

	Month (%)	Quarter (%)	FYTD (%)	1 Year (%)	Since inception^ (% p.a.)	Since Inception^ Cumulative (%)
Perennial Microcap Resources Trust (Net)	9.1	7.5	6.1	-17.2	-4.2	-5.9
S&P ASX Small Ordinaries Resources Index	7.3	13.9	18.0	4.4	3.8	5.4
Value Added	1.8	-6.4	-11.9	-21.6	-8.0	-11.3

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

Overview

The Trust returned 9.1% in January (net of all fees), outperforming the benchmark by 1.8%.

Despite a continued trickle of weak and backward looking Chinese economic data, the market's conviction in a strong stimulus-driven uptick in China's economy over the coming months has been priced in. We do see a bit of short-term risk of lofty expectations vs data points. However, once market expectations marked to market on the pace of China's recovery, the realities of tepid supply, improving demand and depleted metal inventories should sustain higher metal prices for some time.

Adding to the positive pricing outlook is a constant stream of production disappointments, particularly in copper. Production from Chile (the world's largest copper producer) dropped to the lowest level in 11 years in 2022. The nations production outlook was subsequently lowered. Elsewhere, the world's 9th largest copper mine (2% global supply) was put on care and maintenance due to ongoing protests. This is a classical example of the decarbonisation paradox, the world needs more metal, but it's getting harder to produce.

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 \$34.7 million

Distribution Frequency

Annual

Minimum Initial Investment¹

\$25,000

Trust Inception Date

August 2021

Fees

1.20% p.a. + Performance fee

APIR Code

WPC0911AU

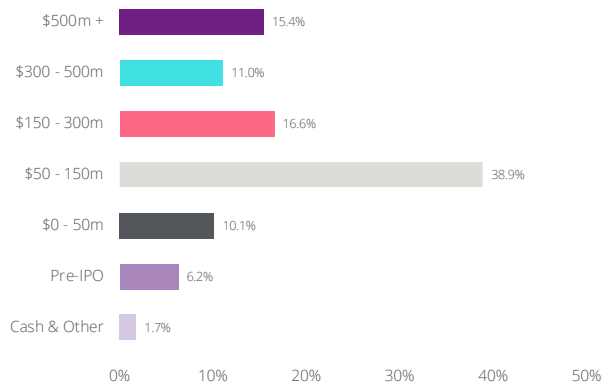
¹ Perennial Microcap Resources Trust is open to wholesale investors only.

Top 5 Positions	Trust (%)
GenusPlus	5.8
DUG Technology	4.8
Jindalee Resources	4.0
Genesis Minerals	3.8
SciDev	3.8

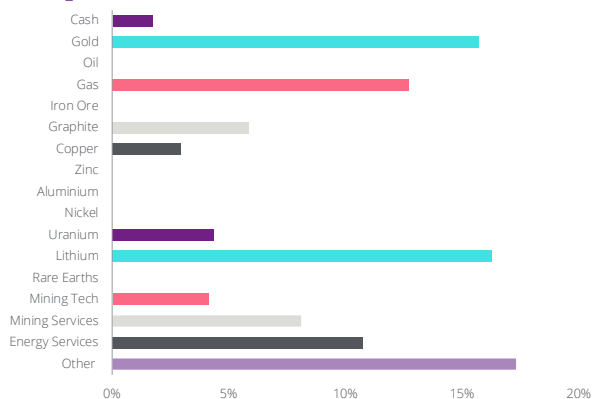
Source: Perennial Value Management. As at 31 January 2023

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

Strong performance from a number of companies contributed to the solid return for the month;

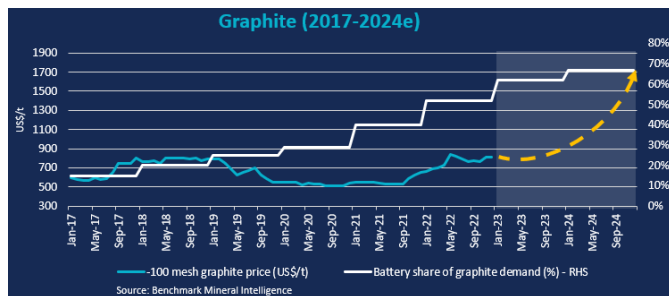
- **DUG Technology**, delivered another strong month, up 23.8% after reporting strong revenue and margin growth for the December quarter.
- Gold producer **Westgold**, up 38.9% was buoyed by the strong gold price (up 5.7%) and reporting improved group production and costs.
- Copper producer, **Aeris**, up 13.3%, marched higher with the copper price (up 10.9%)
- Carbon free power provider **Synertec**, up 14.0%, rallying post reporting more incremental progress towards a commercial agreement with **Santos** to replace diesel gensets with Synertec battery + solar power technology.

Looking forward in 2023 we're warming up to graphite as a commodity exposure. The wave of rallying battery-metal prices started with the smallest commodity market, where battery demand had the biggest impact and continued up the tonnage spectrum from there.

Cobalt, which is a tiny in commodity market terms, which had annual supply and demand of around 80kt pa back in 2016, was the first metal to move. As battery demand ticked over 50% of total cobalt demand, prices spiked. Rallying 350% over 2016 - 2017.

Next was lithium, slightly larger than the cobalt market at ~250kt pa in 2019, as battery demand ticked over 50% of total lithium demand in late 2020, prices took off over the next two years, rallying 1300%.

Turn to graphite, which is slightly larger again at 1.2Mtpa. According to Benchmark Mineral Intelligence battery demand reached 52% of total graphite demand in 2022 and will continue to increase share to roughly 60% by the end of 2023. This is likely to offset any demand weakness from other sectors and tip the market into deficit.

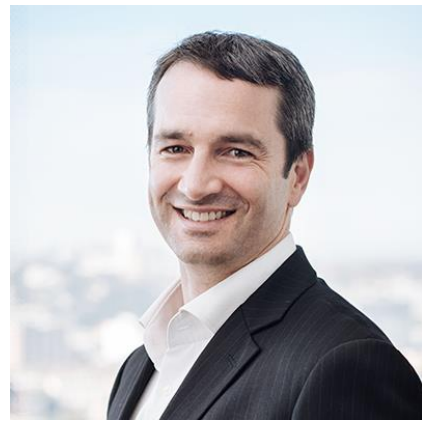


Source: Benchmark Mineral Intelligence

The portfolio finished the month with 39 positions and cash of 1.7%.

Global, Currency & Commodities (%)

S&P 500	+6.2
Nikkei 225	+4.7
FTSE 100	+4.3
Shanghai Composite	+5.4
RBA Cash Rate	3.1
AUD / USD	70.5c
Iron Ore	+9.7
Oil	-1.7
Gold	+5.7
Copper	+10.9



Portfolio Manager: Sam Berridge

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Signatory of:

PRM Principles for Responsible Investment



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