

	Month (%)	Quarter (%)	FYTD (%)	1 Year (%)	Since inception^ (% p.a.)	Since Inception^ Cumulative (%)
Perennial Microcap Resources Trust (Net)	-1.1	-2.1	-2.7	-23.0	-10.5	-13.7
S&P ASX Small Ordinaries Resources Index	-4.7	9.8	10.1	-8.4	-1.3	-1.7
<b>Value Added</b>	<b>3.6</b>	<b>-11.9</b>	<b>-12.8</b>	<b>-14.6</b>	<b>-9.2</b>	<b>-12.0</b>

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

## Overview

The Trust returned -1.1% in December (net of all fees), outperforming the benchmark by 3.6%.

Broadly speaking, the commodity complex continued to make gains through December, despite weakening economic data from China and consensus expectations of a recession for much of the western world next half weighing on valuation multiples. The key reason behind this apparent dislocation is steady progress towards a China re-opening coupled with low commodity inventories.

China's version of let-it-rip is now two months old, suggesting if China's not at peak infections now, we're very close. Mobility data in major Chinese cities is starting to improve, and we expect China consumer sentiment to improve dramatically in February as the country transitions to living with the virus. Thus, providing a cushion to global demand as the western world finds a bottom. Meanwhile the energy transition continues at pace with **stationary storage** likely to become one of the stories for 2023, a sector we have a number of exposures to.

## 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 Investment<sup>1</sup>

\$25,000

### Trust Inception Date

August 2021

### Fees

1.20% p.a. + Performance fee

### APIR Code

WPC0911AU

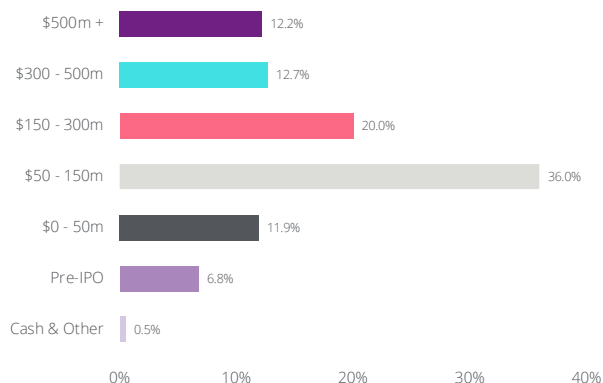
<sup>1</sup> Perennial Microcap Resources Trust is open to wholesale investors only.

Top 5 Positions	Trust (%)
GenusPlus	6.4
DUG Technology	4.3
Genesis Minerals	4.1
Jindalee Resources	3.9
Bowen Coking Coal	3.8

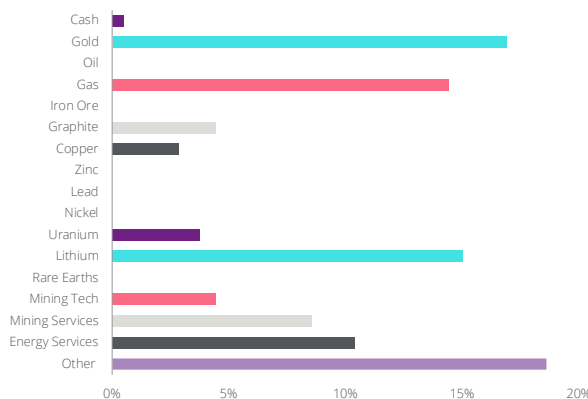
Source: Perennial Value Management. As at 31 December 2022

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

In a choppy month for listed markets, positive performance came from a diverse range of exposures;

- **DUG Technology**, up 35.5% after an announcing it had secured contracts totaling US\$24m in the first 5 months of FY23, up 380% yoy. Revenue growth aside, this has positive margin and earnings implications for DUG going into the second half of FY23.
- Specialist chemicals company, **SciDev**, up 29.3% on the back of securing a contract with **Cleanaway** to deploy a build-own-operate water treatment plant to treat poly-fluoroalkyl (PFAS) leachate. SciDev is a chemical supplier to the mining and oil and gas industries.
- **Power storage** provider **Synertec**, up 38.9% after updating the market on progress towards a commercial agreement with **Santos** regarding the roll out of its battery + solar system, which displaces diesel gen-sets used for running pumps across Santos's coal seam gas operations.
- Copper producer, **Aeris Resources**, up 7.6% as the copper price continued to edge higher (+1.9%) in the month.
- Gold performed well during December, up 3.1%, buoying **Westgold** and **Ausgold**, up 16.7% and 9.5% respectively.

Stocks which weighed on performance during the month included:

- Lithium exposures, **Jindalee Resources** and **Green Technology Metals** down 14.7% and 15.4% respectively as lithium and spodumene prices wobbled.
- Bauxite producer **Metro Mining**, down 12.5% after missing its final shipment for the calendar year due to wet weather.

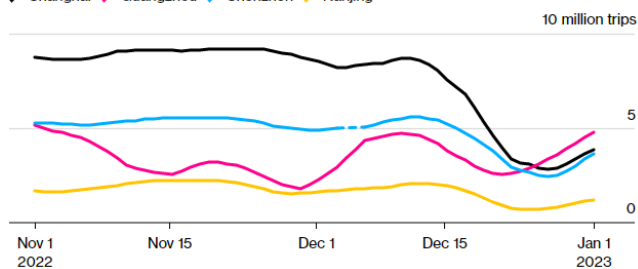
Looking ahead, the reopening of China post relaxation of its covid-zero policy will be the biggest driver of commodity prices over the next 6 months. While western world demand is softening, we expect growth in the commodity-intensive Chinese economy to offset this.

While the initial spike in covid infections caused Chinese people to retreat indoors, mobility data from major cities is recovering as people learn to live with the virus. We expect consumer sentiment, commodity demand and economic data to follow suit.

### Subway Use Recovers in Major Chinese Cities

Rebound in traffic suggests Covid infections peaked in some places

Shanghai Guangzhou Shenzhen Nanjing

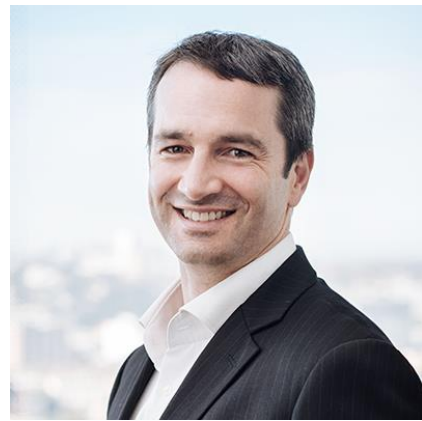


Source: Bloomberg

The portfolio finished the month with 40 positions and cash of 0.5%.

## Global, Currency & Commodities (%)

S&P 500	-5.7
Nikkei 225	-6.7
FTSE 100	-1.6
Shanghai Composite	-2.0
RBA Cash Rate	3.1
AUD / USD	67.8c
Iron Ore	+15.7
Oil	+0.6
Gold	+3.1
Copper	+1.9



Portfolio Manager: Sam Berridge

Invest Online Now

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Signatory of:

PRM Principles for Responsible Management



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