

	Month (%)	Quarter (%)	FYTD (%)	1 Year (%)	Since inception^ (% p.a.)	Since Inception^ Cumulative (%)
Perennial Microcap Resources Trust (Net)	0.9	0.4	-2.4	-29.2	-8.7	-13.4
S&P ASX Small Ordinaries Resources Index	5.2	2.5	12.8	-17.4	0.5	0.7
<b>Value Added</b>	<b>-4.3</b>	<b>-2.1</b>	<b>-15.2</b>	<b>-11.8</b>	<b>-9.2</b>	<b>-14.1</b>

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

## Overview

The Trust returned 0.9% in March (net of all fees), unfortunately missing out on some key M&A activity at month end, which lifted the benchmark to 5.2%.

Volatility from February continued into March as the market continued to second guess central bank interest rate trajectory. Underlying financial market noise and seasonal demand strength from China has started to tighten metal markets, with draw-downs in copper inventories in particular looking worrisome.

Similarly, increasingly dire warnings of a near-term shortfall in Eastern Australia energy supply continued, specifically focused on gas. Exxon warned Bass Straight gas, which supplies ~70% of south-east Australia domestic gas demand, will see the number of productive wells halve by winter 2024 as reserves deplete.

So, while financial market volatility will likely continue in the near term, underlying supply/demand fundamentals are tightening, supporting higher prices for select commodities over the coming months and years.

## 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 \$33.2 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

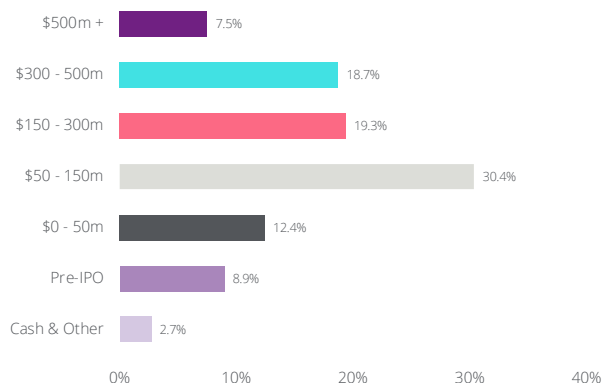
<sup>1</sup> Perennial Microcap Resources Trust is open to wholesale investors only.

Top 5 Positions	Trust (%)
GenusPlus	6.0
Westgold Resources	4.9
DUG Technology	4.7
Genesis Minerals	4.4
Aeris Resources	4.1

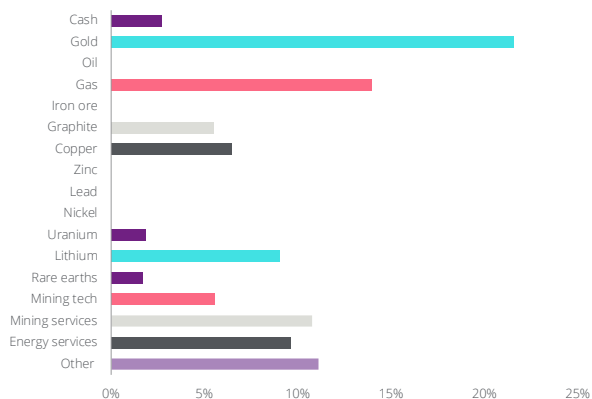
Source: Perennial Value Management. As at 31 March 2023

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

In a volatile month, key contributors to the trust came from a diverse range of industrial, gold and copper companies, including:

- **DUG Technology**, up 16.2% after a strong performance in February. The sharp uptick in first half profitability appears to be gaining wider investor attention
- **Westgold Resources**, up 37.9% on exploration success at its Big Bell underground mine and further gains in the AUD gold price (+8.5%) during the month
- **Aeris Resources**, up 16.5% on a string of exploration announcements, which cumulatively are quite material to Aeris due to short mine lives at two of its three operations

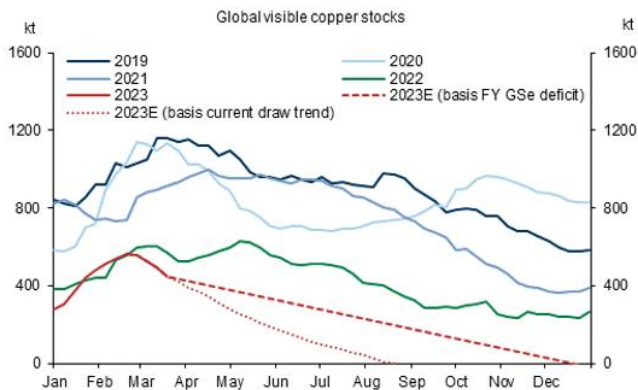
Stocks which weighed on performance during the month included;

- **Talon Energy**, down 9.1% after raising money to fund its share of the Walyering Gas project into production. First gas is scheduled for April, into a tightening WA gas market
- **SciDev**, down 6.0% on no news other than director buying at A\$0.30 per share

Financial markets can have a large impact commodity prices, particularly in cases where the paper market for a commodity outsizes the physical market, as is the case for oil. However, ultimately supply-demand reigns supreme and will dictate the direction of a commodity price over the medium and longer term. With that in mind we consider the chart of copper inventories below as positive.

Putting the covid anomaly to the side, copper inventories have been steadily diminishing for the last four years. So far in 2023, the rate of depletion has been rapid and on its current trajectory should deplete inventories towards the end of the calendar year. Should this pattern continue, we would expect a sudden spike in prices, rather than a slow climb higher.

### Copper stocks path basis current pace of draws

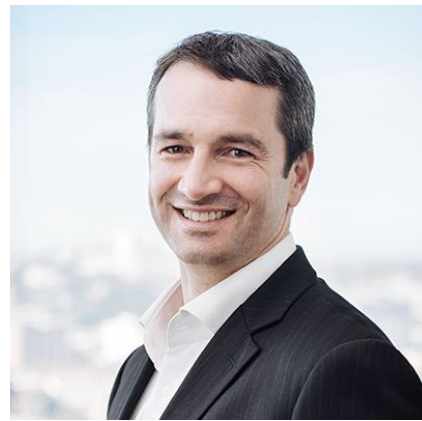


Source: Goldman Sachs, Bloomberg

The portfolio finished the month with 38 positions and cash of 2.7%.

## Global, Currency & Commodities (%)


S&P 500	+2.0
Nikkei 225	+2.2
FTSE 100	-3.1
Shanghai Composite	-0.2
RBA Cash Rate	3.60
AUD / USD	66.9c
Iron Ore	+0.8
Oil	-4.9
Gold	+7.8
Copper	+0.1



Portfolio Manager: Sam Berridge

**Invest Online Now**

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