

	Month (%)	Quarter (%)	FYTD (%)	1 Year (%)	Since inception^ (% p.a.)	Since Inception^ Cumulative (%)
Perennial Microcap Resources Trust (Net)	-0.6	-6.1	-1.3	-13.7	-10.8	-12.5
S&P ASX Small Ordinaries Resources Index	3.3	-6.0	3.6	-7.6	-6.4	-7.5
Value Added	-3.9	-0.1	-4.9	-6.1	-4.4	-5.0

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

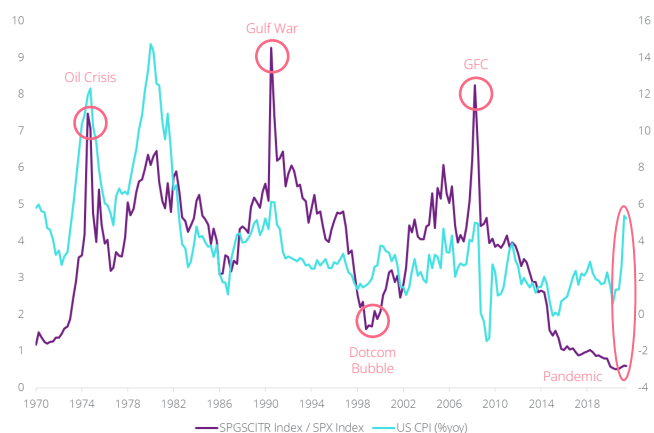
Overview

The Trust returned -0.6% in October (net of all fees), under performing the benchmark by 3.9%.

Broader markets recovered from oversold conditions in September, but macro uncertainty remains pervasive. China's National Party Congress came and went without the Covid-Zero policy being abandoned. Economic data for Europe and the US continues to soften. Elevated correlation between asset classes is indicative of a macro driven environment, and we expect this to remain in the near term.

As a result, from a top-down point of view, we remain defensively positioned until there's an indication of China abandoning its Covid-Zero policy or a definitive inflection point to central bank policy. Within that framework, we continue to exploit bottom-up opportunities as capital markets, or stock specific catalysts allow.

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 \$31.6 million

Distribution Frequency

Annual

Minimum Initial Investment¹

\$25,000

Trust Inception Date

August 2021

Fees

1.20% p.a. + Performance fee

APIR Code

WPC0911AU

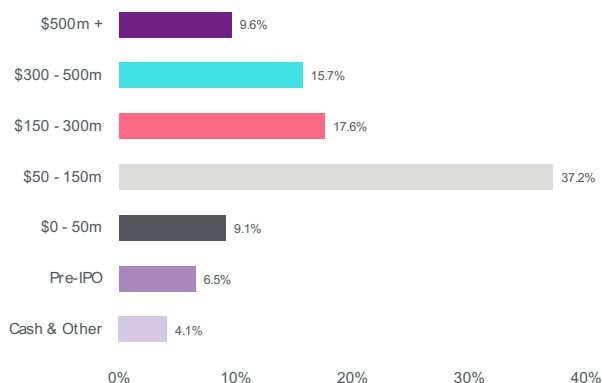
¹ Perennial Microcap Resources Trust is open to wholesale investors only.

Top 5 Positions	Trust (%)
GenusPlus	6.6
Jindalee Resources	4.9
Green Technology Metals	4.0
Emesent	3.3
Genesis Minerals	3.3

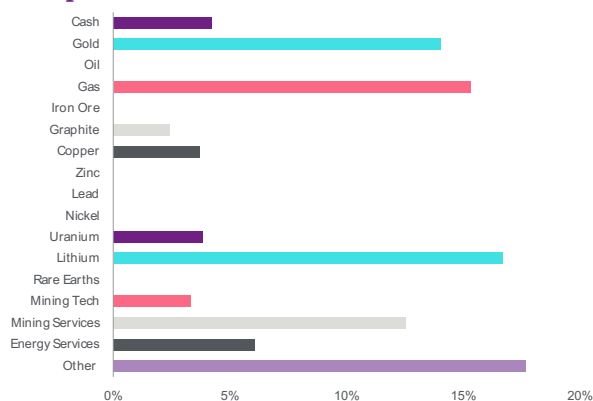
Source: Perennial Value Management. As at 31 October 2022

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 enjoyed across a reasonably broad selection of old energy, energy tech, water-tech and new energy exposures during the month. These included:

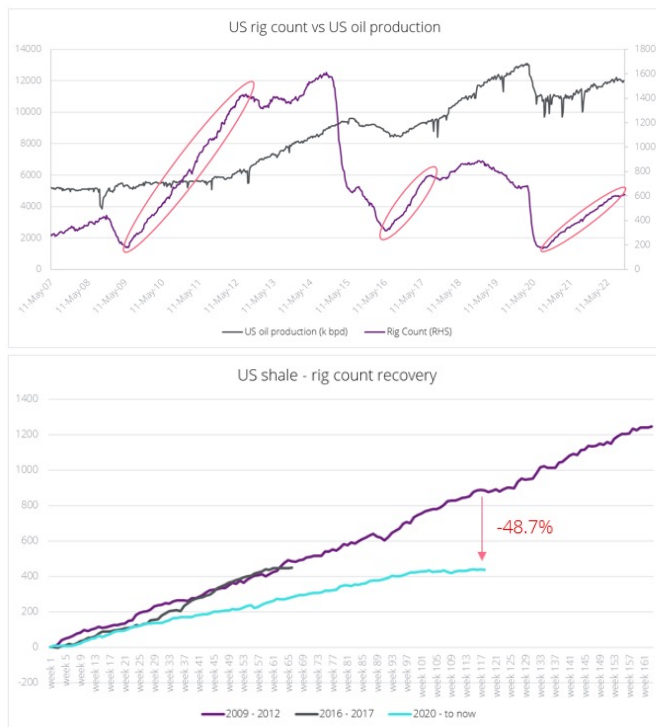
- **SciDev**, up 12.3% after reporting solid quarterly numbers including record revenue and EBITDA
- **Green Technology Metals** climbed 23.8% on consolidating 100% ownership of its Ontario Lithium Projects, and ongoing drilling results
- **Genesis Minerals**, up 15.0% on positive exploration updates as it also closes in on target Dacian Gold
- **Lithium Energy**, up 57.4%, on positive exploration results from drilling in Argentina

Stocks which weighed on performance during the month included:

- **Aeris Resources**, down 23.8%, after reporting higher than expected costs. Fortunately, we'd anticipated this to some extent and had been selling down our position pre-result
- **Cooper Energy**, down 17.6%, after the recovery in production from the Orbost gas plant stumbled, contributing to lower achieved gas prices. Further, prospect of capping gas prices was raised by the Victorian Energy Minister – which brings us on to the following chart:

No longer “stronger for longer” → value over volume

Resource companies have learned the lessons of the previous cycle... with the occasional reminder from their financiers



Source: EIA, Baker Hughes

So far this cycle, the rate of production growth across the oil and gas industry has been anemic relative to previous recovery periods. This is a function of companies ensuring they maintain positive cash flow, which means slower growth. It is also a function of a higher cost of capital, which in turn is a function of a global push to divest from fossil fuels. However, the imposition of a gas price cap at a time when Australia dearly needs increased domestic gas production is going to limit the ability for companies to fund their own growth, and thus be counter productive to lowering the gas price. Thus, while there is likely to be continuous noise around this issue for months to come, we suspect any shift in the gas price cap is likely to be immaterial for domestic producers.

The portfolio finished the month with 40 positions and cash of 4.1%.

Global, Currency & Commodities (%)

S&P 500	+8.0
Nikkei 225	+6.4
FTSE 100	+2.9
Shanghai Composite	-4.3
RBA Cash Rate	2.60
AUD / USD	63.9c
Iron Ore	-19.0
Oil	+7.8
Gold	-1.6
Copper	-1.1



Portfolio Manager: Sam Berridge

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Signatory of:

PRIPRI Principles for Responsible Investment



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