October 2018

# Lowell Resources Fund Monthly Update

## Fund introduction (ASX: LRT)

ASX-listed Lowell Resources Fund is focused on generating strong absolute returns from the junior resources sector. Our experienced team of fund managers has many years of experience in this high risk, high reward sector. Lowell Resources Fund Management (LRFM) manages the portfolio of exploration and development companies operating in precious and base metals, specialty metals and the oil and gas space. LRFM has a successful 14-year track record managing LRT. An investment in LRT provides investors with exposure to an actively-managed portfolio focused squarely on one of the most exciting and rewarding sectors of the Australian as well as global share markets.

## Fund overview

| | |
|---|---|
| Investment Manager | Lowell Resources Funds Management Limited |
| Managed since | 6 January 2004 |
| ASX code | LRT |
| Income distribution | Annual |

## Unit price snapshot as at 31 October 2018

| | |
|---|---|
| NAV per unit | $6.0565 |
| No. of units on issue | 2,797,239 |
| Market price (ASX) | $4.90 |
| Net Asset Value | $16.9m |

## Fund performance summary – October 2018

- The Fund's NAV per unit was $6.0565 at 31 October 2018 vs $6.8597 as at 30 September 2018.
- Unit price of the ASX listed LRT units at month end was $4.90/unit, representing a 19% discount to underlying NAV.
- The NAV of the Fund was affected by a write-down of the value of its largest unlisted position Laguna Gold, according to the Fund's valuation policies.
- Austex reported that ASX "Resource company share prices over average are now down … 16.5% over the last 6 months"

## Top 6 holdings as at 31 October 2018

The unlisted Laguna Gold Pty Ltd. announced an A$30m rights issue, and possible shortfall placement, at A$0.20/sh, to provide working capital for exploration and operational and management restructures. As a result the holding value was further written down. Adriatic Metals announced thick high grade drilling results at its Bosnian polymetallic project.

| **Company** | **Commodity** | **Listing code** | **% of gross investments** |
|---|---|---|---|
| Gold Road Resources | Gold | ASX: GOR | 7% |
| Tinka Resources | Zinc | TSXV: TK | 4% |
| Cardinal Resources | Gold | ASX: CDV | 4% |
| Adriatic Metals | Zn/Cu/Au/Ag/Ba | ASX: ADT | 4% |
| Indago Energy | Oil & Gas | ASX: INK | 4% |
| Laguna Gold | Gold/Zinc | n.a. | 3% |
| **Cash** | | | **13%** |

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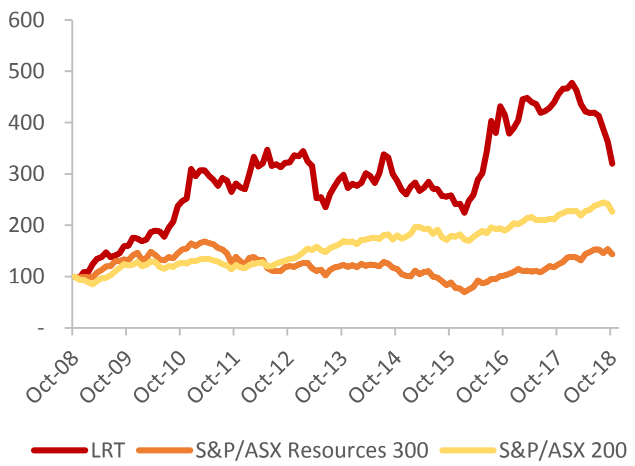
## Portfolio changes during the month ended 31 October 2018

During October, the Fund added to positions in a number of Oil & Gas stocks, including High Peak Royalties and Cue Energy. The Fund continue to reduce its positions in some battery metal related stocks, while further adding to its vanadium exposure.

As at 31st October, 2018 the Fund's investments were weighted 37% in gold, 22% in base metals (predominantly zinc and copper), and 15% in oil & gas. Battery minerals, coal, nickel and vanadium each made up 2%. The Fund's cash weighting was 13%.

## 10 year comparison performance chart (to 31 Oct 18, indexed at 100)[1]




## Total unitholder return comparison table[1]

| | LRT | Res 300 | ASX 200 |
|---|---|---|---|
| **10 year** | 12.3% | 3.7% | 8.5% |
| **5 year** | 1.6% | 3.1% | 6.0% |
| **3 year** | 8.8% | 17.5% | 8.2% |
| **2 year** | -11.9% | 18.5% | 9.3% |
| **1 year** | -26.1% | 15.5% | 2.9% |
| **10 months (to 31 October 2018)** | -27.9% | 4.4% | -0.5% |

## Characteristics of the fund

| | |
|---|---|
| Nature of fund | Long only, absolute return fund |
| Investee companies | Junior resource companies, including gold, base and specialty metals, and energy |
| Investment type | Focus on global listed and unlisted resource equities |
| Distribution policy | 100% of taxable profits distributed annually |



[1]LRT refers to Lowell Resources Fund, Res 300 refers to the S&P/ASX Resources 300 and ASX 200 refers to S&P/ASX 200 and the years refer to calendar years in the chart.