



AFM PERSEUS
FUND LIMITED

ACN 087 023 612

Investor Update

Quarterly Update
for period ending 31 December 2015

Quarter Highlights

- Acacia Coal announces Board restructure

Key Performance Statistics

	31 December 2015	30 September 2015	30 June 2015
NTA after tax	\$1,906,125	\$1,874,830	\$1,955,235
NTA after tax per Share	\$0.3959	\$0.3894	\$0.4061
Percentage Gain/(Loss)	1.7%	(4.1%)	1.2%
Small Resources Index	7.2%	(25.5%)	(0.3%)

Portfolio Performance

AFM Perseus Fund Limited (“the Fund”) experienced a 1.7% increase in the Net Tangible Asset (“NTA”) for the quarter, against the improvement of the S&P ASX Small Resources Index to 7.2%.

The NTA value of the portfolio increased to \$1.906 million and the value per share at the end of the quarter was \$0.3959, after all allowances for fees and taxes.

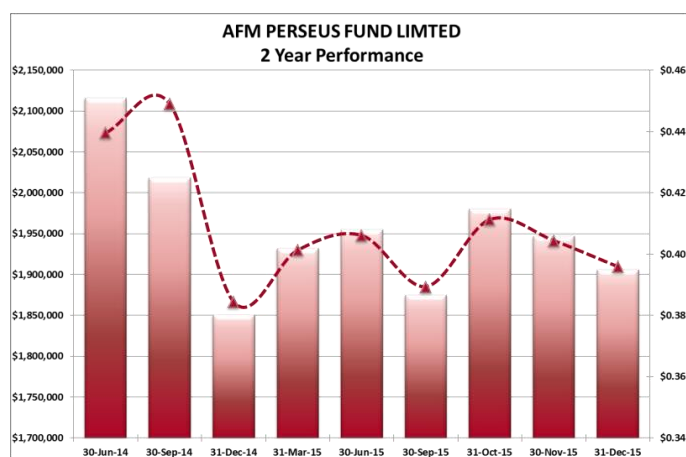
The top performing stock in the Fund’s portfolio continues to be the Cradle Resources investment. The Fund participated in a Norwest Energy placement during the period and subsequent rights issue.

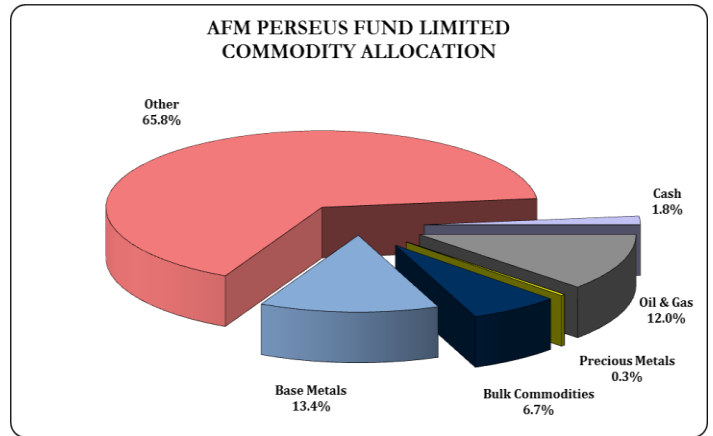
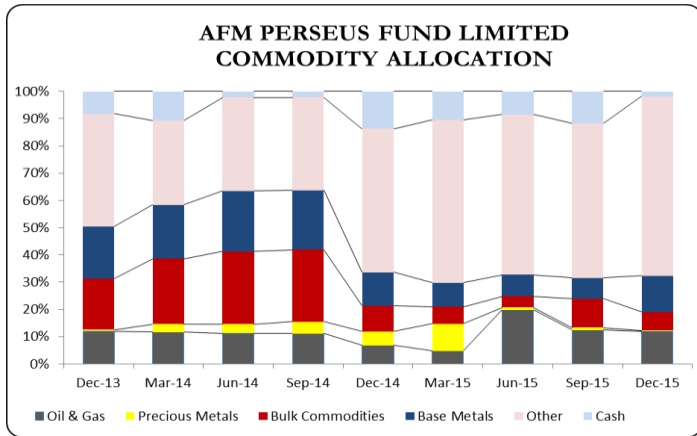
The fund exited from its Metro Mining Limited investment during the quarter to avoid losses due to a significant delay in their environmental approval process.

The Fund’s strategy is to invest in micro-cap companies in the resources sector irrespective of the general direction of the share market and global commodity markets. We acknowledge that the Fund’s performance has not been to the level targeted over the last few years. Notwithstanding this, given the levels of the Small Resources Index we do not currently believe it would be in the best interests of shareholders to liquidate the Fund’s investments at this time. From a practical perspective some of the positions we hold would not be able to be crystallised without a

substantial impact on the market for the respective individual stock. We continue to work with some of the companies the Fund has an investment in, seeking an improvement in performance, looking for corporate opportunities and/or seeking a change in their underlying activities which may ultimately result in a broadening of the sectors the Fund is ultimately invested in.

During December Argonaut was successful in agitating for a Board restructure of Acacia Coal. Unfortunately coal is a sector completely out of favour. Acacia is now being positioned to consider alternative investments outside of the coal sector.





At the end of the quarter, the Fund’s cash position stood at \$17,822 representing a decrease in cash from the previous quarter due to the uptake of the Norwest Energy placement. The Fund’s investments in the period continue to see the

geographic spread of the Fund’s portfolio having its largest concentration in Australia, which retains the heaviest weighting of 60%. The Fund held securities in 9 companies at quarter end, with a market value of \$956,000.

Commentary

The RBA official cash rate was maintained at 2% in the Quarter and the Australian dollar (AUD) drifted slightly higher over the month to close at 72.9 US cents.

The S&P/ASX 300 Index finished higher by the end of the quarter by 6.5% driven by the US Federal Reserve’s decision to lift interest rates by 0.25% and solid Australian jobs figures.

Investor Information

The Manager continues to review alternative investment opportunities and other options for the fund however needs to be realistic in terms of what is achievable given the fund’s micro size, current holdings and the prevailing environment i.e. limited flexibility available. 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.

For further information on
AFM Perseus Fund Limited
 please contact
Eddie Rigg
 or
Kylie Whitehead

Managed by



ARGONAUT
 The Natural Choice in Resources
 AFSL: 224815