

	Month (%)	Quarter (%)	FYTD (%)	1 Year (%)	2 Years (% p.a.)	Since inception^ (% p.a.)	Since Inception^ Cumulative (%)
Perennial Strategic Natural Resources Trust (Net)	-4.8	0.1	11.1	-2.6	9.9	34.8	138.6
Benchmark (Absolute return of +6.50% p.a.)	0.5	1.6	3.7	6.5	6.5	6.5	20.2
Value Added	-5.3	-1.5	7.4	-9.1	3.4	28.3	118.4

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

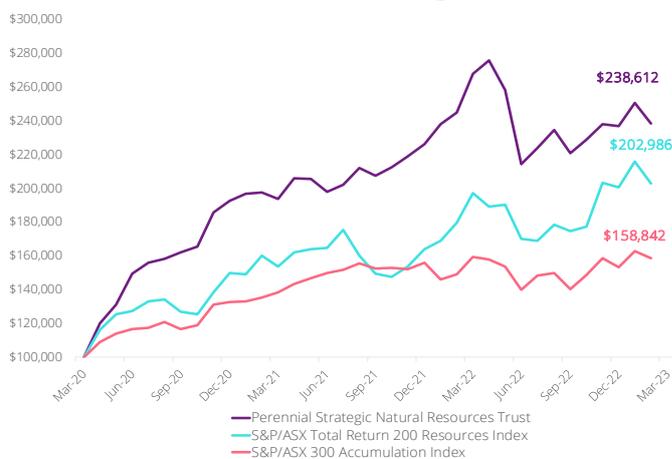
Overview

The Trust returned -4.8% in February (net of all fees), as concerns around the need for further interest rates rises and the speed of China's reopening weighed on the commodity space.

Markets cooled in February as core inflation in the US remained stubbornly high aided by strong consumer and retail spending. This, allied with investor fears around the pace of China's recovery, led to growing recessionary concerns and the potentially negative impact on demand for commodities. However there was positive news heading into March with the release of China's Manufacturing PMI for February which showed activity growing at the fastest rate in a decade.

Looking forward we are moving into seasonal strength for commodity markets, as China comes back online and the US driving season and associated uptick in oil demand approaches. While inventory builds took place over the Chinese New Year as usual, it was off depleted levels. Any upside surprise in demand is likely to see pricing graduate from anticipated recovery, to scarcity pricing in reasonably short order.

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 Investment¹

\$25,000

Trust Inception Date

April 2020

Fees

1.20% p.a. + Performance fee

APIR Code

WPC3240AU

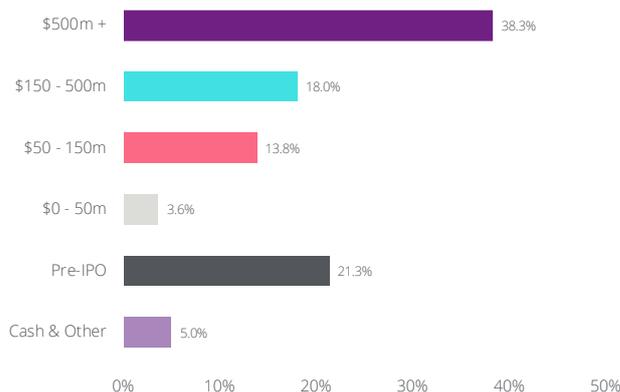
¹ Perennial Strategic Natural Resources Trust is open to wholesale investors only.

Top 5 Positions	Trust (%)
GenusPlus	6.0
Baraja	5.5
Red Earth Energy Storage	5.1
Emesent	5.0
Stanmore Resources	3.7

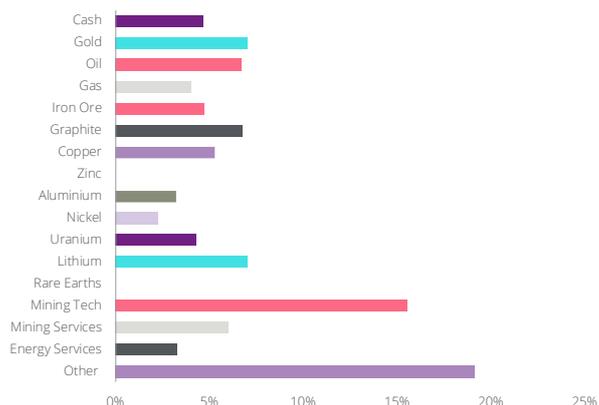
Source: Perennial Value Management as at 28 February 2023

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.

Market Capitalisation Exposure



Sector Exposure



Trust Review

In a weaker month for stocks there were still some positives across the portfolio:

- **Jindalee Resources**, up 23.4% after announcing a substantial resource increase, making its 100% owned McDermit deposit the largest lithium resource in the US
- **Magna Mining**, up 10.4% after releasing more promising drilling intersections from its Sudbury Nickel Project
- **Origin Energy**, up 7.2% on the back of a new bid from the Brookfield/EIG consortium

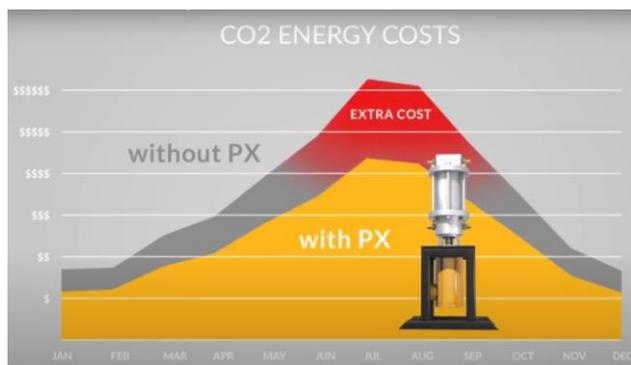
Stocks which weighed on performance during the month included:

- **Cobalt Blue**, down 26.4% due to the cobalt price decreasing 18.4% as a result of falling electronic goods sales, slow aerospace recovery and fears around EV demand growth
- **Green Technology Metals**, down 24.0% as lithium prices continued to ease, albeit from very high levels
- **SciDev**, down 18.3% despite a positive 1H23 financial report, which continued to show growing earnings and cash generation

One of the areas we are most excited about is refrigeration. The Kigali Agreement is an international agreement to reduce the use of hydrofluorocarbons (HFCs), which are up to 13,000x worse for the environment than CO2, by 85% by 2036. CO2 will be used as the replacement refrigerant but has its own challenges, namely its lower efficiency due to its lower critical temperature.

One of the companies held within the portfolio, **Energy Recovery**, is well positioned to benefit from this transition with its PX G1300 device. It utilizes their proprietary pressure exchanger technology to lower energy consumption and emissions while significantly reducing electricity bills. Although it can be integrated into an existing CO2 system, they are beginning to gain traction from OEMs reconfiguring their refrigeration racks with the PX G1300 at its core.

They recently announced two deals with European manufacturers to roll out their device in supermarkets across Europe after initial trials demonstrated energy savings of at least 25%. Current estimates place the annual TAM for **Energy Recovery** at ~US\$1bn p.a. by 2030, growing at a CAGR of 10.5%. Currently there are no credible competitors in the space and the company is well positioned to become the dominant player in pressure exchange technology for both water desalination and CO2 refrigeration.



Source: Company data

The Trust finished the month with 42 positions and cash of 5.0%.

Global, Currency & Commodities (%)

S&P 500	-2.6
Nikkei 225	+0.4
FTSE 100	+1.3
Shanghai Composite	+0.7
RBA Cash Rate	3.35
AUD / USD	67.4c
Iron Ore	-2.3
Oil	-0.7
Gold	-5.3
Copper	-3.4



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

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Contact us

 Level 27, 88 Phillip Street
Sydney NSW 2000

 1300 730 032

 invest@perennial.net.au

 www.perennial.net.au

Signatory of:



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