

	Month (%)	Quarter (%)	FYTD (%)	1 Year (%)	Since Inception^ (%)	Since Inception^ Cumulative (%)
Perennial Global Resources Trust (net)	3.8	19.0	28.9	-	92.8	92.8
Benchmark (Absolute return of +6.50% p.a.)	0.5	1.6	3.2	-	4.8	4.8
Value added	3.3	17.4	25.7	-	88.0	88.0
S&P ASX200 Resources Total Return Index ¹	8.8	19.7	17.7	-	50.1	50.1

S&P ASX200 Resources Total Return Index is used for reference purposes only.¹

¹Since Inception: April 2020. Past performance is not a reliable indicator of future performance.

Overview

The Trust finished December up 3.8% net of all fees, led by a diverse mix of mining services, base metal and gold stocks. Unfortunately this wasn't quite enough to stay ahead of the ASX200 Resources Index, which was buoyed by a heavy weighting to iron ore, with that commodity hitting eight year highs intra-month.

Markets continued to take a glass-half-full approach to news of renewed COVID related lockdowns and progress on vaccine roll out. Further stimulus measures in the US approved during the month are positive for resources on two fronts; boosting demand outlook and weakening of the US dollar.

Strong returns were achieved by **Siren Gold** (+17.6%) and **Centaurus Metals** (+36.7%), both on the back of exploration success. **Swick Mining Services** (+10.8%) made its first tangible steps towards breaking up the company to close the circa 50% discount to NTA. **Galena Mining** (+24.0%) popped on no news but in a sign of what may be in store for base metal developers, seems to be enjoying a re-rate as investors search for near term base metal production exposure.

While the outlook for commodities remains positive we are mindful of broader market sentiment which is becoming increasingly euphoric. In that regard, we maintain downside protection for roughly 30% of the portfolio, while retaining stock specific exposures.

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	Trust FUM
Sam Berridge	AUD \$16 million
Distribution Frequency	Minimum Initial Investment ³
Yearly	\$25,000
Trust Inception Date	Fees
April 2020	1.20% p.a. + Performance fee

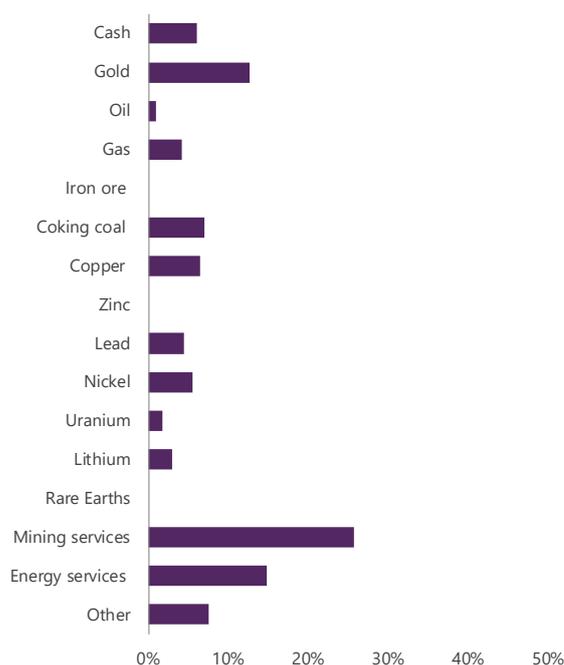
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³ Perennial Global Resources Trust is open to wholesale investors only.

Top 5 Positions

	Trust (%)
Austin Engineering	4.3
Siren Gold	3.9
Mayfield Group Holdings	3.8
Ora Banda	3.2
Centaurus Metals	3.2

Sector Exposures



Global, Currency & Commodities (%)

S&P500	+3.7
Nikkei225	+3.8
FTSE100	+3.1
Shanghai Composite	+2.4
RBA Cash Rate	0.10
AUD / USD	76.9c
Iron Ore	+16.9
Oil	+3.9
Gold	+2.0
Copper	-2.3

Trust Review

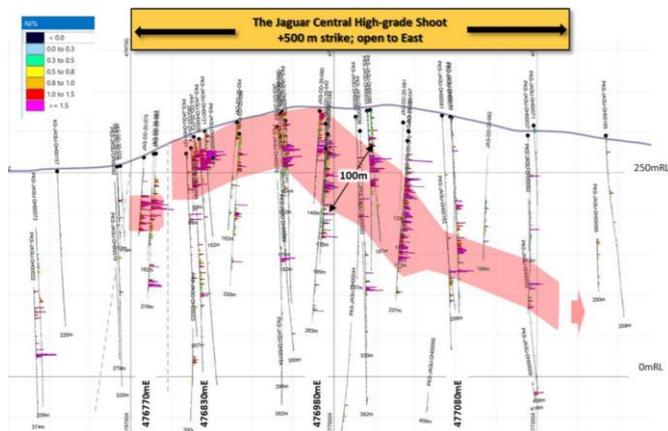
Commodity market sentiment remained strong in December, with Australia producers shrugging off a resurgent Australian dollar, which outperformed most base metal prices. The result being A\$ base metal prices actually fell month on month. This means strong gains in base metal equities were the result of PE expansion. However, coming off a low base (generally speaking), means this is not a concern for future performance at the moment, rather PE expansion could continue for some time as large capital flows attempt to squeeze into a relatively small sector.

With this backdrop, developers and explorers performed well in December.

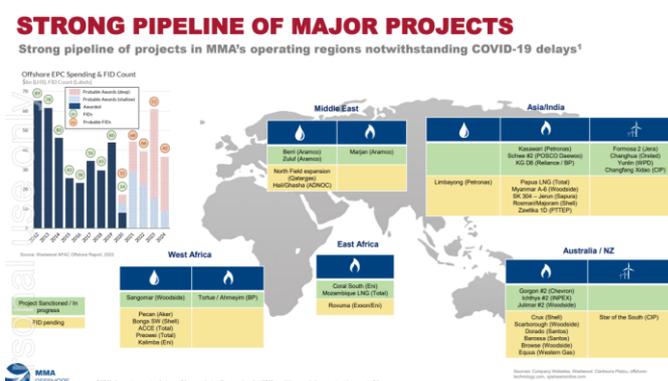
- **Centaurus Metals** (+36.7%) continued to report high-grade nickel sulphide intersections from its Jaguar Project in Brazil. These bode well for the results of a maiden scoping study to be released in the March quarter.
- **Galena Mining** (+24.0%) rallied on no news but finally seems to be gaining some investor traction as the next Australian base metal producer. Construction on its lead-silver Abra deposit accelerated post securing finance in November.
- **Warrego Energy** (+17.1%) rallied in anticipation of well results from the WE3 well, targeting an extension to the already large onshore gas discovery in the Perth Basin (WGO equity share 50%).

In mining and energy services, results were more mixed.

- **Swick** (+10.8%) announced the sale of its surface drilling business for \$6.4m, above book value. We note that Swick had been trading below the value of its net tangible assets of around \$0.30 per share for some time (last \$0.205 per share). The sale of the surface drilling business is the first step towards breaking the company up to release value, with the spin out of Orexplore guided to take place in the March quarter of 2021.
- **MMA Offshore** (down 11.8%) was weaker despite announcing two new contract awards in December. The stock is trading at a deep discount to its NTA despite a recovery in oil and LNG prices, and signs oil'n gas capex is starting to bottom.
- Electrical services company **Mayfield Group Holdings** (down 19.2%) gave back some of last month's gains on no news after the reverse takeover of Stream Group and subsequent re-listing.
- Additive manufacturing company **AML3D** (down 20.9%) traded down despite two positive announcements in the month; Firstly, the steady progress on component specs and testing for US defense contractor, Lightforce; Secondly, the sale of one of AL3's patented 3D printing modules to Engineering firm iKAD. We understand trading in the stock during December may have been influenced by a fund closure and release of stock from escrow. We took the opportunity to add to our position on weakness. AL3 has secured and continues to target additional sales to the oil'n gas and mining sectors.



Source: CTM announcements: Long section through the Jaguar nickel sulphide deposit. Nickel sulphides are exceedingly difficult to find due to their (generally) narrow sinewy nature. Particularly deposits which are close enough to surface to allow open pit mining.



Source: MRM presentation: Oil'n gas FID's are likely to accelerate in 2021, along with a reasonable pipeline of offshore wind developments. This is likely to tighten the market for offshore vessels, a precursor is rising rates and margins.



Portfolio Manager, Sam Berridge

Invest Online Now

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