

ACORN CAPITAL NEXTGEN RESOURCES FUND

MONTHLY REPORT
31 AUGUST 2021



Fund Performance at 31st August 2021

Performance	1 month	3 months	6 months	Since Inception (cumulative)
NextGen Resources Fund*	1.08%	8.90%	14.08%	40.73%
S&P ASX Small Resources Accumulation Index	0.69%	7.68%	19.10%	30.73%

* Based on redemption price for the period (post all fees and costs)

Commentary

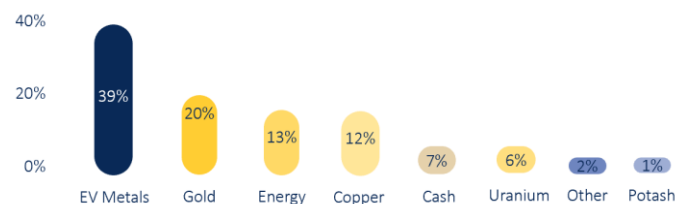
August was a mildly positive month for the NextGen Resources Fund. Importantly, performance since the Fund's inception in mid-September 2020 remains strong in absolute terms and relative to the benchmark.

Positive contributors in August were dominated by lithium stocks, which benefitted from strong increases in commodity prices. The best contributors were Orocobre (producer; up 11%), Pilbara (producer; up 24%), Lake (developer; up 30%) and Galaxy (producer; up 13%). Rare-earths explorer, Australian Rare Earths (up 38%) also continued its strong performance after releasing positive results from a recent drilling program near its Yellowtail prospect in southeastern South Australia.

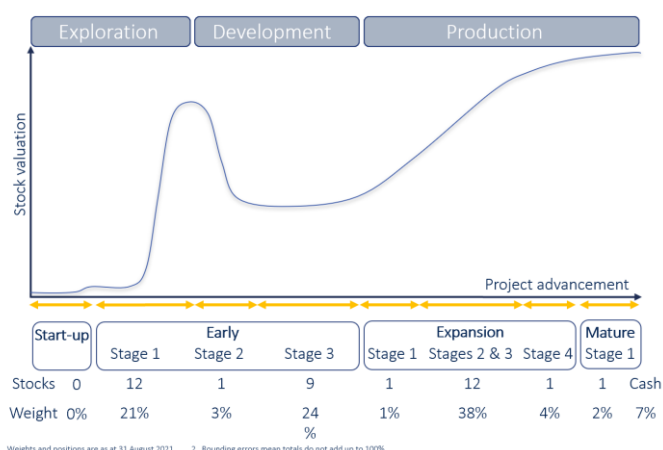
Negative performance was largely driven by softening in the price of several commodities, especially gold. Among the gold stocks, Perseus (producer; down 10%) and E2 Metals (explorer; down 24%) fell despite no negative news, and White Rock (down 30%) fell post its merger with AuStar Gold. Auroch (nickel developer; down 20%) and Syrah (graphite producer; down 8%) also fell despite no negative news, although both stocks performed strongly in the previous month.

The portfolio has 37 stocks and during August we participated in placements for Jervois and S2 Resource. EV metals, copper and uranium continue to represent over half of funds under management. Cash was about 7% at the end of the month.

Stocks by Sector Exposure



Stocks by Stage of Development



Top 5 holdings (alphabetic order)

Company	Sector	Development stage
Jervois	Jervois Mining Limited	EV metals
Karoon Energy	Karoon Energy	Energy
Orocobre	Orocobre Limited	Lithium
Perseus	Perseus	Gold
Syrah Resources	Syrah	EV metals (graphite)

Market Review

Lithium was the principal driver of performance in the Resources sector in August. The NextGen Resources Fund was strongly exposed to lithium and while benefiting from these gains, we were also selling into the strength and reducing our overall exposure. It is important to note that some of the best performers in the lithium sector are companies with unconventional projects that involve untested technologies and/or are located on the outskirts of townships. These companies carry large downside risks that we think many generalist investors are unaware of. While we remain positive about long-term lithium outlook, we think better near-term value generally exists in other parts of the EV-metal sector. For example, we remain positive on copper, rare earths, nickel, cobalt and graphite.

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