Perennial Strategic Natural Resources Trust

Monthly Report July 2023

	Month (%)	Quarter (%)	FYTD (%)	1 Year (%)	3 Years (% p.a.)	Since inception^ (% p.a.)	Since Inception^ Cumulative (%)
Perennial Strategic Natural Resources Trust (Net)	3.1	2.8	3.1	8.9	16.0	30.7	143.8
Benchmark (Absolute return of +6.50% p.a.)	0.5	1.6	0.5	6.5	6.5	6.5	23.4
Value Added	**2.6**	**1.2**	**2.6**	**2.4**	**9.5**	**24.2**	**120.4**

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

Overview

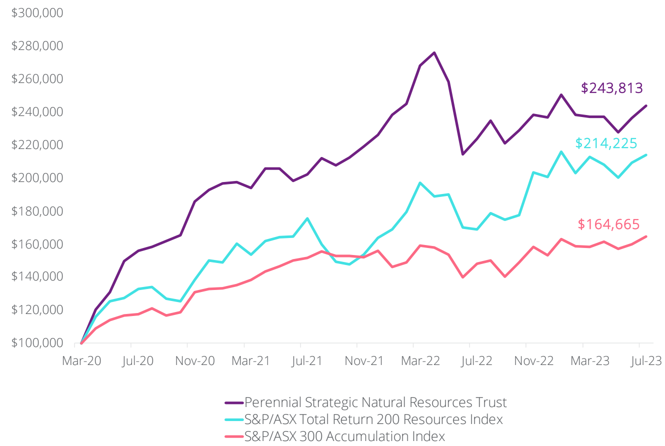
In a strong start to the financial year, the Trust was up 3.1% net of all fees, outperforming the ASX 200 Resources index by 1.0%.

Performance for the month was driven by Trust holdings in copper, gold, lithium and energy technology. All key commodities, aside from iron ore, were up in July as demand remained robust, production disappointed and sentiment turned positive at the prospect of China turning to stimulus to drive economic growth.

On closer scrutiny the package lacked support for new property starts, even with Xi Jingping's mantra that "housing is for living, not for speculation" being removed from the Politburo text for the first time in four years. However, the outlook for base metals was encouraging. China's focus on property completion, driving light industry growth and consumer spending will ultimately prove to be beneficial for base metals such as copper, aluminium and lithium.

The outlook for commodities remains positive due to the prospect of a soft landing in Western economies, low metal inventories and the likelihood that a second wave of Chinese stimulus will be necessary to revive the world's second largest economy.

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[1]
$25,000

Trust Inception Date
April 2020

Fees
1.20% p.a. + Performance fee

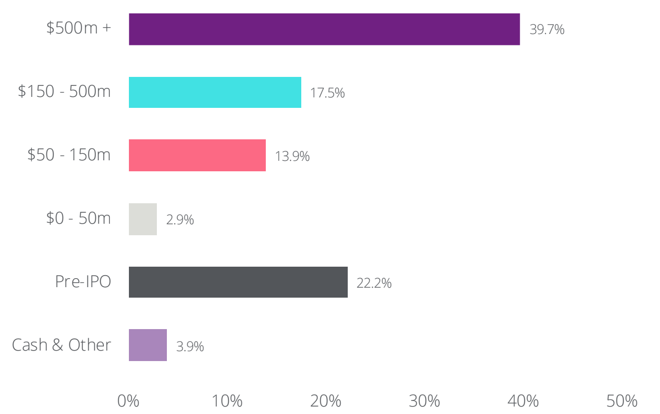
APIR Code
WPC3240AU

Top 5 Positions	Trust (%)
Baraja	5.7
GenusPlus	5.5
Red Earth Energy Storage	5.4
Emesent	5.2
Metals Acquisition	4.7

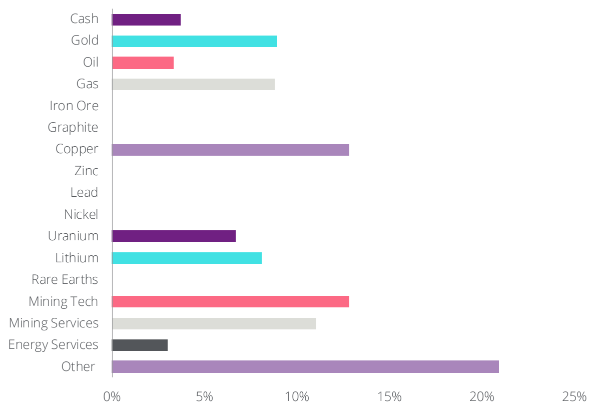
Source: Perennial Value Management as at 31 July 2023

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:

- Cobalt Blue (+37.7%) from June lows on the back of positive newsflow and an improving EV market outlook
- First Quantum (+24.8%) following a strong quarterly where production guidance was reconfirmed with costs expected to lower in the second half of the year
- Azure Minerals (+22.3%) after announcing the discovery of broad lithium zones at their Andover asset which potentially positions the project as one of the largest in WA

Stocks which weighed on performance during the month included:

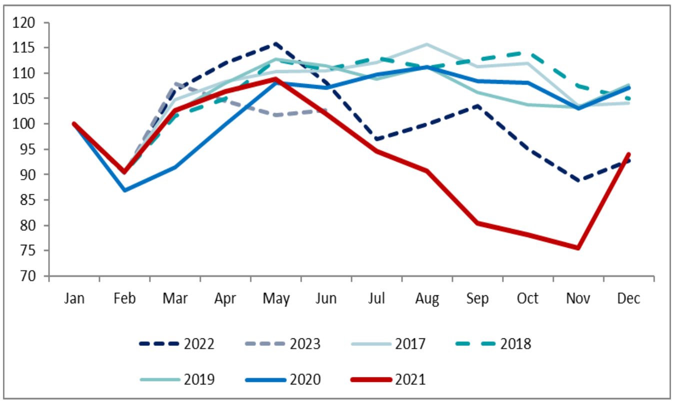
- Aeris Resources, down 20.8% after withdrawing FY23 EBITDA guidance due to issues at Mt Colin and Jaguar

After a strong couple of months iron ore retreated in June. This was primarily due to cooling sentiment over the scope of China's stimulus announcement and the lack of concrete support for the property sector. On top of this Chinese steel production remained resilient with exports at a seven year high, a situation that remains untenable if steel demand begins to weaken ex-China.

As we move into the second half of the year we remain bearish on iron ore due to expectations that China will begin to enforce production cuts to ensure that steel output in 2023 does not exceed 2022 levels. After production increased 1.3% y-o-y through the first half of the year this implies a cut of around 10% is necessary to meet the government's targets.

With iron ore production forecast to increase in 2023 and new property starts in China down 30% y-o-y it is hard to see how sentiment changes to reverse this trend considering the visible backlog of unfinished buildings throughout Chinese cities. To turn bullish on iron ore we would need to see a clear indication from the Chinese government that it is wiling to use the property sector to drive GDP growth.

China monthly steel production trends (mt) – note 2021 and 2022 where the government enforced cuts in the second half



The Trust finished the month with 45 positions and cash of 3.9%.

Source: Citi, Company presentations

Global, Currency & Commodities (%)

S&P 500	+3.1
Nikkei 225	+-0.1
FTSE 100	+2.2
Shanghai Composite	+3.7
RBA Cash Rate	4.10
AUD / USD	67.4c
Iron Ore	-3.0
Oil	+14.2
Gold	+2.4
Copper	+5.2

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