

	Month (%)	Quarter (%)	FYTD (%)	1 Year (%)	Since inception <sup>^</sup> (% p.a.)	Since Inception <sup>^</sup> Cumulative (%)
Perennial Global Resources Trust (Net)	3.2	9.0	14.2	17.4	59.4	126.4
Benchmark (Absolute return of +6.50% p.a.)	0.5	1.6	3.2	6.5	6.5	11.7
<b>Value Added</b>	<b>2.7</b>	<b>7.4</b>	<b>11.0</b>	<b>10.9</b>	<b>52.9</b>	<b>114.7</b>
S&P ASX200 Resources Total Return Index*	6.7	9.7	-0.4	9.3	32.6	64.0

<sup>^</sup> **Since inception:** April 2020. Past performance is not a reliable indicator of future performance.

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

## Overview

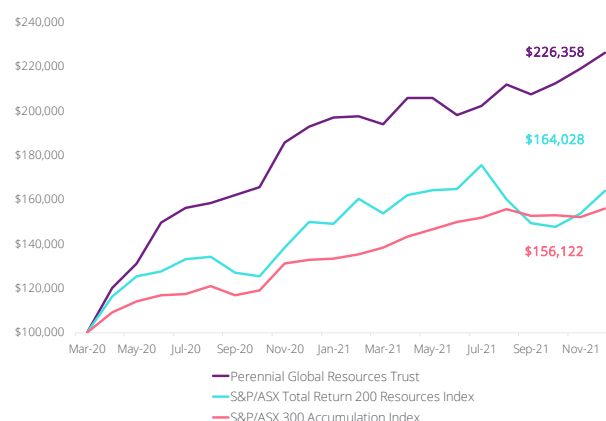
The trust was up 3.2% (net of all fees) in December, led higher by a mixture of lithium, gold and mineral sands exposures. Return for the 12mths to date is 17.4% net of all fees.

Commodities continued higher in December as Omicron fears eased, the power crisis in Europe returned with gas prices hitting fresh all-time highs, and incremental stimulus measures in China continued to be announced.

Australia is certainly not immune from the acute energy challenges being faced elsewhere around the globe. In this regard AEMO laid out the scale of the challenge in its draft 2022 [integrated Systems plan](#) as reported by the AFR. The requirement for a 9x increase in renewable generation in Australia, plus the storage and transmission infrastructure required to support it, is a microcosm of the global decarbonisation challenge. All of which is very metals intensive.

Looking forward, energy shortages and elevated metals demand from decarbonisation initiatives look like being enduring themes for 2022.

## Growth of \$100,000 Since Inception



Performance shown net of fees with distributions reinvested. Does not take into account any taxes payable by an investor. Past performance is not a reliable indication of future performance.

## 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 \$18 million

### Distribution Frequency

Annual

### Minimum Initial Investment<sup>1</sup>

\$25,000

### Trust Inception Date

April 2020

### Fees

1.20% p.a. + Performance fee

### APIR Code

WPC3240AU

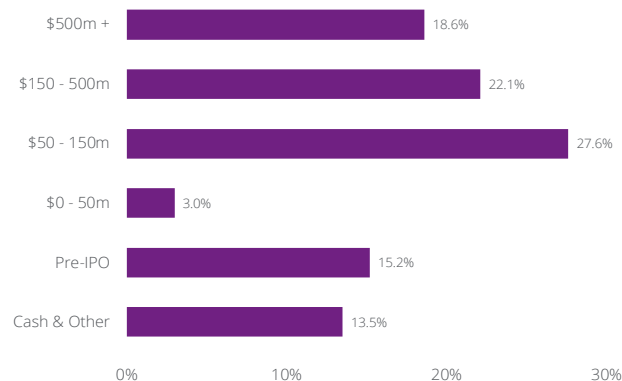
<sup>1</sup> Perennial Global Resources Trust is open to wholesale investors only.

Top 5 Positions	Trust (%)
Green Technology Metals	10.5
GenusPlus	4.8
Jindalee	4.2
Baraja	3.6
Capricorn Metals	3.5

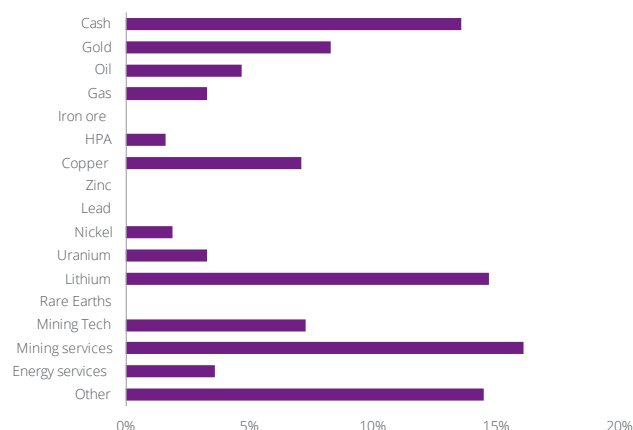
**Source:** Perennial Value Management. As at 31 December 2021

The above figures are forecasts only. While due care has been used in the preparation of forecast information, actual outcomes may vary in a materially positive or negative manner.

## Market Capitalisation Exposure



## Sector Exposure



## Trust Review

Lithium, gold and mineral sands exposures all performed well in December, including:

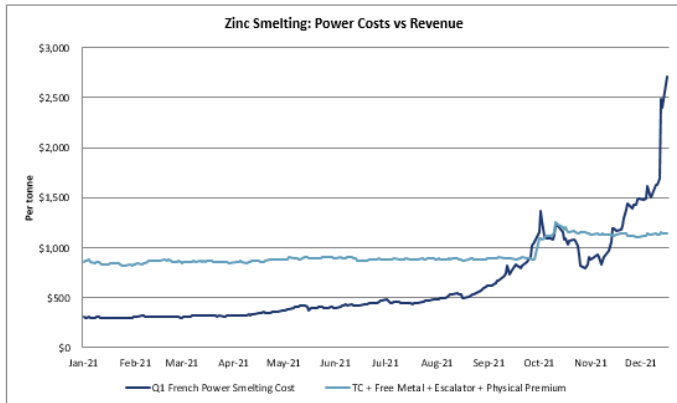
- For the second month in a row, **Green Technology Metals**, performed well, up 33.3% in the month as post IPO selling dried up and lithium prices continued to climb higher.
- Gold producer, **Capricorn Metals**, up 11.5% was included in the GDx gold index, resulting in elevated on-market buying.
- **Strandline Resources**, up 9.8%, announced the signing of a framework agreement with the government of Tanzania. A key step towards crystallising some value for those projects, which we believe the market is ignoring.
- **Iluka**, up 17.2% on improving mineral sands pricing outlook

Stocks which weighed on performance during the month included:

- **GenusPlus**, down 7.0%, despite announcing a \$30m contract award from Fortescue Metals. GenusPlus is heavily exposed to the power infrastructure roll out (link on page 1). We added to our position on weakness.
- **Queensland Pacific Metals**, down 17.5% after raising equity to further its TECH carbon-negative nickel sulphate project.
- **Jindalee Resources**, down 5.2%, on no news.
- **Dacian Gold**, down 7.3% after raising working capital to ensure a comfortable cash balance while opening up higher margin zones to be mined in the second half of FY22.

Looking forward into 2022, our view is that inflation is likely to remain stubbornly high, driven by enduring energy shortages, restrictions of the free movement of labour, and production bottlenecks due to a mixture of COVID lockdowns in China and negative margins.

A type example of these thematics in actions is the zinc price, which has continued to trend higher due to strong demand and ongoing production cuts in Europe. The chart below shows zinc smelting costs (dark blue) vs zinc smelt revenue (light blue). Negative margins due to spiking power prices has resulted in several smelters shuttering production. A similar scenario can be found in pockets of the Aluminium industry. Both these metals are necessary for the decarbonisation process.



Source: Bloomberg, Morgan Stanley, Perennial

## Global, Currency & Commodities (%)

S&P 500	+4.4
Nikkei 225	+3.5
FTSE 100	+4.6
Shanghai Composite	+2.1
RBA Cash Rate	0.10
AUD / USD	72.7c
Iron Ore	+13.9
Oil	+8.2
Gold	+1.2
Copper	+2.3

The portfolio finished the month with 37 positions and cash of 13.6%.



Investment team: Ewan Galloway (left) and Sam Berridge (right)

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