



AFM PERSEUS
FUND LIMITED
ACN 087 023 612

Investor Update

Quarterly Update
for period ending 30 September 2013

Quarter Highlights

- Stronger quarter for the Fund with Australian Equities broadly stronger
- NTA up 7.5% for the quarter

Key Performance Statistics

	30 September 2013	30 June 2013	31 March 2013
NTA after tax	\$2,470,986	\$2,298,367	\$3,065,195
NTA after tax per Share	\$0.5132	\$0.4774	\$0.6366
Percentage Gain/(Loss)	7.5%	(25%)	1.7%
Small Resources Index	22.1%	(38.8)%	(16.6)%

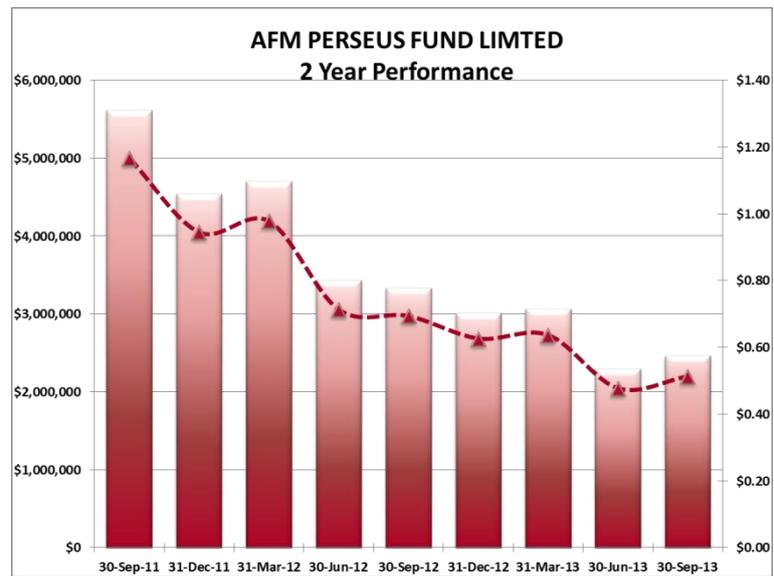
Portfolio Performance

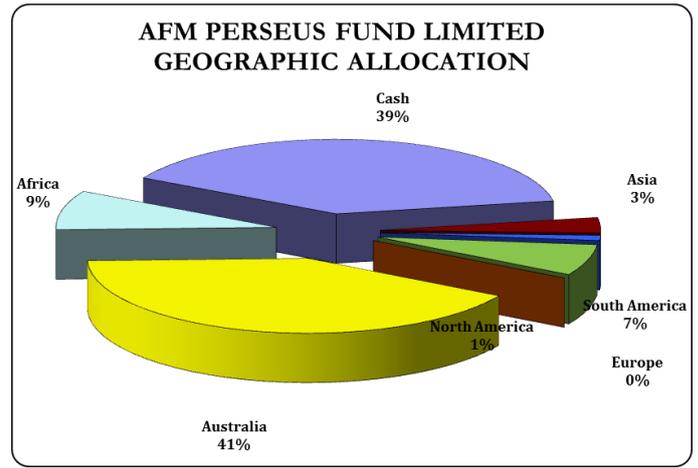
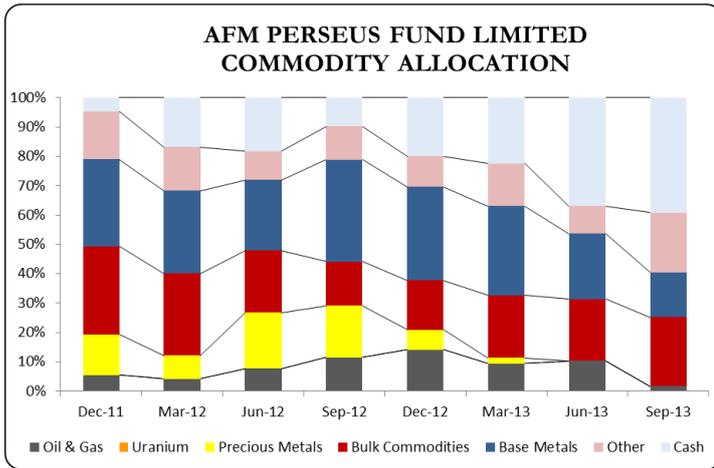
AFM Perseus Fund Limited (“the Fund”) recorded a gain for the September quarter. Australian equities were broadly stronger and we’ve seen a tentative recovery in the small resources sector from the lows seen last quarter.

Small resources stronger performance showed a combination of coming off of a low, June base and continued strength and stability in global commodity prices. Prices were generally higher during the period. Copper (+8.3%), Gold (+7%), Iron Ore (+17%) and Brent Crude Oil (+6%) were all higher with price volatility lower across the board.

The issue of the debt ceiling gained further media and market attention toward the end of the period and at the time of writing, the issue was unresolved. While the possibility of a US Treasury Note default has been broadly discussed in the media, we view the chance of such an event as highly unlikely. Given Treasury’s risk free investment status, if such an event were to occur, the financial market’s perception of a safe investment would undergo a fundamental change and the ramifications would be unpredictable and very serious.

The Net Tangible Asset (“NTA”) value of the portfolio increased during the quarter to \$2.5 million. The NTA value per share of the Fund increased over the quarter by 7.5% to \$0.5132 per share after all allowances for fees, tax and dividends. By comparison, the ASX Small Resources Index increased 22.1% and ASX 300 Mining & Materials Index increased by 17.1% over the same period.





The Fund completed the sale of its stake in Sino Gas & Energy (ASX:SEH) and the cash position currently stands at over \$700,000 at present and is continually assessing new investment opportunities.

The geographic spread of the Fund’s portfolio remains positively weighted to Australia and cash. With the current “risk-off” nature of global investment, the Fund is geographically comfortable at this level. South America and Asia comprise only 10%.

Commentary

This has been a relatively quiet period for the Fund with minimal trading.

The remaining 50% stake in Sino Gas & Energy (ASX:SEH) was sold for a 160% profit. The other half of the investment was sold in early 2013 for a 100% profit. Sino has had a number of positive announcements and after Imdex sold its stake in the company, the decision was made to sell into the positive news flow and strong investor interest.

Investor Information

Subsequent to the Fund passing its fifth year, we have received a number of enquiries with respect to the Fund’s end date. It is the Manager’s view that these are the times when it is not prudent to sell and that opportunities can present themselves to patient investors. With our strong cash position, we stand poised to take advantage. We will endeavor to facilitate a liquidity event when circumstances allow it and it doesn’t disadvantage those shareholders who remain within the Fund. This is likely to be when the Small Resources Index (ASX:XSR) rebounds back to the 5000 point level. Today the XSR sits at GFC lows.





In response to a number of shareholder enquiries, 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. As such, 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

1. Please note that past performance is not necessarily a guide to future performance.
2. 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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The Natural Choice in Resources

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