

# Ausbil Global Resources Fund

Monthly performance update

December 2023

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'While uncertainty remains on the short-term outlook, the medium to long-term outlook remains positive, driven by tight supply-demand dynamics'

## Performance Review

Fund performance for the month of December 2023 was -3.73% (net of fees), underperforming the Fund's Bloomberg AusBond Bank Bill Index benchmark. Global equity and commodity market indices were mixed during the period as concern around the economic outlook in both China and the west continued. Stimulus measures in China remain piecemeal and underwhelming to date with the west continuing to underperform expectations. Further geopolitical unrest has reared its head in the Middle East between Gaza and Israel, which has added to commodity instability.

Key contributors for the month came from our long positions in Copper (primarily 29Metals, Sandfire Resources and Freeport-McMoRan). Key detractors for the period came from exposures to Nickel, Lead and Zinc (primarily in Panoramic Resources), Battery Materials (primarily from Critical Elements Lithium, Green Technology Metals and Wildcat Resources), and from our short positions in Iron Ore.

Commodity prices were mixed over the month of December. Base Metals were mostly stronger, Aluminium up 8.8%, Zinc up 7.0% and Copper up 0.9%, while Nickel was down 0.4%. Precious metals were mixed. Silver dropped 5.8% while Gold rose by 1.3%. Bulk commodity moves saw Thermal Coal up an additional 10.8% and Iron Ore rising 6.9%, but Metallurgical Coal was down 0.6%. Oil prices continued to unwind, with WTI down 5.7% and Brent down 4.4%.

## Outlook

The backdrop for commodities, while volatile, continues to improve. From a fundamental perspective, the building blocks for a recovery in China are being put in place, with stimulus increasing and starting to have an impact on the economic outlook, while western economies remain stronger than suggested by market expectations. While uncertainty remains on the short-term outlook, the medium to long-term outlook remains positive, driven by tight supply-demand dynamics, with the ongoing lack of investment in new supply, combined with additional demand from infrastructure and decarbonisation spend.

## Strategy

The December quarter was negatively impacted by a number of our battery materials positions on what we see as a temporary fall in underlying commodity pricing. Within the battery materials sector, we have seen significant destocking, which needs to reverse and should support pricing in the near term. Supply cuts are already occurring, with producers withholding production which should tighten the market in the near term. Energy markets remain tight, and events in the Middle East have heightened supply concerns. We continue to see strong demand for underlying commodities and remain constructive on medium-term pricing.

## Returns as at 31 December 2023

Period	Fund %	Benchmark <sup>1</sup> %	Out/Under Performance %
	Net		Net
1 month	-3.73	0.37	-4.10
3 months	-14.39	1.06	-15.45
6 months	-26.52	2.15	-28.67
1 year	-42.28	3.89	-46.17
2 years pa	-35.05	2.56	-37.61
3 years pa	-12.83	1.71	-14.54
4 years pa	-2.74	1.37	-4.11
5 years pa	0.59	1.40	-0.81
Since inception pa Date: 31 May 2018	-1.19	1.46	-2.65

## Market Exposure

Exposure (month end)	%
Long	108.50
Short	-41.02
Net	67.49
Gross	149.52

## Largest 5 Long Positions by Company

Company	%
1. Nevada Copper	8.9
2. 29Metals	7.5
3. Lynas Rare Earths	7.3
4. Neo Performance Materials	6.7
5. Boss Energy	6.3

## Largest 5 Short Positions by Sector

Sector	%
Company 1 Iron Ore Mining	-4.8
Company 2 Gold Mining	-4.4
Company 3 Coal & Uranium	-4.0
Company 4 Diversifieds	-3.8
Company 5 Coal & Uranium	-3.6

## Regional Exposure

Region	Long %	Short %	Gross %	Net %
Australia	56	-28	84	28
Canada/US	53	-13	65	40
Europe	0	-1	1	-1
Other	0	0	0	0
<b>Total</b>	<b>109</b>	<b>-41</b>	<b>150</b>	<b>68</b>

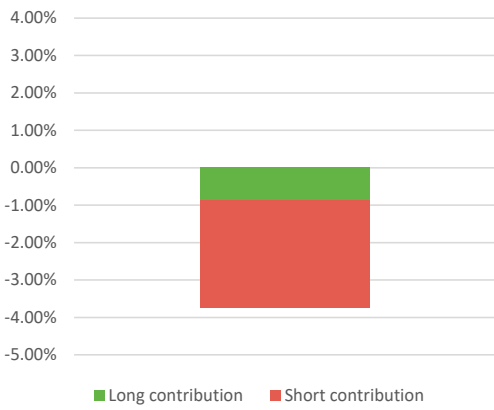
1. The benchmark is the Bloomberg AusBond Bank Bill Index.



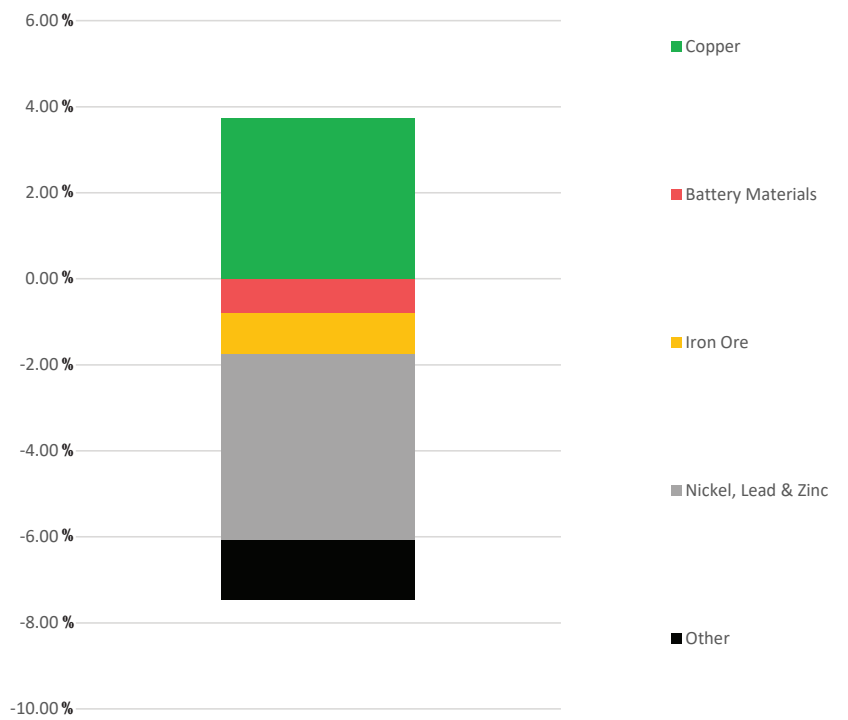
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## Contribution of Alpha - Net of fees (Month of December)

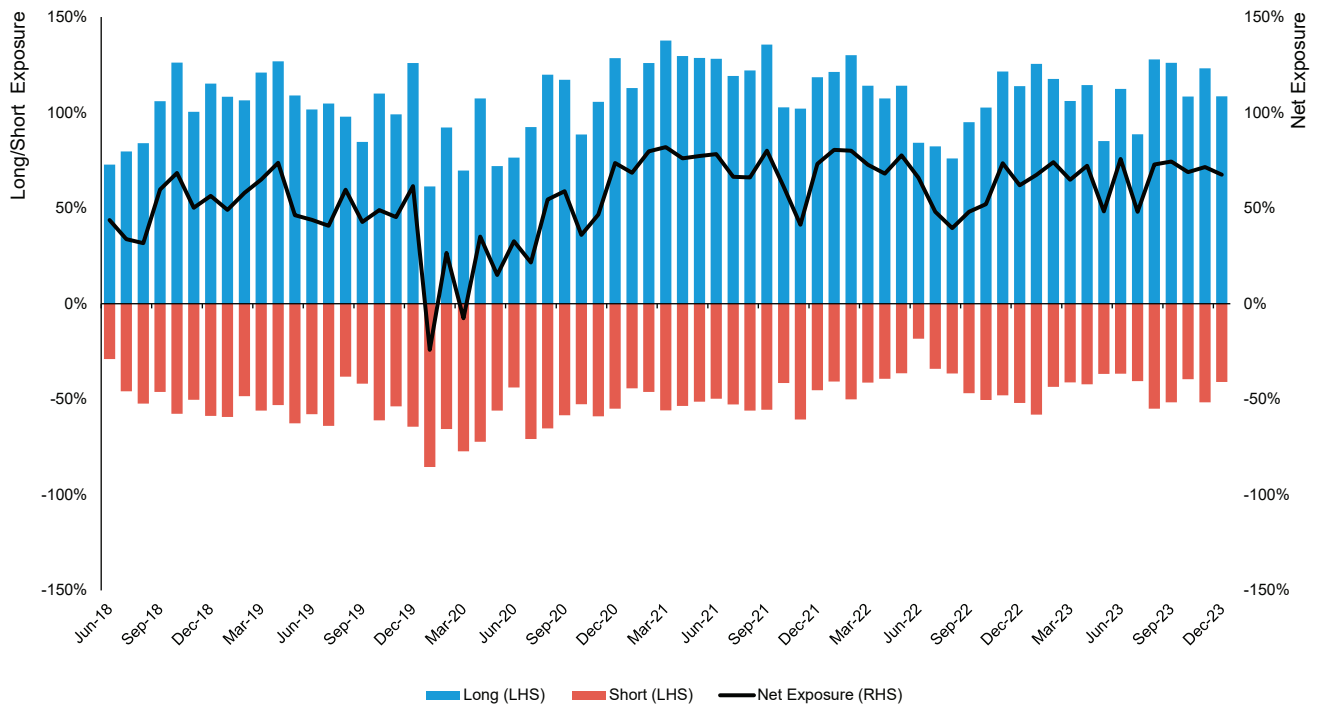
Contribution, Long vs short



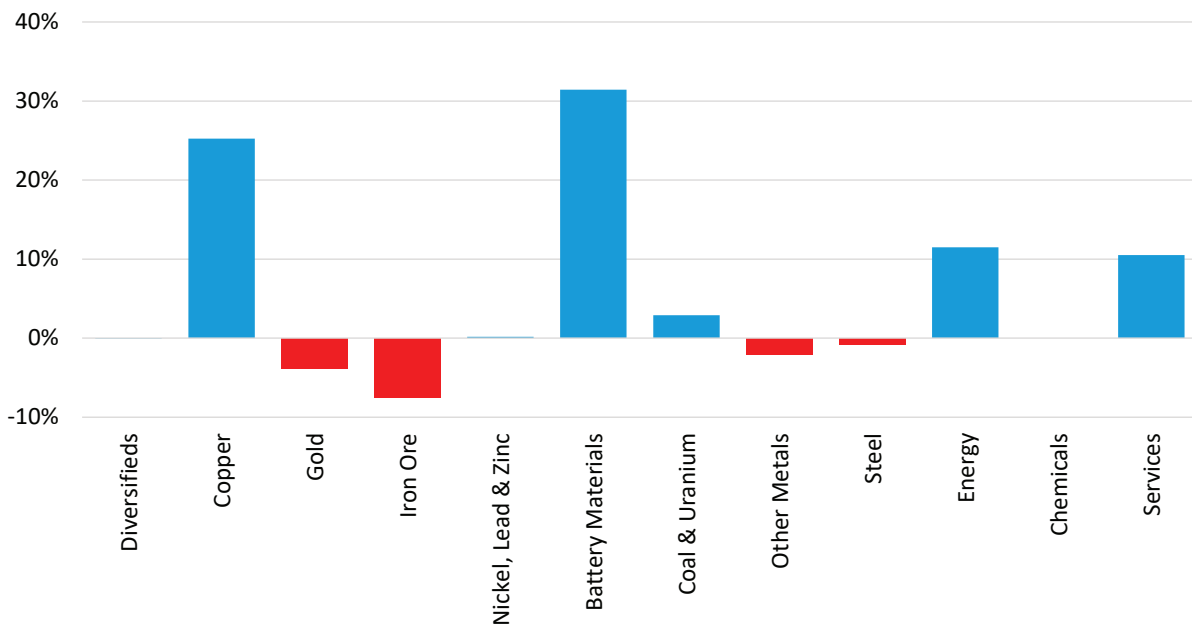
Contribution, by Sub Commodity



## Ausbil Global Resources Fund - Long, Short and Net Exposures



## Commodity Net Exposure



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