

	Since inception <sup>^</sup> (% p.a.)	3 Years (% p.a.)	1 Year (%)	FYTD (%)	Quarter (%)	Month (%)
Perennial Strategic Natural Resources Trust (Net)	28.5	10.0	2.9	9.0	6.8	-1.6
Benchmark (Absolute return of +6.50% p.a.)	6.5	6.5	6.5	4.3	1.6	0.5
*S&P/ASX200 Total Return Resources Index	22.6	13.5	1.7	4.3	5.9	-3.6
<b>Value Added</b>	<b>22.0</b>	<b>3.5</b>	<b>-3.6</b>	<b>4.7</b>	<b>5.2</b>	<b>-2.1</b>

<sup>^</sup> Since inception: 1<sup>st</sup> 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.

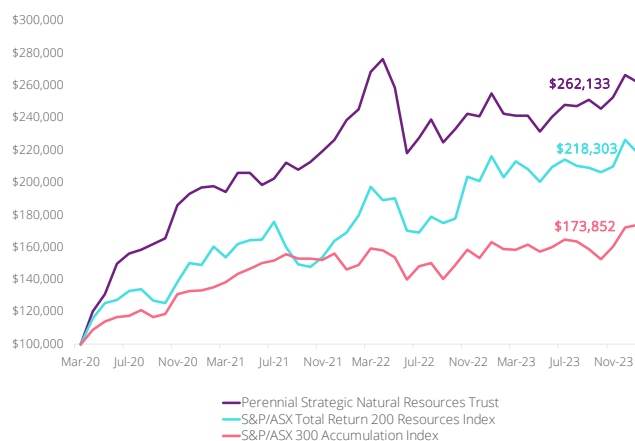
## Overview

After a strong couple of months, the commodities sector eased in January. The Trust did a reasonable job of preserving capital, finishing down -1.6% net of all fees, ahead of the ASX200 Resources index, which finished down -3.6%

Rate cut expectations were dialed down during January, with the resulting risk-off sentiment weighing on markets. Commodity specific price moves were diverse, with uranium marching ever higher and oil enjoying a bounce. Whereas nickel, aluminium and gold all eased slightly. The -3.7% drop in the AUD:USD during the month largely mitigated any margin impact for Australian producers.

The Chinese New Year, break which runs from 10<sup>th</sup> to 17<sup>th</sup> of February 2024 is the next big pivot point for commodity markets. Commodity inventories generally build over this period due to the absence of Chinese demand. However, for select commodities, like copper, inventories are building off a very low base and are set to occur while mine supply has suffered some material curtailments in recent months. Should inventories fail to build sufficiently over the next few weeks, sentiment could shift materially as Chinese demand returns in late February.

## 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 & Ewan Galloway

### Trust FUM

AUD \$19.4 million

### Distribution Frequency

Annual

### Minimum Initial Investment<sup>1</sup>

\$25,000

### Trust Inception Date

April 2020

### Fees

1.20% p.a. + Performance fee

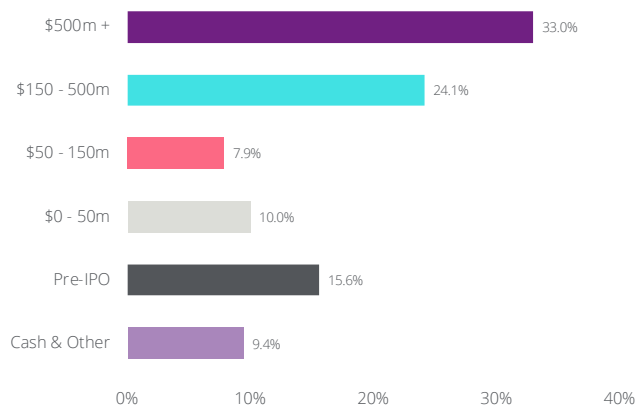
### APIR Code

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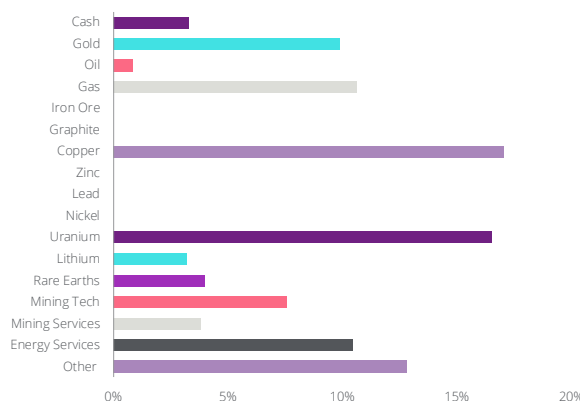
Top 5 Positions	Trust (%)
Ora Banda	6.4
Sprott Physical Uranium	6.1
Metals Acquisition Corp	5.7
NexGen Energy	4.6
Brazil Rare Earths	4.0

Source: Perennial Value Management as at 31 January 2024.

## Market Capitalisation Exposure



## Sector Exposure



## Trust Review

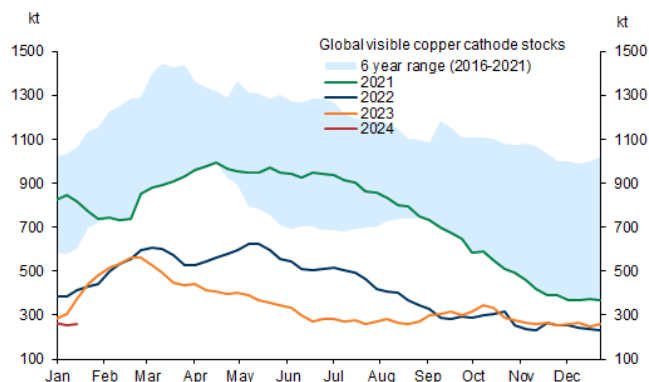
The trust benefited from physical commodity exposures to uranium and US gas during the month, with some additional upside from uranium equities. These included;

- **Physical Uranium Trust**, finished up 8.4%, as the uranium market continued to tighten. We note the 13% downgrade to 2024 by the world's largest producer, Kazatomprom, in early February, which is likely to provide further upside to uranium prices near term.
- We successfully traded out of our exposure to **US Natural Gas** during the month. We established a position in late December in anticipation of a cold winter. We exited the position mid-Jan for a 24.2% return.
- Australian copper producer **Metals Acquisition Corp**, finished up 5.2% as activity towards an ASX listing ramped up. We attended site in January and are confident the sharp improvement in operating metrics since taking over control of the asset from Glencore will continue.
- Uranium equity exposures **NexGen** and **Silex** finished up 11.1% and 18.2% respectively on a strong uranium price.

Positions which weighed on performance during the month included:

- **Firefly Metals**, finished down 16.7% despite releasing some very impressive copper-gold results from its Green Bay Copper-Gold project (FFM 100%) in Canada. We foresee Green Bay evolving into a 50ktpa copper asset (with access to hydro power), which will be highly sought after in time.
- **Strike Energy**, down 10.4%, on news Alcoa had decided to wind down its Kwinana alumina refinery, which accounts for roughly 4.0% of WA gas demand. We don't consider this news to be enough to materially change the pricing outlook for the WA gas market, which continues to tighten.

We are at the beginning of the seasonal build in metal inventories for the year. As shown for copper on the chart below, we're starting from a lower base for the fourth year in a row. This year the inventory build coincides with an acute shortage of copper concentrate due to the Cobre Panama mine being shut down in November, which has in turn pushed refinery margins into negative territory. The confluence of bullish supply-side factors is compelling but will likely need the spark of demand-improvement to crystallise a meaningful move in the copper price. Either way, we see the risk / reward balance in copper as appealing and have increased our exposure accordingly.



Source: Goldman Sachs, Wind, SMM

## Global, Currency & Commodities (%)

S&P 500	+1.6
Nikkei 225	+8.4
FTSE 100	-1.3
Shanghai Composite	-6.3
RBA Cash Rate	4.35
AUD / USD	66.1c
Iron Ore	-0.6
Oil	+6.7
Gold	-1.2
Copper	+0.4




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

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The Trust finished the month with 47 positions and cash of 3.3%.

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