

	Month (%)	Quarter (%)	FYTD (%)	1 Year (%)	3 Years (% p.a.)	Since inception^ (% p.a.)	Since Inception^ Cumulative (%)
Perennial Strategic Natural Resources Trust (Net)	-1.8	-0.9	2.1	5.4	14.0	28.5	145.5
Benchmark (Absolute return of +6.50% p.a.)	0.5	1.6	2.7	6.5	6.5	6.5	25.3
Value Added	-2.3	-2.5	-0.6	-1.1	7.5	22.0	120.2

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

Overview

Volatile commodity and equity markets got the better of us in October, with the trust finishing down -1.8%. Slightly below the ASX200 resources index return of -1.3%. We note commodities continued to outperform broader equity markets, with the ASX All Ord finishing down -3.9% in the month.

In a re-run of September, US rates continued to climb higher during the month, peaking at 4.99% on the 19th of October. While broader equity markets sold off on tightening fiscal conditions, our largest two commodity exposures; uranium and gold, performed well, up 7.3% and 12.5% respectively. Frustratingly, uranium equities sold off during the month, albeit the impact on the trust was somewhat mitigating by swapping out some of our equity exposures for physical uranium early in October.

After month end, a softer jobs print in the US led to a rollover in rates and a decline in real yields, both of which have positive implications for the gold price. Separately, a cold start to winter in the US boosted the gas price, up 33.5% for the month. A reminder of how sensitive energy markets have become to the weather. We see the potential for similar moves in Australia this summer and next winter.

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 \$15.5 million

Distribution Frequency

Annual

Minimum Initial Investment¹

\$25,000

Trust Inception Date

April 2020

Fees

1.20% p.a. + Performance fee

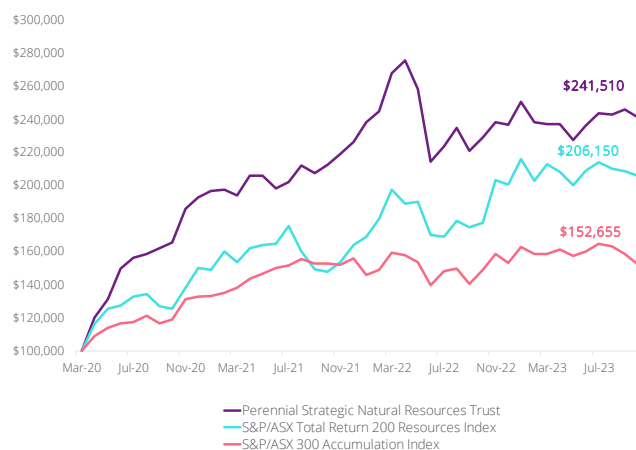
APIR Code

WPC3240AU

Top 5 Positions	Trust (%)
Metals Acquisition	5.2
Baraja	5.0
Sprott Physical Uranium Trust	4.8
Red Earth Energy	4.7
Ora Banda	4.7

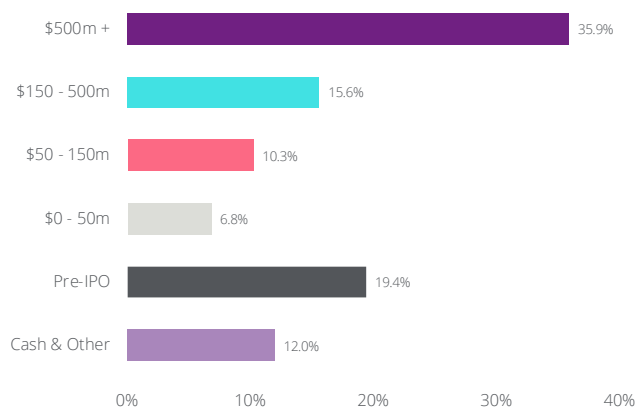
Source: Perennial Value Management as at 31st October 2023.

Growth of \$100,000 Since Inception

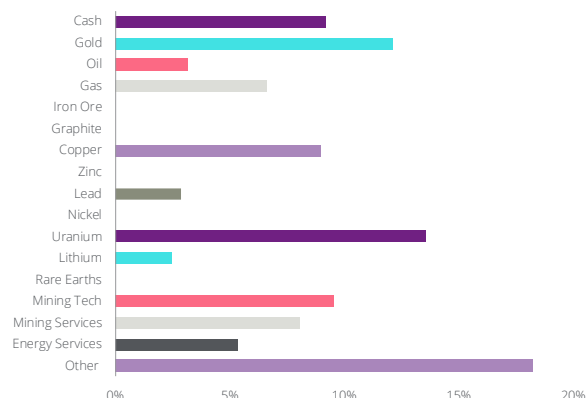


Performance shown net of fees with distributions reinvested. Does not take into account any taxes payable by an investor. Past performance is not a reliable indication of future performance.

Market Capitalisation Exposure



Sector Exposure



Trust Review

Gold equities and physical uranium were the better performers in the month;

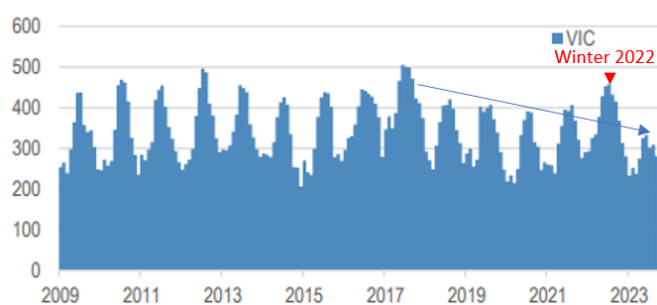
- Following the strong run of **Paladin**, up 98% over our 4-month holding period, we switched into the **Sprott Physical Uranium Trust**, up 6.2% in the month. Our rationale for the switch was based on our modelling which suggested Paladin at \$1.05 per share was pricing in a uranium price of ~\$110/lb compared to the physical price of \$68/lb at that point in time. Paladin ended the month down 14.1%.
- Gold producer **Ora Banda**, up 45.5% following a partial sell down of lithium rights to Wesframers, raising \$30m cash upon completion. Operationally, Ora Banda is at the tail end of a 12mth turn around in strategy, which should see All-In-Sustaining-Costs drop in the current quarter. We expect to see margin improvement reported in January.

Stocks which weighed on performance during the month included:

- **Cooper energy**, trading 20% down on concerns regarding cost increase from its BMG abandonment program. Encouraging, steadily improving production was observed from the Orbost Gas plant throughout the month.
- **Metals Acquisition Corp**, ended down 8.9% on a weaker copper price. We understand the company's strategy of listing the asset on the ASX remains a core focus, with execution likely in the March quarter 2024. We expect this to be a re-rating event.

As penetration of renewables increases around the world, it's intuitive that power prices will become increasingly dependent on the weather. This weather sensitivity has been heightened by the curtailment of dispatchable power prior to alternatives becoming available. A case in point is the domestic gas market on the east coast of Australia. Roughly 70% of east coast domestic gas comes from the Bass Strait field in Victoria, operated by Woodside and Exxon. Exxon has been quite vocal in flagging [the sharp decline in production](#) from this field in 2024. As far as any means of mitigating the impact of Bass Strait decline, the horse has bolted. Large energy projects have lead times measured in years not months. With the die now cast, anything other than mild weather is likely to have extreme impacts on gas prices, which we are positioned for.

Figure 7: Gas production in VIC (PJ annualised)



Source: JP Morgan, AEMO, Perennial

The trust finished the month with 45 positions and cash of 7.2%.

Global, Currency & Commodities (%)

S&P 500	-2.2
Nikkei 225	-3.1
FTSE 100	-3.8
Shanghai Composite	-2.9
RBA Cash Rate	4.10
AUD / USD	63.3c
Iron Ore	-1.7
Oil	-8.6
Gold	+7.3
Copper	-2.3



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

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