

	Month (%)	Quarter (%)	FYTD (%)	1 Year (%)	Since inception^ (% p.a.)	Since Inception^ Cumulative (%)
Perennial Microcap Resources Trust (Net)	-11.8	-0.5			10.0	10.0
S&P ASX Small Ordinaries Resources Index	-6.1	5.6			14.7	14.7
<b>Value Added</b>	<b>-5.7</b>	<b>-6.1</b>			<b>-4.7</b>	<b>-4.7</b>

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

## Overview

The trust was down 11.8% in May (net of all fees), underperforming the Small Resources benchmark by 5.7%. Over the nine months since inception the trust has returned 10.0% net of all fees.

While commodities had withstood inflations concerns better than other sectors year to date, a spike in COVID infections in China and associated lockdowns raised concerns regarding commodity demand, with the majority of bulks, base and precious metals finishing down for month, albeit off their intra-month lows. The exception being energy commodities, with oil (up 12.3%) and thermal coal (up 30.7%), highlighting how the pervasive the global energy shortage is.

While economic data out of China for April was horrible, it's been quickly followed by a plethora of stimulus announcements, pointing to a swift rebound in the second half of the year. Stimulus has targeted the Chinese EV industry, along with the obligatory support for property construction and infrastructure. This suggests improving demand for commodities in general, and battery metals in particular over the coming months.

## 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 \$41.0 million

### Distribution Frequency

Annual

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

\$25,000

### Trust Inception Date

August 2021

### Fees

1.20% p.a. + Performance fee

### APIR Code

WPC0911AU

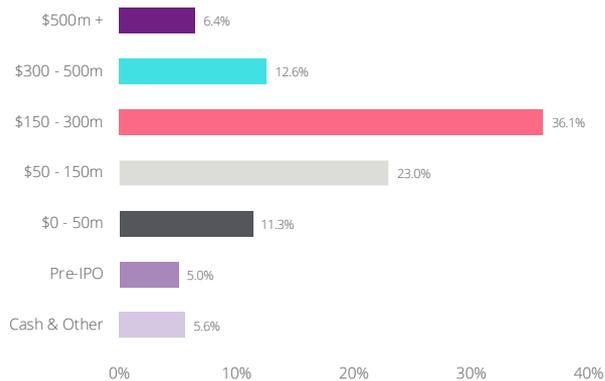
<sup>1</sup> Perennial Microcap Resources Trust is open to wholesale investors only.

Top 5 Positions	Trust (%)
Green Technology Metals	6.8
Jindalee Resources	6.0
GenusPlus	5.3
Aeris Resources	4.8
Bowen Coking Coal	4.6

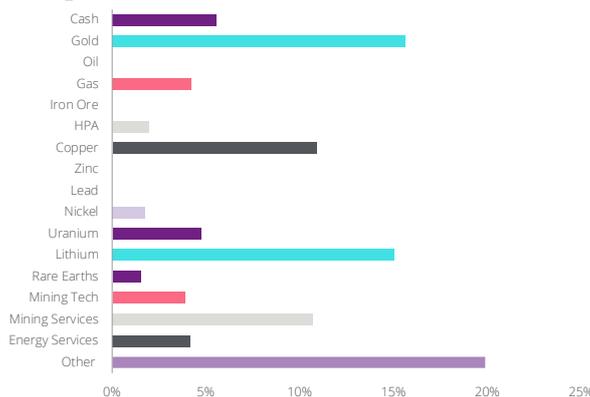
Source: Perennial Value Management. As at 31 May 2022

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

The spike in volatility disproportionately impacted the smaller market companies in May, despite in many cases, improving commodity prices for the relevant companies. For example:

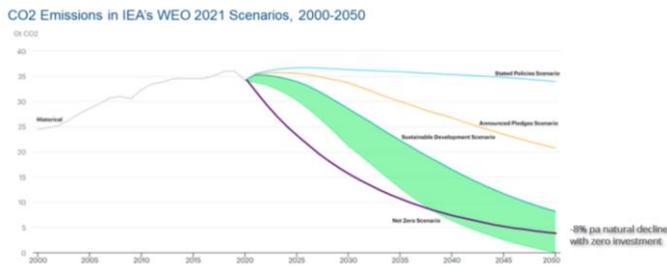
- **Jindalee and Green Technology Metals**, down 20.5% and 8.8% respectively despite higher lithium prices and no material news flow in the month.
- **Metro Mining**, down 25% despite bauxite prices ticking higher in the month and Indonesia reaffirming its plans to ban bauxite exports in the near term.
- **Strandline**, down 12.9% despite mineral sands prices ticking higher and ongoing market commentary regarding supply concerns.

On a brighter note, stocks which managed to withstand the market volatility included

- **Bowen Coking Coal**, up 13.4% upon announcing equipment had been mobilized in anticipation of starting production at the Broadmeadow East mine.
- **AIC Mines**, up 6.3% on an upbeat AGM presentation
- **Pantoro**, up 3.6% on positive PGE drilling results and maintaining guidance on first production from its Norseman Gold development.

As is often the case in market draw-downs, the flow of liquidity resulted in a broad sell off irrespective of company specific fundamentals. While we increased the cash proportion of portfolio materially in early May, a suite of mid-sized positions with near-term catalysts finished the month down 4 to 6%, weighing on portfolio performance.

Looking forward China stimulus seems to be getting traction with industry and should make itself felt in commodity markets in the near term. The global energy shortage shows no sign of easing, providing continued upward pressure on oil and gas prices. At the same time, governments are accelerating developments of renewable power generation to mitigate power shortages. All thematic areas the portfolio is exposed to.



Source: IEA, Perennial

## Global, Currency & Commodities (%)

S&P 500	0.0
Nikkei 225	+1.6
FTSE 100	+0.8
Shanghai Composite	+4.6
RBA Cash Rate	0.35
AUD / USD	71.7c
Iron Ore	-4.2
Oil	+12.3
Gold	-3.1
Copper	-2.6

The portfolio finished the month with 37 positions and cash of 5.6%.



Portfolio Manager: Sam Berridge

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