

	Month (%)	Quarter (%)	FYTD (%)	1 Year (%)	3 Years (% p.a.)	Since inception^ (% p.a.)	Since Inception^ Cumulative (%)
Perennial Strategic Natural Resources Trust (Net)	-3.9	-4.5	6.1	-11.8	20.2	29.7	127.8
Benchmark (Absolute return of +6.50% p.a.)	0.5	1.6	5.9	6.5	6.5	6.5	22.1
Value Added	-4.4	-6.1	0.2	-18.3	13.7	23.2	105.7

^ **Since inception:** 1st April 2020. Past performance is not a reliable indicator of future performance.

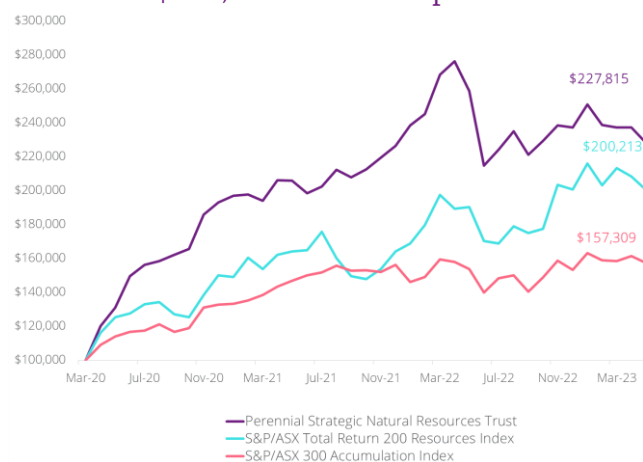
Overview

In a tough month for resources, the trust finished down 3.9% net of all fees, in line with the ASX 200 Resources index.

Commodity prices were lower across the board in May, with only the gold price (+0.3% in AUD terms) and lithium (+67% China CIF) bucking the trend. The key drivers behind these moves were weaker economic data out of China, and continuing strength in the US economy, which in turn lifted expectations of further rate-hikes. The US dollar climbed as a result.

Looking forward, we expect any further softness from the Chinese property sector to be met with increased stimulus. The property sector accounts for ~25% of China GDP and would create negative feedback loops if allowed to deteriorate further. Global markets still need to negotiate a widely expected western-world recession in the second half of calendar 2023, which will also likely mark the low of commodity prices this year. Despite soft demand, metal inventories continue to deplete, which means metal prices remain very sensitive to any upside demand surprise.

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 \$13.0 million

Distribution Frequency

Annual

Minimum Initial Investment¹

\$25,000

Trust Inception Date

April 2020

Fees

1.20% p.a. + Performance fee

APIR Code

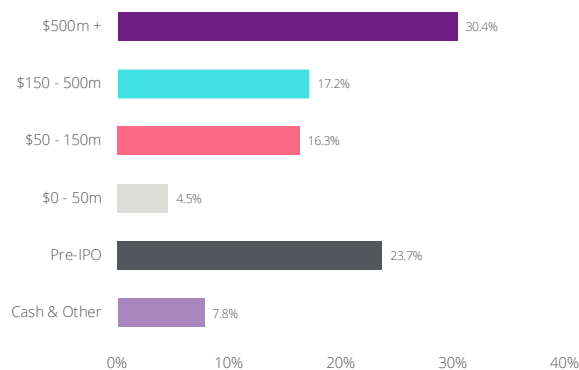
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Top 5 Positions	Trust (%)
Baraja	6.1
Red Earth Energy Storage	5.7
Emesent	5.6
GenusPlus	5.2
Pilbara Minerals	4.4

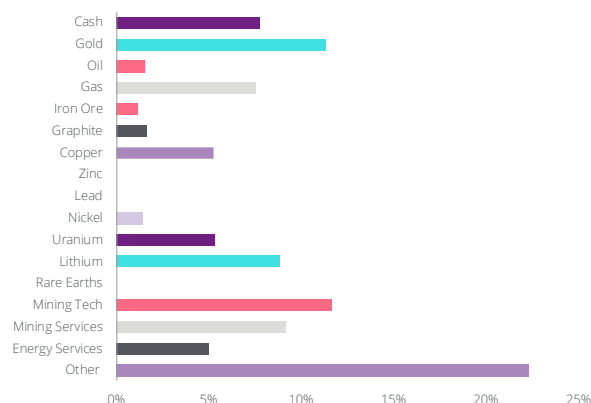
Source: Perennial Value Management as at 31 May 2023

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

Key contributors during the month included:

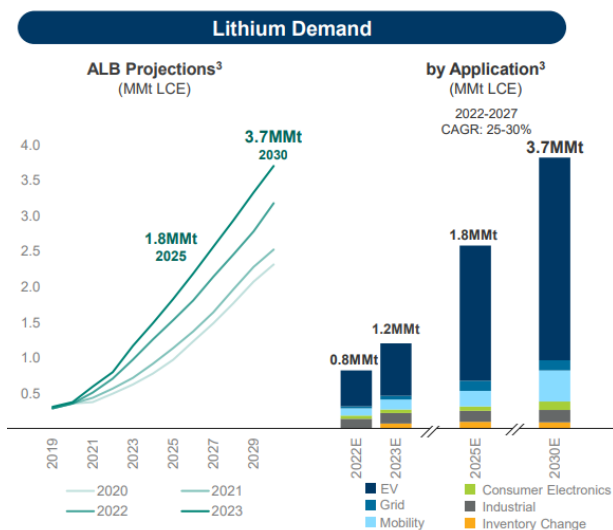
- **Energy Recovery** (+7.9%), following a strong quarterly result with positive commentary on the underlying water desalination business as well as their growth in the CO2 market
- **Green Technology Metals** (+6.9%) after announcing that LG Energy Solutions were taking a A\$20m equity stake at a 43% premium to the 30 day VWAP and had also agreed to take 25% of their Seymour project's offtake for 5 years
- **Pilbara Minerals** (+4.0%) on the back of a positive market update, confirmation of the timing around the POSCO JV milestones and market sentiment that the company is an attractive target after a flurry of M&A and offtake deals within the sector

Stocks which weighed on performance during the month included:

- **Cobalt Blue**, down 31.3% with the cobalt price coming under short term pressure as Congolese stockpiles are released
- **Magna Mining**, down 27.4% on a weak nickel price after forecasts of a surplus through 2023 and fears around EV sales growth

The lithium price has slid this year due to a combination of increased supply, and fears around slow EV sales growth, particularly in China. However, the actions of the participants across the value chain highlight their fears of a growing deficit by the middle of the decade.

Over the course of May we saw Allkem and Livent merge, speculation that another buyer had topped Albemarle's March bid for Liontown Resources and Ford continue car manufacturers' encroachment up the supply chain by signing five lithium supply agreements from Canada to Chile. On top of this a second wave of lithium demand is growing by way of stationary storage, driven by a need to address the intermittency of renewable power generation as it increases its share of power generation around the world.



Source: JPMorgan, Company presentations

The Trust finished the month with 40 positions and cash of 7.8%.

Global, Currency & Commodities (%)

S&P 500	+0.2
Nikkei 225	+7.0
FTSE 100	-5.4
Shanghai Composite	-3.6
RBA Cash Rate	3.85
AUD / USD	64.7
Iron Ore	-4.7
Oil	-8.6
Gold	-1.4
Copper	-6.5



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

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Signatory of:



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