

	Month (%)	Quarter (%)	FYTD (%)	1 Year (%)	Since inception^ (% p.a.)	Since Inception^ Cumulative (%)
Perennial Microcap Resources Trust (Net)	5.2	-25.3	5.2		-6.8	-6.8
S&P ASX Small Ordinaries Resources Index	10.2	-19.4	10.2		-1.6	-1.6
Value Added	-5.0	-5.9	-5.0		-5.2	-5.2

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

Overview

The trust returned 5.2% in July (net of all fees) as the market bounced from depressed levels, although behind the index return of 10.2%

Broad market rallies from depressed levels were observed in July, albeit moves in commodity markets were more selective. The conversation around inflation and rates became more nuanced during July, with several economists becoming vocal on their calls for rate cuts in second half of 2023. On this basis it's clear the duration of the rates cycle is materially shorter than for a commodities cycle, which requires four to six years for material new supply to come online. And that's without adjusting for the increased demand requirements for decarbonisation.

During July, spot LNG prices hit new highs and EV sales continued to take market share. The drivers of each of these observations will be long lasting, which is not being reflected in equity prices at the moment.

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 \$33.9 million

Distribution Frequency

Annual

Minimum Initial Investment¹

\$25,000

Trust Inception Date

August 2021

Fees

1.20% p.a. + Performance fee

APIR Code

WPC0911AU

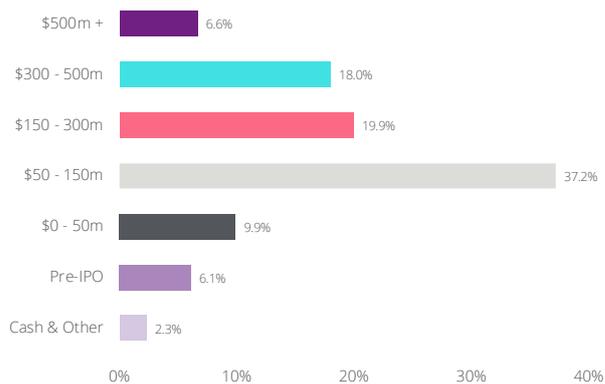
¹ Perennial Microcap Resources Trust is open to wholesale investors only.

Top 5 Positions	Trust (%)
GenusPlus	6.2
Green Technology Metals	5.3
Jindalee Resources	4.5
Strandline	3.6
SRG Global	3.5

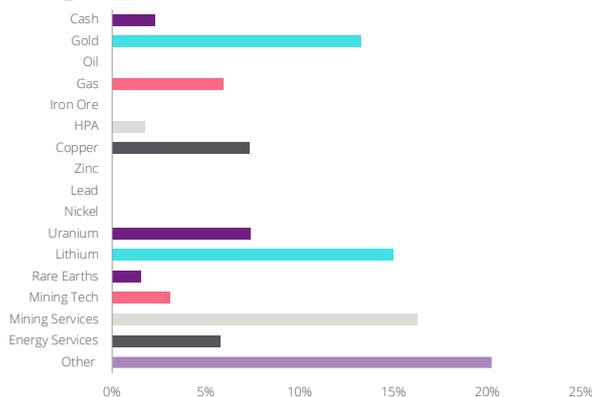
Source: Perennial Value Management. As at 31 July 2022

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

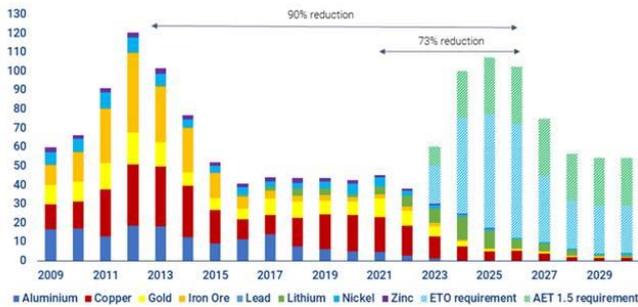
Some strong bounces were observed across the portfolio in July, as tax loss selling abated:

- **Strandline** up 21.2% on positive updates towards first mineral sands production at its Coburn project in Western Australia.
- **SciDev** up 88.9% on strong quarterly update, reporting solid free cash flow generation
- **Dacian** up 40.2% after receiving a takeover bid from Genesis Minerals
- **Vintage Energy** up 21.4% post update guiding to first gas from its Vali Gas project in South Australia by November

Stocks which weighed on performance during the month included

- **DUG Technology** down 11.7% on a quarterly report which showed improving earnings, albeit slightly less than the market was expecting.
- **Cooper Energy** down 8.2% on now material news. We believe the market is continuing to digest the recent capital raise.
- **Jindalee** down 18.7%, despite reporting a 28% increase in total lithium resources at its McDermitt deposit in the US, including a 170% increase in indicated resources.

While short term demand fluctuations driven by the rates cycle have impacted commodity and related equity prices in the short term, the bigger picture of declining inventories, and looming shortages driven by decarbonisation demand remains very much in place.



Source: Wood Mackenzie

The above image contrasts the capital invested in new supply for a range of commodities against the requirements to maintain a global temperature increase of 2.0% (ETO requirement) and 1.5% degrees (AET requirement). Further to our earlier point, there has not been a supply response this cycle. The vast majority of the modest uptick in expenditure from the major miners over the last three years was a return of maintenance and sustaining capital, not growth capital. A long as this mismatch between future demand and supply remains, the outlook for the commodities space will remain bright.

Global, Currency & Commodities (%)

S&P 500	+9.1
Nikkei 225	+5.3
FTSE 100	+3.5
Shanghai Composite	-4.3
RBA Cash Rate	1.35
AUD / USD	69.8c
Iron Ore	-4.1
Oil	-4.2
Gold	-2.3
Copper	-3.7

The portfolio finished the month with 38 positions and cash of 2.3%.



Portfolio Manager: Sam Berridge

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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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