

	Month (%)	Quarter (%)	FYTD (%)	1 Year (%)	Since inception^ (% p.a.)	Since Inception^ Cumulative (%)
Perennial Microcap Resources Trust (Net)	-2.6	-8.5	-3.9	-0.8	-6.3	-13.2
S&P ASX Small Ordinaries Resources Index	-1.4	-3.9	-3.8	-3.6	-5.1	-10.8
Value Added	-1.2	-4.6	-0.1	2.8	-1.2	-2.4

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

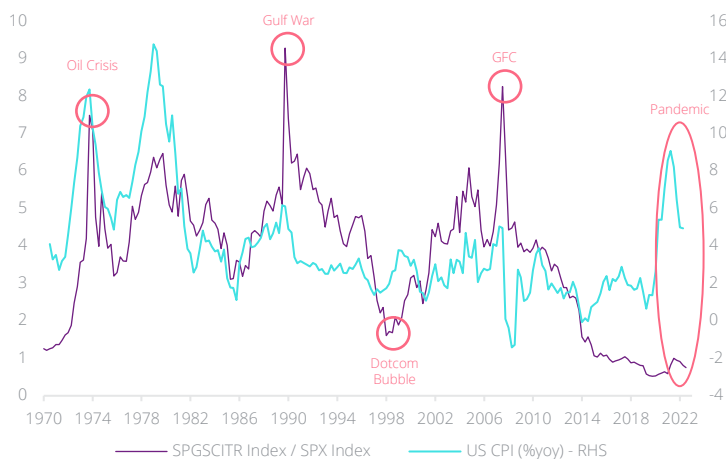
Overview

Volatile commodity and equity markets weighed on the trust during the month, finishing -2.6%, below the benchmark of -1.4%.

In a re-run of September, US rates continued to climb higher during the month, peaking at 4.99% on the 19th of October. While broader equity markets sold off on tightening fiscal conditions, two of our larger commodity exposures; gold and uranium, performed well, up 7.3% and 12.5% respectively. Frustratingly, uranium equities sold off during the month on broader risk-off sentiment. However, the fundamentals for the sector continue to improve.

After month end, a softer jobs print in the US led to a rollover in rates and a decline in real yields, both of which have positive implications for the gold price. Separately, a cold start to winter in the US boosted the gas price, up 33.5% for the month. A reminder of how sensitive energy markets have become to the weather. We see the potential for similar moves in Australia this summer and next winter.

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 \$30.3 million

Distribution Frequency

Annual

Minimum Initial Investment¹

\$25,000

Trust Inception Date

August 2021

Fees

1.20% p.a. + Performance fee

APIR Code

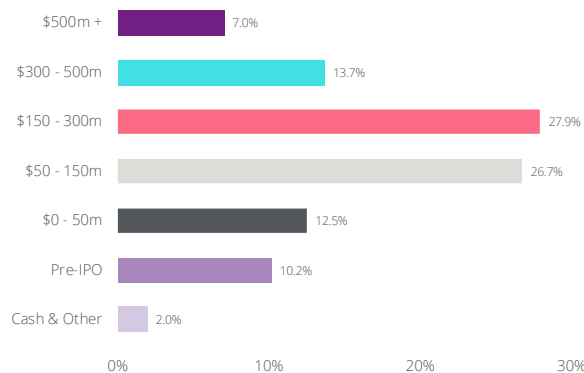
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¹ Perennial Microcap Resources Trust is open to wholesale investors only.

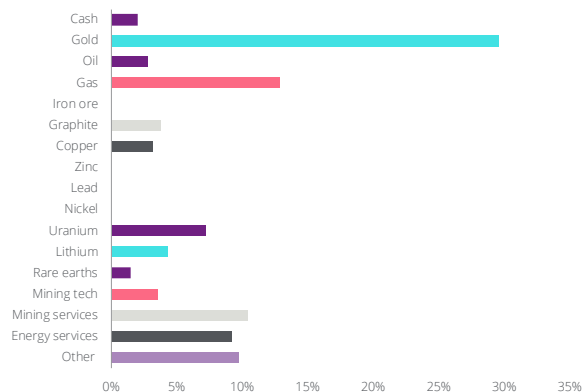
Top 5 Positions	Trust (%)
Ora Banda	8.1
Genesis Minerals	5.4
GenusPlus	4.0
DUG Technology	4.0
Line Hydrogen	3.9

Source: Perennial Value Management. As at 31 October 2023

Market Capitalisation Exposure



Sector Exposure



Trust Review

Better performance stocks during the month included:

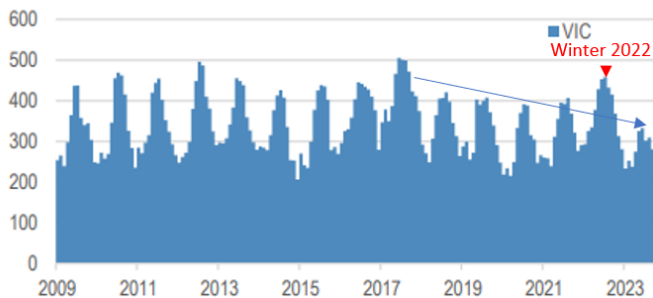
- **Ora Banda**, jumped 45.5% after a partial sell-down of its lithium rights to **Wesfarmers**. The deal will result in \$30m cash to Ora Banda, which is an excellent outcome for an asset which the company was receiving no value.
- **Westgold**, rallied 23.3% on a solid quarterly report which showed a continued increase in cash balance, along with enjoying tailwinds from the gold price.
- **Genesis Minerals**, up 5.4% on gold price tailwinds and September quarter production numbers slightly ahead of its guidance rate.

Stocks which weighed on performance during the month included:

- **Cooper Energy**, finishing down 20.0% on concerns regarding cost increase from its BMG abandonment program. Encouragingly, steadily improving production was observed from the Orbost Gas plant throughout the month.

As penetration of renewables increases around the world, it's intuitive that power prices will become increasingly dependent on the weather. This weather sensitivity has been heightened by the curtailment of dispatchable power prior to alternatives becoming available. A case in point is the domestic gas market on the east coast of Australia. Roughly 70% of east coast domestic gas comes from the Bass Strait field in Victoria, operated by Woodside and Exxon. Exxon has been quite vocal in flagging [the sharp decline in production](#) from this field in 2024. As far as any means of mitigating the impact of Bass Strait decline, the horse has bolted. Large energy projects have lead times measured in years not months. With the die now cast, anything other than mild weather is likely to have extreme impacts on gas prices, which we are positioned for.

Figure 7: Gas production in VIC (PJ annualised)



Sources: JP Morgan, AEMO, Perennial

The Trust finished the month with 36 positions and cash of 2.0%

Global, Currency & Commodities (%)

S&P 500	-2.2
Nikkei 225	-3.1
FTSE 100	-3.8
Shanghai Composite	-2.9
RBA Cash Rate	4.10
AUD / USD	63.3c
Iron Ore	-1.7
Oil	-8.6
Gold	+7.3
Copper	-2.3



Portfolio Manager: Sam Berridge

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Signatory of:



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