

	Month (%)	Quarter (%)	FYTD (%)	1 Year (%)	2 Year (%)	Since inception^ (% p.a.)	Since Inception^ Cumulative (%)
Perennial Strategic Natural Resources Trust (Net)	3.6	2.3	6.7	7.8	17.6	37.8	129.1
Benchmark (Absolute return of +6.50% p.a.)	0.5	1.6	2.1	6.5	13.4	6.5	17.7
<b>Value Added</b>	<b>3.1</b>	<b>0.7</b>	<b>4.6</b>	<b>1.3</b>	<b>4.2</b>	<b>31.3</b>	<b>111.4</b>
S&P ASX200 Resources Total Return Index*	1.4	5.1	4.3	20.2	19.0	24.9	77.5

^ **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.

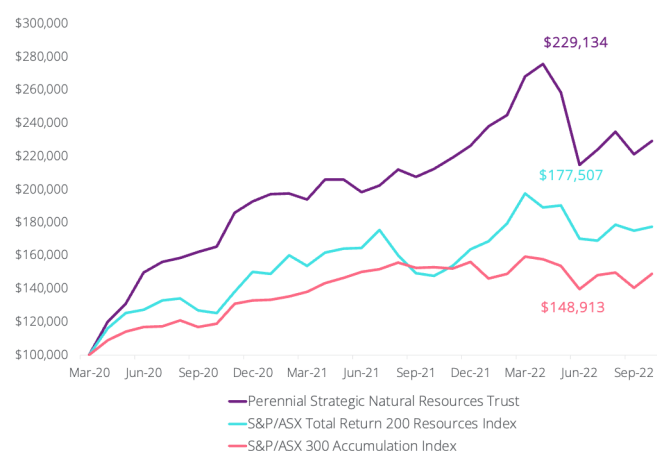
### Overview

The Trust returned 3.6% in October (net of all fees). In an environment of divergent commodity price movements, our barbell strategy of select old and new energy performed well, with oil (+7.8%) and lithium (+10%) outperforming iron ore (-19.0%) and thermal coal (-17.8%).

Broader markets recovered from oversold conditions in September, but macro uncertainty remains pervasive. China's National Party Congress came and went without the Covid-Zero policy being abandoned. Economic data for Europe and the US continues to soften. Elevated correlation between asset classes is indicative of a macro driven environment, and we expect this to remain in the near term.

As a result, from a top-down point of view, we will remain defensively positioned until there's an indication of China abandoning its Covid-Zero policy or a definitive inflection point to central bank policy. Within that framework, we continue to exploit bottom-up opportunities as capital markets, or stock specific catalysts allow.

### 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 Strategic Natural 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.

<b>Portfolio Managers</b>	<b>Trust FUM</b>
Sam Berridge and Ewan Galloway	AUD \$13.8 million
<b>Distribution Frequency</b>	<b>Minimum Initial Investment<sup>1</sup></b>
Annual	\$25,000
<b>Trust Inception Date</b>	<b>Fees</b>
April 2020	1.20% p.a. + Performance fee

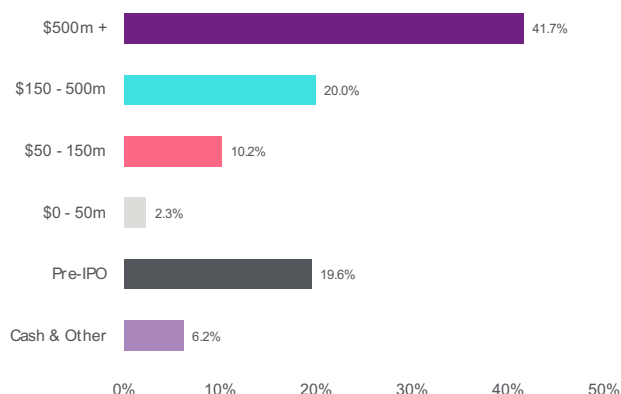
**APIR Code**  
WPC3240AU

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

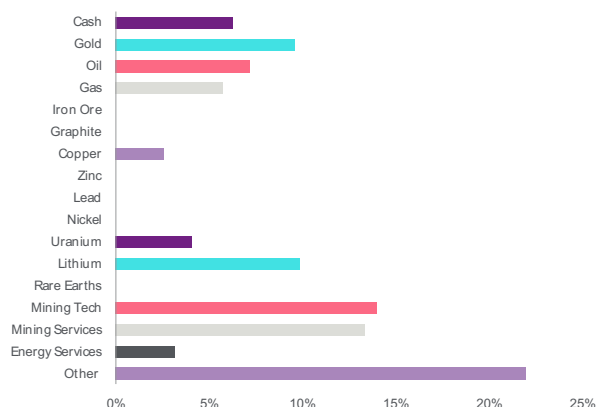
Top 5 Positions	Trust (%)
GenusPlus	8.7
Baraja	5.6
Emesent	5.1
Jindalee Resources	4.4
Bowen Coking Coal	3.8

**Source:** Perennial Value Management as at 31 October 2022  
 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

Gains were enjoyed across a reasonably broad selection of old energy, energy tech, water-tech and new energy exposures during the month. These included:

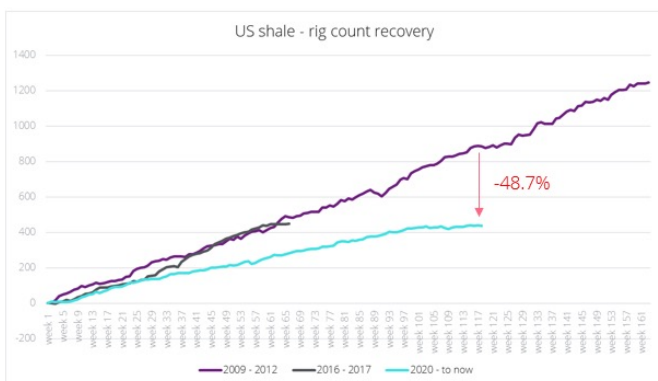
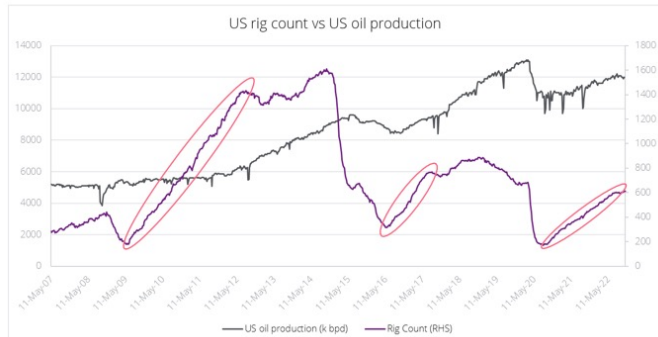
- Potable water and refrigeration-tech company, **Energy Recovery**, up 18.4%, on the back of a product launch and new shareholders on the register post its recent roadshow
- **SciDev**, up 12.3% after reporting solid quarterly numbers including record revenue and EBITDA
- **Stanmore Resources**, up 33.3%, on solid quarterly production and record cash flow generation. Also, a strong coking coal price during the month points to further cash flow growth ahead
- **Green Technology Metals** climbed 23.8% on consolidating 100% ownership of its Ontario Lithium Projects, and ongoing drilling results
- **Woodside** rallied 13.6% on higher oil prices, increased production guidance and a strong quarterly
- **XOP Oil & Gas ETF**, up 21.3%, on stronger oil prices and a raft of positive results from constituent companies

Stocks which weighed on performance during the month included:

- **Aeris Resources**, down 23.8%, after reporting higher than expected costs. Fortunately, we'd anticipated this to some extent and had been selling down our position pre-result
- **Cooper Energy**, down 17.6%, after the recovery in production from the Orbost gas plant stumbled, contributing to lower achieved gas prices. Further, prospect of capping gas prices was raised by the Victorian Energy Minister – which brings us on to the following chart:

## No longer “stronger for longer” → value over volume

Resource companies have learned the lessons of the previous cycle... with the occasional reminder from their financiers



Source: EIA, Baker Hughes

So far this cycle, the rate of production growth across the oil and gas industry has been anemic relative to previous recovery periods. This is a function of companies ensuring they maintain positive cash flow, which means slower growth. It is also a function of a higher cost of capital, which in turn is a function of a global push to divest from fossil fuels. However, the imposition of a gas price cap at a time when Australia dearly needs increased domestic gas production is going to limit the ability for companies to fund their own growth, and thus be counter productive to lowering the gas price. Thus, while there is likely to be continuous noise around this issue for months to come, we suspect any shift in the gas price cap is likely to be immaterial for domestic producers.

The Trust finished the month with 38 positions and cash of 6.2%.

## Global, Currency & Commodities (%)

S&P 500	+8.0
Nikkei 225	+6.4
FTSE 100	+2.9
Shanghai Composite	-4.3
RBA Cash Rate	2.60
AUD / USD	63.9c
Iron Ore	-19.0
Oil	+7.8
Gold	-1.6
Copper	-1.1



Portfolio Managers: Ewan Galloway (left) and Sam Berridge (right)

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Signatory of:



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