

	Month (%)	Quarter (%)	FYTD (%)	1 Year (%)	Since inception^ (% p.a.)	Since Inception^ Cumulative (%)
Perennial Microcap Resources Trust (Net)	-8.8	-1.7	-3.3	-22.4	-9.8	-14.2
S&P ASX Small Ordinaries Resources Index	-9.2	-7.2	7.2	-11.9	-2.9	-4.3
<b>Value Added</b>	<b>0.4</b>	<b>5.5</b>	<b>-10.5</b>	<b>-10.5</b>	<b>-6.9</b>	<b>-9.9</b>

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

## Overview

The Trust returned -8.8% in February (net of all fees), outperforming the benchmark by 0.4%.

Markets cooled in February as core inflation in the US remained stubbornly high aided by strong consumer and retail spending. This, allied with investor fears around the pace of China's recovery, led to growing recessionary concerns and the potentially negative impact on demand for commodities. However, there was positive news heading into March with the release of China's Manufacturing PMI for February which showed activity growing at the fastest rate in a decade.

Looking forward we are moving into seasonal strength for commodity markets, as China comes back online and the US driving season and associated uptick in oil demand approaches. While inventory builds took place over the Chinese New Year as usual, it was off depleted levels. Any upside surprise in demand is likely to see pricing graduate from anticipated recovery, to scarcity pricing in reasonably short order.

## 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 \$32.6 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

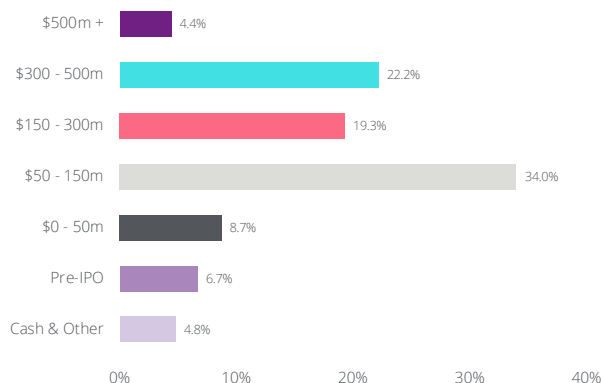
<sup>1</sup> Perennial Microcap Resources Trust is open to wholesale investors only.

Top 5 Positions	Trust (%)
GenusPlus	6.4
Jindalee Resources	5.2
DUG Technology	4.0
Genesis Minerals	3.7
Aeris Resources	3.6

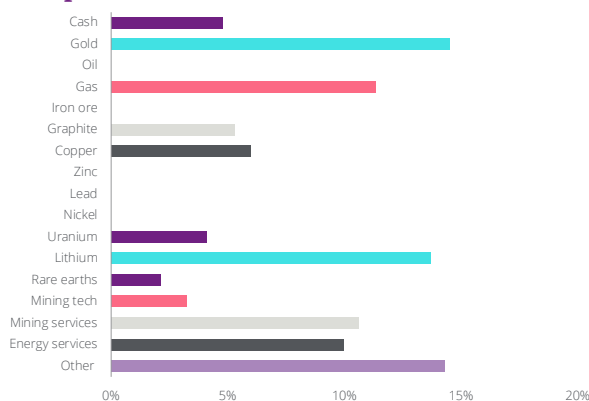
Source: Perennial Value Management. As at 28 February 2023

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

Despite a weak month for small resources overall, some of the trust's larger holdings still managed to perform well;

- **DUG Technology**, up 7.1% upon delivering a strong set of first half financial resources, in line with its quarterly disclosures
- **Jindalee Resources**, up 23.4% after announcing a substantial upgrade to its McDermitt lithium resource, making it the largest lithium deposit in the United States
- Offshore petroleum and wind services company, **Mermaid Marine**, up 21.2%, on the back of a stronger than expected first half result and moving back to a net cash position

Stocks which weighed on performance during the month included;

- **Genesis Minerals**, down 11.8% on a weaker US\$ gold price (down 4.6%, while A\$ gold price was flat), and concerns around the operating performance of takeover target St Barbara
- **Aeris Resources**, down 10.2% due to reporting higher costs in its first half result. We would note the vast majority of the increase is amortisation related and therefore non-cash. Also, costs were in line with quarterly disclosures
- **SciDev**, down 18.3% despite a positive 1H23 financial report, which continued to show growing earnings and cash generation

As we move into the period of strong seasonal commodity demand, with metal inventories continuing to deplete year on year, the non-commodity market will eventually turn to focus on what a supply response might look like...

Taking the largest contributor to copper supply growth this year, it's fair to say a meaningful increase in supply will take some time. Even longer if we must find the deposits first...

## Deficits don't happen overnight, but they will happen

Global in-ground copper inventories are not being replaced...

**Quellaveco, largest source of 2023 supply growth**

- 1992 - acquired by Anglo American
- drilling, studies, more drilling -
- 2011 - commence consultation process with Peruvian stakeholders

**7 years for social license**

- 2018 - final permits granted, commence construction (US\$5.5bn budget)

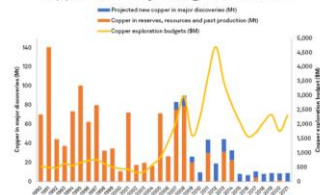
**4 years for construction**

- 2022 - (July) first copper concentrate produced
- 2023 - (October) Anglo expresses concern over potential reversal of water license

**30 years for first production**

Source: S&P Global, Anglo American, Reuters

## Copper discovery drought continues...

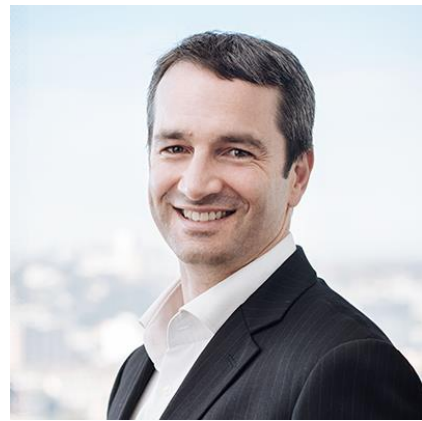


Growth surviving on past glories...

Perennial Partners

## Global, Currency & Commodities (%)

S&P 500	-2.6
Nikkei 225	+0.4
FTSE 100	+1.3
Shanghai Composite	+0.7
RBA Cash Rate	3.35
AUD / USD	67.4c
Iron Ore	-2.3
Oil	-0.7
Gold	-5.3
Copper	-3.4



Portfolio Manager: Sam Berridge

Invest Online Now

Source: S&P Global, Anglo American, Perennial

The portfolio finished the month with 38 positions and cash of 4.8%.

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Signatory of:

PRIPRI Principles for Responsible Investment



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