

	Month (%)	Quarter (%)	FYTD (%)	1 Year (%)	Since inception^ (% p.a.)	Since Inception^ Cumulative (%)
Perennial Microcap Resources Trust (Net)	-0.4	-10.9	-1.6	-18.3	-10.4	-12.8
S&P ASX Small Ordinaries Resources Index	11.5	-0.7	15.5	-0.5	2.5	3.1
Value Added	-11.9	-10.2	-17.1	-17.8	-12.9	-15.9

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

Overview

The Trust returned -0.4% in November (net of all fees), underperforming the benchmark by 11.9%.

Despite some strong positive moves in a number of holdings during the month, a few disappointing updates in other areas netted off that performance.

More broadly, assuming a China reopening through the first half of calendar 2023, commodities look well supported near and medium term. Inventories of metals and energy stocks are low, with no meaningful supply response on the horizon.

Decarbonisation driven demand for metals remains a pervasive thematic with an increasing sense of urgency. In that regard we note the rapid uptake of stationary storage the world over, far ahead of currently modelled demand forecasts. Our optimism for increased unit holder returns is increasing as we head into the new year.

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 \$31.9 million

Distribution Frequency

Annual

Minimum Initial Investment¹

\$25,000

Trust Inception Date

August 2021

Fees

1.20% p.a. + Performance fee

APIR Code

WPC0911AU

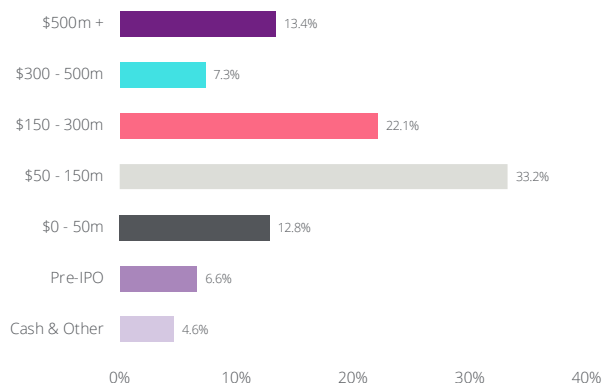
¹ Perennial Microcap Resources Trust is open to wholesale investors only.

Top 5 Positions	Trust (%)
GenusPlus	6.6
Jindalee Resources	4.5
Green Technology Metals	3.7
Genesis Minerals	3.6
Bowen Coking Coal	3.4

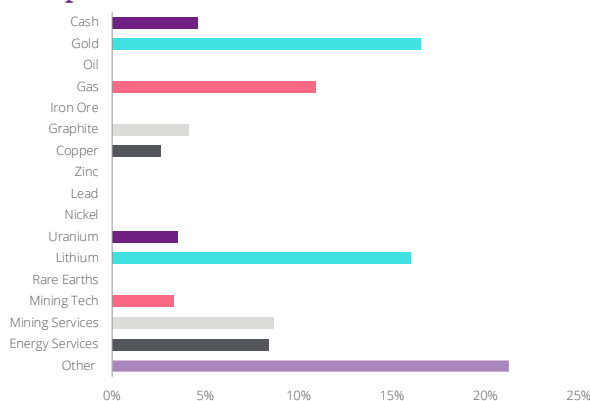
Source: Perennial Value Management. As at 30 November 2022

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

Gold and base metal exposures led performance during the month:

- **Aeris Resources**, (up 64.1%) following positive copper (up 11.3%) and zinc (up 12.6%) price moves. Aeris also received \$28.7m cash as a working capital adjustment from the recent Round Oak transaction
- **Genesis Minerals**, up 11.3% with the bounce in the gold price (up 8.3%)

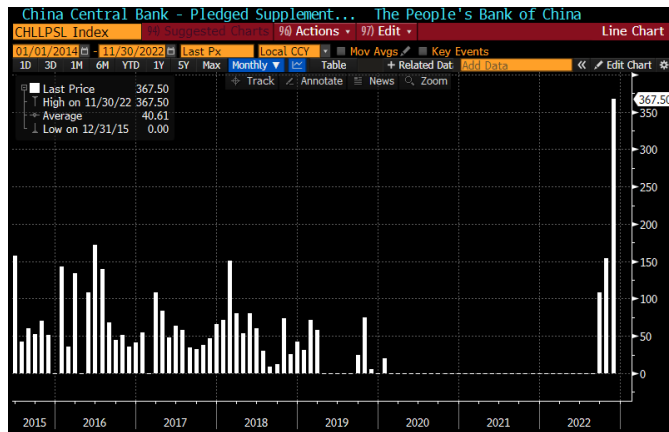
Energy stocks performed well despite a lower oil price (down 9.9%)

- **Vintage Energy**, (up 21.1%) bounced as it approaches first production from its Vali gas project into a very tight domestic market
- Energy services company **DUG Technology** provided a positive update at its AGM, rallying 12.0% in the month
- WA gas developer **Strike Energy** (up 18.8%) rallied on corporate speculation after its partner in the West Erregulla gas discovery, **Warrego Energy**, received a takeover offer

Stocks which weighed on performance during the month included:

- **Jindalee Resources**, down 7.5% as the market awaits further news flow on metallurgical results
- **Cooper Energy**, down 7.1%, on continued speculation of gas price caps being imposed. We expect resolution on this issue early in December
- **MLG Ltd**, down 17.7% after the outlook statement at the AGM was less optimistic than hoped
- **Lithium Energy Ltd.** down 18.9% despite positive progress on both its lithium and graphite projects

Looking ahead, the reopening of China post relaxation of its covid-zero policy will be the biggest driver of commodity prices over the next 6 months. While western world demand is softening, we expect growth in the commodity-intensive Chinese economy to offset this. As per the chart below, China in accelerating stimulus as economic data deteriorates. We see parallels with covid stimulus efforts in the western world and expect; first Chinese sentiment, then spending and investment to recover strongly next year.



Source: Bloomberg. Pledge Supplementary Lending (PSL) was created by the Chinese central bank to provide direct cash payments to policy banks such as China Development Bank, Agricultural Development Bank of China, and Export-Import Bank of China to fund the shantytown renovation program. Increased PSL support is bullish for commodity demand

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 39 positions and cash of 4.6%.

Global, Currency & Commodities (%)

S&P 500	+5.4
Nikkei 225	+1.4
FTSE 100	+6.7
Shanghai Composite	+8.9
RBA Cash Rate	2.85
AUD / USD	66.9c
Iron Ore	+25.9
Oil	-9.9
Gold	+8.3
Copper	+11.3



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:

PRM Principles for Responsible Management



Issued by Perennial Value Management Limited (ABN 22 090 879 904, AFSL No. 247293) as the Investment Manager. The Responsible Entity is Perennial Investment Management Limited (ABN 13 108 747 637, AFSL No. 275101). Perennial Partners Limited (ABN 90 612 829 160) is a Corporate Authorised Representative (1293138) of Perennial Value Management Limited. Both the Investment Manager and Responsible Entity form part of Perennial Partners. This promotional statement is provided for information purposes only. Accordingly, reliance should not be placed on this promotional statement as the basis for making an investment, financial or other decision. This promotional statement does not take into account your investment objectives, particular needs or financial situation and is not intended to constitute advertising or advice of any kind and you should not construe the contents of promotional statement as legal, tax, investment or other advice. This promotional statement does not constitute an offer or inducement to engage in an investment activity nor does it form part of any offer documentation, offer or invitation to purchase, sell or subscribe for interests in any type of investment product or service. You should read and consider any relevant offer documentation applicable to any investment product or service and consider obtaining professional investment advice tailored to your specific circumstances before making any investment decision. While every effort has been made to ensure the information in this promotional statement is accurate its accuracy, reliability or completeness is not guaranteed. Past performance is not a reliable indicator of future performance. Gross performance does not include any applicable management fees or expenses. Net performance is based on redemption price for the period and assumes that all distributions are reinvested. Fees indicated reflect the maximum applicable. Contractual arrangements, including any applicable management fee, may be negotiated with certain large investors. Investments in the Trusts must be accompanied by an application form. The information memorandum, additional information booklet and application form can be found on Perennial's website www.perennial.net.au. Use of the information on our website is governed by Australian law and is subject to the terms of use. No distribution of this material will be made in any jurisdiction where such distribution is not authorised or is unlawful.