

NESTOR Australia Quarterly Report 4/2021



Munich, January 2022

Nestor Australia had a very positive year with a quarterly performance of +8.8% , compared to 4.1% for the Index. The overall performance for the calendar year was 31.6% - following an already strong 2020 with 32.4%.

The commodity sector was primarily responsible for this. Rising inflation, rising interest rates and a thoroughly positive economic development worldwide provided for fundamentally stronger interest in the sector, while the gradual conversion of car production to electric vehicles and the associated demand for metals fired investors' imagination.

Accordingly, the quarter was a very active one for the fund. Strong share prices saw us take full profits in Ioneer Ltd, Centaurus Metals, Develop Global (formerly Venturex), Apollo Consolidated and the position in Swick Mining was sharply reduced.

Companies such as Mineral Resources, Firefinch, Sheffield, Carnaby Resources, Panoramic Resources, Oz Minerals and IGL Group contributed significantly to the good performance. Lefroy Exploration, Orbital Corp, Scidev and Strike Energy performed disappointingly. In the case of the latter, the price weakness was used to buy.

At the beginning of the year, the positive relative performance has continued. Overall, however, the Australian market is finding it difficult to detach itself from the interest rate fears prevailing worldwide. The commodities sector is taking a small break - but we continue to see the environment in this area in particular as very positive. The gold price is very disappointing for us. Inflation, geopolitical tensions, uncertain outlook because of Corona - many reasons to own gold! But this is not reflected in better prices for the precious metal! The fund currently has a low weighting in gold miners and developers compared to the past, but is still overweighted compared to the index. This should be maintained. In our opinion, the inflation issue continues to be underestimated by the markets.

A special problem concerns many companies in Western Australia, the most prominent mining state in Australia. Western Australia is still almost completely isolated from the rest of the world - including the rest of Australia! - from the rest of the world. This leads to distortions in the

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labour market and thus to rising costs in the extraction of raw materials. An end to the measures is foreseeable here, and will lead to a relief of the local labour market.

The outlook remains particularly positive for companies that work in the battery sector - producers of lithium, graphite, nickel and copper are particularly noteworthy here.

Overall, the Australian economy should continue to develop quite positively in 2022 - despite an overheated real estate market!

Wilhelm Schröder, Schröder Equities GmbH

Contact

Dr. Kohlhase Vermögensverwaltungsgesellschaft mbH · Löwengrube 18 · D-80333 Munich
www.nestor-fonds.com · Phone +49 (0)89 / 54 59 03-0 · epost@kohlhase.de

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