



**AFM PERSEUS**  
FUND LIMITED

ACN 087 023 612

# Investor Update

Quarterly Update  
for period ending 31 March 2014

## Quarter Highlights

- Small Resources Sector continues to experience difficulties with weaker commodity prices
- NTA marginally down for the quarter

## Key Performance Statistics

	31 March 2014	31 December 2013	30 September 2013
NTA after tax	\$2,400,958	\$2,416,552	\$2,470,986
NTA after tax per Share	\$0.499	\$0.5019	\$0.5132
Percentage Gain/(Loss)	(0.6)%	(2.2)%	7.5%
Small Resources Index	(2.0)%	(9.9)%	22.1%

## Portfolio Performance

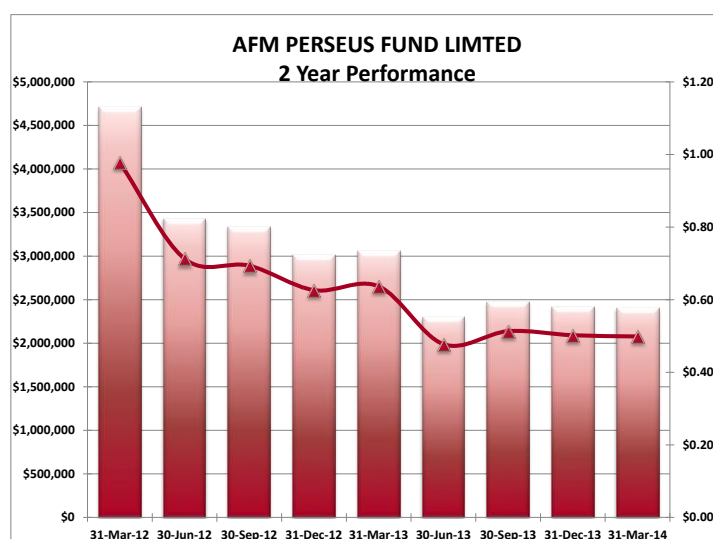
AFM Perseus Fund Limited (“the Fund”) was broadly steady across its portfolio recording a marginal loss for the March quarter.

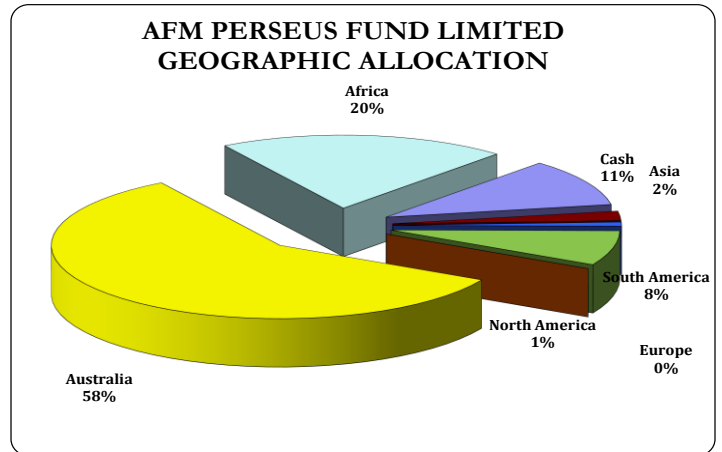
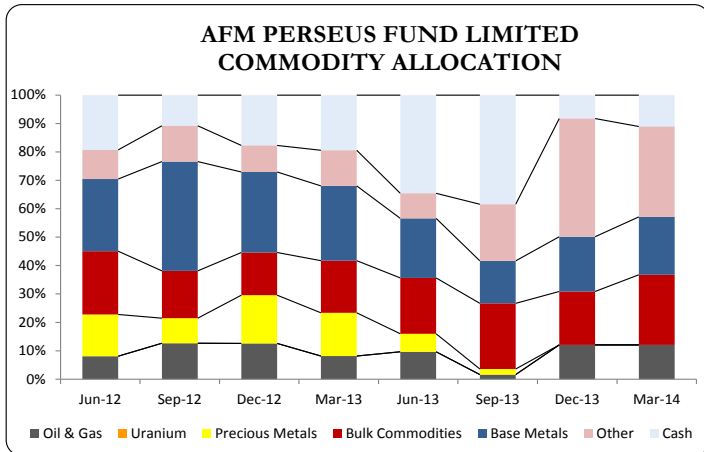
Weak indicators continued to emerge from China, fuelling expectations of further Chinese stimulus to keep its economy growing at around 7.5%. As usual, concerns over China played out in commodity markets with prices receiving downward pressure.

Commodity prices were generally lower during the period with the exception of gold (+7%) which was affected by geopolitical concerns, strong Asian physical demand and unease about the global economic recovery. Key commodity performances include Copper (-10%), Iron Ore (-17%) and Brent Crude Oil (-3%) which were all lower and experiencing price volatility lower across the board.

The Australian Dollar increased in value during the period (3.3%) after a sharp fall in the 2013 December quarter, even as US jobs data showed a recovery from the impact of a severe US winter. Despite the continued strength in the Australian Dollar, the Reserve Bank maintained the cash rate steady at a record low level of 2.5%

The Net Tangible Asset (“NTA”) value of the portfolio remained steady at \$2.4 million. The NTA value per share of the Fund was \$0.499 per share after all allowances for fees, taxes and dividends. By comparison, the ASX Small Resources Index decreased by 2.0% and the ASX 300 Mining & Materials Index decreased by 3.1% over the same period.





Following continued investor disinterest in the mining services sector, the Fund chose to realise its position in GR Engineering Services Limited (ASX:GNG), in order to allow it to focus on other select opportunities which become available to the fund from time to time. The fund also took part in Gold Road Limited's (ASX:GOR) placement highlighting its belief in Gold Road as a major potential player in the Yamarna Gold Belt.

At the end of the quarter, the Fund's cash position stood at \$172,500. The Fund's investments in the period continue to see the geographic spread of the Fund's portfolio remain concentrated in Australia, which retains the heaviest weighting of 58%. The Fund considers this to be an appropriate weighting.

## Commentary

The March quarter remained a difficult period for the Fund. Despite the Fund's continued relative outperformance of the ASX Small Resources Index, ongoing lack of investor support for the sector remains a concern for the performance of junior resource companies generally. Despite this, the Fund notes the near 10 year lows of the Small Resources Index, and considers that continued exposure to the sector will place the Fund in a position to capitalize on the expected upturn, which has historically been significant.

The Fund remained active in the period, seeking to rationalize parts of its portfolio and retain an ability to invest in companies which it views as being leaders in their field or otherwise offering exceptional potential value opportunities. The fund reallocated funds from the divestment of GR Engineering Limited and existing cash towards investments in accordance with this strategy.

Gold Road Resources Limited is an emerging gold explorer which has tenements of over 2000km<sup>2</sup> in the Yamarna greenstone Belt, a newly discovered gold region 150km east of Laverton in Western Australia. The Yamarna Belt is historically underexplored and highly prospective for gold mineralization, and is geologically similar to the prolific Kalgoorlie Gold Belt. The Fund considers that Gold Road Resources has considerable potential for substantial discoveries within the Yamarna Gold Belt in the short to medium term.

## Investor Information

The Fund continues to receive a number of enquiries with respect to the Fund's end date. The Manager's view remains, particularly with regard to the near 10 year lows being experienced in the sector, that it would not be in shareholders' interests to realize 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. 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

- 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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