



**AFM PERSEUS**  
FUND LIMITED  
ACN 087 023 612

# Investor Update

Quarterly Update  
for period ending 31 March 2015

## Quarter Highlights

- Small Resources Index rises as the broader market rebounds strongly
- Fund achieves positive return for the quarter of 4.4%

## Key Performance Statistics

	31 March 2015	31 December 2014	30 September 2014
NTA after tax	\$1,932,125	\$1,850,680	\$2,018,319
NTA after tax per Share	\$0.4013	\$0.3844	\$0.4192
Percentage Gain/(Loss)	4.4%	(8.3)%	(4.2)%
Small Resources Index	6.0%	(21.6)%	(9.2)%

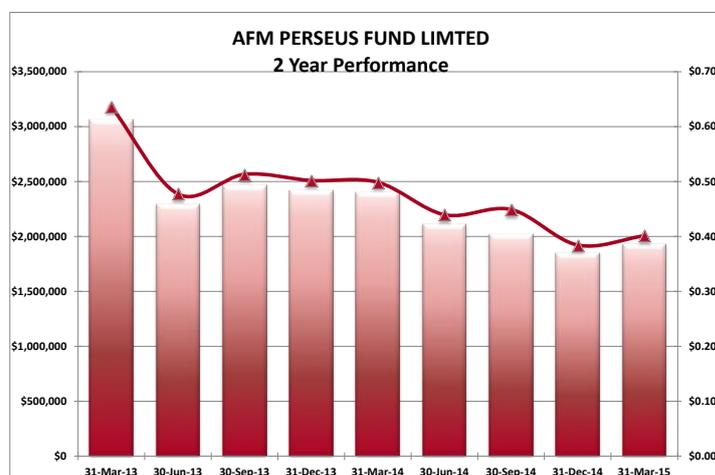
## Portfolio Performance

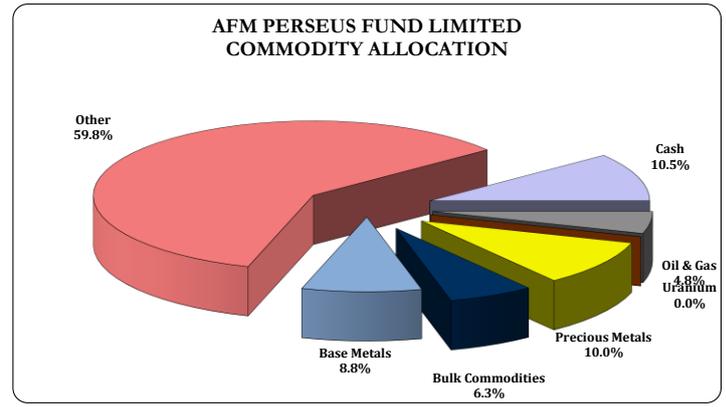
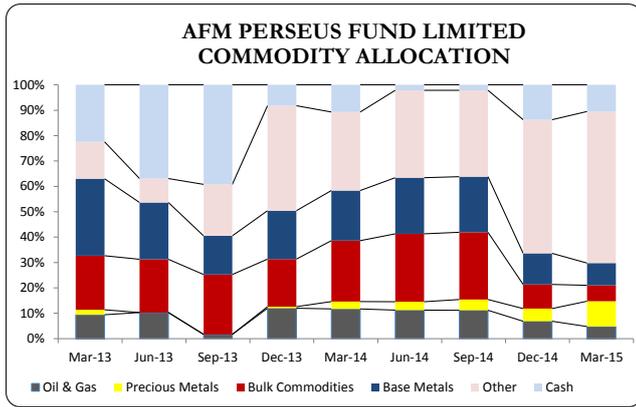
AFM Perseus Fund Limited ("the Fund") experienced a 4.4% increase in NTA for the quarter, slightly underperforming the S&P ASX Small Resources Index by 1.6%, which increased by 6.0%.

Despite weaker commodity prices the Australian Share Market experienced strong total returns in excess of 10% (including dividends), driven by the unprecedented low interest rate environment supporting equity valuations.

Global commodity prices were generally lower during the period. Falls were led by iron ore (-28%) as Chinese demand outlook continued to weaken and spot Brent (-8%) as US oil production remained at record levels. Gold was largely unchanged for the quarter and copper was one of the few commodities to buck the downward trend, rising after floods closed mines in the world's top producer Chile.

The Net Tangible Asset ("NTA") value of the portfolio increased to \$1.932 million. The NTA value per share of the Fund was \$0.4013 per share after all allowances for fees, taxes and dividends.





The fund took the opportunity to exit from, or reduce its investments in Redstone Resources, Kinetiko, Aspire Mining and South American Ferro Metals, having formed the view that markets will remain difficult for explorers and iron ore producers. The fund also took advantage of a strong share price run to exit Gold Road Resources and took a new position in Doray Minerals, an Australian gold producer.

At the end of the quarter, the Fund's cash position stood at \$109,108 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 March quarter was a volatile period driven largely by central bank announcements. The European Central Bank (ECB) embarked on a large quantitative easing program, political risk re-emerged in Greece, the US Federal Reserve (the Fed) inched closer to the first rate hike, while concerns were raised over the slowdown in China. Commodity prices also continued to fall, particularly oil and iron ore, while the US Dollar (USD) continued its rally. On the domestic front, the Reserve Bank of Australia (RBA) surprised the market and cut interest rates by 0.25% to 2.25% in February, the first cut time in 18 months.

The sharp decline in commodity prices has forced miners to reduce capital expenditure and focus on cost control. In the longer term, this sets the stage for a tighter supply outlook. Weakening currencies and oil prices have served to reduce operating costs for many miners, however we expect to see more small-scale high cost operations close.

The Fund experienced an increase in NTA during the quarter again in large part due to a pick up in the broader market. 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.

For further information on  
**AFM Perseus Fund Limited**  
 please contact  
**Eddie Rigg**  
 or  
**Adam Santa Maria**

Managed by



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 AFSL: 224815