

	Since inception <sup>^</sup> (% p.a.)	1 Year (%)	FYTD (%)	Quarter (%)	Month (%)
Perennial Microcap Resources Trust (Net)	-4.1	-4.0	0.0	5.1	-4.9
S&P ASX Small Ordinaries Resources Index	-2.8	-11.4	0.7	4.7	-2.0
<b>Value Added</b>	<b>-1.3</b>	<b>7.4</b>	<b>-0.7</b>	<b>0.4</b>	<b>-2.9</b>

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

### Overview

After a strong couple of months, the commodities sector eased in January. The trust finished -4.9% for the month, behind the benchmark return of -2.0%

Rate cut expectations were dialed down during January, with the resulting risk-off sentiment weighing on markets. Commodity specific price moves were diverse, with uranium marching ever higher and oil enjoying a bounce. Whereas nickel, aluminium and gold all eased slightly. The -3.7% drop in the AUD:USD during the month largely mitigated any margin impact for Australian producers.

The Chinese New Year, break which runs from 10<sup>th</sup> to 17<sup>th</sup> of February 2024 is the next big pivot point for commodity markets. Commodity inventories generally build over this period due to the absence of Chinese demand. However, for select commodities, like copper, inventories are building off a very low base and are set to occur while mine supply has suffered some material curtailments in recent months. Should inventories fail to build sufficiently over the next few weeks, sentiment could shift materially as Chinese demand returns in late February.

### 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.

<b>Portfolio Manager</b>	<b>Trust FUM</b>
Sam Berridge	AUD \$29.8 million
<b>Distribution Frequency</b>	<b>Minimum Initial Investment<sup>1</sup></b>
Annual	\$25,000
<b>Trust Inception Date</b>	<b>Fees</b>
August 2021	1.20% p.a. + Performance fee

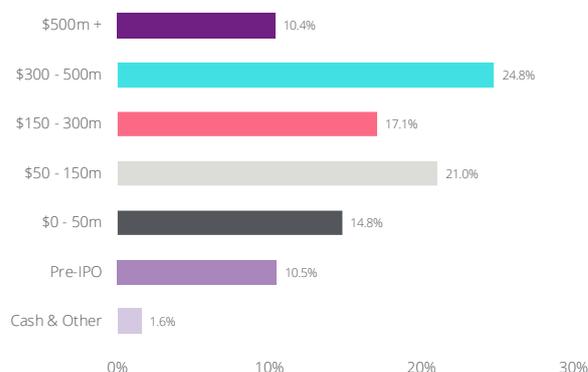
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<sup>1</sup> Perennial Microcap Resources Trust is open to wholesale investors only.

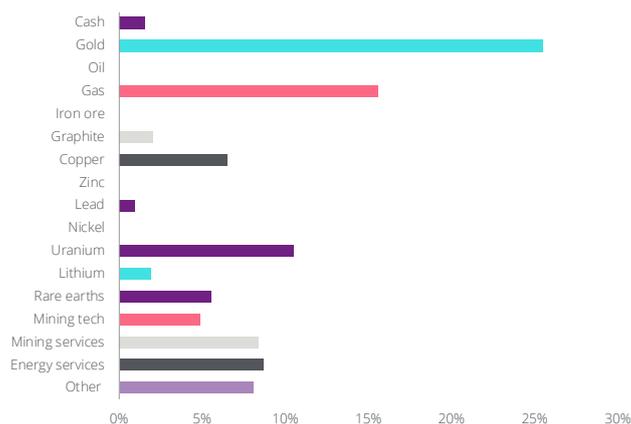
Top 5 Positions	Trust (%)
Ora Banda	9.6
Brazilian Rare Earths	4.6
Cooper Energy	4.7
Line Hydrogen	4.1
Firefly Metals	3.8

Source: Perennial Value Management. As at 31 January 2024

### Market Capitalisation Exposure



### Sector Exposure



## Trust Review

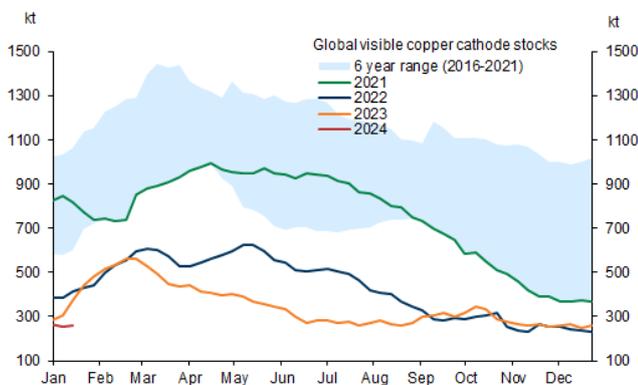
Uranium equities were once again a high for the trust in January, with better performing investments including:

- **Peninsular Energy**, up 23.8% post issuance of stock from a capital raising completed in November. A large short position had built up in anticipation of the newly issued shares coming to market. However, a strong uranium price in the interim meant the shorts were forced to cover higher up.
- **DevEx Resources**, traded up 12.5% on a stronger uranium price (+11.0%). Follow up drilling of high-grade uranium hits reported in the December quarter will commence at the end of the wet season.

Stocks which weighed on performance during the month included;

- **Ora Banda**, down -8.3%, despite reporting a sharp fall in costs during the quarter, dropping from A\$2953/oz to \$2499/oz, with the final two months of the quarter averaging \$2154/oz. We added to our position on weakness
- **Brazilian Rare Earths**, ended down -13.1% on profit taking post a strong IPO. We look forward to drilling results of previously identified high-grade targets in February.
- **Firefly Metals**, finished down 16.7% despite releasing some very impressive copper-gold results from its Green Bay Copper-Gold project (FFM 100%) in Canada. We foresee Green Bay evolving into a 50ktpa copper asset (with access to hydro power), which will be highly sought after in time.

We are at the beginning of the seasonal build in metal inventories for the year. As shown for copper on the chart below, we're starting from a lower base for the fourth year in a row. This year the inventory build coincides with an acute shortage of copper concentrate due to the Cobre Panama mine being shut down in November, which has in turn pushed refinery margins into negative territory. The confluence of bullish supply-side factors is compelling but will likely need the spark of demand-improvement to crystallize a meaningful move in the copper price. Either way, we see the risk / reward balance in copper as appealing and have increased our exposure accordingly.



Source: Goldman Sachs, Wind, SMM

The Trust finished the month with 41 stocks and 1.6% cash.

## Global, Currency & Commodities (%)

S&P 500	+1.6
Nikkei 225	+8.4
FTSE 100	-1.3
Shanghai Composite	-6.3
RBA Cash Rate	4.35
AUD / USD	66.1c
Iron Ore	-0.6
Oil	+6.7
Gold	-1.2
Copper	+0.4



Portfolio Manager: Sam Berridge

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