

	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

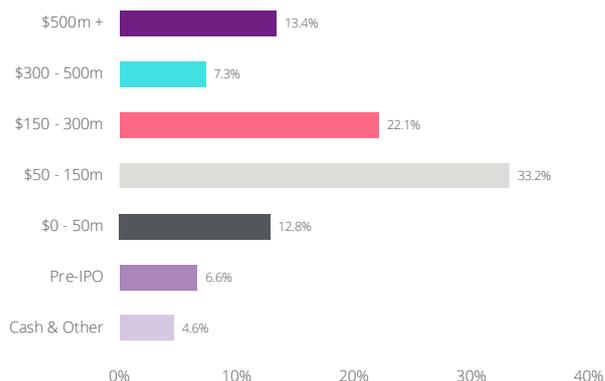
¹ Perennial Microcap Resources Trust is open to wholesale investors only.

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

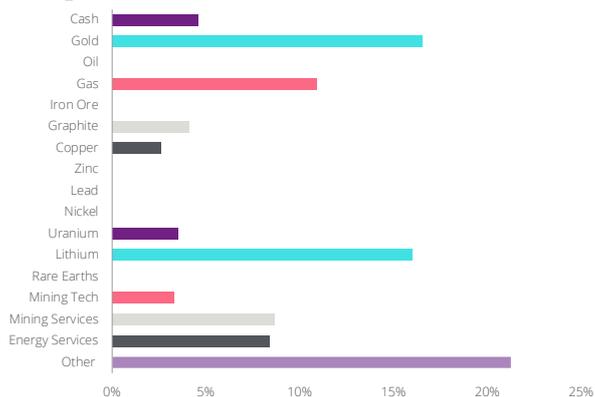
Source: Perennial Value Management. As at 30 November 2022

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

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