

	Month (%)	Quarter (%)	FYTD (%)	1 year (%)	Since inception^ (% p.a.)
Perennial Microcap Resources Trust (Net)	3.4	3.8	3.4	8.9	-2.7
S&P ASX Small Ordinaries Resources Index	-4.9	-3.3	-4.2	-7.2	-4.6
<b>Value Added</b>	<b>8.3</b>	<b>7.1</b>	<b>7.6</b>	<b>16.1</b>	<b>1.9</b>

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

### Overview

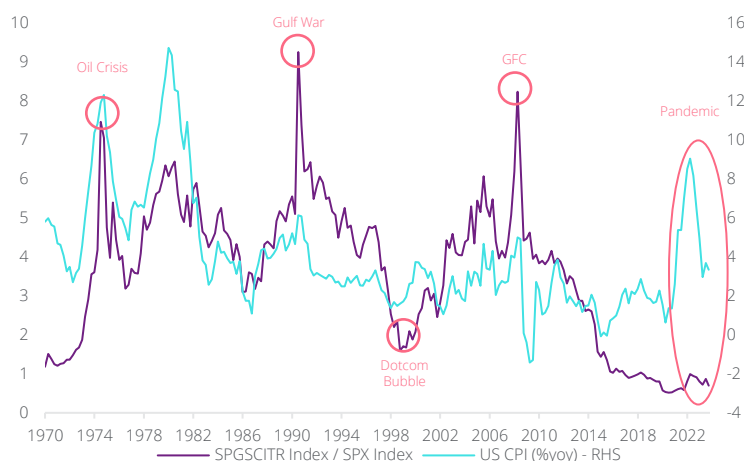
Despite a challenging month for commodity markets, in which the Small Resources index fell -4.9%, the Trust performed strongly. Delivering a positive return of 3.4% and lifting 12-month outperformance of the Small Resources Index to 16.1%.

Iron ore weighed heavily on the commodity sector, falling 7.2% in February. On a more positive note, lithium which has been falling for eight months straight, finally showed tentative signs of a bottom.

Towards month end, ripples of post-Chinese new year demand started to be felt across commodity markets, with base metals bouncing off their intra-month lows. A lead indicator for commodity demand, the Chinese Caixin PMI beat expectations coming in at 50.9 for February (vs 50.6 expected and 50.8 in January). Also of note was India GDP coming in hot, at +8.4% yoy for the December quarter.

Thus far, it seems the world is adjusting to higher rates reasonably well. Should this trend continue, the lack of metal inventories will become readily apparent in the second half of the calendar year. We would expect flows into commodity markets ahead of that.

### 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> Sam Berridge	<b>Trust FUM</b> AUD \$30.8 million
<b>Distribution Frequency</b> Annual	<b>Minimum Initial Investment<sup>1</sup></b> \$25,000
<b>Trust Inception Date</b> August 2021	<b>Fees</b> 1.20% p.a. + Performance fee

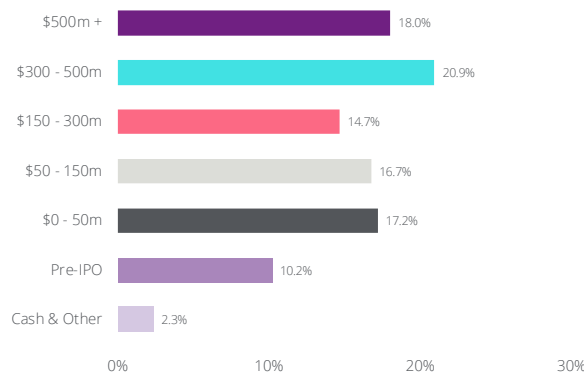
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<sup>1</sup> Perennial Microcap Resources Trust is open to wholesale investors only.

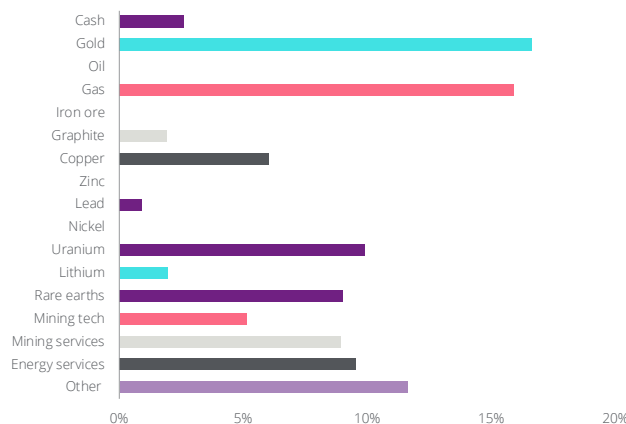
Top 5 Positions	Trust (%)
Ora Banda	9.5
Brazilian Rare Earths	7.2
Cooper Energy	4.3
Conrad Energy	4.0
Line Hydrogen	3.9

Source: Perennial Value Management. As at 29 February 2024

### Market Capitalisation Exposure



### Sector Exposure



## Trust Review

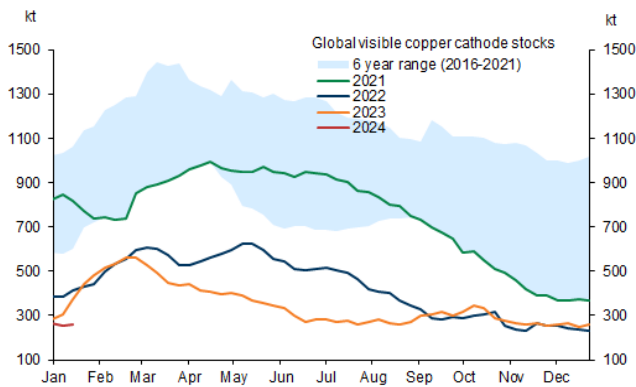
Gold, rare earths and energy stocks led the gains for the Trust during February;

- Gold producer, **Ora Banda** climbed 15.9% on news of further progress on this turn-around story. News of a positive gold reconciliation from the newly established Riverina underground was welcome. We look forward to the June quarter, where the results of 18mths of work should be realised via a significant increase in cash generation.
- **Brazilian Rare Earths** bounced 74.7% upon reporting the highest grade rare-earth intercepts we've ever seen, with grades of up to 34.4% total rare earth oxide (TREO). We expect this will become the go-to stock for rare-earths exposure.
- **Cooper Energy** continued to recover, up 11.5%, as gas production from its 100% owned Orbost Gas Plant in Victoria continued to tick up, as well as reporting steady progress on its offshore decommissioning work in the Gippsland Basin.

Stocks which weighed on performance during the month included;

- **Firefly Metals**, finished down 6.7% on no news
- **Genesis Minerals** eased 5.8%, seemingly due to an apathetic broker initiation. The A\$gold price increased +1.3% in the month.
- **Peninsular Energy**, drifted 15.4% lower as the uranium price (-6.7%) paused for breath.

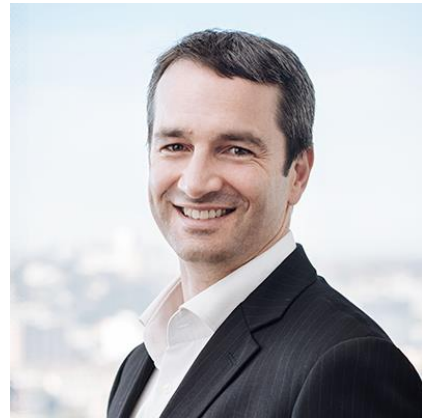
We are at the beginning of the seasonal build in metal inventories for the year. As shown for copper on the chart below, we're starting from a lower base for the fourth year in a row. This year the inventory build coincides with an acute shortage of copper concentrate due to the Cobre Panama mine being 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.



The Trust finished the month with 39 stocks and 2.3% cash.

## Global, Currency & Commodities (%)

S&P 500	+5.2
Nikkei 225	+7.9
FTSE 100	0.0
Shanghai Composite	+8.1
RBA Cash Rate	4.35
AUD / USD	65.1c
Iron Ore	-7.2
Oil	+0.5
Gold	+0.3
Copper	-1.5



Portfolio Manager: Sam Berridge

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Signatory of:

PRIPRI Principles for Responsible Investment



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