

	Month (%)	Quarter (%)	FYTD (%)	1 year (%)	2 year (% p.a.)	Since inception^ (% p.a.)
Perennial Microcap Resources Trust (Net)	0.9	3.0	0.9	17.0	9.1	3.6
S&P ASX Small Ordinaries Resources Index	-0.9	-7.2	-0.9	-2.0	-3.9	-3.2
Value Added	1.8	10.2	1.8	19.0	13.0	6.8

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

Overview

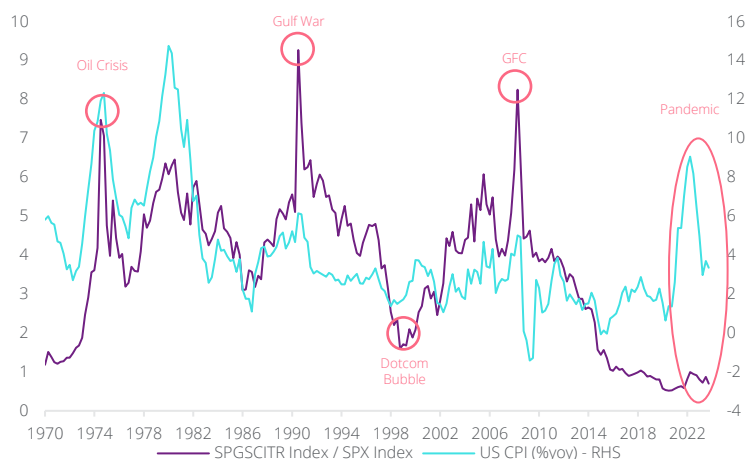
Despite a negative month for resources, the Trust etched out a modest gain, finishing +0.9% in July, beating the index which finished down -0.9%. For the 12 months to 31st July, the Trust has returned 17.0% net of all fees, outperforming the index by 19.0%

Gold shined brightest across the commodity spectrum in July, up 3.6% (+5.7% in AUD terms). The Trust benefited from having increased our gold exposure to 29% of the portfolio the previous month.

Elsewhere, China demand concerns and weakening US economic data weighed on base metal prices. Bulks did better with iron ore and bauxite remaining flat.

In our view, this period of commodity price volatility is occurring as the market traverses the gap between *expectations* of lower interest rates and better demand... vs *actual* rate cuts allowing demand to re-base and recover. The commodity cycle is much longer than the interest rate cycle, and ultimately impediments to supply across much of the commodity spectrum remain in place.

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 \$36.7 million

Distribution Frequency

Annual

Minimum Initial Investment¹

\$25,000

Trust Inception Date

August 2021

Fees

1.20% p.a. + Performance fee

APIR Code

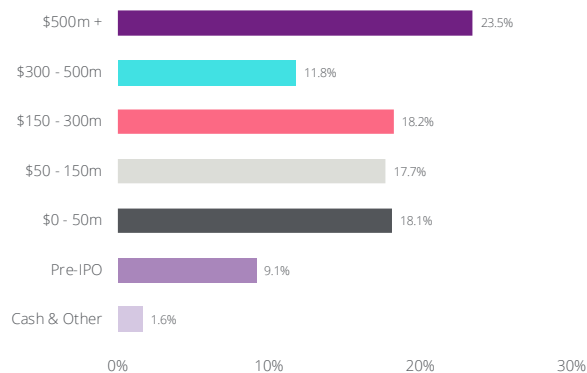
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¹ Perennial Microcap Resources Trust is open to wholesale investors only.

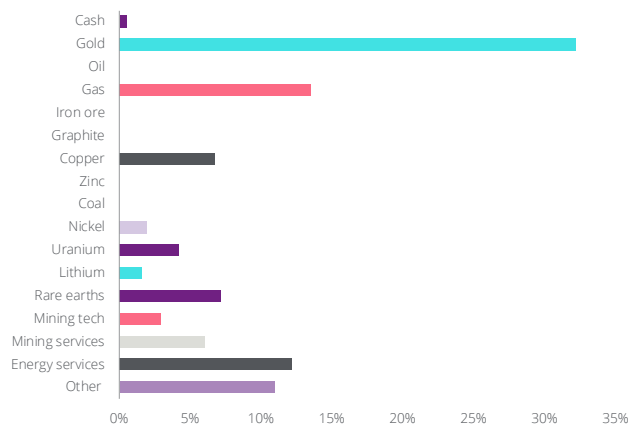
Top 5 Positions	Trust (%)
Ora Banda	7.1
Cooper Energy	5.7
SciDev	4.9
Toubani Resources	4.4
Metro Mining	4.3

Source: Perennial Value Management. As at 31st July 2024

Market Capitalisation Exposure



Sector Exposure



Trust Review

Gold investments shined brightest in the month;

- Gold producer and top holding **Ora Banda**, bounced +31.3% after giving guidance of 105koz, and 150koz for FY25 and FY26 respectively. 40% CAGR in gold production for the next two years is rare in a sector struggling for growth.
- **Turaco** finished up +12.5% reporting more impressive exploration results from the Afema project in Cote D'Ivoire.
- **Genesis Minerals** rallied 19.1% after reporting in-line quarterly results.

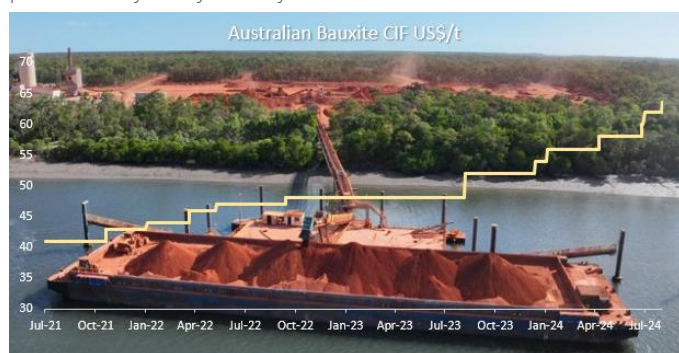
Mining & Energy services companies which added to performance in the month included:

- **SciDev** rallied +33.8% on the back of strong performance in the June quarter which lifted FY24 revenue and EBITDA up 22% and 118% respectively vs FY23. SciDev is a specialty chemicals producer, which services the mining, energy and infrastructure sectors.
- Solid earnings for FY24 and upgrades to FY25 also helped lift **SRG Global** +12.6% in the month. Cash conversion of 115% in FY24 added to the positive earnings update.

One commodity which has proved impervious to recent macro volatility is **bauxite**. Due to depleting domestic reserves, China imports of bauxite have been steadily increasing for the last decade. An export ban by Indonesia and impediments to increased exports from Guinea have led to prices ticking up 54% over the last 3 years.

The absence of any financial positioning in bauxite markets means the price is more reflective of the underlying supply/demand balance, as opposed to commodities like oil or copper, which enjoy substantial financial flows.

Roughly 70% of bauxite is traded on long-term contracts, much like iron ore used to be. As the seaborne market grows and evolves, pricing is likely to move to an index basis, possibly in the next 12 months. This is likely to be positive for prices. Our exposure to bauxite is via **Metro Mining** (MMI), which is guided to increase production by 34% year-on-year in CY24.



Source: SSM, Metro Mining

The Trust finished the month with 37 stocks and 1.6% cash.

Global, Currency & Commodities (%)

S&P 500	1.1
Nikkei 225	-1.2
FTSE 100	2.5
Shanghai Composite	-1.0
RBA Cash Rate	4.35
AUD / USD	65.4c
Iron Ore	-0.2
Oil	-9.8
Gold	3.6
Copper	-4.9



Portfolio Manager: Sam Berridge

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Contact us



Level 27, 88 Phillip Street
Sydney NSW 2000



1300 730 032



invest@perennial.net.au



www.perennial.net.au

Signatory of:



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