

	Month (%)	Quarter (%)	FYTD (%)	1 year (%)	3 year (% p.a.)	Since inception^ (% p.a.)
Perennial Microcap Resources Trust (Net)	-3.6	-8.1	4.5	20.9	0.8	4.2
S&P ASX Small Ordinaries Resources Index	-3.1	-4.9	0.1	-3.5	-5.0	-2.5
Value Added	-0.5	-3.2	4.4	24.4	5.8	6.7

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

Overview

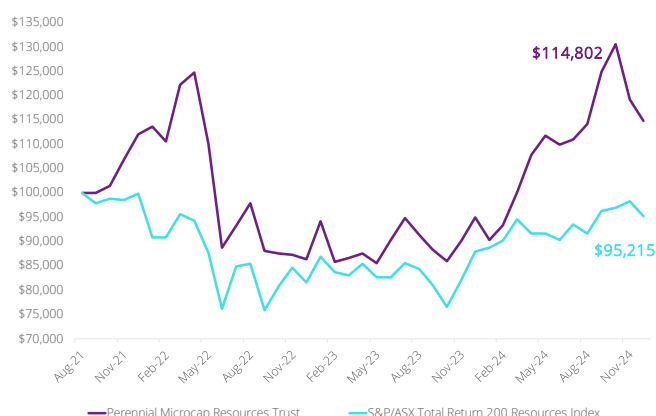
December rounded out a tough quarter for the commodities sector with the trust ending down -3.6% vs the benchmark return of -3.1%. The calendar year return of 20.9% ended comfortably above the benchmark return of -3.5%.

Similarly to November, the rise of the US dollar was the main culprit, driving capital flows away from the commodity sector. Ironically, in A\$ terms, many of our underlying commodity exposures improved in price, which we expect to be highlighted in late January reporting.

Ultimately, periods of high-inverse-correlation between the US dollar and commodity prices are fleeting, as supply / demand eventually takes over. When this occurs, we expect much of the earnings-multiple compression of Australian based producers to unwind.

Looking forward, key commodity exposures for the trust, including bauxite, Australian domestic gas and the services industries have been immune to the US strength. Opportunities in the balance of the sector, much of which has been sold off despite flat to slightly increasing earnings, are becoming more and more appealing.

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 \$38.1 million

Distribution Frequency

Annual

Minimum Initial Investment¹

\$25,000

Trust Inception Date

August 2021

Fees

1.20% p.a. + Performance fee

APIR Code

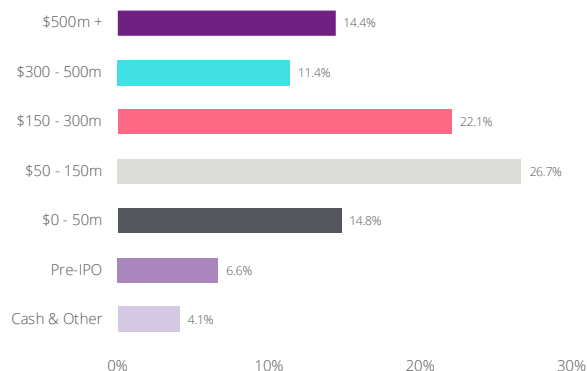
WPC0911AU

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

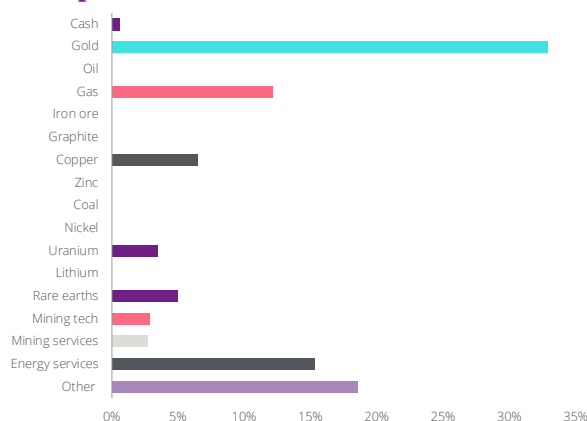
Top 5 Positions	Trust (%)
Metro Mining	7.9
Rox Resources	6.6
Toubani	5.1
SciDev	4.9
DUG Technology	3.9

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

Market Capitalisation Exposure



Sector Exposure



Trust Review

Low liquidity and volatile markets led wide spectrum of returns in December. Better performing stocks included;

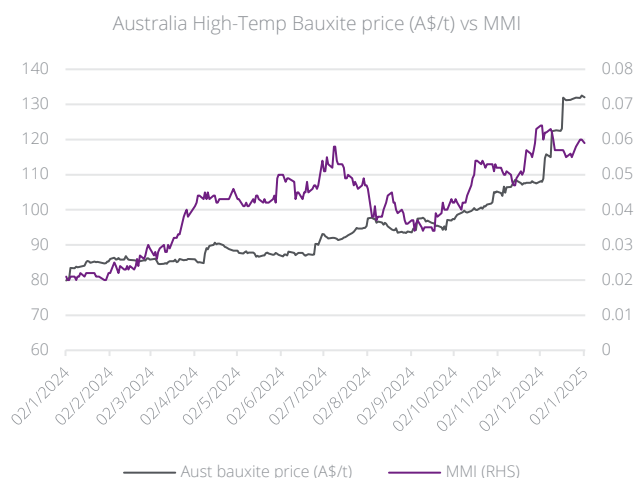
- Domestic gas producer, **Amplitude Energy**, climbed 13.9% on steadily increasing gas prices due to peaking demand in summer.
- **SRG Global** edged up a further 4.5% after announcing \$700m of new orders in November.
- Queensland based power and gas producer, **QPM Energy** climbed 33.3% after acquiring the Moranbah Power Station on attractive terms.

Investments which weighed on performance during the month included:

- Bauxite producer **Metro Mining**, drifted -4.8% despite the A\$ bauxite price rallying 22.7% in the month. We suspect the market is too fixated on the annual wet season shut-down during the March quarter, as opposed to the earnings implications for 2025.
- Energy tech firm **DUG Technology**, finished -16.5% lower, continuing to drift after not providing any formal earnings guidance at its AGM in November, which it's never done.

Bauxite doesn't get a lot of press despite being a 270Mt pa market. A lack of attention leads to increased market inefficiency. We had an example of this in December, during which the Australian bauxite price rallied 17.1%, yet bauxite producer **Metro Mining (MMI)**, finished down 4.8%. To put the bauxite price move into context, we expect MMI to produce ~6.5Mt over CY25. The December price increase of A\$24.50/t multiplied by 6.5Mt crudely implies a \$159m increase in EBITDA if extrapolated over the next 12 months. That compares to MMI's market cap of \$357m.

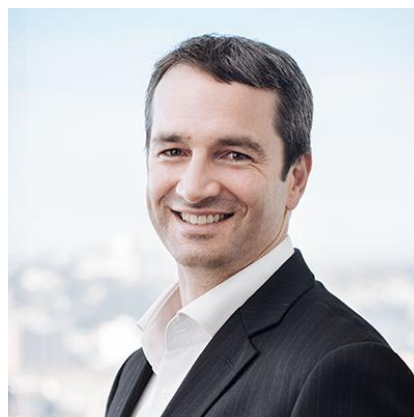
Either MMI or bauxite is mispriced... we suspect it's the former.



Source: SMM, LSEG, Perennial

Global, Currency & Commodities (%)

S&P 500	-2.0
Nikkei 225	4.5
FTSE 100	-1.3
Shanghai Composite	0.9
RBA Cash Rate	4.35
AUD / USD	61.9c
Iron Ore	1.1
Oil	0.6
Gold	-1.0
Copper	-1.9



Portfolio Manager: Sam Berridge

Invest Online Now

The Trust finished the month with 39 stocks and 0.6% cash.

Contact us



Level 27, 88 Phillip Street
Sydney NSW 2000



1300 730 032



invest@perennial.net.au



www.perennial.net.au

Signatory of:



Issued by Perennial Value Management Limited (ABN 22 090 879 904, AFSL No. 247293) as the Investment Manager. The Responsible Entity is Perennial Investment Management Limited (ABN 13 108 747 637, AFSL No. 275101). Perennial Partners Limited (ABN 90 612 829 160) is a Corporate Authorised Representative (1293138) of Perennial Value Management Limited. Both the Investment Manager and Responsible Entity form part of Perennial Partners. This promotional statement is provided for information purposes only. Accordingly, reliance should not be placed on this promotional statement as the basis for making an investment, financial or other decision. This promotional statement does not take into account your investment objectives, particular needs or financial situation and is not intended to constitute advertising or advice of any kind and you should not construe the contents of promotional statement as legal, tax, investment or other advice. This promotional statement does not constitute an offer or inducement to engage in an investment activity nor does it form part of any offer documentation, offer or invitation to purchase, sell or subscribe for interests in any type of investment product or service. You should read and consider any relevant offer documentation applicable to any investment product or service and consider obtaining professional investment advice tailored to your specific circumstances before making any investment decision. While every effort has been made to ensure the information in this promotional statement is accurate its accuracy, reliability or completeness is not guaranteed. Past performance is not a reliable indicator of future performance. Gross performance does not include any applicable management fees or expenses. Net performance is based on redemption price for the period and assumes that all distributions are reinvested. Fees indicated reflect the maximum applicable. Contractual arrangements, including any applicable management fee, may be negotiated with certain large investors. Investments in the Trusts must be accompanied by an application form. The information memorandum, and application form can be found on Perennial's website www.perennial.net.au. Use of the information on our website is governed by Australian law and is subject to the terms of use. No distribution of this material will be made in any jurisdiction where such distribution is not authorised or is unlawful.