

	Month (%)	Quarter (%)	FYTD (%)	1 Year (%)	Since inception^ (% p.a.)	Since Inception^ Cumulative (%)
Perennial Microcap Resources Trust (Net)	-2.2	-0.3	-3.6	-22.2	-8.6	-14.5
S&P ASX Small Ordinaries Resources Index	-7.2	-1.9	5.2	-18.1	-3.5	-6.1
Value Added	5.0	1.6	-8.8	-4.1	-5.1	-8.4

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

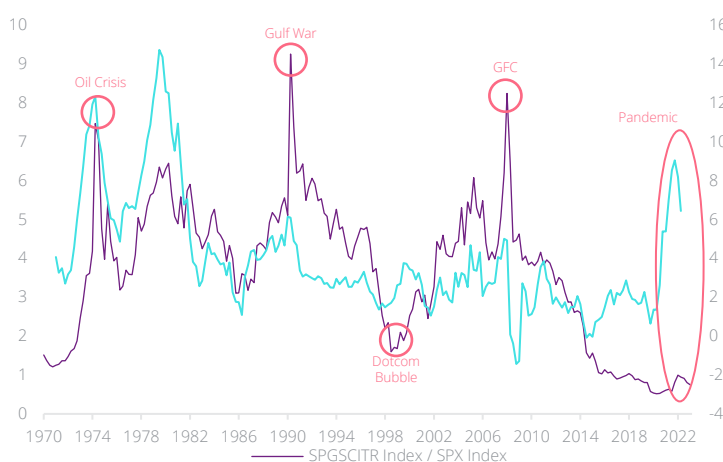
Overview

The Trust did reasonably well to hold ground in a negative month for resources, returning -2.2% net of fees, outperforming the benchmark which finished down -7.2%.

Commodity prices were lower across the board in May, with only the gold price (+0.3% in AUD terms) and lithium (+67% China CIF) bucking the trend. The key drivers behind these moves were weaker economic data out of China, and continuing strength in the US economy, which in turn lifted expectations of further US rate-hikes. The US dollar climbed as a result.

Looking forward, we expect any further softness from the Chinese property sector to be met with increased stimulus. The property sector accounts for ~25% of Chinese GDP and would create negative feedback loops if allowed to deteriorate further. Global markets still need to negotiate a widely expected western-world recession in the second half of calendar 2023, which will also likely mark the low of commodity prices this year. Despite soft demand, metal inventories continue to deplete, which means metal prices remain very sensitive to any upside demand surprise.

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 \$33.20 million

Distribution Frequency

Annual

Minimum Initial Investment¹

\$25,000

Trust Inception Date

August 2021

Fees

1.20% p.a. + Performance fee

APIR Code

WPC0911AU

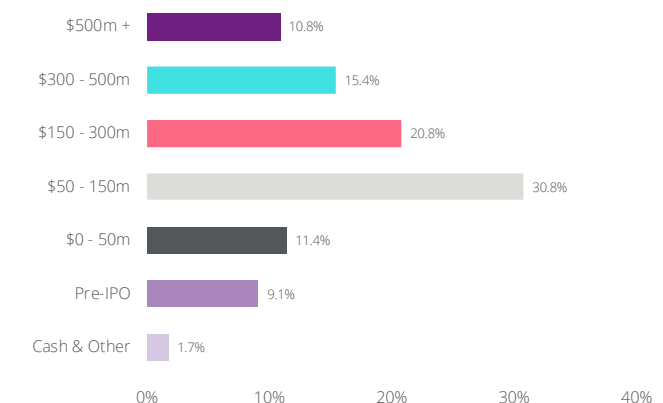
¹ Perennial Microcap Resources Trust is open to wholesale investors only.

Top 5 Positions	Trust (%)
GenusPlus	5.1
Genesis Minerals	5.0
DUG Technology	4.7
Ora Banda	4.2
Aeris Resources	4.0

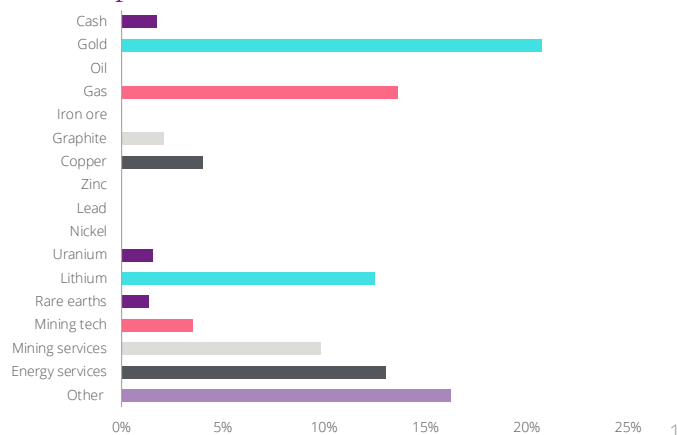
Source: Perennial Value Management. As at 31 May 2023

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

Gold and lithium stocks were the outperformers for the trust during the month:

- **Green Technology Metals**, up 6.9% after announcing a strategic placement to **LG Chem** at \$0.92 per share. This was a 43% premium to GT1's 30 day VWAP at the time. We were surprised the share price didn't do better, finishing the month at \$0.70, 31% below the LG Chem price. We consider having one of the world's largest battery manufacturers on its register a material positive as GT1 advances its lithium chemical ambitions.
- **Delta Lithium**, up 42.9% on the back of press speculation of corporate interest.
- **Lithium Energy Limited**, up 52.6% on a stream of positive exploration results from its Solaroz lithium-brine project in Argentina.

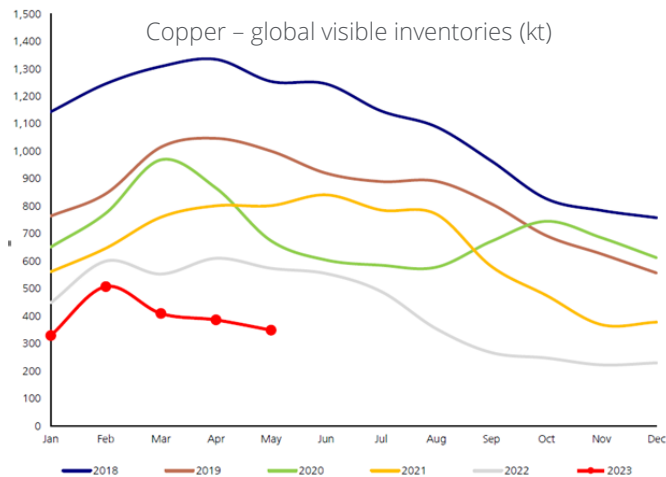
Other key contributors to positive performance included:

- **GenusPlus**, up 3.2% upon announcing a \$30m contract win for decarbonisation related power infrastructure work with **Fortescue**

Stocks which weighed on performance during the month included:

- **Cooper Energy**, down 17.6% despite domestic gas prices hitting A\$25/GJ during the month.

Despite weak macro data coming out of China, metal inventories continue to decline, personified by copper in the chart below. With the exception of the 2020 covid anomaly, this decline is part of a five year trend, which is likely to accelerate in 2024. Under this scenario, we expect copper and other base metals to spike to a scarcity-premium in the next 12-18mths. This won't be a slow process once it begins.

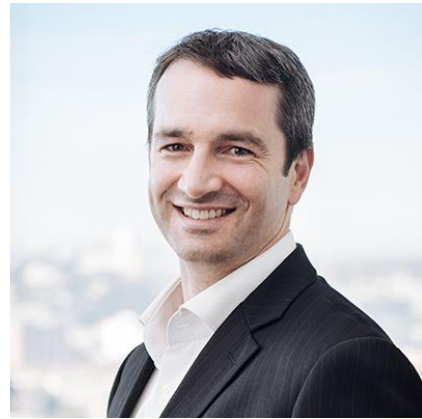


Source: Woodmac, UBS research

The Trust finished the month with 37 positions and cash of 1.7%.

Global, Currency & Commodities (%)

S&P 500	+0.2
Nikkei 225	+7.0
FTSE 100	-5.4
Shanghai Composite	-3.6
RBA Cash Rate	3.85
AUD / USD	64.7c
Iron Ore	-4.7
Oil	-8.6
Gold	-1.4
Copper	-6.5



Portfolio Manager: Sam Berridge

[Invest Online Now](#)

Contact us



Level 27, 88 Phillip Street
Sydney NSW 2000



1300 730 032



invest@perennial.net.au



www.perennial.net.au

Signatory of:



Significant Investor Visa (SIV) Compliant

Issued by Perennial Value Management Limited (ABN 22 090 879 904, AFSL No. 247293) as the Investment Manager. The Responsible Entity is Perennial Investment Management Limited (ABN 13 108 747 637, AFSL No. 275101). Perennial Partners Limited (ABN 90 612 829 160) is a Corporate Authorised Representative (1293138) of Perennial Value Management Limited. Both the Investment Manager and Responsible Entity form part of Perennial Partners. This promotional statement is provided for information purposes only. Accordingly, reliance should not be placed on this promotional statement as the basis for making an investment, financial or other decision. This promotional statement does not take into account your investment objectives, particular needs or financial situation and is not intended to constitute advertising or advice of any kind and you should not construe the contents of promotional statement as legal, tax, investment or other advice. This promotional statement does not constitute an offer or inducement to engage in an investment activity nor does it form part of any offer documentation, offer or invitation to purchase, sell or subscribe for interests in any type of investment product or service. You should read and consider any relevant offer documentation applicable to any investment product or service and consider obtaining professional investment advice tailored to your specific circumstances before making any investment decision. While every effort has been made to ensure the information in this promotional statement is accurate its accuracy, reliability or completeness is not guaranteed. Past performance is not a reliable indicator of future performance. Gross performance does not include any applicable management fees or expenses. Net performance is based on redemption price for the period and assumes that all distributions are reinvested. Fees indicated reflect the maximum applicable. Contractual arrangements, including any applicable management fee, may be negotiated with certain large investors. Investments in the Trusts must be accompanied by an application form. The information memorandum, additional information booklet and application form can be found on Perennial's website www.perennial.net.au. Use of the information on our website is governed by Australian law and is subject to the terms of use. No distribution of this material will be made in any jurisdiction where such distribution is not authorised or is unlawful.