

ACORN CAPITAL NEXTGEN RESOURCES FUND

MONTHLY REPORT
30 June 2022



Fund Performance at 30 June 2022

Performance (%)	1 mth	3 mths	6 mths	FYTD	1 yr	Since Inception*
NextGen Resources Fund*	-22.0	-28.0	-20.8	5.4	5.4	33.4
S&P ASX Small Res. Accum. Index	-22.1	-26.6	-16.0	-1.8	-1.8	18.75

* Based on redemption price for the period including distribution (post all fees and costs) # Cumulative

Commentary

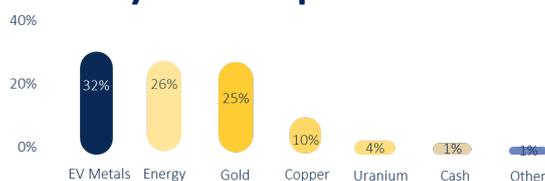
The NextGen Resources Fund (Fund) had a challenging finish to an otherwise positive FY2022. The performance in June was -22.0%, which was broadly in line with the benchmark (-22.1%). Despite the sharp pullback, the Fund was up 5.4% for FY2022 versus the benchmark with -1.8%. Therefore, the strong longer-term performance (in absolute terms and relative to the benchmark) gives us comfort that our investment strategy is robust and that we can navigate through, and capitalize on, the volatility and market disruptions that lie ahead.

Positive performance was rare in June, but the better performing stocks included Neo Performance Materials (rare-earth magnet producer; -3%), reflecting continued strength in the price for rare-earth magnets. Similarly, high domestic gas prices in eastern Australia helped protect Cooper Energy (domestic gas producer; +1%) and Comet Ridge (domestic gas developer; -11%). And profit-taking early in the month in Perseus Mining (gold producer; -18%) aided overall performance for the month.

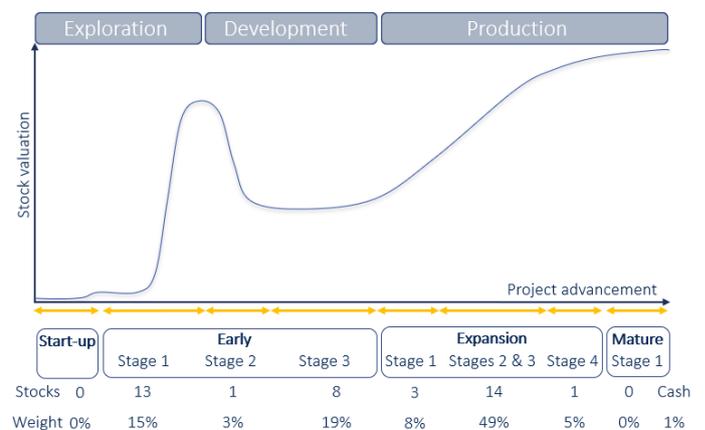
Negative performers included Red 5 (gold producer; -35%), which fell on negative sentiment for gold despite good progress on commissioning of their King of the Hills Gold Mine. Softening nickel prices largely drove the poor performance in Ardea (nickel developer; -42%), whereas for Jervois Global (cobalt producer; -35%) it was a mild pullback in cobalt price. Stanmore (coking coal producer; -27%) fell after the Queensland Government announce a major increase in coal royalties.

The portfolio held 38 stocks at the end of June. EV metals, copper and uranium represent about half of FUM. During the month, the Fund participated in a capital raising for Cooper Energy.

Stocks by Sector Exposure



Stocks by Stage of Development



Top 5 holdings (alphabetic order)

Company	Sector	Development stage
COOPER ENERGY	Cooper Energy	Oil & Gas
Karoon Energy	Karoon Energy	Oil & Gas
neo	Neo Performance Materials	EV Metals (rare earths)
Sandfire	Sandfire Resources	Copper
SYRAH RESOURCES	Syrah Resources	EV metals (graphite)

Market Review

June was a tough month for the Fund, but it is important that investors consider the drivers of long-term performance and where future opportunities lie. In FY2022, performance was strongly influenced by a combination of global disruptions (e.g., the clean-energy transition and war in Ukraine). As the global economy slows, the influence of these disruptions is likely to remain. Therefore, we expect positive momentum to remain for a number of commodities. The early signs of this trend were seen in June, where prices for domestic gas in eastern Australia, rare earths, lithium and graphite remained reasonably strong, despite the falling market. Therefore, the tough market in June has provided a great opportunity to refine and reset the portfolio. At Acorn Capital, we are cautiously optimistic about the future and remain confident in the investment process used for the NextGen Resources Fund to generate strong long-term returns.

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