

	Month (%)	Quarter (%)	FYTD (%)	1 Year (%)	Since inception^ (% p.a.)	Since Inception^ Cumulative (%)
Perennial Microcap Resources Trust (Net)	10.6	9.1			22.3	22.3
S&P ASX Small Ordinaries Resources Index	12.2	13.6			21.9	21.9
Value Added	-1.6	-4.5			0.4	0.4

^ Since inception: August 2021. Past performance is not a reliable indicator of future performance.

Overview

The Trust delivered a strong +10.6% in March (net of all fees), underperforming the Small Resources benchmark which returned +12.2%.

Supply interruptions stemming from Russian sanctions, depleted inventories and steady demand combined to push the commodities sector higher in March. While Russian sanctions have certainly contributed to market tightness, in our view it would be a mistake to view current supply/demand tightness as a purely geopolitical event. There had been an extended period of underinvestment in energy and minerals supply prior to the Ukraine invasion, and that will remain well after the Ukraine situation is resolved.

Further, it appears mining and energy CEOs and investors have learned their lesson from last cycle. During which ready access to capital and conviction in China-driven commodities demand led to a rush to growth, ultimately tipping most commodity markets into over-supply. That's not the case this time around. Elevated dividend commitments and a preference for positive free cash flow suggests the supply response will be more measured this cycle.

Commodities



Source: Bloomberg. The history of inflation has coincided with periods of outperformance, which in turn have coincided with an energy crisis of one sort or another (oil prices hit \$140/bbl pre GFC).

Perennial Microcap 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 Australian small and microcap listed and unlisted companies operating in the business of commodity production, commodity investment or as a service provider to the industry of commodity production

Portfolio Manager

Sam Berridge

Trust FUM

AUD \$44.1 million

Distribution Frequency

Annual

Minimum Initial Investment¹

\$25,000

Trust Inception Date

August 2021

Fees

1.20% p.a. + Performance fee

APIR Code

WPC0911AU

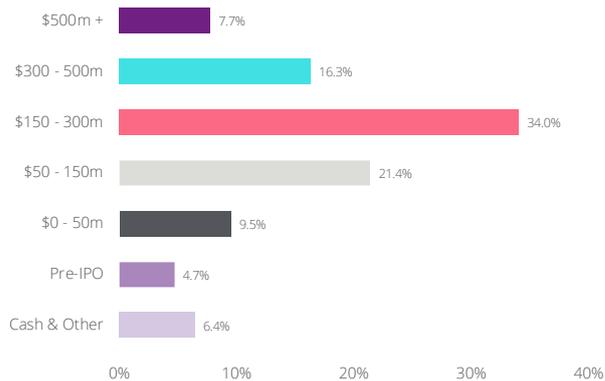
¹ Perennial Microcap Resources Trust is open to wholesale investors only.

Top 5 Positions	Trust (%)
Green Technology Metals	5.6
Jindalee	5.5
GenusPlus	5.2
DDH1	5.0
Dacian	4.8

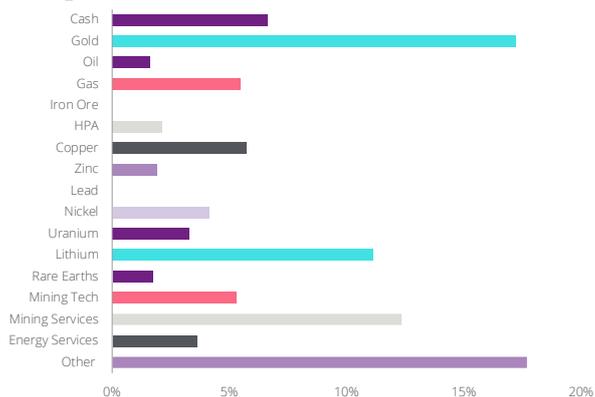
Source: Perennial Value Management. As at 31 March 2022

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

Gains were achieved right across the commodity spectrum during March. Battery tech performers included:

- **Jindalee**, up 26.5% after releasing results from its McDermit Lithium product in the US.
- **Green Technology Metals**, up 9.2% on lithium resource drilling results and anticipation of subsequent resource upgrades.
- **Queensland Pacific Metals**, up 38.5% on signing a nickel laterite ore supply agreement and higher nickel prices (+32.2%) in the month.

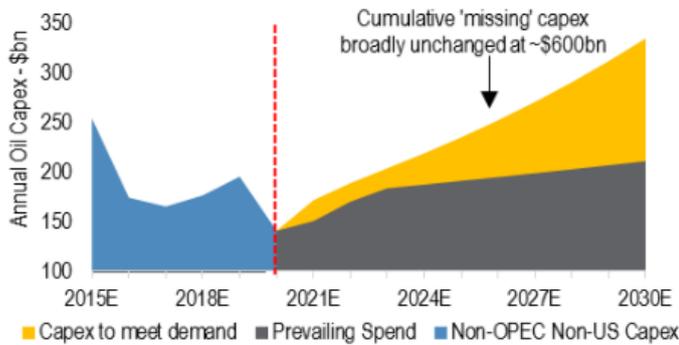
Base metal exposures also performed well:

- **Metro Mining**, up 33.3% after increasing contracted orders for CY22 to 3.8Mt, thereby largely mitigating the key headwind for the company in recent history.
- **Centaurus**, up 13.2% after the company's 100% owned Jaguar nickel project was denoted as a "Strategic Minerals Project" by the Brazilian Federal Government.

Other standout performers in the month included:

- **Strandline**, up 30.4% as it continues to make solid progress towards first production from its 100% owned Coburn sands mineral sands project.
- **Siren Gold**, up 80.0% after announcing some very high grade gold intercepts from resource drilling in New Zealand.
- **South Harz Potash**, up 53.3% on the back of a very strong outlook for fertilizer prices and steady progress on its Ohmgebirge Potash project in Germany.

With the February financial results behind us, capital raising activity picked up in March, which historically has been a source of positive alpha for the Trust. Cash balance built from trimming profitable positions in February will be redeployed into these opportunities over the coming months.



Source: JP Morgan, Company data. At the core of current inflationary conditions is an energy shortage born of a prologued period of under investment. Current capex plans are not adequate to bridge the gap.

Global, Currency & Commodities (%)

S&P 500	+3.6
Nikkei 225	+4.9
FTSE 100	+0.8
Shanghai Composite	-6.1
RBA Cash Rate	0.10
AUD / USD	75.1c
Iron Ore	+13.6
Oil	+6.9
Gold	+1.5
Copper	+6.7

The portfolio finished the month with 39 positions and cash of 6.4%.



Portfolio Manager: Sam Berridge

Invest Online Now

Contact us

Level 27, 88 Phillip Street
Sydney NSW 2000

1300 730 032

invest@perennial.net.au

www.perennial.net.au

Signatory of:

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