

	Month (%)	Quarter (%)	FYTD (%)	1 year (%)	Since inception^ (% p.a.)
Perennial Microcap Resources Trust (Net)	3.8	19.7	23.7	30.7	4.1
S&P ASX Small Ordinaries Resources Index	1.9	12.4	7.7	6.3	-0.1
<b>Value Added</b>	<b>1.9</b>	<b>7.3</b>	<b>16.0</b>	<b>24.4</b>	<b>4.2</b>

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

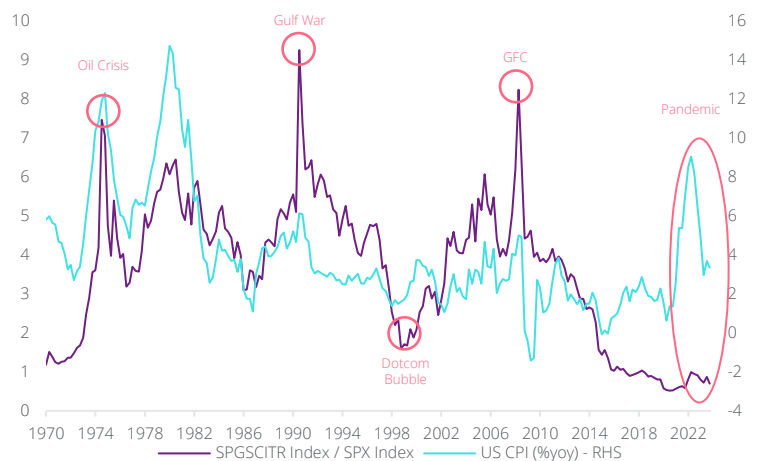
### Overview

Base metals and natural gas continued to grind higher in May, lifting the return for the Trust to 3.8% net of all fees, outperforming the benchmark return of 1.9%. The rolling 12-month return lifts to 30.7%, 24.4% ahead of benchmark.

The entire Aluminium supply chain rallied strongly during May, with bauxite, alumina and aluminium all returning strong gains. Elsewhere, in a sign of things to come for the east coast gas market, the Victorian spot gas price hit \$18/GJ during a bout of cool calm weather. The Microcap Resources Trust benefited from both thematics.

The rate of deflation seems to be slowing prematurely in Australia and overseas, with a handful of indicators suggesting inflation may have bottomed. Conversely, cracks are starting to appear in the remarkably robust US consumer, which if found to be prophetic, would change the rate narrative materially. We are keen observers of the interest rate cycle but stress the commodity cycle exists on a much longer time frame. Thus, the ebb and flow of the rates outlook represents a blip on a longer-term trend.

### 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 \$36.9 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

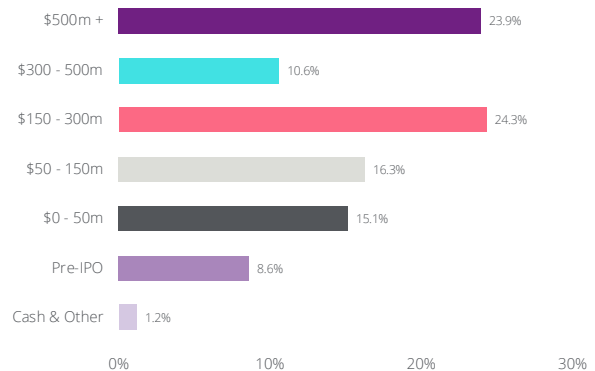
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<sup>1</sup> Perennial Microcap Resources Trust is open to wholesale investors only.

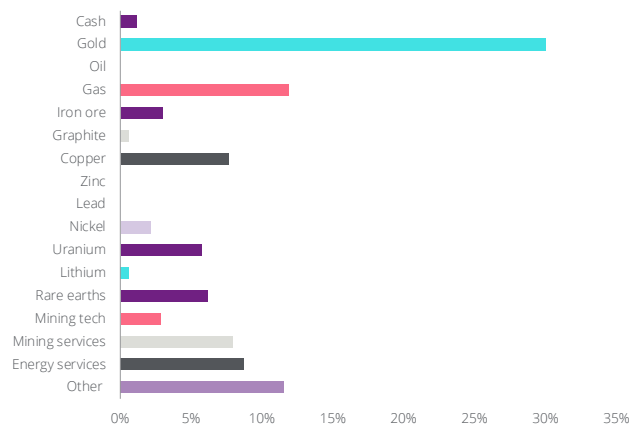
Top 5 Positions	Trust (%)
Ora Banda	8.3
Toubani Resources	4.7
Metro Mining	4.6
Wia Gold	3.9
Brazilian Rare Earths	3.9

Source: Perennial Value Management. As at 31<sup>st</sup> May 2024

### Market Capitalisation Exposure



### Sector Exposure



## Trust Review

Gold, uranium, gas and iron ore exposures were the key contributors to performance for the month;

- Gold developer, **Toubiani Resources**, rallied 36.0% on anticipation of the release of an updated mining code by the Mali Government.
- **Cooper Energy**, finished up 12.2% after completing its abandonment program within budget, and domestic gas prices in Victoria spiking to \$18/GJ due to cold weather. A sign of things to come as Victoria gas production runs out.
- Uranium explorer, **Devex Resources**, bounced 36.7% after announcement the commencement of drilling at its Nabarlek Uranium deposit in the Northern Territory

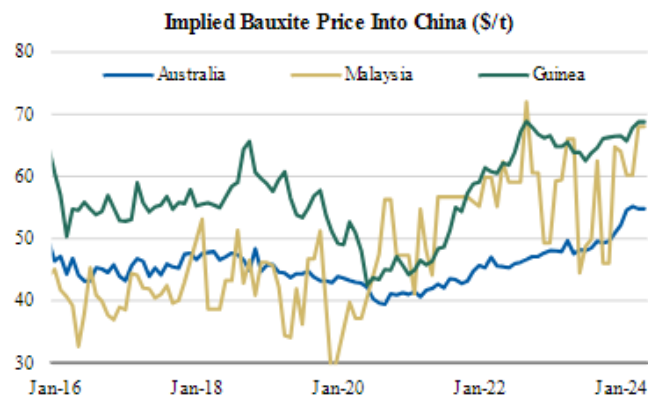
Positions which weighed on performance during the month included:

- **Conrad Energy Asia**, which drifted -10.3% as the market waits for a key development milestones for its Mako gas project in Indonesia to be achieved.

China's imports of bauxite, the ore source mineral for **aluminium**, have been steadily climbing for a decade. China's domestic supplies of bauxite are running out, and what remains has high silica content, which requires increasing amounts of caustic soda to process, which means increasing costs. To feed China's demand for bauxite, imports have increased from Guinea, which is high-quality but incurs a higher shipping costs vs ore from Australia.

Further, late last year Indonesia banned exports of bauxite in a repeat of its nickel strategy, with the aim being to incentivise value-add activities to take place domestically.

So as is usually the case with commodities, themes bubbling away for years have finally come to a head, resulting in a shortage of seaborne bauxite and rising prices. This is the perfect storm for bauxite producer **Metro Mines**, which is up 163% since our initial investment, including +8.7% in May and is now a top 5 position in the fund.



Source: Bloomberg, Morgan Stanley

The Trust finished the month with 39 stocks and 1.1% cash.

## Global, Currency & Commodities (%)

S&P 500	+4.8
Nikkei 225	+0.2
FTSE 100	+1.6
Shanghai Composite	-0.6
RBA Cash Rate	4.35
AUD / USD	66.5c
Iron Ore	+6.0
Oil	-7.2
Gold	+1.8
Copper	+0.1



Portfolio Manager: Sam Berridge

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