

	Month (%)	Quarter (%)	FYTD (%)	1 Year (%)	2 Years (% p.a.)	Since inception [^] (% p.a.)	Since Inception [^] Cumulative (%)
Perennial Strategic Natural Resources Trust (Net)	5.7	9.4	16.8	5.2	12.8	38.3	150.7
Benchmark (Absolute return of +6.50% p.a.)	0.5	1.6	3.7	6.5	6.5	6.5	19.5
Value Added	5.2	7.8	13.1	-1.3	6.3	31.8	131.2

[^] Since inception: April 2020. Past performance is not a reliable indicator of future performance.

Overview

The Trust returned 5.7% in January (net of all fees), enjoying the tail winds of the China reopening trade in January.

Despite a continued trickle of weak and backward looking Chinese economic data, the market's conviction in a strong stimulus-driven uptick in China's economy over the coming months has been priced in. We do see a bit of short-term risk of sharply higher commodity prices vs near term China demand data. However, once expectations marked to market on the pace of China's recovery, the realities of tepid supply, improving demand and depleted metal inventories should sustain higher metal prices for some time.

Adding to the positive pricing outlook is a constant stream of production disappointments, particularly in copper. Production from Chile (the world's largest copper producer) dropped to the lowest level in 11 years in 2022 with the nation's production outlook subsequently lowered. Elsewhere, the world's 9th largest copper mine, Las Bambas (2% global supply), was put on care and maintenance due to ongoing protests. This is a classic example of the decarbonisation paradox, the world needs more metal, but it's getting harder to produce.

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	Trust FUM
Sam Berridge and Ewan Galloway	AUD \$15.0 million
Distribution Frequency	Minimum Initial Investment¹
Annual	\$25,000
Trust Inception Date	Fees
April 2020	1.20% p.a. + Performance fee

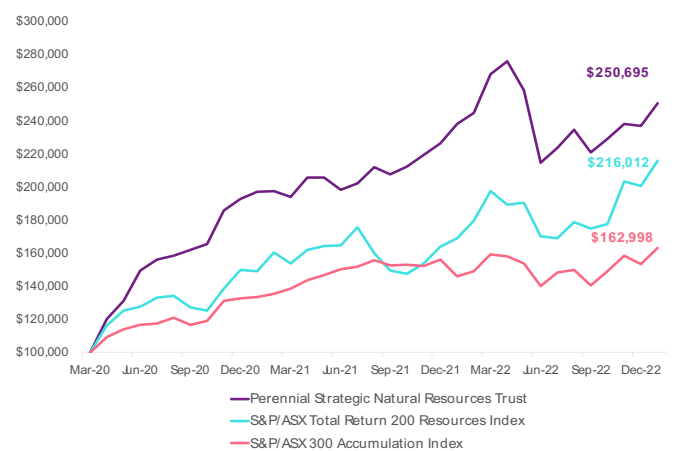
APIR Code
WPC3240AU

¹ Perennial Strategic Natural Resources Trust is open to wholesale investors only.

Top 5 Positions	Trust (%)
GenusPlus	5.6
Baraja	5.2
Red Earth Energy Storage	4.8
Emesent	4.7
SciDev	3.8

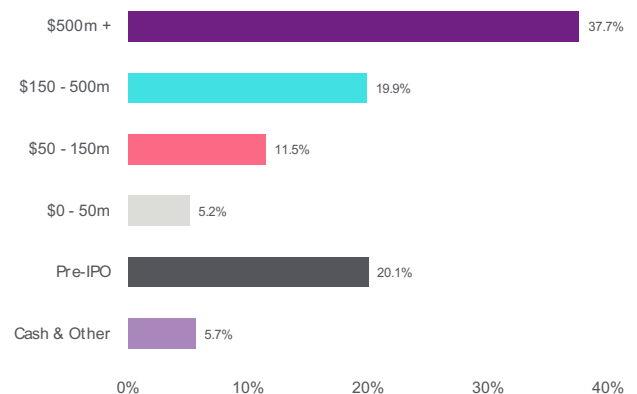
Source: Perennial Value Management as at 31 January 2023
The above figures are forecasts only. While due care has been used in the preparation of forecast information, actual outcomes may vary in a materially positive or negative manner.

Growth of \$100,000 Since Inception

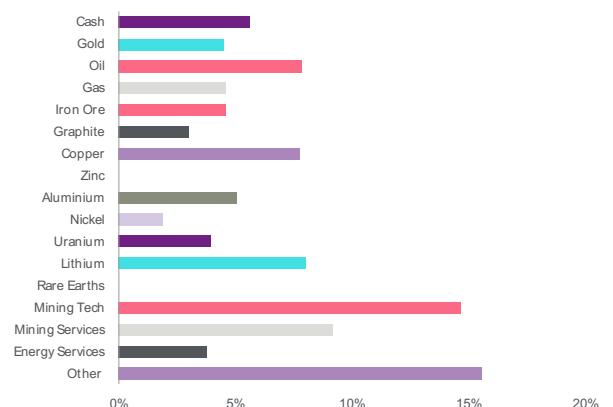


Performance shown net of fees with distributions reinvested. Does not take into account any taxes payable by an investor. Past performance is not a reliable indication of future performance.

Market Capitalisation Exposure



Sector Exposure



Trust Review

Strong gains were enjoyed across a number of stocks and sectors during the month, including energy

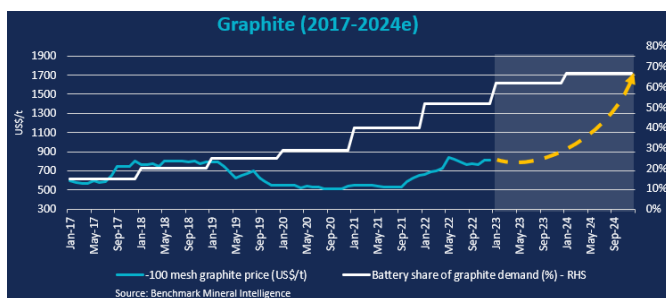
- Specialist chemicals company **SciDev**, up 9.3% announced a three year supply agreement to mineral sands producer, **Iluka**. SciDev's chemical products will be used to treat mine site tailings to maximise water recovery.
- Uranium producer, **Cameco**, up 21.3% following a 23.6% bounce in the uranium price and a tightening market outlook.
- Copper producer, **Sandfire**, up 14.9%, reported improved production from Matsu and is on schedule for first production from Motheo in the June quarter.
- **Capstone Copper**, up 32.2% on the copper price increasing 10.9% and a positive quarterly with confirmation that the Mantoverde Development Project remains on budget and schedule to be completed by year end 2023
- **South32**, up 13.5% due to price strength across its commodity suite and a strong quarterly with production results and costs beating market expectations
- Our position in **Aluminium**, rallied 9.4% in the month on improving Chinese demand. From time to time, we will take direct metal exposure when equity exposures come with cost inflation or other operational concerns.

Looking forward in 2023 we're warming up to graphite as a commodity exposure. The wave of rallying battery-metal prices started with the smallest commodity market, where battery demand had the biggest impact and continued up the tonnage spectrum from there.

Cobalt, which is a tiny commodity in market terms, having an annual supply and demand of around 80kt p.a. back in 2016, was the first metal to move. As battery demand ticked over 50% of total cobalt demand, prices spiked rallying 350% over 2016 - 2017.

Next was lithium, slightly larger than the cobalt market at ~250kt pa in 2019, as battery demand ticked over 50% of total lithium demand in late 2020, prices took off over the next two years rallying 1,300%.

Turning to graphite, which is slightly larger again at 1.2Mtpa. According to Benchmark Mineral Intelligence battery demand reached 52% of total graphite demand in 2022 and will continue to increase share to roughly 60% by the end of 2023. This is likely to offset any demand weakness from other sectors and tip the market into a deficit.



Source: Benchmark Mineral Intelligence

The Trust finished the month with 43 positions and cash of 5.7%.

Global, Currency & Commodities (%)

S&P 500	+6.2
Nikkei 225	+4.7
FTSE 100	+4.3
Shanghai Composite	+5.4
RBA Cash Rate	3.1
AUD / USD	70.5c
Iron Ore	+9.7
Oil	-1.7
Gold	+5.7
Copper	+10.9



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

Invest Online Now

Contact us

Level 27, 88 Phillip Street
Sydney NSW 2000

1300 730 032

invest@perennial.net.au

www.perennial.net.au

Signatory of:



Issued by Perennial Value Management Limited (ABN 22 090 879 904, AFSL No. 247293) as the Investment Manager. The Responsible Entity is Perennial Investment Management Limited (ABN 13 108 747 637, AFSL No. 275101). Perennial Partners Limited (ABN 90 612 829 160) is a Corporate Authorised Representative (1293138) of Perennial Value Management Limited. Both the Investment Manager and Responsible Entity form part of Perennial Partners. This promotional statement is provided for information purposes only. Accordingly, reliance should not be placed on this promotional statement as the basis for making an investment, financial or other decision. This promotional statement does not take into account your investment objectives, particular needs or financial situation and is not intended to constitute advertising or advice of any kind and you should not construe the contents of promotional statement as legal, tax, investment or other advice. This promotional statement does not constitute an offer or inducement to engage in an investment activity nor does it form part of any offer documentation, offer or invitation to purchase, sell or subscribe for interests in any type of investment product or service. You should read and consider any relevant offer documentation applicable to any investment product or service and consider obtaining professional investment advice tailored to your specific circumstances before making any investment decision. While every effort has been made to ensure the information in this promotional statement is accurate its accuracy, reliability or completeness is not guaranteed. Past performance is not a reliable indicator of future performance. Gross performance does not include any applicable management fees or expenses. Net performance is based on redemption price for the period and assumes that all distributions are reinvested. Fees indicated reflect the maximum applicable. Contractual arrangements, including any applicable management fee, may be negotiated with certain large investors. Investments in the Trusts must be accompanied by an application form. The information memorandum, additional information booklet and application form can be found on Perennial's website www.perennial.net.au. Use of the information on our website is governed by Australian law and is subject to the terms of use. No distribution of this material will be made in any jurisdiction where such distribution is not authorised or is unlawful.