

	Month (%)	Quarter (%)	FYTD (%)	1 year (%)	3 year (% p.a.)	Since inception^ (% p.a.)
Perennial Microcap Resources Trust (Net)	2.9	2.1	3.8	25.0	4.5	4.5
S&P ASX Small Ordinaries Resources Index	-2.4	-11.1	-3.3	-3.4	-3.9	-3.9
Value Added	5.3	13.2	7.1	28.4	8.4	8.4

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

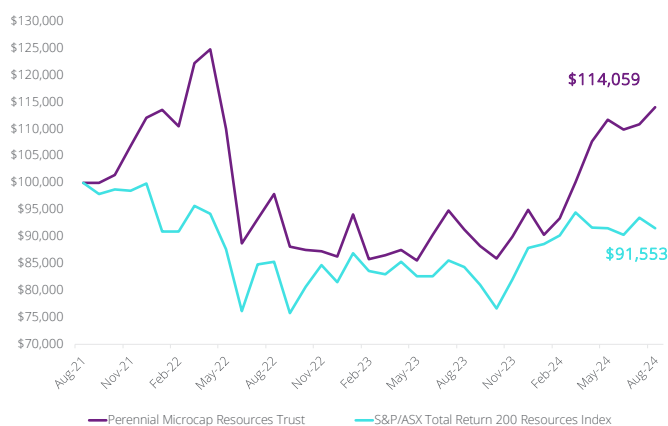
Overview

The Trust recovered well from a volatile start to August, returning 2.9% net of all fees, outperforming the index return of -2.4%. For the 12 months to the end of August, the Trust has outperformed the ASX Small Resources index 28.4%.

We attended the Diggers and Dealers mining conference during the month, where the mood was relatively subdued outside the gold sector. Anecdotally, it did appear staff retention was starting to improve following news of some large closures across the industry, including BHP's Nickel West (3,000 staff) and Mineral Resources Yilgarn Iron ore (1,000 staff). We suspect the full impact of these closures will be felt across the industry in early 2025.

Looking forward, all eyes are on the Fed for a much-anticipated rate cut in September, while China's latest initiative; to allow refinancing of US\$5.4trn of mortgages signals a desire for stronger domestic consumption. We expect moves toward easier fiscal conditions will become more apparent for commodity demand towards year end.

Growth of \$100,000 Since Inception



Performance shown net of fees with distributions reinvested. Does not take into account any taxes payable by an investor. Past performance is not a reliable indication of future performance.

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 \$37.9 million

Distribution Frequency

Annual

Minimum Initial Investment¹

\$25,000

Trust Inception Date

August 2021

Fees

1.20% p.a. + Performance fee

APIR Code

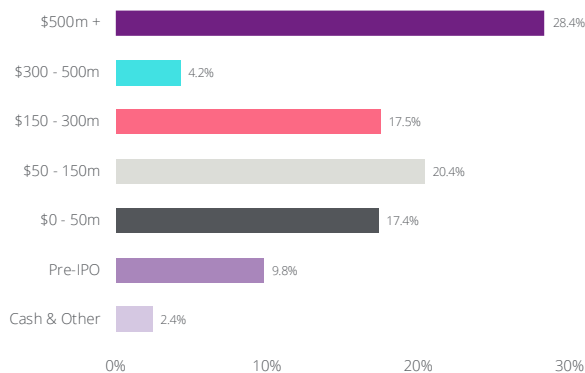
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¹ Perennial Microcap Resources Trust is open to wholesale investors only.

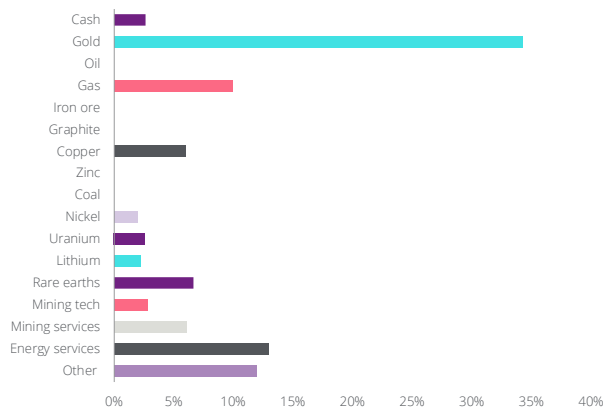
Top 5 Positions	Trust (%)
Toubani Resources	5.8
Ora Banda	5.6
SciDev	4.9
Firefly Metals	4.5
Metro Mining	4.4

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

Market Capitalisation Exposure



Sector Exposure



Trust Review

Commodity services and rare-earth companies led the returns for the Trust in August. Better performing investments included;

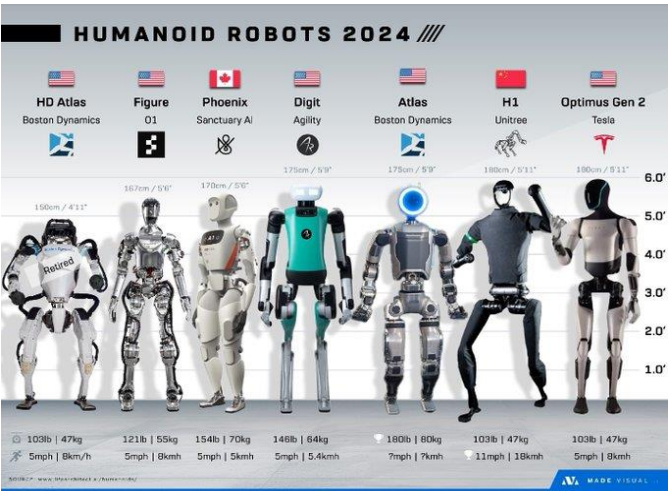
- **SRG Global**, rallied 16.0% after acquiring private water infrastructure firm Diona for \$111m. The acquisition, financed via a mixture of debt and equity (raising price \$0.83), was 10% earnings accretive for SRG.
- **DUG Technology**, rallied 14%, after reporting earnings slightly ahead of consensus, with a strong outlook. DUG is experiencing rapid growth from its Middle East business, which has overtaken the US for the number of active drill rigs.
- Rare earths developer **Brazilian Rare Earths** bounced 10.7% after reporting more spectacular results from its 100% owned Monte Alto project in Brazil. Including 75.8m at 13.8% total rare earth oxides (TREO). For context, the value of contained metal in this intersection is US\$7,866 of metal per tonne of rock, based on current rare earth prices.

Investments which weighed on performance during the month included:

- **Metro Mining**, was sold off in early August with the rest of the market, but failed to recover, ending down -23.4%. We were a bit perplexed by the move as shipping data points to the September quarter being quite strong, and bauxite prices continue to tick up. We added to our position on weakness.
- Gas producer **Cooper Energy** traded down -15.2% despite improving production from its Orbost operation and a tight outlook for gas markets. We look forward to news on financing solutions to its ECSP growth project in the coming months.

While not a current driver of rare earth prices, the future demand implications for rare earths, as implied by the growth of the humanoid robots has piqued our attention. Each of these robots contains a similar quantity of rare earths as an electric vehicle. BoAML forecasts humanoid robot growth 80% CAGR over 2024-35E. Companies from Amazon to Mercedes are currently experimenting with such robots to replace repetitive manual tasks throughout their supply chains.

The commodity demand implications from what some are referring to as the third industrial revolution is something we'll be keeping an eye on.



Global, Currency & Commodities (%)

S&P 500	2.3
Nikkei 225	-1.2
FTSE 100	0.1
Shanghai Composite	-3.3
RBA Cash Rate	4.35
AUD / USD	67.7c
Iron Ore	-6.9
Oil	-1.8
Gold	2.3
Copper	2.2



Portfolio Manager: Sam Berridge

Invest Online Now

The Trust finished the month with 37 stocks and 2.6% cash.

Contact us



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Signatory of:



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