

ACORN CAPITAL NEXTGEN RESOURCES FUND

MONTHLY REPORT
31 OCTOBER 2020



Fund Performance

The Fund has generated an absolute return* for October of 0.38%, versus the benchmark (S&P ASX Small Resources Accumulation index) return of -0.24%. This is an outperformance of 0.62% for the month. Since inception, the Fund has achieved a return* of -4.15% versus the benchmark with -9.22%. This is an outperformance of 5.07%.

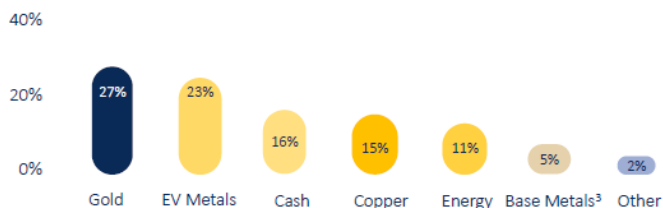
Commentary

The strongest performers in October were Lynas (rare earth elements; up 22%) on positive production data and Stavelly Minerals (copper explorer; up 28%) on high-grade drilling results. Both stocks remain in our Top 5 holdings. In addition, an uptick in lithium prices helped lift Pilbara (up 29%) and Galaxy (up 23%).

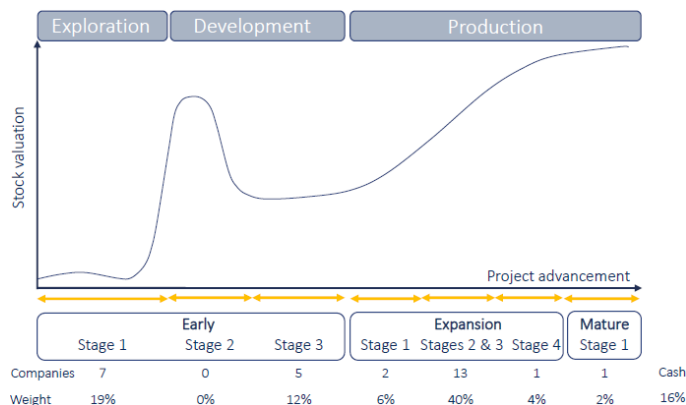
Negative performers included the gold miners Perseus (down 12%) and Resolute (down 14%), which retreated with falling gold prices. Resolute also missed its quarterly guidance, so we reduced our weight in the stock. Coronado (coking-coal producer; down 22%) fell on concerns about potential import bans to China and Aurelia (polymetallic metal producer; down 7%) retreated on softening metal prices.

The portfolio has 29 stocks with a similar mix of commodities and Stages of Development as last month. The Fund participated in one primary-market deal (Jervois; a nickel-cobalt developer). The increased cash holding (16%) was largely due to an inflow of capital late in the month.

Stocks by Sector Exposure



Stocks by Stage of Development



Top 5 holdings (alphabetic order)

Company	Sector	Development stage
Aurelia Metals	Base metals	Expansion
Jervois	EV metals	Expansion
Lynas Corp.	EV metals	Expansion
Perseus Mining	Gold	Expansion
Stavelly Minerals	Copper	Early

Market Review

The elevation of Gina Reinhart and Andrew 'Twiggy' Forest to the top two positions on the Australian Financial Review's 2020 Rich List has highlighted the remarkable prosperity generated by the 2019-2020 iron-ore boom. However, by importing more than 60 percent of its iron ore from Australia, China has created itself a strategic and defense "nightmare". The latest Market Insights piece overviews this problem and the risks that lie ahead for Hancock, FMG, BHP and Rio Tinto. The great iron-ore party of 2019-2020 could end sooner than we think.

* Based on redemption price for the period (i.e., post all fees and costs)

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