

Ausbil Global Resources Fund

Monthly performance update

January 2024

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'Global commodity market indices were noticeably weaker during the period as concern around the economic outlook in both China and the West continued'

Performance Review

Fund performance for the month of January 2024 was -12.91% (net of fees), underperforming the Fund's Bloomberg AusBond Bank Bill Index benchmark. Global commodity market indices were noticeably weaker during the period as concern around the economic outlook in both China and the West continued. Stimulus measures in China remain piecemeal and continue to overwhelm the market to date. Further geopolitical unrest has continued in the Middle East between Israel and Gaza, combined with disruptions by Houthi attacks on shipping in the Gulf of Aden and the Red Sea, affecting the Suez Canal, one of the world's key trading lifelines, which has added to instability to commodities.

Key detractors for the period came from exposures to Battery Materials (primarily through Critical Elements Lithium, Lynas Rare Earths, Syrah Resources, Wildcat Resources, Lithium Americas, Pilbara Minerals and Frontier Lithium), Copper (primarily in Nevada Copper and Freeport McMoran), and Energy (mainly through APA Group and Occidental Petroleum). Key contributors came from long exposures within the Uranium sector (Boss Energy, Uranium Energy Corp, Cameco Corp and NexGen Energy), and put option protection on the Fund.

Commodity prices were negative in the month of January, outside of the oil complex. Base Metals were weaker, with Zinc down 4.6%, Aluminium down 4.4%, and Nickel down 2.2%, while Copper was up 0.4%. Precious metals declined, with Silver dropping 3.5% and Gold falling 1.1%. Bulk commodities retraced with Thermal Coal down 20.4%, Iron Ore falling 6.2% and Metallurgical Coal down 0.6%. In contrast, Oil prices rose with WTI up 5.9% and Brent up 4.7% on supply fears due to rebel attacks in the Gulf of Aden.

Outlook

The backdrop for commodities, while volatile, continues to improve. From a fundamental perspective, the building blocks for a recovery in China are steadily growing, with stimulus increasing and starting to have a positive impact on the economic outlook. Western economies also remain far more resilient than previously expected by the market. While uncertainty remains on the short-term outlook, the medium to long-term outlook remains positive, driven by tight supply-demand dynamics from an ongoing lack of investment in new supply, combined with additional demand from a combination of infrastructure and decarbonisation spend.

Strategy

The month of January continued to be 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. Lithium supply cuts are already occurring, with producers withholding production which should tighten the market in the near term. Copper markets have also shifted from surplus to deficit, with curtailments across various material supply sources combining with strong Chinese infrastructure-related demand. 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 for key resources.

Returns as at 31 January 2024

Period	Fund %	Benchmark ¹ %	Out/Under Performance %
	Net		Net
1 month	-12.91	0.37	-13.28
3 months	-22.14	1.09	-23.23
6 months	-29.43	2.15	-31.57
1 year	-51.91	4.00	-55.91
2 years pa	-38.84	2.75	-41.59
3 years pa	-21.41	1.83	-23.24
4 years pa	-5.96	1.44	-7.40
5 years pa	-2.01	1.44	-3.45
Since inception pa Date: 31 May 2018	-3.55	1.50	-5.05

Market Exposure

Exposure (month end)	%
Long	125.87
Short	-52.27
Net	73.60
Gross	178.13

Largest 5 Long Positions by Company

Company	%
1. Nevada Copper	9.0
2. Boss Energy	8.8
3. Lynas Rare Earths	6.5
4. Cameco	5.6
5. Evolution Mining	5.1

Largest 5 Short Positions by Sector

Sector	%
Company 1 Coal & Uranium	-6.9
Company 2 Iron Ore Mining	-6.0
Company 3 Diversifieds	-5.5
Company 4 Coal & Uranium	-4.8
Company 5 Iron Ore Mining	-4.3

Regional Exposure

Region	Long %	Short %	Gross %	Net %
Australia	59	-40	99	19
Canada/US	62	-12	75	50
Europe	5	0	5	5
Other	0	0	0	0
Total	126	-52	178	74

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

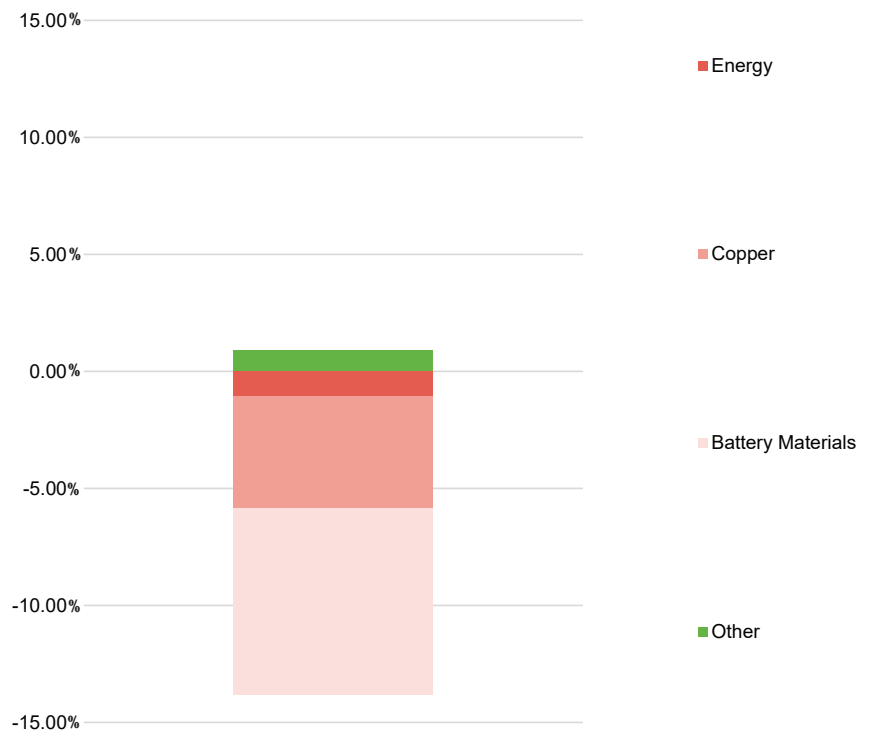
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Contribution of Alpha - Net of fees (Month of January)

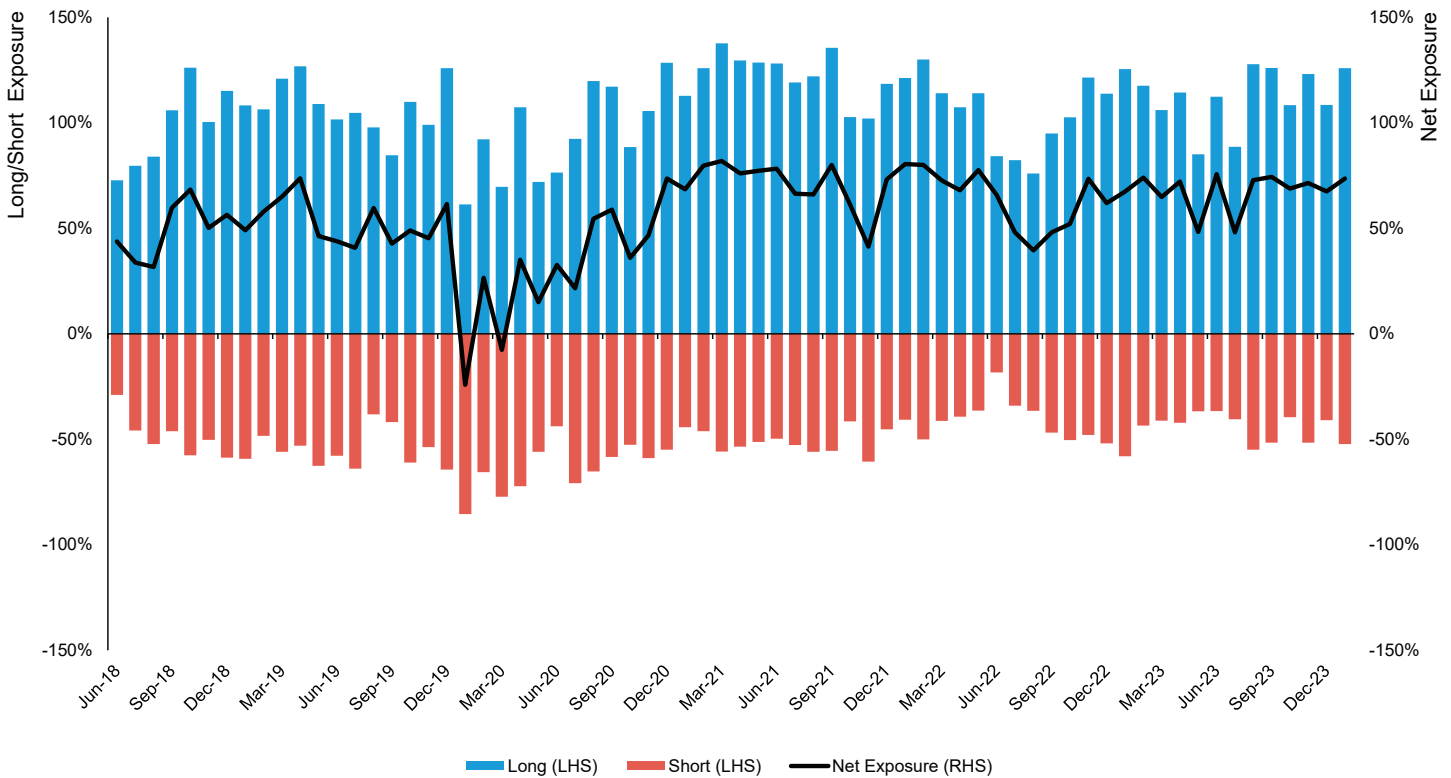
Contribution, Long vs short



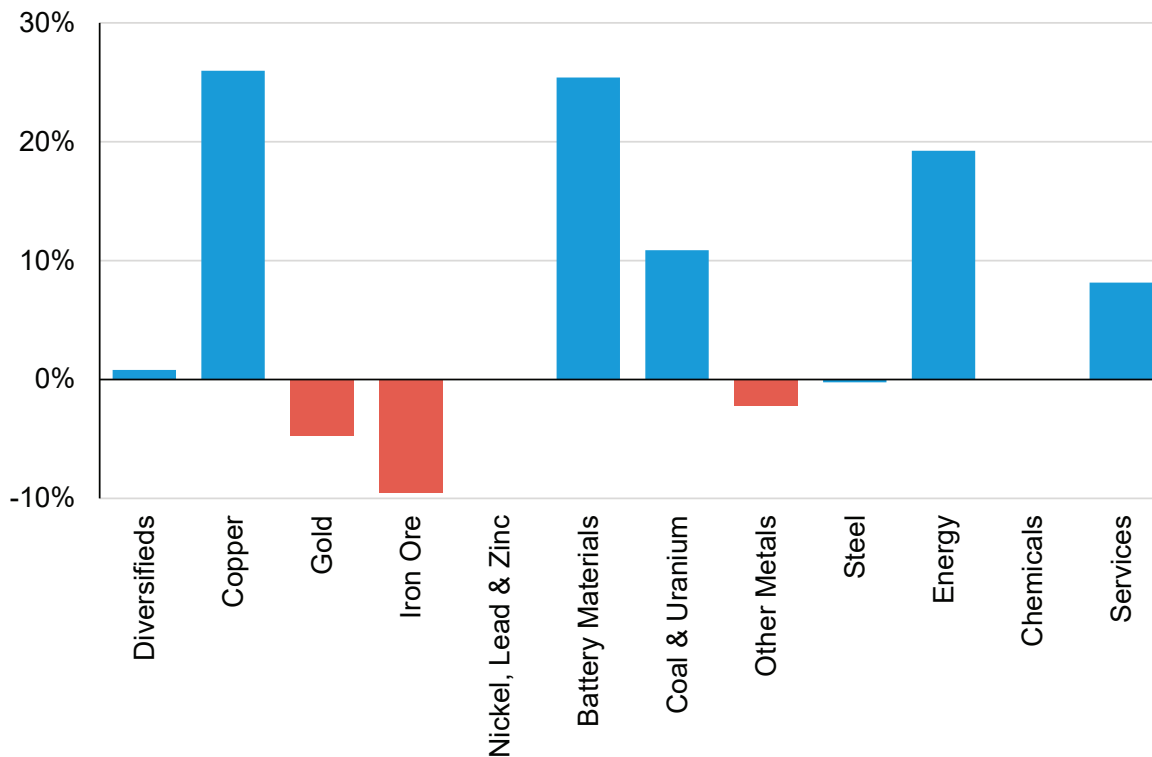
Contribution, by Sub Commodity



Ausbil Global Resources Fund - Long, Short and Net Exposures



Commodity Net Exposure



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