

|   | Month (%)  | Quarter (%) | FYTD (%)   | 1 Year (%) | 2 Year (%) | Since inception^ (% p.a.) | Since Inception^ Cumulative (%) |
|---|------------|-------------|------------|------------|------------|---------------------------|---------------------------------|
| Perennial Strategic Natural Resources Trust (Net) | 4.0        | 1.5         | 11.0       | 8.7        | 13.2       | 38.5                      | 138.5                           |
| Benchmark (Absolute return of +6.50% p.a.)        | 0.5        | 1.6         | 2.7        | 6.5        | 6.5        | 6.5                       | 18.3                            |
| <b>Value Added</b>                                | <b>3.5</b> | <b>-0.1</b> | <b>8.3</b> | <b>2.2</b> | <b>6.7</b> | <b>32.0</b>               | <b>120.2</b>                    |
| S&P ASX200 Resources Total Return Index*          | 14.6       | 13.8        | 19.5       | 32.3       | 21.2       | 30.5                      | 103.4                           |

^ **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

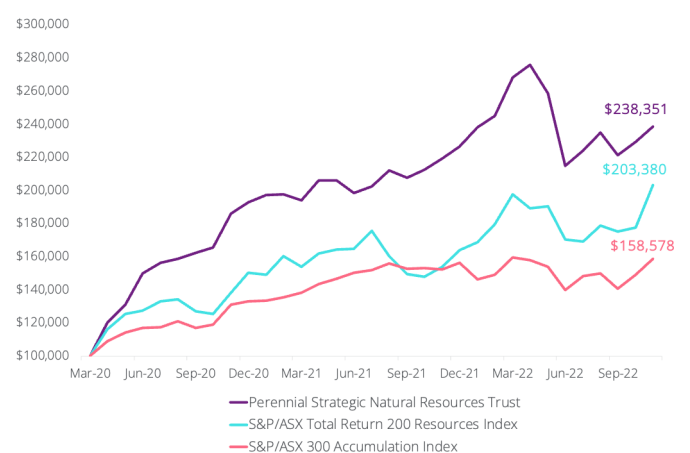
The Trust returned 4.0% in November (net of all fees). Commodity markets rebounded strongly during the month as China hinted at relaxing covid restrictions and confidence in a gradual reopening increased.

Adding to the bullish sentiment was commentary from the Federal Reserve which was perceived as more dovish than expected, suggesting we're close to the end of the rate-rise cycle.

Assuming China begins reopening through the first half of calendar 2023, commodities look well supported over the near to medium term. Inventories of metals and energy stocks are low, with no meaningful supply response on the horizon.

Decarbonisation driven demand for metals remains a pervasive thematic with an increasing sense of urgency. In that regard we note the rapid uptake of stationary storage the world over, far ahead of currently modelled demand forecasts. Our optimism for increased unit holder returns is increasing as we head into the new year.

### 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 \$14.2 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                  |

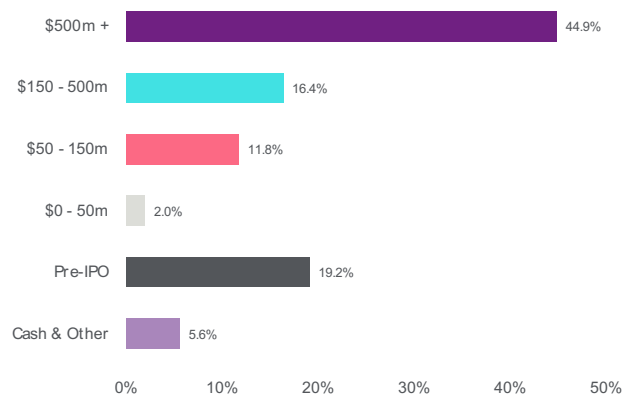
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<sup>1</sup> Perennial Strategic Natural Resources Trust is open to wholesale investors only.

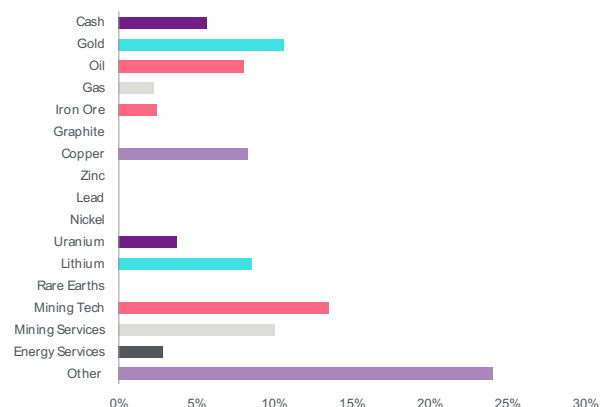
| Top 5 Positions            | Trust (%) |
|----------------------------|-----------|
| GenusPlus                  | 6.5       |
| Baraja                     | 5.4       |
| Emesent                    | 4.9       |
| US Energy and Producer ETF | 4.5       |
| Jindalee                   | 4.0       |

**Source:** Perennial Value Management as at 30 November 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

In line with the commodity moves in the month, strong gains were enjoyed across base metal names, including:

- **Sandfire Resources, Aeris Resources, Capstone Copper and First Quantum Minerals** rallying 45.2%, 64.1%, 48.7%, and 33.1% respectively, primarily on the back of a stronger copper price (up 11.3%).

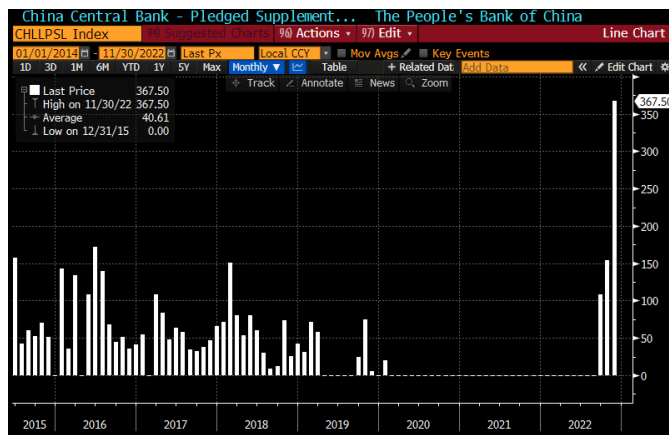
Gold (up 8.3%) also performed strongly in November as real rates stopped rising and may have peaked this cycle

- **Capricorn Metals**, up 23.9%, helped by a substantial resource increase at the recently acquired Mt Gibson deposit.
- **Bellevue Gold**, up 48.6% on incremental construction progress and flagging the prospect of early production via a toll treating agreement.
- **Genesis Minerals**, up 11.3% following the bounce in the gold price (up 8.3%)

Stocks which weighed on performance during the month included:

- **Jindalee Resources**, down 7.5% as the market awaits further news flow on metallurgical results
- **Cooper Energy**, down 7.1%, on continued speculation of gas price caps being imposed. We expect resolution on this issue early in December.

Looking ahead, the reopening of China post relaxation of its covid-zero policy will be the biggest driver of commodity prices over the next 6 months. While western world demand is softening, we expect growth in the commodity-intensive Chinese economy to offset this. As per the chart below, China is accelerating stimulus as economic data deteriorates. We see parallels with covid stimulus efforts in the western world and expect; first Chinese sentiment, then spending and investment to recover strongly next year.



Source: Bloomberg. Pledge Supplementary Lending (PSL) was created by the Chinese central Bank to provide direct cash payments to policy banks such as China Development Bank, Agricultural Development Bank of China, and Export-Import Bank of China to fund the shantytown renovation program. Increased PSL support is bullish for commodity demand.

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. Therefore, 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 39 positions and cash of 5.6%.

## Global, Currency & Commodities (%)

|                    |       |
|--------------------|-------|
| S&P 500            | +5.4  |
| Nikkei 225         | +1.4  |
| FTSE 100           | +6.7  |
| Shanghai Composite | +8.9  |
| RBA Cash Rate      | 2.85  |
| AUD / USD          | 66.9c |
| Iron Ore           | +25.9 |
| Oil                | -9.9  |
| Gold               | +8.3  |
| Copper             | +11.3 |



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

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