

	Month (%)	Quarter (%)	FYTD (%)	1 Year (%)	3 Years (% p.a.)	Since inception^ (% p.a.)	Since Inception^ Cumulative (%)
Perennial Strategic Natural Resources Trust (Net)	5.4	6.0	10.8	10.5	11.4	29.8	166.3
Benchmark (Absolute return of +6.50% p.a.)	0.5	1.6	3.7	6.5	6.5	6.5	26.6
*S&P/ASX200 Total Return Resources Index	7.9	8.4	8.2	12.8	14.7	24.3	126.4
Value Added	4.9	4.4	7.1	4.0	4.9	23.3	139.7

^ **Since inception:** 1st April 2020. Past performance is not a reliable indicator of future performance. *S&P/ASX Total Return Resources Index is for comparison purposes only, the benchmark for the Trust is a positive absolute return exceeding 6.50% p.a. net of all fees.

Overview

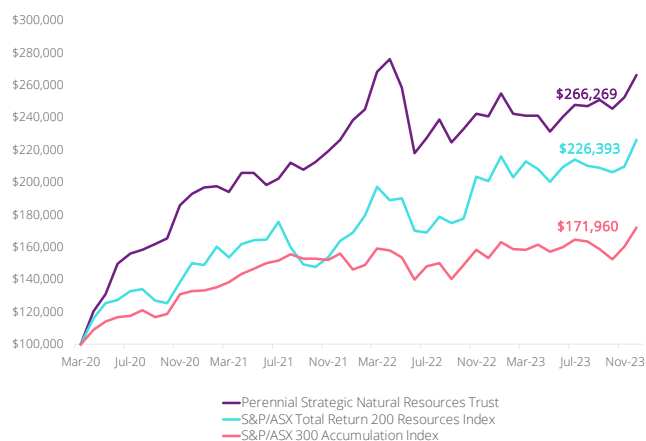
Uranium, rare earths and copper exposures lifted the trust to a healthy return of 5.4% (net of all fees) for December. For the calendar year the trust returned 10.5%, with the return since inception lifting to 29.8% pa.

Increased conviction in a 'soft-landing' for the US, coupled with the continued decline in government bond rates buoyed equity markets. The 10yr US bond rate finished exactly where it started the year at 3.88%, after touching a peak of 5.0% in mid-October.

Oil and gas prices eased 5.7% and 10.4% (Henry Hub) respectively in December as US production growth improved, while China and western world demand growth remained tepid. The silver lining to lower energy prices is lower inflation expectations, which is certainly welcome.

With this backdrop, the world feels more optimistic about growth in 2024 than at this time last year. In that regard depleted base metal inventories will sharply come into focus should China finally pull itself out of its post-covid slump. Xi Jinping promised as much in his Dec 31st address, but there's been a few false dawns on this front, so the market will need to see tangible proof of recovery before reacting.

Growth of \$100,000 Since Inception



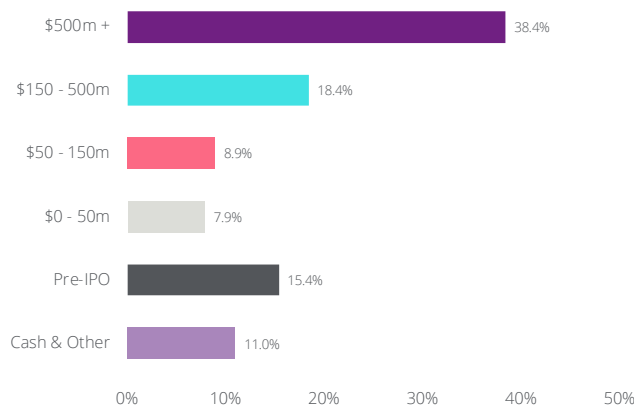
Performance shown net of fees with distributions reinvested. Does not take into account any taxes payable by an investor. Past performance is not a reliable indication of future performance.

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	Trust FUM
Sam Berridge & Ewan Galloway	AUD \$19.4 million
Distribution Frequency	Minimum Initial Investment¹
Annual	\$25,000
Trust Inception Date	Fees
April 2020	1.20% p.a. + Performance fee
APIR Code	
WPC3240AU	

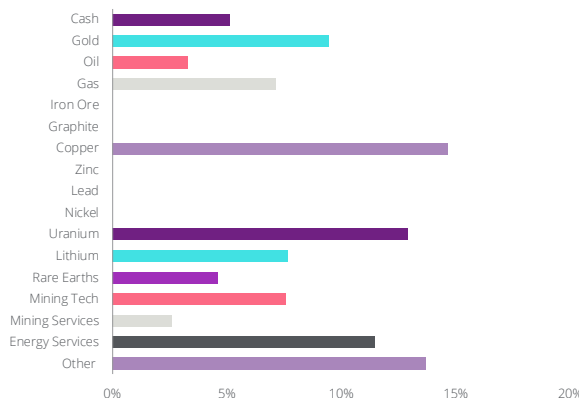
Market Capitalisation Exposure



Top 5 Positions	Trust (%)
Ora Banda	5.9
Sprott Physical Uranium	5.3
Metals Acquisition Corp	4.7
Brazilian Rare Earths	4.6
NexGen Energy	3.9

Source: Perennial Value Management as at 31 December 2023.

Sector Exposure



Trust Review

Uranium, rare earths and copper exposures combined to deliver a strong return for the trust in December;

- **Physical Uranium Trust**, up 11.7% as the uranium market continued to tighten. We note physical uranium outperformed most uranium equities, with the Uranium ETF finishing down 1.8% for the month.
- Australian copper producer **Metals Acquisition Corp**, finished up 21.2% on a modestly higher copper price (+1.7%), and likely some investor anticipation of higher copper prices ahead of recent production downgrades by First Quantum and Anglo American tightening the price outlook.
- **Brazilian Rare Earths** made its ASX debut via IPO in December, finishing up 29.9% from its IPO price. We look forward to a substantial volume of drill results due to be released in the March quarter.

Solid returns were also achieved by iron ore and energy exposures:

- While iron ore is not a core exposure, we got a boost from the higher iron ore price via **Mineral Resources**, which finished up 14.4% in December. During the month there was media speculation that WA might broaden its gas export policy to allow MIN, STX and Warrego to access export markets which would be a substantial boost for MIN's energy business. Something which isn't fully priced by the market in our view.
- **Cooper Energy**, up 23.8%, rallied on steadily improving production from Orbost and news that Jemena has started pipeline construction to connect Squadron Energy's LNG import terminal at Port Kembla (NSW) to the gas network.

As we look forward to 2024 we suspect commodities with strong supply-side support offer the best risk-reward appeal. In that regard we note another large downgrade in copper supply for 2024 from Anglo American [during the month](#). Combined with the shutdown of the Cobre Panama mine a month earlier, roughly 500kt pa or 2% of global supply has disappeared for 2024, effectively removing the forecast surplus.

We also have a positive view on domestic gas. In that regard we note with interest [Jemena commencing construction of the gas pipeline to Squadron Energy's LNG terminal in Port Kembla](#). This implies the marginal molecule of gas in NSW and Victoria is going to be set by LNG imports, which in turn suggests prices roughly 50% above current levels. This represents a structural change in the market and has positive implications for what's remaining of domestic gas production in Victoria.



Source: Port Kembla LNG import terminal, Squadron Energy

Global, Currency & Commodities (%)

S&P 500	+4.4
Nikkei 225	-0.1
FTSE 100	+3.7
Shanghai Composite	-1.8
RBA Cash Rate	4.35
AUD / USD	68.2c
Iron Ore	+4.5
Oil	-5.7
Gold	+1.2
Copper	+1.7




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

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The Trust finished the month with 46 positions and cash of 5.1%.

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Signatory of:



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