

	Month (%)	Quarter (%)	FYTD (%)	1 Year (%)	Since Inception [^] (% p.a.)	Since Inception [^] Cumulative (%)
Perennial Global Resources Trust (net)	1.5	20.9	5.9	-	58.5	58.5
Benchmark (Absolute return of +6.50% p.a.)	0.5	1.5	1.0	-	2.5	2.5
Value added	1.0	19.4	4.9	-	56.0	56.0
S&P/ASX Small Ordinaries Accumulation Index ¹	7.2	6.6	8.7	-	34.7	34.7

¹S&P/ASX Small Ordinaries Accumulation Index is used for reference purposes only.

[^]Since Inception: April 2020. Past performance is not a reliable indicator of future performance.

Overview

The Perennial Global Resources Trust finished up +1.5% in August, net of all fees, despite flat to negative returns for resource indexes during the month (ASX Small Resources index -1.5%). Commodities rotation was evident in August, with gold equities selling off and base metals rallying. While the outlook for the broader commodities suite continues to incrementally improve (chart page 2), managing the sub-sector allocation as we enter a post-stimulus world will be key to returns in the coming months.

Gold euphoria hit an interim peak in early August, trading as high as US\$2075/oz, before pulling back to finish down -0.6% for the month. Gold equities, which were factoring continued gains in the gold price, fared worse with falls of 10% or more common across the sector. The trust remained active through this period, reducing gold exposure materially in early August and reallocating to mining services and base metal exposures.

While reporting season can be uneventful for the miners, the mining services sector reported earnings, cash conversion and outlooks which were generally ahead of market expectations. Earnings were broadly in line with pre-COVID guidance, and yet share prices remain materially below pre-COVID levels, making for a compelling risk/reward proposition.

Perennial Global Resources Trust

The aim of the Trust is to grow the value of your investment over the long term by investing in a portfolio of listed and unlisted companies exposed to commodity production.

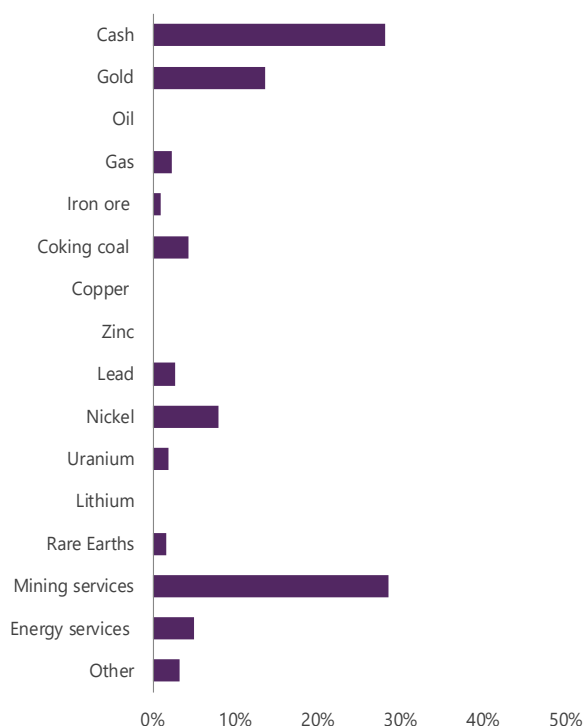
Portfolio Manager Sam Berridge	Trust FUM AUD \$13 million
Distribution Frequency Yearly	Minimum Initial Investment ³ \$25,000
Trust Inception Date April 2020	Fees 1.20% p.a. + Performance fee
APIR Code WPC3240AU	

³ Perennial Global Resources Trust is open to wholesale investors only.

Top 5 Positions

	Trust (%)
NRW HOLDINGS	4.8
SWICK MINING SERVICES	3.9
CENTAURUS METALS	3.8
ORA BANDA MINING	3.8
MACMAHON	3.5

Sector Exposures



Global, Currency & Commodities (%)

S&P500	+7.0
Nikkei225	+6.6
FTSE100	+1.1
Shanghai Composite	+2.6
RBA Cash Rate	0.25
AUD / USD	73.8c
Iron Ore	+11.4
Oil	+1.3
Gold	-3.6
Copper	+2.6

Trust Review

Mining services was a bright spot for performance in the month, with large holdings in **Swick**, **NRW Holdings** and **SciDev** all performing well. **Centaurus** and **Nickel Mines** exposures were also a highlight, buoyed by a 12.4% increase in the nickel price.

NRW Holdings (+19.9%) reported better than expected cash flow with its result, with revenue guidance slightly ahead of consensus expectations. NWH's rapidly improving balance sheet suggests upside surprise for dividends in FY21 in our view.

Underground drilling company, **Swick** (+16.6%) rallied on the announcement of a suite of contract awards, lifting the company's order book materially. In addition, SWK announced the first commercial contract for its Orexplore mineral analysis division. The company continues to work towards a demerger of the two businesses.

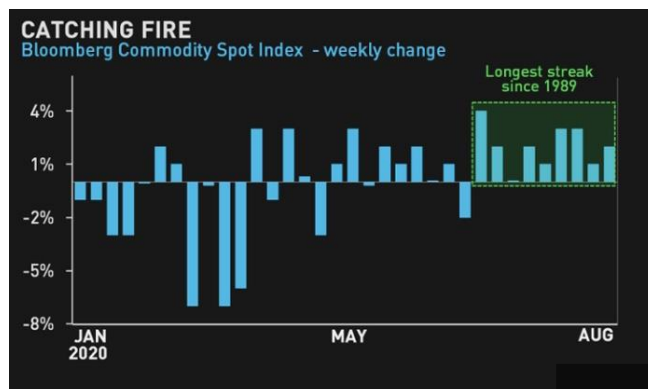
Mining equipment hire company, **Emeco** (-8.0%) pulled back after raising equity to reduce debt and de-risk its equipment hire business. While it remains to be seen whether de-gearing via equity was optimal, the end result is an undeniably cheap business trading on an FY21 PE of 6.0x.

Centaurus Metals (+14.9%) continued to release high grade nickel intersections from its Jaguar deposit in Brazil. New nickel sulphide districts are exceedingly difficult to find, and offer a much cheaper path to nickel sulphate production (as required by batteries) relative to nickel laterite deposits.

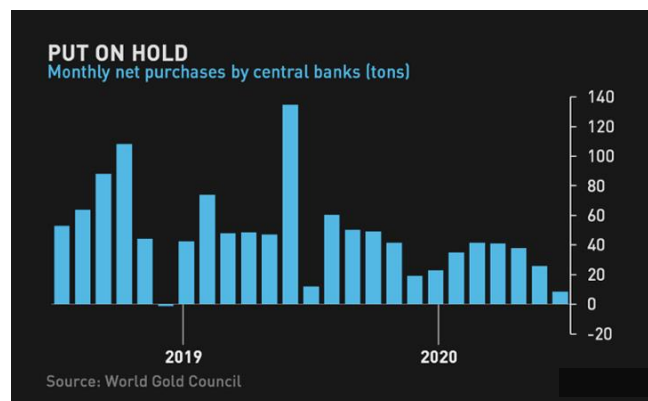
A resource upgrade at its Hengjaya operation helped lift **Nickel Mines** (+17.2%). The company also announced its maiden dividend as part of its 1HCY20 result.

The elevated level of deal flow continued in the month - we participated in the recapitalisation of metallurgical coal producer Coronado Coal, gold IPO Siren Gold and the placement for iron ore developer Fenix Resources. We opportunistically traded in and out of Monadelphous after a better than expected result.

The trust ended the month with an elevated level of cash at 28.1%. While we continue to see numerous opportunities, we're also mindful that some parts of the broader market are looking materially overbought. An unwind here could quite easily drag the whole market, including the commodities sector, lower. We would seek to deploy cash should such an opportunity present itself.



Source: Bloomberg. Helped by ongoing falls in the US dollar, the Bloomberg Commodity Spot index recorded its longest positive streak in over 30 years.



Source: Bloomberg. After a period of sustained buying, central banks showed themselves to be price sensitive and pulled back from gold market purchases during August



Portfolio Manager Sam Berridge

Contact Us

Level 27, 88 Phillip Street Sydney NSW 2000

1300 730 032

invest@perennial.net.au

www.perennial.net.au

Signatory of:



Issued by: The Investment Manager, Perennial Value Management Limited, ABN 22 090 879 904, AFSL: 247293. Trustee: Perennial Investment Management Limited ABN 13 108 747 637, AFSL: 275101. This promotional statement is provided to wholesale investors for information purposes only. Accordingly, reliance should not be placed on this promotional statement as the basis for making an investment, financial or other decision. This promotional statement does not take into account your investment objectives, particular needs or financial situation. While every effort has been made to ensure the information in this promotional statement is accurate; its accuracy, reliability or completeness is not guaranteed. Past performance is not a reliable indicator of future performance. Gross performance does not include any applicable management fees or expenses. Net performance is based on redemption price for the period and assumes that all distributions are reinvested. Fees indicated reflect the maximum applicable. Contractual arrangements, including any applicable management fee, may be negotiated with certain large investors. Investments in the Trusts must be accompanied by an application form. The Information Memorandum is available from Perennial.