

	Month (%)	Quarter (%)	FYTD (%)	1 Year (%)	Since inception^ (% p.a.)	Since Inception^ Cumulative (%)
Perennial Microcap Resources Trust (Net)	-19.4	-27.5			-11.3	-11.3
S&P ASX Small Ordinaries Resources Index	-22.1	-26.8			-10.7	-10.7
<b>Value Added</b>	<b>2.7</b>	<b>-0.7</b>			<b>-0.6</b>	<b>-0.6</b>

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

## Overview

The trust was down 19.4% in June (net of all fees), in a volatile month for global markets, outperforming the index by 2.7%.

During June the global growth outlook slipped into the gap between softening western world demand and Chinese post-lockdown stimulus. Commodity price performance was diverse, ranging from +5% for lithium (spodumene) to -10% to -20% across the base metals, with oil finishing broadly flat for the month.

As can happen in periods of acute market volatility, liquidity drained from equity markets weighing on stocks indiscriminately. Lithium holdings in particular weighed on trust performance, despite the continued rise in the underlying commodity price.

More broadly, we don't consider softening of western economies to be a long-term solution to the global energy shortage, which is structural in nature. Further, the world is closer to the beginning of the decarbonisation process than the end. Meaning the surge of commodity demand is still ahead of us.

## 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 \$33.1 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

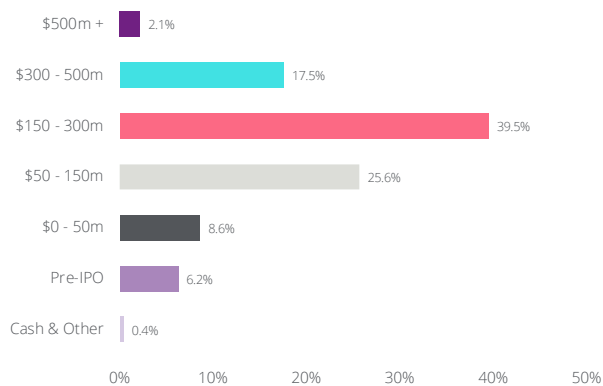
<sup>1</sup> Perennial Microcap Resources Trust is open to wholesale investors only.

Top 5 Positions	Trust (%)
GenusPlus	6.8
Jindalee Resources	6.3
Green Technology Metals	5.3
Aeris Resources	4.0
Metro Mining	3.5

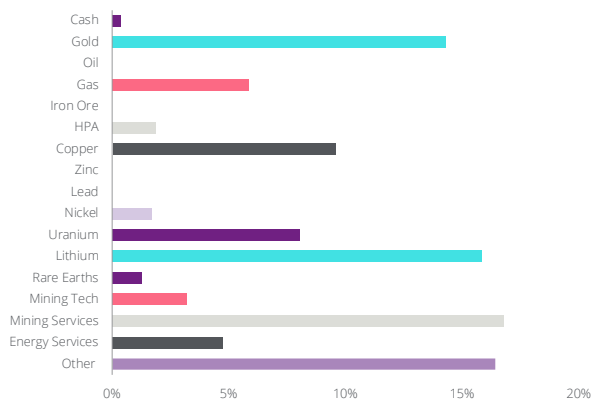
Source: Perennial Value Management. As at 30 June 2022

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

Falls across the commodity spectrum (ex lithium) weighed on the trust during June, with precious few positive contributors during the month. Those exceptions being:

- **GenusPlus** up 2.4% on a constant stream of media articles highlighting grid distribution as the bottleneck to an increased contribution of renewable power.
- **Silex Systems** up 50.0% on a number of expressions of interest from strategic entities regarding Silex's laser uranium enrichment technology.

Despite spodumene prices continuing to march higher during the month, lithium exposures weighed on performance

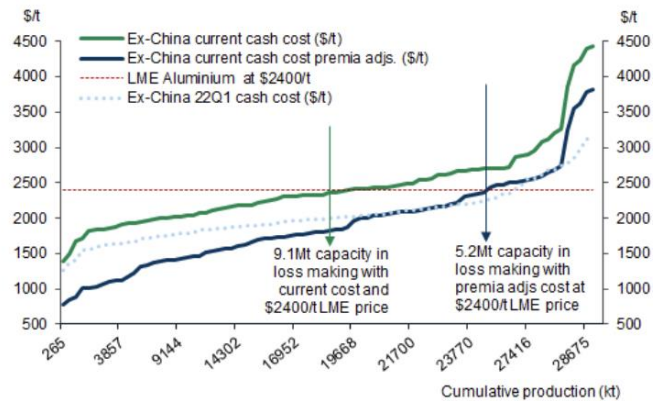
- **Green Technology Metals** down 38.8%
- **Jindalee Resources** down 14.1%

Positive news was ignored or punished

- **Strandline** down 10.8%, announced mining was commencing two months ahead of schedule at its Coburn mineral sands project in WA. First production is guided for December, which now seems conservative. The project remains on budget.
- **DUG Technology** finished flat despite resolving a long running refinancing agreement with CBA, a material derisking event.

Base metals are now trading into the cost curve, with supply being curtailed in Aluminium and Copper. In the case of Aluminium, the status quo is unsustainable, with prices likely to bounce sharply as the macro economic outlook stabilizes.

### Significant margins pressures on Western smelters at odds with continued deficit and low inventories



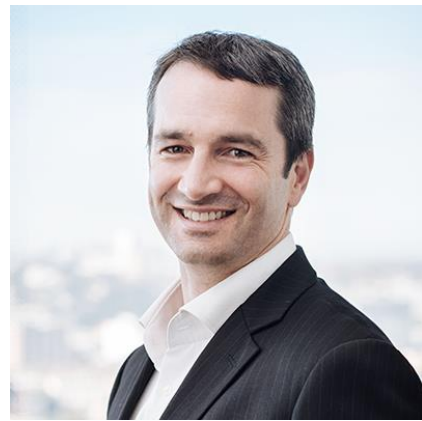
Source: Woodmac, Goldman Sachs

To that point, the market has moved rapidly over the past two months, quickly pricing in a succession of rate rises. As with every rapid movement, it appears that rate expectations over shot and are now pulling back as consumer sentiment react does this mean the end of the commodities bull market? We don't think so. There's been no material supply response this cycle. The energy shortage is far from resolved and the metal intensive process of decarbonisation is still ahead of us.

## Global, Currency & Commodities (%)

S&P 500	-8.4
Nikkei 225	-3.3
FTSE 100	-5.8
Shanghai Composite	+6.7
RBA Cash Rate	0.85
AUD / USD	68.8c
Iron Ore	-11.9
Oil	-6.5
Gold	-1.6
Copper	-13.8

The portfolio finished the month with 38 positions and cash of 0.4%.



Portfolio Manager: Sam Berridge

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