



AFM PERSEUS
FUND LIMITED
ACN 087 023 612

Investor Update

Quarterly Update
for period ending 30 June 2015

Quarter Highlights

- Small Resources Index falls slightly as the broader market declines
- Fund achieves positive return for the quarter of 1.2%

Key Performance Statistics

	30 June 2015	31 March 2015	31 December 2014
NTA after tax	\$1,955,235	\$1,932,125	\$1,850,680
NTA after tax per Share	\$0.4061	\$0.4013	\$0.3844
Percentage Gain/(Loss)	1.2%	4.4%	(8.3)%
Small Resources Index	(0.3%)	6.0%	(21.6%)

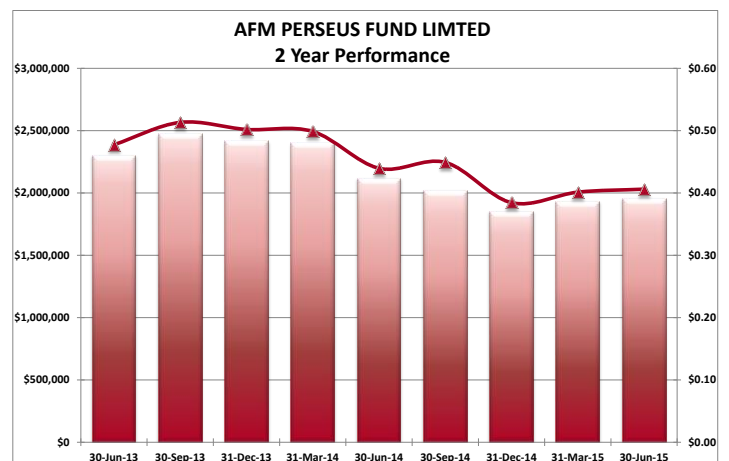
Portfolio Performance

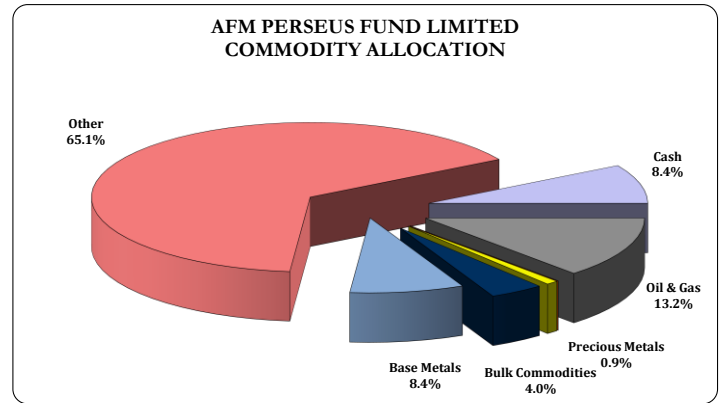
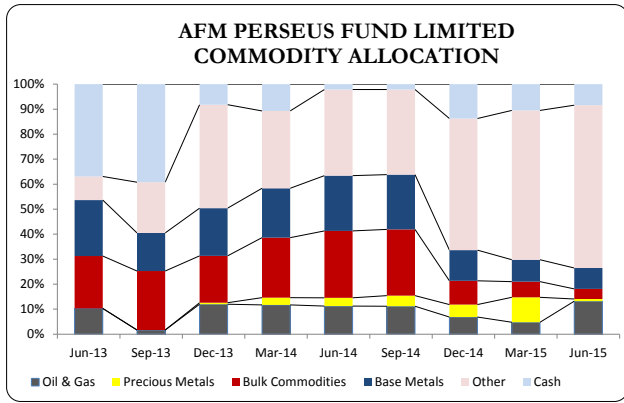
AFM Perseus Fund Limited ("the Fund") experienced a 1.2% increase in NTA for the quarter, outperforming the S&P ASX Small Resources Index by 1.5%, which decreased by 0.3%.

The broader S&P/ASX 300 Index fell 6.5% in the quarter driven by increased uncertainty from the Greek sovereign debt crisis, a sharp selloff in the Chinese stockmarket and a looming interest rate rise from the Federal Reserve.

Commodity prices saw some early strength in the June quarter likely due to USD weakness. By quarter end, base metals prices ended the period at annual lows, with the exception of copper which is supported by a supply-side story. The iron ore price rose during the quarter on the back of delayed seasonality in the China steel sector and surprisingly finished the quarter above US\$60/t CFR. Gold was subdued during the quarter despite the situation in Greece while Brent oil price continue to rebound slightly from its recent record lows.

The Net Tangible Asset ("NTA") value of the portfolio increased to \$1.955 million. The NTA value per share of the Fund was \$0.4061 per share after all allowances for fees, taxes and dividends.





The fund exited from its investment in Doray Minerals following the release of the company’s March quarter results. The fund also took the opportunity to participate in Norwest Energy’s capital raising in June.

At the end of the quarter, the Fund’s cash position stood at \$91,746 representing a slight decrease in cash from the previous quarter. The Fund’s investments in the period continue to see the geographic spread of the Fund’s portfolio have its largest concentration in Australia, which retains the heaviest weighting of 50% and the Fund considers this to be an appropriate weighting.

Commentary

The June quarter saw global equity markets move sideways before declining towards the end of the quarter. The decline was driven by the escalation of the Greek sovereign debt crisis, a sharp decline in the Chinese stockmarket and uncertainty on the timing of the first interest rate increase by the Federal Reserve.

On the domestic front, the RBA cut the official cash rate to 2% from 2.25% in May 2015, bringing the official rate to a record low. The cut is intended to drive the AUD lower and support Australian economic growth. Producers which take advantage of the general decrease in operating costs and are exposed to the likely further weakening of the Australian dollar are the best positioned in the current difficult market and are the most leveraged to any upturn in commodity prices and markets generally.

The Fund experienced a slight increase in NTA during the quarter. The Fund’s view with respect to the small resources sector remains unchanged and it will continue to look for selective opportunities that represent exceptional prospects for value and growth. In accordance with that view, the Fund maintains an active investment outlook and the Fund has taken steps to realise smaller liquid positions in order to make prudent investments going forward.

Investor Information

The Manager continues to hold its belief that the downturn in commodity prices is at or near its historical lows and as such it would not be in shareholders’ interests to realise the Fund’s positions across the portfolio. Further, the Manager is of the view that patient investors will be rewarded in an expected market upturn. By focusing on select investment opportunities, the Fund will be well placed to take advantage of that occurrence. We will endeavor to facilitate a liquidity event when circumstances allow, provided it does not disadvantage shareholders who remain within the Fund.

The Board reiterates that the AFM Perseus Fund is an **unlisted** fund and as such, there is no market in which to buy or sell shares in the Fund. An investment in the Fund is an illiquid investment and should be considered long term in nature. Any enquiries from investors wishing to buy or sell shares in the Fund should be directed to the Manager.

NOTES

- Please note that past performance is not necessarily a guide to future performance.
- The financial product advice contained in this quarterly update document is general advice only. This report has been prepared without any consideration of any specific investment objectives, financial situation or needs. Before acting on any advice provided in this document, you should carefully consider the appropriateness of this general advice in light of your financial circumstances and speak with your advisor before making a decision. AFM Zeus Pty Ltd is a corporate representative of Argonaut Funds Management Pty Ltd, who is the holder of Australian Financial Services License 224815.

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