementation:

The Argonaut Natural Resources Fund is a high conviction investor in the Australian resources sector. The Fund will generally avoid the large cap diversified resource companies such as BHP, RIO and Fortescue, and instead has a focus on producers and developers in the mid cap area, skewed to quality companies, preferably listed in developed markets such as Australia and North America.

The investment process involves a rigorous three-step process:

1. Market Assessment & Investment Thematics:

The Manager has identified what it believes to be the "key resilient themes" expected to impact the resource sector over the next 5+ years. These include:

- COVID stimulus and resultant supply/demand issues and inflation, interest rates, and growth;
- Energy transition, climate change and the trend towards renewable energy;
- Geopolitical risk and opportunities;
- Increased market risk.

2. Macro Assessment:

The Manager has then identified those commodities which it believes are best placed to benefit from these themes. These include:

- Copper
- Nickel
- Lithium

3. Micro Assessment:

The Manager then identifies the best value / best quality companies that focus on these commodities. This step consists of specific company analysis with the focus on a "Five Bricks" investment analysis system:

- Management,
- Valuation,
- Financial Strength,
- Business Strength, and
- Responsible Investing.

While the Fund allows short selling, the manager hasn't done so to date.

Equity Capital Market (ECM) Policy


The Fund can only participate in ECM opportunities where the issuance is greater than AUD\$50mn, unless the security is an existing position within the Fund. If the security is an existing position in the Fund, the Fund may participate in the ECM opportunity at the Investment Manager's discretion.

Environmental, Social & Governance (ESG) Approach and Considerations


Argonaut has a strong focus on ESG and believes it should be fully integrated into the decision-making processes of the Fund. Initiatives that are in place include;


1. An ESG screening process is integrated into the above three-stage investment process.
2. A view that there are viable and less polluting alternatives to thermal coal for base load power production. As such the Fund will not invest in companies generating over 20% of their revenue from thermal coal operations.
3. The Fund will not invest in countries where there is a high risk of corruption.
4. The Fund will not invest in companies which have operations in unstable countries that puts their workforce at risk of injury or death.

FundMonitors.com Comment

 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.

 FACTORS views the Fund's limited ability to invest in capital raisings favourably as these can be unproven and increase risk and volatility. Similarly FACTORS notes the Fund's approach to ESG issues.

 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.

 As an investor in the resources sector the Fund is subject to the cyclical nature of commodity markets.

Risk Management

Risk management is a function of the Argonaut's investment process. Risk is managed at the specific investment level, at the portfolio level and then at counterparty, operational and process levels.

At the specific company level, the Investment Manager focuses on its rigorous investment management process to ensure diligent stock selection.

At the portfolio level, the Investment Manager has a set of portfolio guidelines that must be adhered to.

At the counterparty level, Argonaut monitors risk via capacity, credit ratings, firm research, newswires and consultation with market peers.

At the process level, the Investment Manager monitors the Fund's investment process, analytical capability and investment recommendations and assesses whether these remain appropriate to maximise investment performance.

Lastly, the Investment Manager monitors for structural change resulting from financial innovation and technological change, to ensure that new and innovate approaches to identifying investment ideas and opportunities are capitalised on.

Additionally, Argonaut Group is obliged to have adequate risk management arrangements in place, as an Australian Financial Services licensee. Argonaut is also required to adhere to Australia's market integrity rules. Argonaut's risk management framework and methodology is aligned to ISO 31000. Argonaut's Risk Management Plan describes how Argonaut manages its material risks. It is reviewed and approved by senior management and the Argonaut Board on an annual basis. The Head of Risk, Compliance & Business Support manages the Risk Management Framework, including its Organisational and Operational Risk Registers. Risk controls include concentration limits, stop-loss arrangements, financial stress testing and counter-party due diligence.

At the portfolio level, Argonaut sets the following stock/asset limits:

- Number of Securities in Portfolio: 10-25
- Single Commodity Exposure: 0% - 35%
- Company Exposure (Portfolio %) at Purchase: 0% - 15%
- Company Exposure (Portfolio %) at Valuation: 0% - 30%
- Shareholdings in Investee Companies: 0% - 20%
- Exposure to recognised international exchanges: 0%- 20%

At the portfolio level, Argonaut sets the following sector limits:

- Micro Cap Exposure (Mkt Cap < \$50m): 0% -35%
- Cash Weighting: 0% - 30%
- Exposure to unlisted Companies: 0% - 10%
- Borrowings: 0%
- Short Selling: 0% - 20%

Kevin Tyndall, Argonaut's Head of Risk, Compliance & Business Support, manages the Risk Management Framework, including its Organisational and Operational Risk Registers. Risk controls include concentration limits, stop-loss arrangements, financial stress testing and counter-party due diligence.

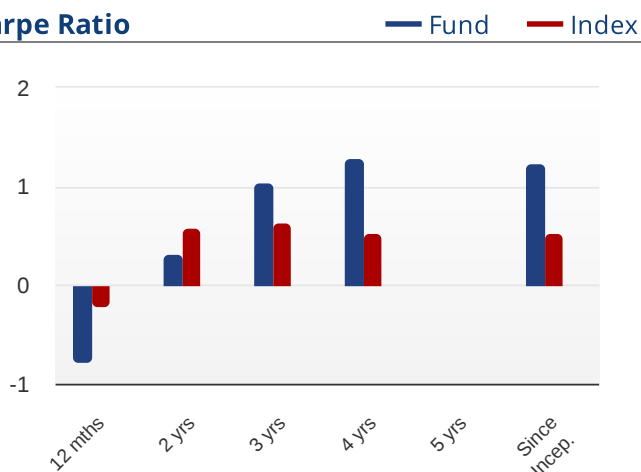
FundMonitors.com Comment

🚩 Risk is managed at investment level, at the portfolio level, and then at counter-party, 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.

🚩 Kevin Tyndall, as Argonaut's Group Head of Risk, Compliance & Business Support, manages the Risk Management Framework, providing appropriate separation between risk control and the investment decision-making.

Sharpe Ratio



Key Statistics¹

	Fund	Index*
Sharpe:	1.25	0.54
Sortino:	2.15	0.66
Best Month:	15.21%	16.33%
Worst Month:	-15.20%	-17.54%
Average Monthly Return:	2.41%	1.14%
Up-Capture Ratio:	105%	N/A
Down-Capture Ratio:	54%	N/A
Maximum Drawdown:	-19.06%	-28.46%

*S&P/ASX 300 Resources TR Index, ¹Since Jan 2020

Operational Procedures

The Compliance Committee meets quarterly to review the activities of the business to ensure its adhering to its Constitution / Investment Memorandum. The members of the Compliance Committee include Kevin Tyndall (Head of Risk, Compliance & Business Support), Reena Shah (external consultant), Marilyn Noakes (Senior Accountant) and Jenna Converse (Marketing Manager). The Fund Managers, David Franklyn and Benjamin Clifford, report into the Compliance Committee quarterly to provide details on the investment activities.

Edward Rigg is a Responsible Executive under the ASX Market Integrity Rules and a Responsible Manager under Argonaut's Australian Financial Services Licence.

There have been no changes to the compliance regime since inception of the fund.

The fund has not been subject to any regulatory breaches.

Risk Management personnel are made up of Argonaut's Responsible Managers, Officers, and Executives of the Group, together with Key Management (i.e. Chief Financial Officer, Risk & Compliance Manager).

Argonaut Group employees are required to have their personal brokerage accounts and employee-related accounts maintained with Argonaut Securities. Before Argonaut employees and employees' related accounts transact, the following is required:

(a) the market transaction is first approved in writing by a Responsible Person of the firm or a person with written delegation for that responsibility (e.g. Risk & Compliance Manager);

(b) the Firm must take reasonable steps to ensure that the person who approves the transaction takes into account the circumstances of the proposed transaction and anything which might materially affect the price of the relevant product which is the subject of the market transaction;

(c) the approval required by paragraph (a) above is given in writing and includes all the information required for records of orders under Market Integrity Rules, Part 4.1 and the date and time of approval

(d) if the market transaction is conducted through another participant, that other participant must, as soon as practicable, provide to the Firm a confirmation in respect of the market transaction (Market Integrity Rule 5.4.2(5)).

The Head of Risk, Compliance and Business Support monitors employee accounts and a review of employees trading is performed on a regular basis to ensure that employees are following Argonaut's policies and procedures.

Valuation of the assets which includes pricing and reconciliations, are performed monthly by the Argonaut Finance Team and reviewed / approved by the Fund Manager. Valuation of the assets are also audited annually by an external auditor, Hall Chadwick.

Fund assets are monitored separately by the Fund Manager and Argonaut's Senior Accountant, utilising daily pricing for listed equities (via Factset, Bloomberg, etc.) and independent valuation for unlisted securities. Cash is reconciled daily by the Senior Accountant.

At the end of each month, the Senior Accountant will provide the Fund Manager with his/her monthly reconciliation. This is cross checked to the monthly reconciliation of the Fund Manager. The Fund Manager provides final approval on the reconciliation / net asset value calculation.

Service Providers	
Trustee/RE:	Argonaut Funds Management Pty Ltd (ACN 101 152 863)
Custodian:	Certane Group Pty Ltd
Administrator:	Automic
Auditor:	Hall Chadwick
Legal Services Provider:	Steinepreis Paganin
Prime Broker:	Argonaut Securities, Canaccord, and RBC

FundMonitors.com Comment

Operational procedures and processes are appropriate for a small and boutique manager such as Argonaut.

The firm employs a robust compliance program that includes quarterly meetings and an external compliance consultant.

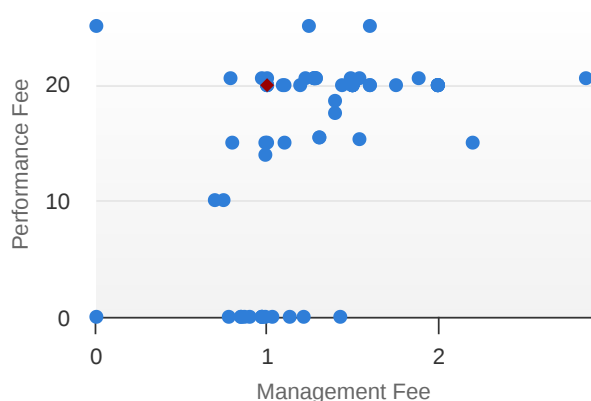
Argonaut Funds Management outsource custodian and administration responsibilities to well known and respected third parties, leaving the Manager to focus on investment strategy, portfolio implementation, and risk management.

Fees, Terms & Conditions

Terms & Fees

Management fees are 1% of Net Asset Value (NAV), payable annually. There is a performance fee of 20% subject to a hurdle (Above the S&P ASX 300 RES return over the 12-month period between 1 July and 30 June) and a High Water Mark, payable annually.

The manager does not charge a buy/sell spread when investing in or exiting the fund. Realised income is distributed annually and may be re-invested or distributed at the investor's discretion.



Investments and redemptions can be made monthly, with a minimum initial investment amount of AU\$50,000 and a minimum additional investment amount of AU\$10,000. The minimum withdrawal amount is AU\$10,000.

Investor Relations

The fund issues a monthly performance report to investors which includes the following key information:

- Recent performance
- Long-term performance
- Net returns
- Top holdings
- Performance attribution
- Strategy changes
- Market outlook

Structure & Compliance

The fund is a Unit Trust domiciled in Australia and is open to Wholesale investors. Argonaut Funds Management holds AFSL 224815.

Distribution & Marketing

Target Market: Given the investment objective and structure of the Fund, Argonaut has targeted sophisticated and wholesale investors seeking resources sector exposure, and primarily exposure to "energy transition" commodities such as Copper, Lithium, Uranium, Rare Earths and Nickel. With a dearth of dedicated natural resource funds in the market, Argonaut believe there is a market for a fund with \$100-\$150M in funds under management (FUM) comprised of high-net-worth individuals via financial planners, platforms/wraps, and family offices.

Marketing Strategy: The first phase of the marketing strategy was to secure "seed" capital for the Fund which would be used to develop an investment track record. This was initially provided by the Argonaut Group and its Directors.

While building the Fund's investment track record, the Manager focused on branding, identifying target investors and outreach, initiating the following:

1. Creating a product suite of reporting documents and marketing materials to meet institutional requirements;
2. Elevated the brand as resource sector experts through investors events, conferences and speaking engagements;
3. Increased their digital presence (social media, new website, media coverage);
4. Established an institutional grade client service levels;
5. Built a robust target investor data base / pipeline to begin the process of registering the fund on multiple platforms; and
6. Creating an "investor community" by providing research / market commentary updates and hosting regular investor events to "near term" prospect investors.

The Fund's first three years of strong investment performance resulted in a track record and critical mass of \$25m in FUM which continues to facilitate marketing to HNW investors, platforms, private wealth management, financial advisors, and family offices.

Available on Investment Platforms

OLIVIA123, HUB24, Netwealth, Powerwrap, Mason Stevens

FundMonitors.com Comment

🟢 The management fee of 1% is at the lower end of the peer group's scale, and the performance fee of 20% is typical of funds in the small/mid cap space.

🟢 Performance fees are only charged annually, and are subject to a relevant hurdle, and a high water mark which does not re-set.

🟢 The Manager has indicated they intend to limit FUM to \$150 million. FACTORS considers this to be prudent given the investment strategy, and the sector in which the Fund invests.

🟡 FUM is currently limited, but is reasonably well spread across more than 100 investors.

Performance Summary as at Jan 2024

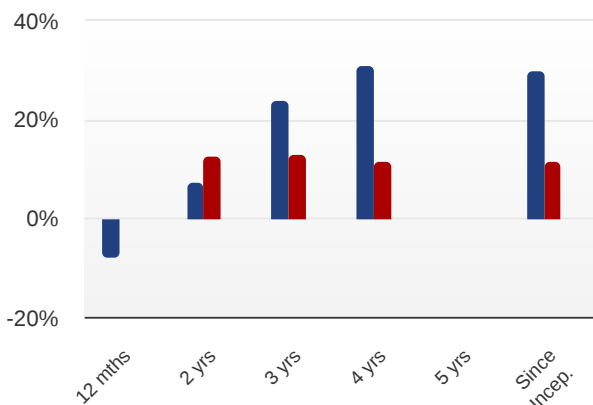
The Argonaut Natural Resources Fund has a track record of 4 years and 1 month and therefore comparison over all market conditions and against its peers is limited. However, the fund has outperformed the S&P/ASX 300 Resources TR benchmark since inception in January 2020, providing investors with an annualised return of 30.1% compared with the benchmark's return of 11.67% over the same period.

On a calendar year basis, the fund hasn't experienced any negative annual returns in the 4 years and 1 month since its inception. Over the past 12 months, the fund's largest drawdown was -6.9% vs the index's -6.01%, and since inception in January 2020 the fund's largest drawdown was -19.06% vs the index's maximum drawdown over the same period of -28.46%. The fund's maximum drawdown began in April 2022 and lasted 7 months, reaching its lowest point during June 2022. The fund had completely recovered its losses by November 2022. During this period, the index's maximum drawdown was -14.74%.

The Manager has delivered these returns with 0.82% less volatility than the benchmark, contributing to a Sharpe ratio which has fallen below 1 two times over the past four years and which currently sits at 1.25 since inception. The fund has provided positive monthly returns 86% of the time in rising markets and 24% of the time during periods of market decline, contributing to an up-capture ratio since inception of 105% and a down-capture ratio of 54%.

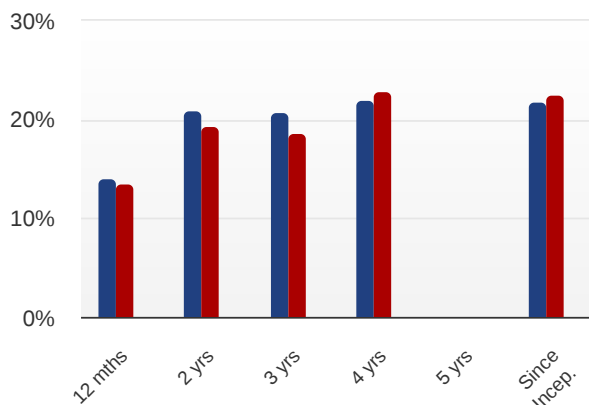
Annual Returns

— Fund — Index



Standard Deviation

— Fund — Index

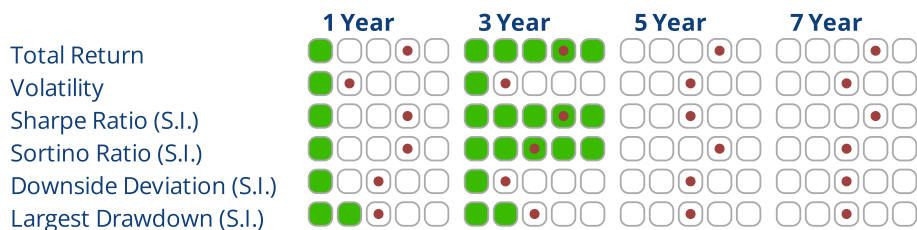


Quintile Ranking vs. Equity Alternative - Australia as at January 2024

The performance of the Argonaut Natural Resources Fund ranked it in the first quintile for Total Return, Sharpe and Sortino over 3 years.

Over the past 12 months, the fund has returned -7.63% compared with the peer group which has returned an average of +3.33%, for a difference of -10.96%.

The fund's returns over the past 12 months have been achieved with a volatility of 14.05% vs the peer group's average volatility of 6.78%. The annualised volatility of the fund's returns since inception in January 2020 is 21.84% vs the peer group's 9.75%. Over all other periods, the fund's returns have been more volatile than the peer group.



Quintile Rankings display Key Performance Indicators (KPI's) against the fund's Peer Group. Each green square ranks the fund in one quintile (or 20%) of its peer group - five green squares indicate the fund is in the best quintile for each KPI. The performance of the peer group's underlying index is shown by a red dot.

■ Argonaut Natural Resources Fund ● ASX200 Total Return

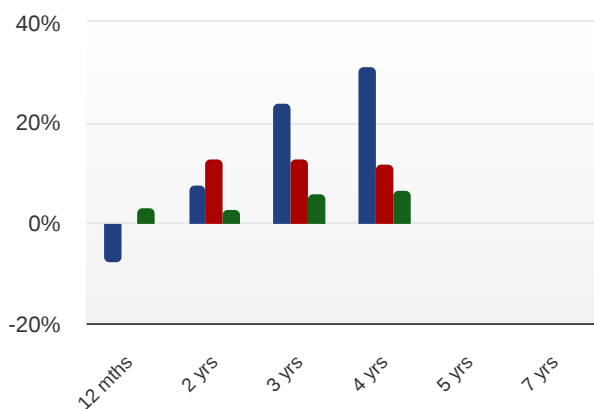
Performance Review (Peer Group: Equity Alternative - Australia)

The Argonaut Natural Resources Fund returned -6.9% in January, a difference of -3.21% compared with the S&P/ASX 300 Resources TR benchmark which fell by -3.69%. Over the past 12 months, the fund's best monthly return was +7.3% compared with the benchmark's best return of +7.73%, and its worst monthly return was -7.95% vs the benchmark's worst return over the same period of -6.15%.

Year	Jan %	Feb %	Mar %	Apr %	May %	Jun %	Jul %	Aug %	Sep %	Oct %	Nov %	Dec %	YTD %
2024	-6.90	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	-6.90
2023	9.91	-7.95	3.62	-0.54	-2.38	2.35	2.00	-0.20	-0.09	-2.41	-1.71	7.30	9.05
2022	2.70	4.00	11.60	-2.30	-2.30	-15.20	6.20	9.60	-3.30	1.80	8.00	-1.85	17.19
2021	-0.09	1.90	-5.27	12.12	2.52	-3.38	10.40	2.70	3.90	8.60	5.90	10.30	60.06
2020	-1.29	-3.90	-9.98	15.21	6.64	0.56	8.53	5.07	-0.53	2.77	11.07	12.58	53.79

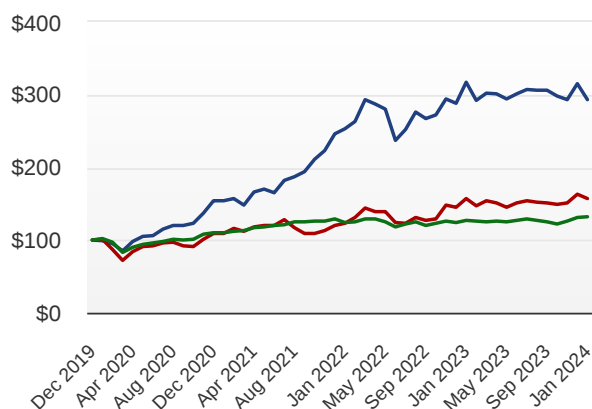
Annual Returns

Over the past 12 months, the fund has returned -7.63% compared with the benchmark which has returned +0.2%, for a difference of -7.83%. Since inception in January 2020, the fund has returned +30.1% per annum, a difference of +18.43% relative to the benchmark which has returned +11.67% on an annualised basis over the same period.



Cumulative Returns

On a cumulative basis (assuming reinvestment of distributions), \$100 invested since inception would have become \$292. The same amount invested in the benchmark over the same period would have become \$156.

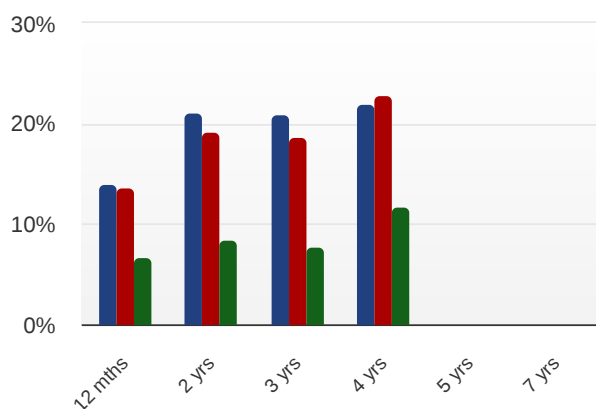


— Fund — Index — Peer group

Volatility and Risk

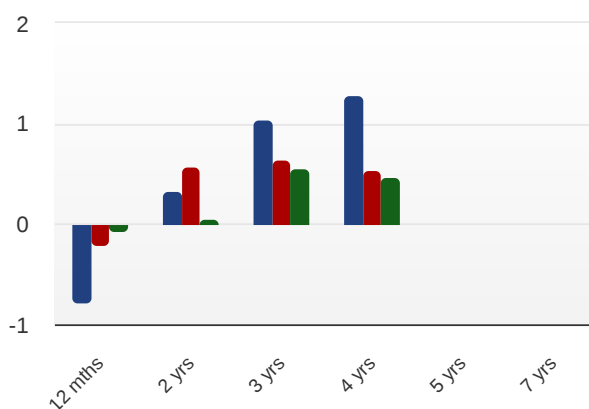
Annual Standard Deviation

The fund's returns over the past 12 months have been achieved with a volatility of 14.05% vs the index's 13.67%. The annualised volatility of the fund's returns since inception in January 2020 is 21.84% vs the index's 22.66%. Over all other periods, the fund's volatility relative to the benchmark has been varied.



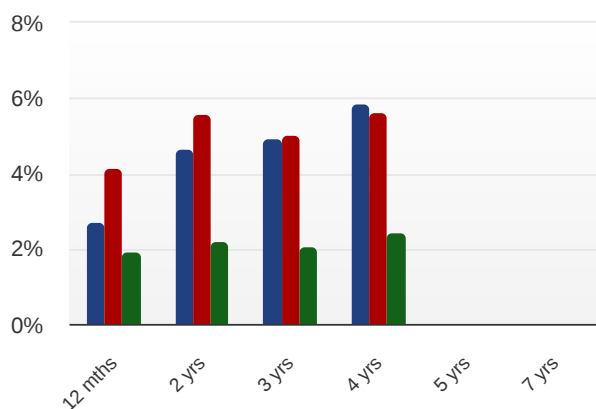
Sharpe Ratio

The fund's Sharpe ratio has ranged from a high of 1.29 for performance over the most recent 48 months to a low of -0.77 over the latest 12 months, and is 1.25 for performance since inception. By contrast, the S&P/ASX 300 Resources TR Index's Sharpe for performance since January 2020 is 0.54.



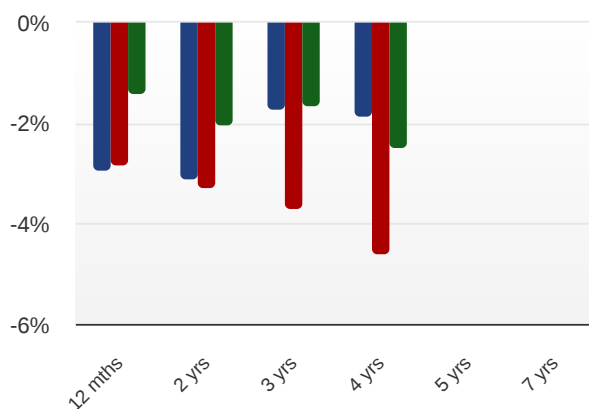
Performance in Positive Markets

Since inception in January 2020 in the months where the market was positive, the fund has provided positive returns 86% of the time, contributing to an up-capture ratio for returns since inception of 104.56%. Over all other periods, the fund's up-capture ratio has ranged from a high of 107.22% over the most recent 48 months to a low of 62.37% over the latest 12 months. An up-capture ratio greater than 100% indicates that, on average, the fund has outperformed in the market's positive months.



Performance in Negative Markets

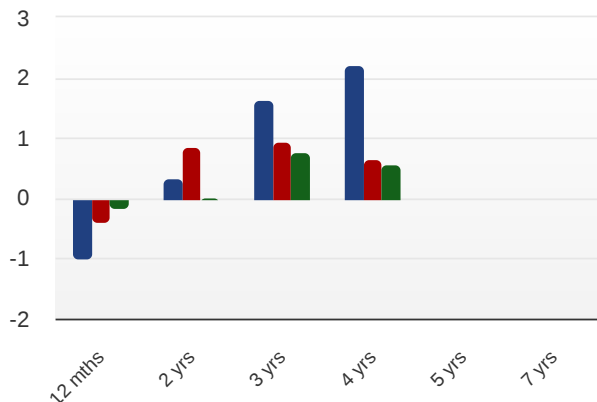
Since inception in January 2020 in the months where the market was negative, the fund has provided positive returns 24% of the time, contributing to a down-capture ratio for returns since inception of 54.1%. Over all other periods, the fund's down-capture ratio has ranged from a high of 104.2% over the most recent 12 months to a low of 54.1% over the latest 48 months. A down-capture ratio less than 100% indicates that, on average, the fund has outperformed in the market's negative months.



— Fund — Index — Peer group

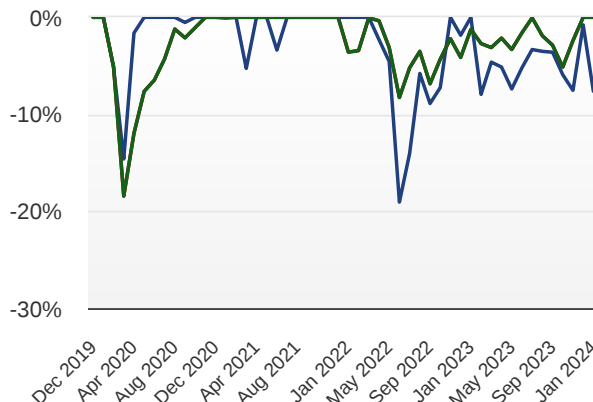
Sortino Ratio

The fund's Sortino ratio (which excludes volatility in positive months) has ranged from a high of 2.21 for performance over the most recent 48 months to a low of -1 over the latest 12 months, and is 2.15 for performance since inception. By contrast, the S&P/ASX 300 Resources TR Index's Sortino for performance since January 2020 is 0.66.

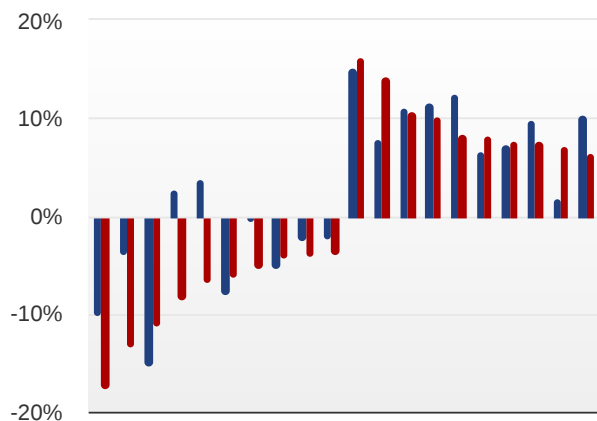


Drawdown

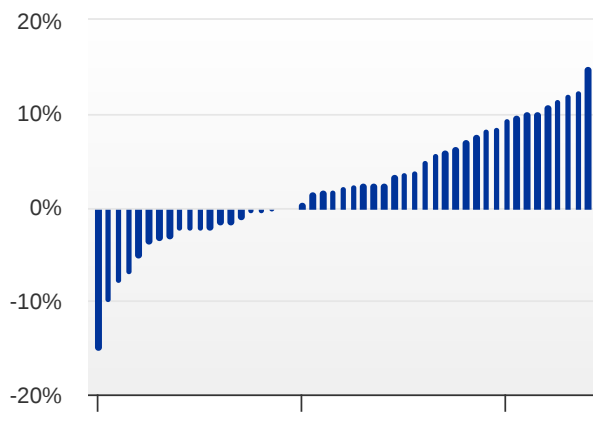
Over the past 12 months, the fund's largest drawdown was -6.9% vs the index's -6.01%, and since inception in January 2020 the fund's largest drawdown was -19.06% vs the index's maximum drawdown over the same period of -28.46%.



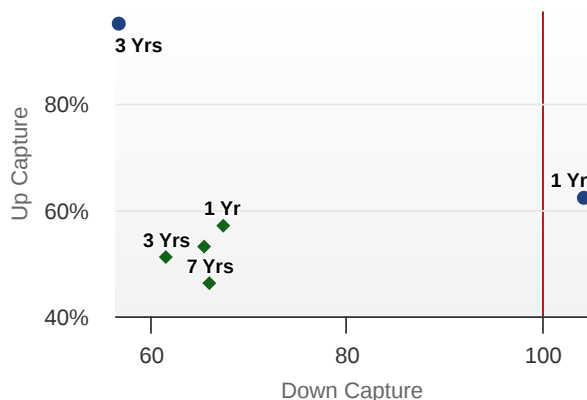
Return in Index's 10 Best & 10 Worst Months %



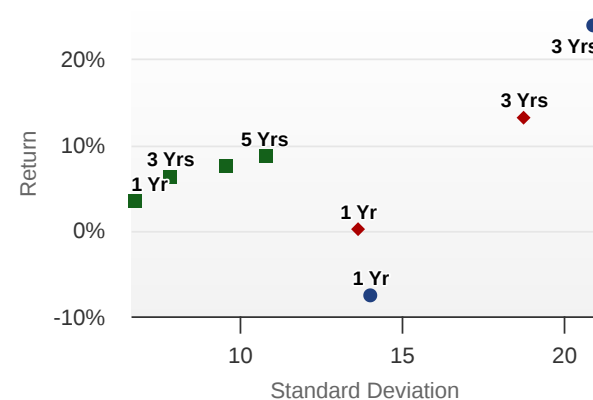
Distribution of Returns



Up-capture vs Down-capture



Standard Deviation vs Return



— Fund — Index — Peer group

Annual Returns and Analytics	12 months	24 months	36 months	48 months	60 months	Inception
Fund Annual Return per annum	-7.63%	7.63%	23.99%	31.24%	N/A	30.10%
Index Annual Return per annum	0.20%	12.83%	13.08%	11.75%	N/A	11.67%
Fund Cumulative Return (on \$100)	\$92.37	\$115.85	\$190.61	\$296.69	\$N/A	\$292.87
Index Cumulative Return (on \$100)	\$100.20	\$127.31	\$144.58	\$155.93	\$N/A	\$156.94
Fund Annualised Standard Deviation	14.05	21.08	20.90	21.98	N/A	21.84
Index Annualised Standard Deviation	13.67	19.33	18.75	22.89	N/A	22.66
Fund Sharpe Ratio	-0.77	0.33	1.05	1.29	N/A	1.25
Index Sharpe Ratio	-0.21	0.58	0.65	0.54	N/A	0.54
Fund Sortino Ratio	-1.00	0.33	1.64	2.21	N/A	2.15
Index Sortino Ratio	-0.39	0.86	0.94	0.65	N/A	0.66
Monthly Returns and Analytics	12 months	24 months	36 months	48 months	60 months	Inception
Fund Average monthly return	-0.66%	0.61%	1.81%	2.29%	N/A	2.41%
Index Average monthly return	0.02%	1.01%	1.03%	0.93%	N/A	1.14%
Fund % of Positive Months	33%	46%	58%	60%	N/A	59%
Index % of Positive Months	42%	50%	56%	56%	N/A	57%
Fund Average +ve Return	3.82%	6.03%	6.07%	6.55%	N/A	6.55%
Index Average +ve Return	4.18%	5.58%	5.05%	5.62%	N/A	5.44%
Fund Best Month	7.30%	11.60%	12.12%	15.21%	N/A	15.21%
Index Best Month	7.73%	14.39%	14.39%	16.33%	N/A	16.33%
Fund Average -ve Return	-2.77%	-3.63%	-3.72%	-3.70%	N/A	-3.58%
Index Average -ve Return	-2.82%	-3.26%	-3.67%	-4.59%	N/A	-4.59%
Fund Worst Month	-7.95%	-15.20%	-15.20%	-15.20%	N/A	-15.20%
Index Worst Month	-6.15%	-11.05%	-11.05%	-17.54%	N/A	-17.54%
Fund Largest Drawdown	-6.90%	-19.06%	-19.06%	-19.06%	N/A	-19.06%
Index Largest Drawdown	-6.01%	-14.74%	-14.88%	-17.54%	N/A	-28.46%
Fund Downside Deviation	11.85	14.16	12.11	11.79	N/A	11.69
Index Downside Deviation	9.50	10.92	11.12	14.88	N/A	14.73
Performance in Positive Markets	12 months	24 months	36 months	48 months	60 months	Inception
Number of months market was positive	5	12	20	27	N/A	28
Fund % positive months, when market positive	80%	83%	85%	89%	N/A	86%
Cumulative Fund return in positive market	14.09%	71.34%	156.80%	352.44%	N/A	346.60%
Cumulative Index return in positive market	22.59%	90.41%	164.94%	328.71%	N/A	331.50%
Up Capture Ratio	62.37%	78.91%	95.07%	107.22%	N/A	104.56%
Performance in Negative Markets	12 months	24 months	36 months	48 months	60 months	Inception
Number of months market was negative	7	12	16	21	N/A	21
Fund % positive months, when market negative	0%	8%	25%	24%	N/A	24%
Cumulative Fund return in negative market	-19.03%	-32.39%	-25.78%	-34.42%	N/A	-34.42%
Cumulative Index return in negative market	-18.27%	-33.14%	-45.43%	-63.63%	N/A	-63.63%
Down Capture Ratio	104.20%	97.72%	56.74%	54.10%	N/A	54.10%

AFM FACTORS Process and Methodology:

The processes involved in AFM FACTORS Research include:

- Extensive interviews with the directors, key staff and service providers of the Management Company and the fund.
- Objective analysis of the responses to interviews and questionnaires regarding the Fund's Investment Strategy & Risk Processes.
- Objective analysis of the responses to interviews and questionnaires regarding the Operational Processes, Compliance and Risks of the Management Company and Fund.
- Analysis of the Fund's documentation, Fees, Terms, Conditions and Investor Relations.
- Quantitative analysis of the Fund's track record to provide key performance and risk indicators.

The quantitative approach to the FACTORS reports is adjusted following qualitative assessment by AFM's Investment Committee depending on the level of conviction attached to each score. This score is weighted and calculated as a percentage in the tables below.

FACTORS Rating, Weightings and Scoring Methodology

Category and Factors considered	Weighting to Total
1 Management Company & Key Staff: Includes board composition and independence; meetings and processes; relevance, depth and experience of key staff; overall staffing levels; staff turnover; roles and separation of duties; equity in management company; co-investment in the fund.	25%
2 Investment Strategy & Process: Edge; logical and clear; difference; research sources; consistency; liquidity; processes; derivatives; currency; concentration;	25%
3 Risk Management: Separation of risk management; risk limits and processes; risk committee.	20%
4 Operational Procedures: Back office; trade processes; compliance; counter parties; IT systems; disaster recovery; insurance; AML; service providers.	20%
5 Fees, Terms & Conditions: Liquidity; investment and redemption terms; management fees; performance fees; HWM; hurdles; reporting; transparency.	10%
Total	100%

Flags

FACTORS reports use a series of Comments boxes with Flags to denote areas which are believed to be of interest or relevance to Advisors and Investors. These are provided as a guide only and do not guarantee that the points raised or opinions noted (red or yellow flag) are the sole risks involved, or that a positive comment (green flag) indicates that there is no risk involved in the investment.



Denotes an area which FACTORS Research considers to be positive, or exceeds general industry standards, taking into account the Manager's size or Fund strategy.



Denotes an area that investors should be aware of, but is not considered to be either a major issue, or is appropriate given the circumstances.



Denotes an area or factor which is considered to be a serious weakness, or might cause investors to avoid the Manager or Fund.

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