

	Month (%)	Quarter (%)	FYTD (%)	1 Year (%)	2 Years (% p.a.)	Since inception^ (% p.a.)	Since Inception^ Cumulative (%)
Perennial Strategic Natural Resources Trust (Net)	-0.5	7.2	10.4	4.7	10.9	36.9	137.1
Benchmark (Absolute return of +6.50% p.a.)	0.5	1.6	3.2	6.5	6.5	6.5	18.9
<b>Value Added</b>	<b>-1.0</b>	<b>5.6</b>	<b>7.2</b>	<b>-1.8</b>	<b>4.4</b>	<b>30.4</b>	<b>118.2</b>
S&P ASX200 Resources Total Return Index*	-1.4	14.7	17.9	22.3	15.6	28.8	100.6

^ **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.

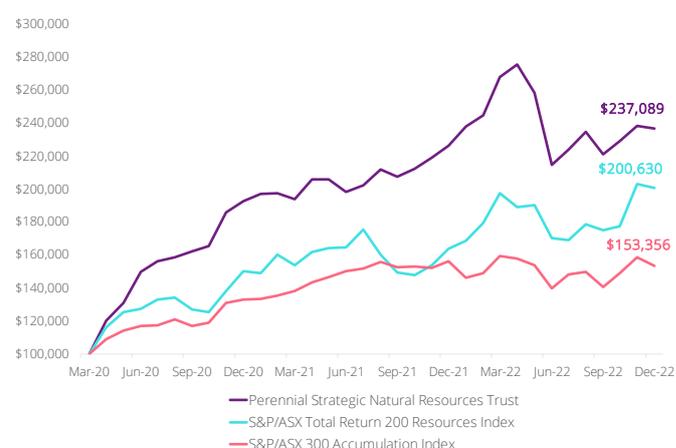
## Overview

The Trust returned -0.5% in December (net of all fees) – holding ground in a month where most equity indices delivered negative returns.

Broadly speaking, the commodity complex continued to make gains through December, despite weakening economic data from China and consensus expectations of a recession for much of the western world next half. The key reason behind this apparent dislocation is steady progress towards a China re-opening coupled with low commodity inventories.

China's version of let-it-rip is now two months old, suggesting if we're not at peak infections now, we're very close. Mobility data in major Chinese cities is starting to improve, and we expect China consumer sentiment to improve dramatically in February as the country transitions to living with the virus. This will provide a cushion to global demand as the western world finds a bottom. Meanwhile the energy transition continues at pace with **stationary storage** likely to become one of the stories for 2023, a sector we have a number of exposures to.

## 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.

### Portfolio Managers

Sam Berridge and Ewan Galloway

### Trust FUM

AUD \$14.0 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

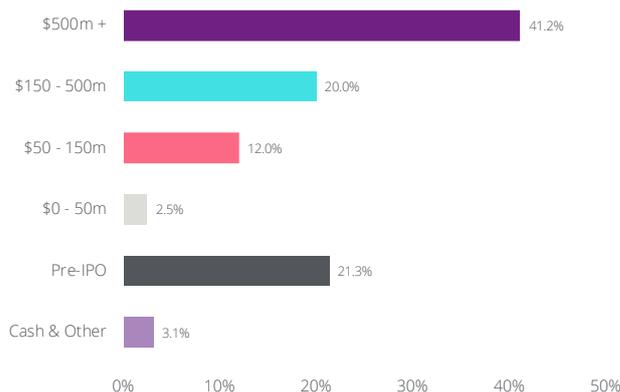
<sup>1</sup> Perennial Strategic Natural Resources Trust is open to wholesale investors only.

Top 5 Positions	Trust (%)
GenusPlus	6.5
Baraja	5.5
Red Earth Energy Storage	5.1
Emesent	5.0
Stanmore Resources	4.0

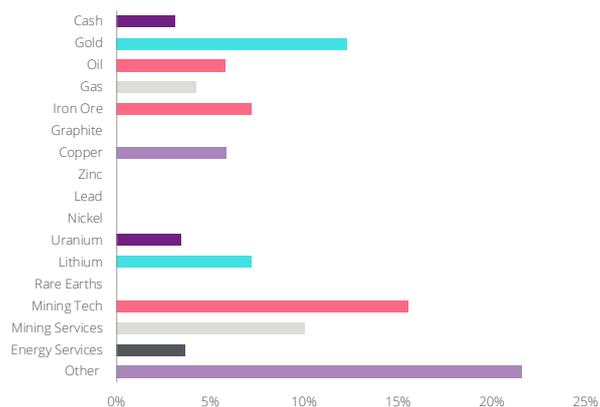
Source: Perennial Value Management as at 31 December 2022

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 a weaker month for equity markets generally, a re-rating of one of our private holdings lifted the portfolio:

- Private company, **Red Earth Power Storage**, completed a financing round at a 54.5% premium to its prior valuation on the back of strong revenue growth and improving profitability. Red Earth provides power storage systems for residential and mid-sized commercial enterprises. The coming boom in power storage is something we have spoken about at length and now seems to be arriving. We look forward to Red Earth's IPO in 2023.

In a choppy month for listed markets, positive performance came from a diverse range of exposures;

- **Stanmore Resources**, up 8.1%, on fading concerns regarding the impact of wet weather on December quarter production.
- Specialist chemicals company, **SciDev**, up 29.3%, on the back of securing a contract with **Cleanaway** to deploy a build-own-operate water treatment plant to treat poly-fluoroalkyl (PFAS) leachate. SciDev is a chemical supplier to the mining and oil'n gas industries
- Copper producer, **Aeris Resources**, up 7.6%, as the copper price continued to edge higher (+1.9%) in the month.
- Gold performed well during December, up 3.1%, buoying producers **Capricorn Metals** and **Westgold**, up 9.5% and 16.7% respectively.

Stocks which weighed on performance during the month included:

- Lithium exposures, **Jindalee Resources** and **Green Technology Metals**, down 14.7% and 15.4% respectively, as lithium and spodumene prices wobbled.
- Bauxite producer **Metro Mining**, down 12.5%, after missing its final shipment for the calendar year due to wet weather.

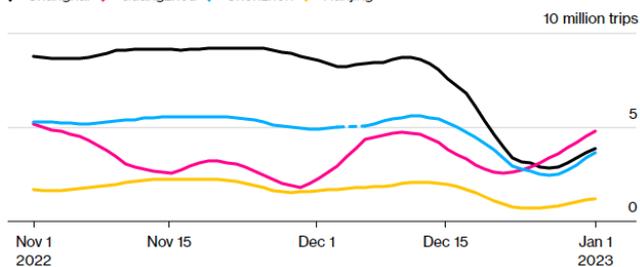
Looking ahead, the reopening of China post relaxation of its covid-zero policy will be the biggest driver of commodity prices over the next 6 months. While western world demand is softening, we expect growth in the commodity-intensive Chinese economy to offset this.

While the initial spike in covid infections caused Chinese people to retreat indoors, mobility data from major cities is recovering as people learn to live with the virus. We expect consumer sentiment, commodity demand and economic data to follow suit.

### Subway Use Recovers in Major Chinese Cities

Rebound in traffic suggests Covid infections peaked in some places

Shanghai Guangzhou Shenzhen Nanjing



Source: Bloomberg.

The Trust finished the month with 41 positions and cash of 3.1%.

## Global, Currency & Commodities (%)

S&P 500	-5.7
Nikkei 225	-6.7
FTSE 100	-1.6
Shanghai Composite	-2.0
RBA Cash Rate	3.1
AUD / USD	67.8c
Iron Ore	+15.7
Oil	+0.6
Gold	+3.1
Copper	+1.9



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

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